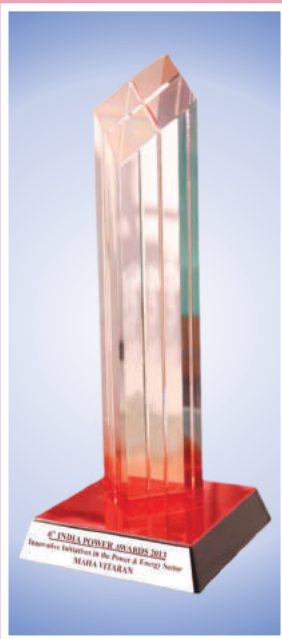




MAHARASHTRA STATE ELECTRICITY DISTRIBUTION CO. LTD.



8TH ANNUAL REPORT 2012-2013

8th ANNUAL REPORT

2012-2013



REGISTERED OFFICE

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

MSEDCL

MAHARASHTRA STATE ELECTRICITY DISTRIBUTION CO. LTD.
8th Annual Report for the Year 2012 - 2013

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MSEDCL

BOARD OF DIRECTORS

Shri. Ajoy Mehta, IAS
Chairman & Managing Director

Shri. V. K. Kanade, IAS
Director

Shri. D.D. Wavhal
Director (Finance)

Shri. M. K. Deore
Director (Projects)
till 15.7.2012
Director (Operations)
w.e.f. 16.07.2012

Shri. S.K. Dabhade
Director (Projects)
w.e.f. 17.11.2012

Shri. P. V. Page
Director

Shri. Ashok Harane
Director

COMPANY SECRETARY

Smt. A. M. GUDEKAR

BANKERS

CANARA BANK
BANK OF MAHARASHTRA
BANK OF INDIA

AUDITORS

M/s. Borkar & Muzumadar
Chartered Accountants,
Mumbai

M/s. M.P. Chitale & Co.
Chartered Accountants,
Mumbai

M/s. Kalyaniwalla & Mistry
Chartered Accountants,
Mumbai

MSEDCL

**To
The Members,**

Your Directors present the 8th Annual Report on the performance of your Company for the Financial Year ended 31st March, 2013 along with Audited Statements of Accounts.

FINANCIAL HIGHLIGHTS:

(₹ In Lakhs)

| Particulars | 2012-13 | 2011-12 |
|--|----------------|----------------|
| Revenue from Sale of Power | 45,57,495 | 39,55,451 |
| Other Income | 1,44,014 | 1,25,188 |
| Profit before Depreciation and Finance Costs | 2,66,783 | 1,27,640 |
| Depreciation | 1,02,734 | 76,457 |
| Adjustment of Depreciation | - | (1,26,478) |
| Finance Costs | 2,21,666 | 1,77,836 |
| Profit/Loss before Tax | (-) 57,616 | (-) 175 |
| Less: 1) Provision for Taxation | 6,503 | 1,384 |
| 2) Deferred Tax Adjustment | 23,023 | 79,233 |
| Profit/Loss After Tax | (-) 87,142 | (-) 80,792 |

DIVIDEND:

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

THE MAHARASHTRA ELECTRICITY REFORMS TRANSFER SCHEME, 2005:

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

OPERATIONAL PERFORMANCE:

During the 8th year of operations the Company had sold 83488 MUS of power which has generated revenue of Rs. 45,57,495 Lakhs. However after providing for depreciation, interest, Finance Charges & other debits there was a loss of Rs. 57,616 Lakhs (Before Tax). The main reasons for loss are delay in issue of tariff orders, OA, disallowance of interest on working Capital, etc.

LOAD SHEDDING PROTOCOL;

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

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

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

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

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

POWER PURCHASE:

During the year the MSEDCL has tied up the long term power to ensure that the company will not have power shortage in future.

The power purchase agreements for power from Korba Unit-7, Mouda stage-II Vindhyachal Stage-V, Solapur, Lara, Dhurvaram, Khargone and Gadarwara Project are executed with NTPC. MSPGCL has added two units each of 500 MW Capacity viz. Khaparkheda Unit # 5 (COD on 16.04.2012) & Bhusawal Unit # 4 (COD on 16.11.2012). Thus, MSEDCL has added 1000 MW Capacity from MSPGCL during FY 2012-13.

Your company endeavours to monitor the progress of all projects under PPA and demand pattern.

Due to shortage of coal & gas during the year, the generation from Long Term sources such as MSPGCL and RGPPL was drastically reduced. Hence, in order to mitigate load shedding, MSEDCL had to resort to short term Power Purchase. MSEDCL floated tenders from time to time as per the requirement of power. During FY-2012-13 MSEDCL procured 5095 Mus under short Term Power Purchase agreement through transparent competitive bidding process.

In addition to above, MSEDCL has procured 1076.92 MUs through IEX and 41.13 Mus through PXIL during FY 2012-13 to mitigate emergency requirement at competitive rates. MSEDCL sold surplus power during rainy season 28.05 Mus through IEX and 0.20 Mus through PXIL. Unit-2, 660 MW of Adani Power Maharashtra Ltd. under case-1 stage-1 is commissioned on 30.03.2013 and Unit-3, 660 MW to commission in June-2013.

Under Case-1 stage-2 PPA for 400 MW is executed with M/s. Adani Power Maharashtra Ltd. MSEDCL has initiated PPA with M/s. India bulls Realtech, Nasik for 650 MW under Casel stage-2. During year, Unit-2, Unit-3, Unit-4 & unit-5 of CGPL, Mundra UMPP are commissioned on 30.07.2012, 06.12.2012, 21.01.2013 & 22.03.2013 respectively. With this the full capacity of 760 MW is available.

SYSTEMIMPROVEMENT SCHEME:

- **Restructured Accelerated Power Development and Reforms Program:**

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

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

Funding Mechanism for R-APDRP Project:-

Initially GOI will provide 100% Loan for Part A and 25% loan for Part B projects on the terms decided by Ministry of Finance. The Loan of Part A is converted into grant once establishment of the required system is achieved.

The balance funds (75%) for Part B projects shall be raised from financial institutions. The entire loan from Gol is routed through financial institutions for the respective schemes funded by them.

Conversion of loan into Grant :-

Part A: The loan shall be converted into grant once the establishment of the required system is achieved and verified by the independent agencies. The interest on the converted Loan shall be capitalized. No

conversion to grant will be made in case Part A is not completed within 3 years from the date of sanctioning of the project.

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

Specific Scope & Achievements of RADPRP Scheme; RAPDRP Part A:

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

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

The Expenditure of R-APDRP Part A as on 31.03.2013 is Rs 59.87 Crs

RAPDRP SCADA (Part A - Part B); SCADA Part A:

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

Scope of SCADA Part A

- Establishment of SCADA/DMS control center in eight specified towns.
- Integration with IT system being implemented under R-APDRP Part-A
- Establishment of Data Recovery Center at Nagpur
- Supply, installation, integration and commissioning of RTUs at all 66/33/22/1 IkV S/S,
- FRTUs at locations of RMUs on 1 IkV Distribution networks etc.
- SCADA/DMS system for control and supervision of 33/1 IkV S/S and 33KV & 1 IkV

The Achievements of SCADA Part A are as below:

- LOA for Implementation of SCADA/ DMS in 8 towns issued to M/s SIEMENS Ltd on 13.12.2011 for Rs 144.27 Crs
- Initial Survey Completed. SCADA Control centers Civil Work in progress. Inspection of SCADA Components carried out.

SCADA Part B:

PFC has sanctioned 5 towns having AT&C Losses more than 15%. The Towns sanctioned by PFC amounting to Rs 154.54 crs are Greater Mumbai, Amravati, Solapur, Sangli and Malegaon.

Scope of SCADA Part B:

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

Achievements of SCADA Part B:

- The award of Contract for SCADA Part B works in process.
- The Expenditure of SCADA (Part A) as on 31.03.2013 is Rs. 12.38 Crs

RAPDRP Part B:

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

PFC has sanctioned 123 towns DPRs for RAPDRP Part B amounting to 3314.20 Crores.

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

amounting to Rs 1712.76 Crs. The date of Completion of Project Work is 24 months from the date of LoA.

INFRASTRUCTURE PLAN-I:

Execution of Infrastructure Projects was partly departmentally (Urgent Six months work) and partly on turnkey basis.

The total Expenditure incurred so far is Rs. 1435.76 Crores out of which 20% amount is received from GoM as equity.

The achievements done are given as below:-

| Sr. No. | Major Works | Unit | Departmental (Urgent Six months work) Achievements as on 31.03.2009 | Turnkey Achievements upto March'13 |
|---------|---------------------------|------|---|------------------------------------|
| 1 | New Sub stations | Nos. | 30 | 562 |
| 2 | Augmentation of Power T/F | Nos. | 84 | 376 |
| 3 | Additional P/T | Nos. | 46 | 483 |
| 4 | HT Lines | Kms | 1613 | 43350 |
| 5 | LT Lines | Kms | 871 | 12099 |
| 6 | New DTCs | Nos. | 2964 | 68078 |

4.1 Single Phasing:

Due to limitations of the available Generation capacity, the load shedding is required to be done especially during morning & evening peaks. In order to make supply available to domestic consumers during peak load hours especially in the evening and night, single phasing scheme is being implemented.

Single phasing is done in three stages i.e. Phase-I, Phase-II & Phase -III. Single phasing Phase-III is being implemented on the same feeders which were already covered in Single phasing Phase-I & II to cover the balance villages and wadies.

Single phasing Phase-II scheme was implemented for 768 feeders. Because of this 3877 villages are benefited and a load management of 722 MW is achieved.

Under Single phasing Phase-III and Single Phasing Scheme for left out Villages/Wadies, achievements till 31.03.2013 are as given below.

| Sr. No. | Details | SPP-III | | SPP Left-out | |
|---------|--|---------|--------|--------------|--------|
| | | T | A | T | A |
| 1 | No. of DPS | 5150 | 4974 | 6749 | 4982 |
| 2 | No. of Villages covered | 2325 | 1880 | 1195 | 1105 |
| 3 | No. of Wadies covered | 1841 | 2477 | 3284 | 2270 |
| 4 | Expenditure upto March 2013 (Rs. In Crores) | 204.90 | 177.56 | 268.00 | 193.33 |

- T= Target, A= Achievement

4.2 Gaathan Feeder Separation Scheme (GFSS):-

The Gaathan Feeder Separation Scheme (GFSS) Phase -I is sanctioned for 20 districts & total feeders to be commissioned are 1498. The scheme was completed. 1498 feeders are separated under the said Scheme which has benefited 6932 of villages & Load relief of 1905 MW is achieved. GFSS Phase -II is being implemented in 25 districts, the brief scope of this scheme covers 895 feeders, 7005 of villages and load management envisaged is of 1088 MW. The Scheme is completed except Amravati Zone. 892 feeders are separated under the said Scheme which has benefited 6775 villages & Load relief of 995 MW is achieved as on March 2013.

GFSS-III Scheme is being implemented on same feeders already covered under GFSS-I for giving benefit to previously uncovered villages. The brief scope of this scheme covers 381 villages out of which 325 villages are benefited as on March 2013.

GFSS Left-out Scheme is being implemented for villages/wadies which are not covered under GFSS-I& II Schemes, the brief scope of this scheme covers 1008 feeders, 3601 villages and load management envisaged is of 628 MW. As on March 2013, the Scheme has benefited 2107 Villages and Load relief of 325 MW is achieved. Balance work of the Scheme is in progress. Further, GFSS-Shrirampur is being implemented for Shrirampur Division under Ahmednagar Circle, the brief scope of this scheme covers 81 feeders, 176 villages and load management envisaged is of 161

MW. Work of the Scheme is in progress.

The Brief Summary of progress GFSS Projects till 31.03.2013 is as follows:

| Sr. No. | Particulars | GFSS-I | | GFSS-II | | GFSS-III | | GFSS Left-out | | GFSS Shriampur | |
|---------|---|--------|--------|---------|------|----------|--------|---------------|------|----------------|---|
| | | T | A | T | A | T | A | T | A | T | A |
| 1 | No. of DPS | 9596 | 9596 | 8413 | 8254 | 2182 | 1459 | 8558 | 5343 | 488 | 0 |
| 2 | No. of villages covered | 6932 | 6932 | 7005 | 6775 | 381 | 325 | 3386 | 2107 | 176 | 0 |
| 3 | Expenditure upto March-2013 (Rs. In Crores) | 895 | 815.83 | 1006 | 822 | 231 | 168.23 | 721 | 493 | 87.43 | 0 |

- T= Target, A= Achievement.

4.3 Installation of LT Fixed Capacitors

The LT Fixed Capacitors Scheme is being implemented in Ag dominated areas. The scope of this scheme covers installation of 25 KVAR (23073 Nos.) & 30 KVAR (22258 Nos.) LT APP Shunt Capacitors on 63 kVA & 100 kVA Distribution Transformers respectively. The Scheme is completed.

Final progress of the Scheme is as below:

| Sr. No. | Particulars | Target | | Achievement during FY 2012-13 | | Total Achievement | |
|---------|-------------------|---------|---------|-------------------------------|---------|-------------------|---------|
| | | 25 KVAR | 30 KVAR | 25 KVAR | 30 KVAR | 25 KVAR | 30 KVAR |
| 1 | No. of Capacitors | 23073 | 22258 | 2395 | 3605 | 23153 | 22161 |

4.4 Reactive Power Planning for reducing T&D losses :

The capacitor banks totaling 5677.01 MVAR are installed as on 31-03-2012. This includes capacitor installed at HV level during 2010-11 is 873.42 MVAR. Similarly the capacitors provided on distribution transformer centers are totaling 2050.60 MVAR.

4.5 RURAL ELECTRIFICATION 2012-2013 ;

i) Village Electrification and Energisation of Agricultural Pumps :

100% village electrification has been achieved in Maharashtra State as on 31-03-1989. However as per revised definition of village electrification and as per 2001 census, out of 41096 nos. of villages and 377 Nos. of towns 40803 nos. of villages and 377 nos. of towns have been electrified as on 31.03.13 as per preliminary survey carried out. The company has energized 1,58,937 agricultural pumpsets during the year 2012-2013. With the implementation of this program, total pumpsets energized in the State are 39,02,135 which is the highest achievement among all the States in the country.

ii) TRIBAL SUB-PLAN;

There are 8399 villages and 29 towns under tribal, as per Census 2001. The M.S.E.D.C.Ltd. has also energized 1314 agricultural pumpsets in tribal sub-plan area during 2012-2013 bringing the total no. of pumpsets energized in tribal sub-plan area to 1,53,814.

iii) DOMESTIC CONNECTIONS TO WEAKER SECTIONS :

Since 1-10-1976, the Board is releasing domestic connections without charging normal service connection charges to Weaker Sections of Society, Viz. (1) Schedules Castes (2) Schedules Tribes (3) Nomadic Tribes (4) Vimukta Jatis and (5) Nav Buddhists. During 2012-2013 a total of 20,029 such connections have been released, out of which 11,069 pertains to Scheduled Castes and Nav Buddhists. So far a total of 17,20,947 connections have been released to these five categories, out of which 9,92,674 pertains to Scheduled Castes and Nav Buddhists.

iv) RAJEEV GANDHI GRAMIN VIDYUTIKARAN YOJANA :

As per Sections 4 & 5 of the Electricity Act 2003 the Central Government has notified the Rural Electrification Policy on 23rd August 2006. The policy is aimed at:—

- Provision of access to electricity to all households by year 2011.
- Quality and reliable power supply at reasonable rates.
- Minimum lifeline consumption of 1 Unit per household per day as a merit good by year 2012.
- Electrifying all villages as per census 2001 with new definition.

To improve infrastructure in rural area and to electrify all villages (as per new definition i.e. having population more than 100) as per census 2001 and households, MoP, GOI has declared Rajiv Gandhi Grameen Vidyutikaran Yojana in March 2005. Accordingly, it is decided to give electric supply to all Below Poverty Line (BPL) households by charging Rs.15 per connections as security deposit. No service connections cost to be recovered from such beneficiaries.

Additional DPR under RGGVY scheme for Solapur District has been sanctioned by REC for amount of Rs.34.99 crore for the release of 19279 BPL connections. Same is been approved by Board, vide B. R. No. 114 dated 07.05.2012. MoP has given the approval for Rs. 33.64 Crs. and the work of scheme is in progress.

The Financial and Physical Progress of RGGVY Scheme (Xth and XIth Plan) as on 31.03.2013

| | |
|---|----------------|
| Total Funds received towards RGGVY Scheme in the year 2012-13 | : Rs. 11.48 Cr |
| Total expenditure incurred for RGGVY Scheme in the year 20 12- 13 | : Rs.22.31 Cr |
| Target of BPL Connections to be released in the year 2013-14 | : 20,000 Nos. |
| BPL Connections released during the year 2012-13 | : 19,412 Nos. |

NON-CONVENTIONAL SOURCES OF ENERGY:

Wind Energy projects in Maharashtra :

Wind Energy projects in Maharashtra :

Wind Mill generators are installed at Satara , Sangli , Ahmadnagar , Dhule, Nandurbar , Nashik ,

Beed etc. by the Private Agencies (Developers) and MEDA.

As per MERC Order 24.11.2003 and the Company's policy, the Wind farm developers have commissioned (Sale to MSEDCL) a total capacity of 2387.28 MW upto Mar.2013.

Group I Projects commissioned upto 27.12.1999 is 31.988 MW

Group II Projects commissioned after 28.12.1999 upto 31.03.2003 is 366.54 MW

Group III Projects commissioned after 1.04.2003 upto 31.03.2010 is 1422.13 MW

Group IV projects Commissioned after 01.04.2010 upto Mar 2013 is 538.2 MW

CO-GENERATION 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.

As such MSEDCL has executed EPA's with installed generation capacity to the tune of 1471.36 MW as on 31-03-2013 out of which the projects commissioned in the F.Y. 2012-13 is 113.7 MW. The total commissioned capacity as on 31-03-2013 is 957.06 MW. Further GoM has initiated various schemes to encourage Co-generation in the state such as co-generation projects based on Boot Policy.

BIOMASS IPP PROJECTS ;

17th EPA's were executed involving installed capacity generation to the tune of 181 MW.

The installed generation capacity in operation for sale to MSEDCL upto 31st March, 2013 is 127 MW & the new projects commissioned in the F.Y. 2012-13 is Nil.

SMALL HYDRO PROJECTS ;

Hydro projects upto 25 MW capacity are considered as Small Hydro projects and they are treated as NCE sources. MSEDCL is procuring power from MSPGCL's small hydro projects (approx. 373 MW) and from Government owned and private small hydro projects also.

The commissioned capacity of private and Govt. owned small hydro projects upto 31.03.2012 is 55.55 MW out of which the projects commissioned in F.Y. 2012-13 is 1.2 MW.

The commissioned capacity as on 31st March, 2013 is 56.75 MW.

SOLAR PROJECTS :

Further, MSEDCL has also executed EPAs with MSPGCL and private Solar Power Projects developers under various government schemes of GoI for total capacity of 162 MW. As on 31st March, 2013 the commissioned capacity 147 MW.

INFORMATION TECHNOLOGY;

IT Initiatives Under Implementation During 2012-13

R-APDRP:-

Ministry of Power, Govt. of India, has launched the Restructured Accelerated Power Development and Reforms Program (R-APDRP) in the XI Five year Plan. Power Finance Corporation Limited (PFCL)

has been designated by Govt. of India, as the Nodal Agency for the program. The program spans from data acquisition at distribution level till monitoring of results of steps taken to provide an IT backbone and strengthening of the Electricity Distribution system across the Country under the program.

The objective of the program is reduction of AT&C losses to 15% in project areas. The program is divided into 2 parts Part-A and Part-B. Part- A will include projects for establishment of baseline data. Under the program, following modules are implemented, to get verified baseline AT&C losses

- i. New Connection
- ii. Disconnection and Dismantling
- iii. Meter Data Acquisition System (AMR)
- iv. Energy Accounting
- v. GIS based Consumer Indexing, Asset Mapping
- vi. GIS Based Network Analysis
- vii. Customer Care
- viii. Customer Relationship Management
- ix. Web Self Service
- x. Portal & Document Management System
- xi. MIS - Business Intelligence - Dashboards
- xii. Integration Middleware for integrating the existing s/w systems viz. billing system, ERP HRMS, Payroll, Fix Assets, Materials Management, e-Tendering etc.
- xiii. Identity Access Management & System Security.

This program is being implemented for 128 towns in Maharashtra.

Centralized Customer Care Centre:

A CENTRALIZED CUSTOMER CARE CENTER has been setup to improve the supply/billing related complaint handling processes of MSEDCL and enhance the customer servicing capabilities of MSEDCL. The Overall capacity of MSEDCL's Centralized Customer Care Centre (Bhandup (60+6) & Pune (40+4)) is 100+10 seats.

The Centralized Customer Care Centre (CCC) established under RAPDRP Part 'A' at Bhandup, began operations since 1st Dec 2011.

Further, MSEDCL extended the capacity of Bhandup Centre by 20+2 seats and also setup an extended arm cum "Disaster Recovery" Site of Bhandup Customer Care Centre at MSEDCL Zone Office, Rastapeth, Pune. The benefit of this is that, whenever either CCC setup is down, the other setup continues to be in operation.

Pune CCC has started its operations from March 11, 2013. (Initially this CCC has been started with 20+2 seats capacity only and will be increased later on).

The CCC established by MSEDCL is equipped with latest technology hardware/software & multi skilled customer service representatives, who serve 24x7.

The CCC takes the requests/enquiries/complaints and feedback through Telephone calls (on toll free numbers 18002333435, 18002003435) and Online requests/enquiries/complaints made via MSEDCL Website (Web Self Service). It takes the specified follow-ups with the customer and if required, with concerned office to the extent of completely satisfying the aggrieved consumers. At present, around 4000 calls per day are handled by the CCC. If the complaints/enquiries are not attended within specified time frame by the assignee officers, then they are escalated to the next level by the system. The escalation continues right up to top management level.

The CCC also plays important role in the Online New Service Connection workflow. Prospective consumers (HT & LT) can apply online for New Service Connection via MSEDCL Website (Web Self Service). The CCC administrator after receiving an online NSC request, verifies its genuineness by calling the prospective consumer and then intimates concerned office by phone & email about the request, for enabling initiation of further action regarding releasing of New Service Connection to the prospective consumer.

Communication Backbone:

Apart from the existing 163 locations connected by MPLS/VPN links, approx. 1000 locations in 128 towns have been connected by MPLS/VPN links (under RAPDRP Part 'A' project).

ERP Solution

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

The scope of work of this project primarily consists of:

- a. Providing and installing ERP package and related software licenses
- b. Implementation of ERP, Financial Accounting, Project Management and control
- c. Integration with existing MIS, R-APDRP Applications, SCADA and DMS [both of which are in the process of implementation under R-APDRP Part-A & other ancillary systems
- d. Revamping/Upgrading of existing Billing System to n-tier architecture and integrating with proposed ERP
- e. Enhancement and maintenance of MIS modules & other ancillary systems
- f. Development of custom application and its maintenance.

The modules covered under the scope of EPR project are-

- Financial Management (FI/CO)
- Stores, Inventory, Purchase (MM)
- Project Management Process (PS)
- Plant Maintenance (PM)
- Upgrading of Billing Solution to n-tier architecture
- Load Management including Load Analysis
- Contributory Provident Fund (CPF)
- Portfolio Management

- Quotation Management
- Distribution Franchisee
- Tariff Regulatory Cell

The project is under implementation and expected to go live during 2013-14.

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

The objective of reducing Aggregate Technical and Commercial (AT&C) losses in the project area can be achieved by plugging pilferage points, supply of quality power, faster identification of faults & early restoration of power, proper metering, strategic placement of capacitor banks & switches, proper planning and design of distribution network. The real time monitoring & control of the distribution system through state-of-the art SCADA/DMS system encompassing all distribution Substations & 11 KV network would help in achieving this objective of R-APDRP. For deriving maximum benefits it is essential that necessary up-gradation of distribution S/S & 11KV network shall be carried out to meet the SCADA/DMS requirements. The augmentation /up-gradation of the distribution network for real time supervision & control mainly requires suitable compatibility of circuit breaker & switches, placement of RMUs and FPIs etc for effective monitoring & control. This augmentation / upgradation shall be considered under Part B of R-APDRP scheme. However, considering the growth & related network up-gradation, the full fledged SCADA/DMS shall be capable to meet the present as well as future requirements of the eligible towns for SCADA/DMS system under Part A of R-APDRP. The SCADA/DMS System will provide Real time monitoring & control, loss minimization/load balancing and considerable improvement in voltage/VAR profiles. It would also facilitate proper handling of loads while load shedding & restoration, efficient planning of network for future growth by using proven power system planning tools. All software applications & RTUs/FRTUs including system sizing requirements for the same shall be considered in the SCADA/DMS system being procured under Part - A of R-APDRP. The project is under implementation and expected to go live during 2013-14.

Introduction of RF, IR & Prepaid Meters;

To minimize manual intervention in meter reading MSEDCL has introduced Infra-red (IR) meter in less populated area and Radio frequency (RF) meters in densely populated urban areas. To achieve interoperability among various meter manufacturers, MSEDCL developed its own IR meter protocol and used ZigBee 2007 pro simple metering cluster with MSEDCL specific cluster for RF meters. Also MSEDCL started using prepaid meters for second home, gated colony areas.

Document Management System-

MSEDCL is implementing Document Management System. In the Phase I of Document Management System, following functionalities are available:-

- Scanning of Incoming Documents at Central Registry Unit (CRU)
- Online forwarding of Incoming Documents to respective HODs
- Tracking of Incoming Documents
- Hard copies will be available at CRU and can be issued on request.

IT Initiatives Under Implementation During 2013-14 Smart Grid Initiatives in MSEDCL-

Objective of Smart Grid is to use advancements of information and communication technology to make the power grid more efficient, reliable, secure and resilient while minimizing costly investments in new centralized generation capacity. One of the main points about Smart Grid is an increased level of

observation and control of a complex power system to facilitate distributed and renewable energy generation. This can only be achieved by an increased level of information sharing between the individual components and sub-systems of the power system. Smart Grid can provide consumers near real-time information on their energy use, support pricing that reflects changes in supply and demand, and enable smart appliances and devices to help consumers exercise choices in terms of usage of energy. Utilities can better manage the grid in terms of increased visibility of network, improved billing and realization efficiency, increased availability of grid and access of power to rural areas.

The main objective of proposed Smart Grid Pilot Project in Baramati Town of MSEDCL is to have measurable improvements including:

- (i) Reliability
- (ii) System costs and peak demand
- (iii) Environmental impact
- (iv) Reduced greenhouse gas emissions
- (v) Analysis of response to system disturbances
- (vi) Operating resiliency.
- (vii) Optimization of asset utilization and operating efficiency of the electric power system.

INTERNAL REFORMS :

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

| YEAR | Distribution Loss (%) | AT&C Loss (%) |
|---------|-----------------------|---------------|
| 2006-07 | 29.50 | 33.98 |
| 2007-08 | 24.09 | 26.08 |
| 2008-09 | 21.98 | 24.62 |
| 2009-10 | 20.60 | 21.41 |
| 2010-11 | 17.28 | 18.45 |
| 2011-12 | 16.03 | 18.41 |
| 2012-13 | 14.58 | 18.61 |

Action Plan for Loss reduction

1. Distribution Loss reduction strategies Technical Loss Reduction

Infrastructure Plan;

Objectives

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

Scope of Work

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

At a glance the Progress of works under infrastructure Project Phase-I,II,IIA, IV, VIC & VII

| CAPITAL WORKS | New Sub Stn/ sw stn | | | Aug. Power Xmers | | | Addl. Power Xmers | | | HT Lines (KM) | | | LT Lines (KM) | | | Dist. Xmers (New) | | | HVDS | | | Pole Mounted Capacitor Bank | | |
|---|------------------------|------|---------|---------------------|------|---------|----------------------|------|---------|------------------|------|---------|------------------|------|---------|----------------------|------|---------|-------|------|---------|--------------------------------|------|---------|
| | Comm | Comp | WI P | Comm | Comp | WI P | Comm | Comp | WI P | Comm | Comp | WI P | Comm | Comp | WI P | Comm | Comp | WI P | Comm | Comp | WI P | Comm | Comp | WI P |
| Frozen Qty | 606 | | | 376 | | | 490 | | | 44780 | | | 13046 | | | 68442 | | | 11502 | | | 2748 | | |
| Cumm. Prog. Upto Mar 13 | 572 | 23 | 11 | 371 | 3 | 2 | 478 | 3 | 9 | 10109 | 704 | 425 | 11083 | 704 | 425 | 65800 | 1669 | 479 | 10739 | 530 | 141 | 2668 | 48 | 32 |
| Cumm. target for April 13 | 606 | | | 376 | | | 490 | | | 43878 | | | 12372 | | | 67876 | | | 11262 | | | 2748 | | |
| Progress in April 13 | 20 | 2 | 3 | 2 | 2 | 0 | 0 | 0 | 0 | 768 | 865 | 263 | 93 | 218 | 72 | 509 | 100 | 114 | 73 | 61 | 61 | 35 | 13 | 8 |
| Cumm. Prog. Upto 30.04.2013 | 592 | 4 | 10 | 373 | 3 | 0 | 480 | 3 | 1 | 40875 | 2475 | 1261 | 11176 | 923 | 497 | 66309 | 1769 | 458 | 10812 | 291 | 202 | 2703 | 27 | 18 |
| Total (Comm + Comp) | 596 | | | 376 | | | 483 | | | 43350 | | | 12099 | | | 68078 | | | 11130 | | | 2730 | | |
| % Completed | 98% | | | 100% | | | 99% | | | 97% | | | 96% | | | 99% | | | 98% | | | 99% | | |
| Progress in FY 2010-11 (Comm.) | 165 | | | 146 | | | 172 | | | 13908 | | | 3734 | | | 29346 | | | 5420 | | | 1254 | | |
| Progress in FY 2011-12 (Comm.) | 262 | | | 98 | | | 134 | | | 16111 | | | 4658 | | | 24218 | | | 3948 | | | 787 | | |
| Progress in FY 2012-13 (Comm.) | 114 | | | 36 | | | 63 | | | 7989 | | | 2144 | | | 8041 | | | 1165 | | | 409 | | |
| Total Contract Cost of the Project in Rs. Crs. : 10786.96 Total Expenditure Incurred up to 31 MArch 2013 In Rs. Crs. : 10538.27 Expenditure During year 12-13 in Rs. Crs. : 1473.31 | | | | | | | | | | | | | | | | | | | | | | | | |

> **Reactive Power Management:**

- **Objective**
- Improvement in power factor
- Reduction in line loss
- Demand relief in MVA
- Scope
- Installation of 25 kVAR & 30 kVAR fixed capacitors (APP) type on 63 kVA & 100 kVA distribution transformer respectively.
- 30 kVAR capacitor 21,092 Nos
- 25 kVAR capacitor 21,811 Nos
- MVAR injection 1178 MVAR.
- Expected demand relief is around 635 MVA.

Installation of LT Fixed Capacitors (as on 30.04.2013)

| Scheme Name | Contract Value (Rs.in Crs.) | 25 KVAR | | 30 KVAR | | Total Capacitors | |
|-------------------------------------|-----------------------------------|---------|----------|---------|----------|------------------|----------|
| | | Target | Ach'ment | Target | Ach'ment | Target | Ach'ment |
| Installation of LT Fixed Capacitors | 46.98 | 23073 | 23153 | 22285 | 22161 | 45358 | 45314 |

> **Restructured Accelerated Power Development Reform Project (R-APDRP)**

• **Objectives**

- Improvement in Services to Consumer
- Increase commercial viability of the DISCOM by improving metered sales.
- Reduction of technical & commercial losses.
- Improve reliability and quality of supply.
- Modernization of Power system (Enhanced SCADA etc)

• **Part A: Details of same are given below ***

• **Part B: For Distribution Strengthening & Augmentation projects:**

- Renovation, modernization and strengthening of 11 kV level Substations
- Transformers/Transformer Centers
- Re-conductoring of lines at 11kV level and below
- Load Bifurcation, Feeder Separation, Load Balancing.
- Aerial Bunched Conductors in thickly populated areas.
- Replacement of Electromagnetic meters with Tamper proof electronic Meters.
- Installation of capacitor banks and mobile service centers etc.
- In exceptional cases, where sub-transmission system is weak, strengthening at 33 kV or 66 kV levels also to be considered

– **Commercial Loss Reduction**

> ***R-APDRP Part-A: Preparation of base Line data for the project area covering**

- Consumer Indexing & GIS Mapping
- Automatic Meter Reading for all distribution Transformers and feeders.
- Asset mapping for entire distribution network at and below 11 kV network and include the DTs and feeders, LT lines, poles and other Distribution network equipment.
- Adoption of IT applications for Meter reading, Billing and collection, energy accounting and auditing

| Software Module | Date of Roll-out (Go-Live) | Remarks |
|--------------------------------------|--------------------------------|--|
| Disconnection & dismantling | 31 st January, 2013 | For field Officers |
| New Connection | 31 st January, 2013 | For field Officers |
| GIS Web Solution, CIS based NA | 31 st January, 2013 | For field Officers |
| Consumer Relationship Management | Already live | For field Officers |
| Energy Audit/Network Data Management | Already live | For field Officers |
| Portal/DMS, IDAMS | Already live | For use of field officers & Management |
| Web Self Service | 31 st January, 2013 | For Consumers |
| MIS/BI | 31 st January, 2013 | For Management Reporting |
| Biling DR | 31 st January, 2013 | For DR of Billing database |
| Consumer Care Centre Software | Already live | For Call Centre Agents |

> **Automatic Meter Reading :**

- Modems are installed on the meters for transmitting readings to the central server, where consumers' database is stored.
- The readings as well as load parameters are transmitted at pre-defined, configurable intervals.
- Any variation in consumption pattern, any kind of tampering done with meter can be detected.

DISTRIBUTION FRANCHISEE:

The power sector in India faces severe technical and commercial losses in distribution segment, which is generally due to power theft and collection inefficiencies, which amount to virtually 50% of the input. Various initiatives have been introduced by various power distribution utilities across the country to further reforms in the sector. It has been increasingly being recognized that Public Private Partnership (PPP) models could be implemented to increase investment, improve operational efficiency and service delivery to the consumers. Input based Distribution Franchisee is one such which has been initiated by the Maharashtra State Electricity Distribution Company Limited (MSEDCL).

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

M/s GTL Ltd. has been appointed as Distribution Franchisee for Aurangabad Urban I & II Divisions through open tender process and consequently designated Distribution Franchisee area was handed over for electricity distribution operations on 1st May 2011.

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 designated Distribution Franchisee area was handed over for electricity distribution operations on 1st May 2011.

M/s Crompton Greaves Ltd. has been appointed as Distribution Franchisee for Jalgaon UCR Division (which comprises urban sub-divisions I-II, Jalgaon Rural subdivision and Nashirabad rural subdivision) of Jalgaon Circle and consequently designated Distribution Franchisee area was handed over for electricity distribution operations on 1st November 2011.

- High loss making Bhiwandi Circle is already franchised to M/s. Torrent Power since Year 2007.
- Gandhibaug, Civil Lines & Mahal divisions of Nagpur zone has been franchised out to M/s SPANCO Ltd. on 01 may 2011
- Aurangabad urban I & II divisions of Aurangabad zone has been franchised out to M/s GTL Ltd. on 01 May 2011.
- Jalgaon UCR division of Jalgaon Zone has been franchised out to M/s Crompton Greaves on 01November,2011.

THEFT DETECTION:

The power theft is a burning issue which is threatening the very survival of DISCOMS across the country. The theft of electricity continues to be the main cause of concern for our Company also. T&D losses, both technical and non technical are the single largest cause for the huge losses incurred by the

power distribution sector. High T&D losses particularly due to theft of electricity, weakens the financial health of the Company to a great extent. In order to deal with the situation, the Company has taken several important steps. Some of them are listed below.

1. For detecting theft of energy, presently there are 42 Flying Squads working under the Directorate of Vigilance & Security. During the year 2012-13 the Flying Squads working under this directorate had checked 37337 connections and detected 15718 cases involving assessment of Rs. 41359.95 lakhs of which Rs. 6425 lakhs were recovered. During the regular checking of consumers installations, 8264 Nos. of theft cases were detected with an assessment of Rs. 1939.64 lakhs. During the period under review, Flying Squads conducted 211 Nos. of special drives, in which 4484 theft cases were detected with an assessment of Rs. 1992.09 lakhs.
 2. During the above period, Special Drives were organized for checking of Highway Dhabas, Beer Bar & Restaurants, Hotels, lodges, Malls & other Commercial Complexes, Showroom, Ice factory, Oil Mills, Rice Mills, Educational Institutions, Mobile Towers, Poultry Farms, Building Constructions etc.
 3. Special checking of connections during night hours were organized in some theft prone areas.
 4. MRI data sheet and Energy Audit are studied and analysed to find out suspicious consumers.
 5. Appeal to general public to submit information about illegal and unauthorized use of electricity and theft of power was given in the official web site.
 6. To encourage the flow of information pertaining to illegal and unauthorized use of electricity and theft of power, an incentive, up to 10% of the recovered amount from the assessment made out against theft of power has been declared to the informants and reward amount of Rs.9.62 lakhs were distributed during the year 2012-2013.
 7. Govt. of Maharashtra vide its GR No.POS/3603/12/PK/Pol-3 dt. 31/10/2006 had created six dedicated police stations at Kalyan, Pune, Nashik, Jalna, Latur and Nagpur to deal with the investigation of theft of energy cases. All these dedicated police stations are functioning since Sept-2006. A total no. of 22315 FIRs have been lodged during the year 2012-13. Due to the impact of dedicated Police Stations, assessment amount of Rs. 177.18 lakhs and compounding charges amounting to Rs. 81.37 lakhs were collected.
- > Theft Control-
- To curb theft of electricity 40 flying squads are established.
 - 6 dedicated police stations are established to handle power theft.
 - Regular Theft Detection Drives are conducted.

HUMAN RESOURCES MANAGEMENT;

Human resources is an important assets of the Company hence it continuous endeavour is to improve quality of professional life of our officers and employees and thereby motivate them to provide quality service to our consumers. The following important initiatives were undertaken during the year 2012-13.

RECRUITMENT;

During the year 9280 officers/ employees have been recruited in the transparent fair and impartial manner.

TRAINING & SAFETY;

Keeping in view the existing training policy over 49887 officers/ employees have been put through the training courses.

A video recording safety awareness was shown to around 60000 general public at Nashik & Pune.

CONSUMER RELATIONS;

To provide good quality service and quick disposal of consumer grievances presently 24 no. of Centralized Customer Facilitation Centers (CCFCS) are working.

Centralized call centre with toll free no. is established at Bahndup with capacity of 100 seats. This is the biggest call centre of Electricity Distribution Company in the country.

STATUTORY AUDITORS;

Pursuant to the provisions of Section 619 of the Companies Act 1956, the Comptroller & Auditor General of India, (CAG) New Delhi had appointed Borkar & Muzumdar, Chartered Accountants, M.P.Chitale & Co. Chartered Accountants, and Kalyaniwala & Mistry, Chartered Accountants, as Statutory Auditors of the Company for the year 2012-13. The report of the Statutory Auditors is appended to the Balance Sheet and Profit & Loss Account. The Auditors have submitted their reservations and qualifications. The replies of the Management to the reservations and qualifications of the Statutory Auditors are enclosed as an Annexure 'A' to the Director Report.

COST AUDIT;

The Central Government had ordered cost audit in respect of distribution and retail supply of electricity for the financial year ending 31.03.2006 and also for every financial year thereafter. In pursuance of Cost Audit Order, the Board of Directors of the Company has appointed M/s. S.R.Bhargave & Co., Cost Accountants and M/s. R. Nanabhoy & Co., Cost Accountants, as Cost Auditors for the year 2012-13 and the approval of Central Government has been obtained.

INTERNAL AUDIT;

Pursuant to section 292A of the Companies Act, 1956 the Audit Committee constituted by the Board reviews the Company's Internal Control system regularly through Audit Committee Meetings.

The Internal Auditors appointed by the Audit Committee evaluates the adequacy of Internal control & conducts regular audit.

Audit Committee constantly assess the progress of Internal audit & takes steps to strengthen the system in effective way.

DIRECTORS:-

Shri P.U.Shinde, was appointed as Director (Projects) of the company on 30.08.2013.

DIRECTORS' RESPONSIBILITY STATEMENT ;•

As required under Section 217 (2AA) of the Companies Act, 1956, your Directors confirm that:

- I. In the preparation of the annual accounts, the applicable accounting standards have been followed by the Company along with proper explanation relating to material departures;

II. The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year 2012-13 and the loss of the Company for that year;

III. The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

IV. The Directors have prepared the annual accounts on a going concern basis.

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

As required under Section 217 (1) (e) of the Companies Act, 1956, read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, information regarding Conservation of Energy, Technology Absorption and Foreign Exchange Earnings & Outgo to the extent applicable is given in the **Annexure ‘B’** to this report.

FIXED DEPOSITS:

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

PARTICULARS OF EMPLOYEES:

None of the employees of the Company was in receipt of remuneration falling under the purview of the provisions of the Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 as amended. Hence no information pertaining to the same has been provided.

ACKNOWLEDGEMENTS:

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

For and on behalf of the Board

Sd/-

Chairman & Managing Director

Place : Mumbai

Date : 26/03/2014

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

A. CONSERVATION of ENERGY

1) Wind Energy Projects in Maharashtra :

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

As per MERC Order 24.11.2003 and the Company's policy, the Wind farm developers have commissioned (Sale to MSEDCL) a total capacity of 2387.28 MW upto Mar.2013.

Group I Projects commissioned upto 27.12.1999 is 31.988 MW

Group II Projects commissioned after 28.12.1999 upto 31.03.2003 is 366.54 MW

Group III Projects commissioned after 1.04.2003 upto 31.03.2010 is 1422.13 MW

Group IV projects Commissioned after 01.04.2010 upto Mar 2013 is 538.2 MW

2) Cogeneration Projects in Maharashtra:

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

As such MSEDCL has executed EPA's with installed generation capacity to the tune of 1471.36 MW as on 31-03-2013 out of which the projects commissioned in the F.Y. 2012-13 is 113.7 MW. The total commissioned capacity as on 31-03-2013 is 957.06 MW.

Further GoM has initiated various schemes to encourage Co-generation in the state such as co-generation projects based on Boot Policy.

3) Biomass IPP Projects;

Seventeen EPA's were executed involving installed capacity generation to the tune of 181 MW. The installed generation capacity in operation for sale to MSEDCL upto 31.03.2013 is 127 MW and the New projects commissioned in the F.Y. 2012-13 is NIL.

4) Small Hydro Projects;

Hydro projects upto 25 MW capacity are considered as Small Hydro projects and they are treated as NCE sources. MSEDCL is procuring power from MSPGCL's small hydro projects (approx. 373 MW) and from Government owned and private small hydro projects also.

The commissioned capacity of private and Govt. owned small hydro projects upto 31.03.2012 is 55.55 MW out of which the projects commissioned in F.Y. 2012-13 is 1.2 MW. The commissioned capacity as on 31st March, 2013 is 56.75 MW.

5) **Solar Projects:**

Further, MSEDCL has also executed EPAs with MSPGCL and private Solar Power Projects developers under various government schemes of GoI for total capacity of 162 MW. As on 31st March, 2013 the commissioned capacity 147 MW.

B. TECHNOLOGY ABSORPTION : N.A.

C. EXPENDITURE ON R & D:- NIL

D. FOREIGN EXCHANGE EARNINGS & OUTGO:- NIL

MSEDCL

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

Report on Financial Statements

1. We have audited the accompanying financial statements of Maharashtra State Electricity Distribution Company Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

2. Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation, maintenance of internal control and relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

6. *We invite attention to:-*
 - (i) *The Assets and Liabilities of the Company contain balances transferred under the transfer scheme as on 6th June, 2005 by The Maharashtra Electricity Reforms Transfer Scheme 2005. As per the information given to us, these balances of Fixed Assets, Non-current Assets, Current Assets, Non-current Liabilities and*

Current Liabilities as approved by MSEB Holding Company Ltd. have been incorporated in the company's books of accounts. Final transfer scheme is yet to be notified by the Govt. of Maharashtra. Any changes in these figures if made, at the time of final notification may have an impact on Balance Sheet and the Statement of Profit and Loss.

- (ii) Balances of trade receivables, trade payables, loans and advances, various other debit / credit balances, cash in transit and reconciliation in respect of some branches of the bank as well as of collecting post offices of the accounting units are subject to confirmations / reconciliation and adjustments necessary upon reconciliations. In some cases, reconciliation items are pending for further action during the year under audit. We are unable to ascertain the effect of the adjustments arising from reconciliations and settlement of old dues and possible loss that may arise on account of non recovery or partial recovery of such dues.*
- (iii) Long Term trade receivables includes Rs. 261687 lac receivable from M/s Mula Pravara Electric Co-Operative Society which is long overdue and disputed. No recoveries are forthcoming from this account over last few years. Further, trade receivables outstanding for more than three years amounts to Rs. 629934 lac and outstanding for less than three years but more than six month amounts to Rs. 430085 lac. The total provision for doubtful debt as on March 31, 2013 against aforesaid receivables amount to Rs. 54194 lac. In our opinion, provision for doubtful debts in respect of trade receivables is inadequate considering the extent of overdue receivable. Had additional provision been made for at least trade receivable outstanding for more than three years, the loss for the year would have been higher by Rs. 629934 lac and the accumulated losses as at balance sheet date would have been higher by that effect.*
- (iv) Reconciliation of Consumer Ledger Balances (subsidiary accounts) with the Financial Ledgers balances (control account) in respect of 'Trade Receivables for energy sold' and 'Security Deposits from Consumers' has yet not been completed. Consequently we are unable to ascertain the impact of pending reconciliation items in the Statement of Profit and Loss for the year ended March 31, 2013.*
- (v) Note no. 16 of the additional notes to accounts regarding non provision for interest payable to Micro, Small and Medium Scale Enterprises. The liability on this account has not been quantified by the company. As such we are unable to ascertain additional loss the Company would have incurred had such provision been made in the statement of profit and loss account. Further, sundry creditors include the amount outstanding to such vendors /suppliers which have not been disclosed separately in the accounts.*
- (vi) Accounting Policy No. 2 (a) (ii) and note no. 8 of the Additional Notes to Accounts, regarding the recognition of regulatory asset amounting to Rs. 125600 lacs with a corresponding credit to the Statement of Profit and Loss. "The Guidance Note on Rate Regulated Activities", issued by the Institute of Chartered Accountants of India (the effective date of this guidance note is not yet announced by the (ICAI) requires that when an entity first applies the guidance note and recognizes a regulatory asset, the corresponding credit should be against opening balance of revenue reserves. As such accounting of Rs. 125600 lac in the Statement of Profit and Loss as on March 31, 2013 is not in compliance with the said Guidance Note issued by ICAI and has resulted in an understatement of the loss for the year by Rs. 125600 lac.*
- (vii) The Company recognizes losses to fixed assets on account of flood, fire, cyclone etc. in the year in which said losses is approved by the management of the Company for write off. The said policy followed by the company is not in compliance with the present Accounting Standards. During the year the Company has not recognized losses to fixed assets amounting to Rs. 1798 lac in the Statement of Profit and Loss as the same are not approved by appropriate management authority. Had such loss been recognized during the year in the Statement of Profit and Loss, the loss for the year and the accumulated losses as at balance sheet date would have been higher by Rs. 1798 lac.*

Qualified Opinion

7. *Except for the effects of the matters described in the Basis for Qualified Opinion in para 6 above, including the matters whose effect on the loss for the year and net assets as at March 31, 2013 is unascertainable, in our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and, give a true and fair view in conformity with the accounting principles generally accepted in India:*
- (a) *in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;*
 - (b) *in the case of the Statement of Profit and Loss, of the loss for the year ended on that date; and*
 - (c) *in- the case of the Cash Flow Statement, of the cash flows for the year ended on that date.*

Report on Other Legal and Regulatory Requirements

8. As required by section 227(3) of the Companies Act 1956, we report that:
- (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit *except the matter described in the Basis for Qualified Opinion, para 6 (ii), (iv) and (v) above;*
 - (b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
 - (c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account
 - (d) *Except for the effects of the matter described in the Basis for Qualified opinion para 6 (iii) and (vii) above, in our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement complies with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;*
 - (e) Being a Government Company, pursuant to the notification number GSR 829 (E) dated October 21, 2003, issued by the Government of India, the provisions of section 274 of the Companies Act, 1956 are not applicable to the Company.
9. As required by the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's Report) (Amendment) Order 2004, issued by the Government of India in terms of Sub-section (4A) of Section 227 of the Companies Act, 1956, and on the basis of such checks as we considered appropriate, and according to the information and explanations given to us, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order to the extent applicable to the Company.

For and on behalf of

Kalyaniwalla & Mistry
Chartered Accountants
ICAI Firm Regn. No.
104607 W

M.P. Chitale & Co.
Chartered Accountants
ICAI Firm Regn. No.
101851 W

Borkar & Muzumdar
Chartered Accountants
ICAI Firm Regn. No.
101569 W

Sd/-
(Vinayak Padwal)
ICAIM No. F49639

Sd/-
(Ashutosh Pednekar)
ICAIM No. 41037

Sd/-
(Devang Vaghani)
ICAIM No. 109386

Place : Mumbai
Date : 10th October, 2013

1. (a) *The records / ledgers relating to fixed assets of the company (including their quantitative details and location) are not updated and cannot be reconciled with financial ledgers, as such fixed assets records/ledgers are not maintained properly.*
(b) *The management has not undertaken physical verification of the Company's fixed assets during the year. Also, there is no programme for conduct of such physical verification of fixed assets. In the absence of such record and verification we are unable to state whether there are any material discrepancies.*
(c) *There has been no disposal of substantial part of fixed assets affecting going concern.*
2. (a) *We are informed that inventory has been physically verified by the Management as at the year end.*
(b) *In our opinion, the procedure of physical verification of inventory followed by the management is adequate in relation to size of the company and the nature of its business.*
(c) *On the basis of our examination of records of inventory, in our opinion, the company has not maintained adequate records of inventory at divisions and sub divisions. As informed to us, the discrepancies noticed on physical verification of inventories as compared to book records were not material in relation to the operations of the company.*
3. *As per the information furnished, the company has neither taken nor granted any loans to/from companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956 hence reporting under the clause (iii) (a) to (g) of the order is not applicable to the company.*
4. *In our opinion and according to the information and explanations given to us, there is adequate internal control procedures, commensurate with the size of the Company and nature of its business with regard to purchase of inventory and fixed assets. However in case of sale of power, there is need for improvement of internal control with respect to permanent disconnection of consumer meters where consumers have not paid electricity bills in excess of six months. We observed during the year approx. Rs. 19654 lac were billed to the customers who have not paid their bills for period exceeding six months and no permanent disconnection of meters were carried out after six months in such cases.*
5. (a) *Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Act have been entered in the register required to be maintained under that section.*
(b) *In our opinion and according to the information and explanation given to us, having regard to the explanation that certain transactions*

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

6. According to the information and explanations given to us, the company has not accepted deposits from the public within the meaning of the provisions of section 58 A of the Companies Act, 1956 and rules framed there under.
7. The Company has during the year appointed firms of chartered accountants to conduct internal audit. *In our opinion, the internal audit coverage and compliance mechanism needs strengthening to make it commensurate with the size and nature of its business.*
8. The Central Government has prescribed maintenance of cost records u/s 209(l)(d) of the Companies Act, 1956 in respect of distribution of electricity. We have broadly reviewed such relevant records of the Company and in our opinion and according to the information and explanation given to us, prima facie the Company has made and maintained the prescribed records. We have not made an examination of the cost records required to be maintained under Companies (Cost Accounting Records) Rules 2011 in respect of their accuracy and completeness as the Company is in the process of obtaining the compliance report of the Cost Accountant.
9. (a) According to information and explanations given to us and the records of the Company examined by us in accordance with the generally accepted auditing procedures in India, in our opinion, the Company is *generally regular* in depositing the undisputed statutory dues of provident fund, investor education and protection fund, employees' state insurance cess, income tax, sales tax, service tax, wealth tax and other material statutory dues as applicable with the appropriate authorities in India. *However, in respect of electricity duty, there is a due of Rs. 44545 Lac (Previous year Rs. 24872.54 lac) which is undisputed and is outstanding at the year end. The amount outstanding for a period of more than six months from the date it became payable is not being ascertained by the company.*
 (b) According to the information and explanations given to us, there are no dues of Sales Tax, Income Tax, Customs Duty, Wealth Tax, Service tax, Excise Duty or cess outstanding on account of any dispute, other than those stated hereunder:

| Name of Statute | Nature of Dues | Amount (Rs. in Lacs) | Period for Which the Amount related | Forum where the dispute is pending |
|----------------------|-----------------------------|-------------------------|---|--|
| Income Tax Act, 1961 | Tax alongwith Interest | 31,557 | A.Y.2006-07 | ITATMUMBAI |
| Income Tax Act, 1961 | Penalty | 258 | A.Y.2006-07 | CIT (Appeal) |
| Income Tax Act, 1961 | Demand as per Order u/s 263 | 59,590 | A.Y.2006-07 | ITATMUMBAI |
| Income Tax Act, 1961 | Tax alongwith Interest | 80,287 | A.Y.2007-08 | HIGH COURT MUMBAI |
| Income Tax Act, 1961 | Tax alongwith Interest | 100,360 | A.Y.2008-09 | HIGH COURT MUMBAI |
| Income Tax Act, 1961 | TDS | 18,431 | A.Y.2009-10 | HIGH COURT MUMBAI |
| Income Tax Act, 1961 | FBT | 232 | A.Y. 2009-10 | CIT (Appeal) |
| | Total | 290,715 | | |

10. *The Company has incurred cash losses in the financial year as well as immediately preceding financial year. The accumulated losses are in excess of fifty percent of its net worth.*

11. In our opinion and according to the information and explanation given to us, the Company has not defaulted in repayment of dues to the banks and financial institutions. The Company has not borrowed any sum through debentures.
12. According to the information and explanation given to us, the Company has not granted any loans or advances against pledge of shares, debentures or other securities.
13. Clause (xiii) of the order is not applicable to the Company as the Company is not a Chit fund company or Nidhi/ Mutual Benefit Fund/ Society.
14. In our opinion and according to the information and explanation given to us, the Company is not dealing in shares, securities, debentures and other investments.
15. According to the information and explanation given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
16. In our opinion and according to the information and explanation given to us and on overall examination of the Balance Sheet of the Company, the term loans raised during the period have prima facie been applied for the purpose for which they were raised or pending actual application, have been deployed for working capital purposes.
17. *According to the information and explanation given to us and on overall examination of the Balance Sheet of the Company, in our opinion as at the close of the year short term funds aggregating approximately to Rs. 327307 lacs stand utilized for long term investments.*
18. The Company has not made any preferential allotment of shares during the year to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
19. The Company has not issued any debentures and hence the question of creation of securities for debentures does not arise.
20. The Company has not raised any money by public issues during the period covered by our report.
21. To the best of our knowledge and belief and according to the information and explanation given to us, no fraud by the Company and no material fraud on the Company was noticed during the year, all though there have been few instances of power theft, the amount whereof, in the opinion of the management, are not material in the context of size of the Company and the nature of its business.

For and on behalf of

Kalyaniwalla & Mistry
Chartered Accountants
ICAI Firm Regn. No.
104607 W

M.P. Chitale & Co.
Chartered Accountants
ICAI Firm Regn. No.
101851 W

Borkar & Muzumdar
Chartered Accountants
ICAI Firm Regn. No.
101569 W

Sd/-
(Vinayak Padwal)
ICAIM No. F49639

Sd/-
(Ashutosh Pednekar)
ICAIM No. 41037

Sd/-
(Devang Vaghani)
ICAIM No. 109386

Place : Mumbai
Date : 10th October, 2013

**REPLIES TO STATUTORY AUDITORS' REPORT FOR
FINANCIAL YEAR 2012-13**

| Sr. No. | Auditor's Report | Management's Replies |
|---------|---|----------------------|
| 1. | We have audited the accompanying financial statements of MAHARASHTRA STATE ELECTRICITY DISTRIBUTION COMPANY LIMITED ("the Company"), which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information. | No Comments |
| 2. | Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation, maintenance of internal control and relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error. | No Comments |
| 3. | Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. | No Comments |
| 4. | An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the | No Comments |

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| | risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements 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 management, as well as evaluating the overall presentation of the financial statements. | |
| 5. | We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion. | No Comments |
| 6. | <p>We invite attention to:-</p> <p>i) The Assets and Liabilities of the Company contain balances transferred under the transfer scheme as on 6th June, 2005 by The Maharashtra Electricity Reforms Transfer Scheme 2005. As per the information given to us, these balances of Fixed Assets, Non-current Assets, Current Assets, Non-current Liabilities and Current Liabilities as approved by MSEB Holding Company Ltd. have been incorporated in the company's books of accounts.</p> <p>Final transfer scheme is yet to be notified by the Govt. of Maharashtra. Any changes in these figures if made, at the time of final notification may have an impact on Balance Sheet and the Statement of Profit and Loss.</p> | <p>No Comments</p> <p>The Opening Balance Sheet of the Company as on 06.06.2005 have been approved by MSEB Holding Company Limited in its Meeting held on 26.09.2006. The approved final transfer scheme is yet to be notified by the GoM.</p> |
| | <p>ii) Balances of trade receivables, trade payables, loans and advances, various other debit / credit balances, cash in transit and reconciliation in respect of some branches of the bank as well as of collecting post offices of the accounting units are subject to confirmations / reconciliation and adjustments necessary upon reconciliations. In some cases, reconciliation items are pending for further action during the year under audit. We are unable to ascertain the effect of the adjustments arising from reconciliations and settlement of old dues and possible loss that may arise on account of non recovery or partial recovery of such dues.</p> | <p>In case of sundry debtors, the energy bills are served to all the consumers periodically and this serves the purpose of sufficient communication of the amount receivable from them. In case of disagreement, the consumers are approaching to the respective offices by making complaints at various local levels. These complaints are attended by field offices and any wrong billing, if noticed after due scrutiny is rectified. Hence issue of bills in term is the confirmation of balance from the</p> |

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| | | <p>debtors.</p> <p>In case of loans, the confirmation from the financial institutes and banks are obtained. Moreover, in case of creditors for Power Purchase in most of the cases either confirmation has been obtained or reconciliation has been done.</p> |
| iii) | <p>Long Term trade receivables include Rs. 261687 lac receivable from M/s Mula Pravara Electric Co-Operative Society which is long overdue and disputed. No recoveries are forthcoming from this account over last few years. Further, trade receivables outstanding for more than three years amounts to Rs. 629934 lac and outstanding for less than three years but more than six month amounts to Rs. 430085 lac. The total provision for doubtful debt as on March 31, 2013 against aforesaid receivables amount to Rs. 54194 lac. In our opinion, provision for doubtful debts in respect of trade receivables is inadequate considering the extent of overdue receivable. Had additional provision been made for at least trade receivable outstanding for more than three years, the loss for the year would have been higher by Rs. 629934 lac and the accumulated losses as at balance sheet date would have been higher by that effect.</p> | <p>Provision for bad and doubtful debts on sundry debtors (excluding Mula Pravara Electricity co-operative Society) against sale of power is adequate as the provision for bad and doubtful debts @ 1.5% of revenue from sale of power is made every year as per MERC Tariff Order. Further, it will not be proper to assume the entire amount of trade receivables for more than 3 years as irrecoverable.</p> <p>In case of Mula Pravara Electric Co-operative Society, the civil suit for recovery of outstanding amount has been filed in Shrirampur civil Court.</p> |
| iv) | <p>Reconciliation of Consumer Ledger Balances (subsidiary accounts) with the Financial Ledgers balances (control account) in respect of 'Trade Receivables for energy sold' and 'Security Deposits from Consumers' has yet not been completed. Consequently we are unable to ascertain the impact of pending reconciliation items in the Statement of Profit and Loss for the year ended March 31, 2013</p> | <p>Since reconciliation of Consumer Ledger with Sundry Debtors as per Books of Accounts is a continuous process, the work of reconciliation is in progress and the facts have been disclosed by way of note at serial no.3 of the additional Notes to Accounts.</p> <p>The issues of reconciliation of Consumer Ledger with the Financial Ledgers have been included in ERP which is under development stage.</p> |
| v) | <p>Note no. 16 of the additional notes to accounts regarding non provision for interest payable to Micro, Small and Medium Scale Enterprises. The liability on this account has not been quantified by the company. As such we are unable to ascertain additional loss the Company would have incurred had such provision been made in the statement of profit and loss account. Further, sundry creditors include the amount outstanding to such vendors /</p> | <p>Note to this effect has already been indicated at sr.no.16 of Note No.29, Additional Notes to Account.</p> |

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| | suppliers which have not been disclosed separately in the accounts. | |
| vi) | Accounting Policy No. 2 (a) (ii) and note no. 8 of the Additional Notes to Accounts, regarding the recognition of regulatory asset amounting to Rs. 125600 lacs with a corresponding credit to the Statement of Profit and Loss. "The Guidance Note on Rate Regulated Activities", issued by the Institute of Chartered Accountants of India (the effective date of this guidance note is not yet announced by the ICAI) requires that when an entity first applies the guidance note and recognizes a regulatory asset, the corresponding credit should be against opening balance of revenue reserves. As such accounting of Rs. 125600 lacs in the Statement of Profit and Loss as on March 31, 2013 is not in compliance with the said Guidance Note issued by ICAI and has resulted in an understatement of the loss for the year by Rs. 125600 lacs | The effective date of this guidance note has not yet been announced by the ICAI. Taking into consideration the matching concept, the company has considered corresponding credit as revenue income and shown in the statement of Profit and Loss account as the expenditure against which regulatory assets have been created is shown in the statement of Profit and Loss account. |
| vii) | The Company recognizes losses to fixed assets on account of flood, fire, cyclone etc. in the year in which said losses is approved by the management of the Company for write off. The said policy followed by the company is not in compliance with the present Accounting Standards. During the year the Company has not recognized losses to fixed assets amounting to Rs. 1798 lacs in the Statement of Profit and Loss as the same are not approved by appropriate management authority. Had such loss been recognized during the year in the Statement of Profit and Loss, the loss for the year and the accumulated losses as at balance sheet date would have been higher by Rs. 1798 lac. | The company has been following this policy consistently since beginning. |
| 7 | <p>Qualified Opinion</p> <p>Except for the effects of the matters described in the Basis for Qualified Opinion in Para 6 above, including the matters whose effect on the loss for the year and net assets as at March 31, 2013 is unascertainable, in our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and, give a true and fair view in conformity with the accounting principles generally accepted in India:</p> | |
| a) | in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013; | No Comments |

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| b) | in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013; | No Comments |
| c) | in the case of the Cash Flow Statement, of the cash flows for the year ended on that date | No Comments |
| 8 | As required by section 227(3) of the Companies Act 1956, we report that: | |
| i. | We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit except the matter described in the Basis for Qualified Opinion, Para 6 (ii), (iv) and (v) above; | No Comments |
| ii. | 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. | No Comments |
| iii. | the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account | No Comments |
| iv. | except for the effects of the matter described in the Basis for Qualified opinion para 6 (iii) and (vii) above, in our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement complies with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956; | No Comments |
| v. | Being a Government Company, pursuant to the notification number GSR 829 (E) dated October 21, 2003, issued by the Government of India, the provisions of section 274 of the Companies Act, 1956 are not applicable to the Company. | No Comments |
| 9. | As required by the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's Report) (Amendment) Order 2004, issued by the Government of India in terms of Sub-section (4A) of Section 227 of the Companies Act, 1956, and on the basis of such checks as we considered appropriate, and according to the information and explanations given to us, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order to the extent applicable to the Company. | No Comments |

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT REFERRED TO IN PARA 9 OF OUR REPORT OF EVEN DATE OF MAHARASHTRA STATE ELECTRICITY DISTRIBUTION COMPANY LIMITED FOR THE YEAR ENDED ON MARCH 31, 2013

| Auditor's Report | Management's Replies |
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| 1. a) The records / ledgers relating to fixed assets of the company (including their quantitative details and location) are not updated and cannot be reconciled with financial ledgers, as such fixed assets records/ledgers are not maintained properly | The ERP for the Company is under process and once implemented Fixed Assets Records will be updated. |
| b) The management has not undertaken physical verification of the Company's fixed assets during the year. Also, there is no programme for conduct of such physical verification of fixed assets. In the absence of such record and verification we are unable to state whether there are any material discrepancies | The Program of physical verification of fixed assets will be conducted in phase manner. During the year 2013-14 the physical verification of fixed assets lying in corporate office has been carried out. |
| c) There has been no disposal of substantial part of fixed assets affecting going concern | No Comments |
| 2) a) We are informed that inventory has been physically verified by the Management as at the year end | No Comments |
| b) In our opinion, the procedure of physical verification of inventory followed by the management is adequate in relation to size of the company and the nature of its business | No Comments |
| c) On the basis of our examination of records of inventory, in our opinion, the company has not maintained adequate records of inventory at divisions and sub divisions. As informed to us, the discrepancies noticed on physical verification of inventories as compared to book records were not material in relation to the operations of the company | No Comments |
| 3. As per the information furnished, the company has neither taken nor granted any loans to/from companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956 hence reporting under the clause (iii) (a) to (g) of the order is not applicable to the company | No Comments |
| 4. In our opinion and according to the information and explanations given to us, there is adequate internal control procedures, commensurate with the size of the Company and nature of its business with regard to purchase of inventory and fixed assets. However in case of sale of | Every month special disconnection drives are organized to recover arrears from unpaid consumers. Further the permanent disconnections are carried out on |

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| <p>power, there is need for improvement of internal control with respect to permanent disconnection of consumer meters where consumers have not paid electricity bills in excess of six months. We observed during the year approx.Rs. 19654 lac were billed to the customers who have not paid their bills for period exceeding six months and no permanent disconnection of meters were carried out after six months in such cases.</p> | <p>regular basis.</p> |
| <p>5) a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Act have been entered in the register required to be maintained under that section.</p> <p>b) In our opinion and according to the information and explanation given to us, having regard to the explanation that certain transactions being of a special nature where comparable alternative quotations are not available, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act 1956 and exceeding rupees five lac with any party during the year, have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.</p> | <p>No Comments</p> <p>No Comments</p> |
| <p>6. According to the information and explanations given to us, the company has not accepted deposits from the public within the meaning of the provisions of section 58 A of the Companies Act, 1956 and rules framed there under</p> | <p>No Comments</p> |
| <p>7. The Company has during the year appointed firms of chartered accountants to conduct internal audit. In our opinion, the internal audit coverage and compliance mechanism needs strengthening to make it commensurate with the size and nature of its business</p> | <p>The major areas such as power purchase, revenue leakage, accounting of revenue and expenditure, receipts, reconciliation of sales, collection, debtors and bank balance have been covered under the scope of internal audit. The compliance in case area of Power Purchases head office and other offices in the field have already been received.</p> |
| <p>8. The Central Government has prescribed maintenance of cost records u/s 209(1) (d) of the Companies Act, 1956 in respect of distribution of electricity. We have broadly reviewed such relevant records of the Company and in our opinion and according to the information and explanation</p> | <p>No Comments</p> |

| <p>given to us, prima facie the Company has made and maintained the prescribed records. We have not made an examination of the cost records required to be maintained under Companies (Cost Accounting Records) Rules 2011 in respect of their accuracy and completeness as the Company is in the process of obtaining the compliance report of the Cost Accountant.</p> | | | | | |
|---|------------------------|----------------------|------------------------------------|------------------------------------|---|
| <p>9. a) According to information and explanations given to us and the records of the Company examined by us in accordance with the generally accepted auditing procedures in India, in our opinion, the Company is generally regular in depositing the undisputed statutory dues of provident fund, investor education and protection fund, employees' state insurance cess, income tax, sales tax, service tax, wealth tax and other material statutory dues as applicable with the appropriate authorities in India. However, in respect of electricity duty, there is a due of Rs. 44545 Lac (Previous year Rs. 24,872.54 lac) which is undisputed and is outstanding at the year end. The amount outstanding for a period of more than six months from the date it became payable is not being ascertained by the company.</p> | | | | | <p>Average monthly billing of electricity duty is Rs. 30279.43 Lacs. As such Electricity Duty outstanding as on 31.03.2013 is not more than six months.</p> |
| <p>b) According to the information and explanations given to us, there are no dues of Sales Tax, Income Tax, Customs Duty, Wealth Tax, Service</p> | | | | | Factual |
| <p>Tax, Excise Duty or cess outstanding on account of any dispute, other than those stated hereunder:</p> | | | | | |
| Name of Statute | Nature of Dues | Amount (Rs. In Lacs) | Period of which the amount related | Forum where the dispute is pending | |
| Income Tax Act 1961 | Tax alongwith interest | 31,557 | AY 2006-07 | ITAT Mumbai | |
| | Penalty | 258 | | CIT (Appeals) | |
| | Demand | 59,590 | | ITAT Mumbai | |
| | Tax alongwith interest | 80,287 | AY 2007-08 | High Court Mumbai | |
| | Tax alongwith interest | 100360 | AY 2008-09 | High Court Mumbai | |
| | TDS | 18,431 | AY 2009-10 | High Court Mumbai | |
| | TDS | 232 | AY 2009-10 | CIT Appeals) | |

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|---|--|
| 10. The Company has incurred cash losses in the financial year as well as immediately preceding financial year. The accumulated losses are in excess of fifty percent of its net worth | Factual. However there is no cash loss in the financial year under audit. |
| 11. In our opinion and according to the information and explanation given to us, the Company has not defaulted in repayment of dues to the banks and financial institutions. The Company has not borrowed any sum through debentures. | No Comments |
| 12. According to the information and explanation given to us, the Company has not granted any loans or advances against pledge of shares, debentures or other securities | No Comments |
| 13. Clause (xiii) of the order is not applicable to the Company as the Company is not a Chit fund company or Nidhi/ Mutual Benefit Fund/ Society. | No Comments |
| 14. In our opinion and according to the information and explanation given to us, the Company is not dealing in shares, securities, debentures and other investments | No Comments |
| 15. According to the information and explanation given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions. | No Comments |
| 16. In our opinion and according to the information and explanation given to us and on overall examination of the Balance Sheet of the Company, the term loans raised during the period have prima facie been applied for the purpose for which they were raised or pending actual application, have been deployed for working capital purposes | During the year the company was facing liquidity crunch due to various reasons. Taking into consideration availability of fund (i.e. working capital fund and term loan) The term loan has been used for working capital purpose and working capital fund for long term investment (i.e. for fixed asset). Had this not been done, the company would have borrowed additional loan which would have resulted additional burden of interest particularly when the fund (i.e. working Capital or term loan) was available. |
| 17. According to the information and explanation given to us and on overall examination of the Balance Sheet of the Company, in our opinion as at the close of the year short term funds aggregating approximately to Rs. 327307lacs stand utilized for long term investments | |
| 18. The Company has not made any preferential allotment of shares during the year to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956. | No Comments |

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

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COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956, ON THE ACCOUNTS OF MAHARASHTRA STATE ELECTRICITY DISTRIBUTION COMPANY LIMITED, MUMBAI FOR THE YEAR ENDED 31 MARCH 2013.

The preparation of financial statements of '**Maharashtra State Electricity Distribution Company Limited,**' Mumbai for the year ended **31 March 2013** in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the Company. The Statutory Auditors appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956 are responsible for expressing opinion on these financial statements under Section 227 of the Companies Act, 1956 based on independent audit in accordance with the Auditing and Assurance Standards prescribed by their professional body-the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated **10 October 2013**.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under Section 619(3) (b) of the Companies Act, 1956 of the financial statements of '**Maharashtra State Electricity Distribution Company Limited,**' Mumbai for the year ended **31 March 2013**. 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 (supplementary) audit, I would like to highlight the following significant matters under Section 619(4) of the Companies Act, 1956 which has come to my attention and which in my view are necessary for enabling a better understanding of the financial statements and the related Audit Report:

(A) Comments on Profitability:

STATEMENT OF PROFIT & LOSS

INCOME

Revenue from Operations (Note No-21)

Revenue from sale of services: ₹ 43,820.25 Crore

1. The actual 'sale of power' as per the **Invoice/Payment** Register during the year 2012-13 was ₹ 421.77 crore however, the Company booked ₹ 772.75 crore under this head. This has resulted in overstatement of sale of power and sundry debtors and understatement of loss ₹ 350.98 crore.

EXPENDITURE

Depreciation (Note No-12) ₹1,027.34 crore

2. The above is understated by ₹ 4.28 crore due to non-charging of depreciation on the assets valuing ₹ 53.36 crore capitalised during the year. This has resulted in overstatement of Net Fixed Assets and understatement of Loss for the year by ₹ 4.28 crore.

Finance Costs (Note No-28)

Interest on Consumers' Security Deposits: ₹ 378.42 crore

3. The Company pays interest on security deposit collected from consumers. The opening balance of security deposit was ₹ 4,567.52 crore and closing balance was ₹ 5,028.32 crore. Interest at the rate ranged from 8.75 percent to 9.50 percent for the year 2012-13 and the interest amount on the opening balance alone worked out of ₹ 410.14 crore. However provision was made for ₹ 378.42 crore only.

This has resulted in understatement of Interest Expenditure and Loss by ₹ 31.72 crore.

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

Sd/-

**PRINCIPAL ACCOUNTANT GENERAL
(AUDIT)-III**

Place : Mumbai

Date : 3rd March 2014

**REPLIES TO THE COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA
UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE ANNUAL ACCOUNTS OF
MAHARASHTRA STATE ELECTRICITY DISTRIBUTION COMPANY LIMITED MUMBAI FOR
THE YEAR ENDED 31 MARCH 2013**

| Sr. No. | COMMENTS OF CAG | MANAGEMENT'S REPLIES |
|---------|---|--|
| (A) | Comments on Profitability Profit & Loss Account INCOME Revenue from Operations (Note -21) Revenue from sale of services : ₹ 43,820.25 Crore | |
| 1. | <p>The actual "sale of power" as per the Invoice/ Payment Register during the year 2012-13 was ₹ 421.77 crore however, the Company booked ₹ 772.75 crore under this head. This has resulted in overstatement of sale of power and sundry debtors and understatement of loss by ₹ 350.98 crore.</p> | <p>The reconciliation of an amount shown in the books and amount of invoices is carried out and accordingly rectification JV has been passed in the current Financial Year 2013-14.</p> |
| | EXPENDITURE Depreciation (Note -12):1,027.34 Crore | |
| 2. | <p>The above has been understated by ₹ 4.28 crore due to non-charging of depreciation on the assets valuing ₹ 53.56 crore capitalized during the year. This has resulted in overstatement of Net Fixed Assets and understatement of loss for the year by ₹ 4.28 crore.</p> | <p>Rectification JV has been passed in the current Financial Year 2013-14.</p> |
| | Finance Costs (Note -28) Interest on Consumers' Security Deposits : ₹ 378.42 Crore | |
| 3. | <p>The Company pays interest on security deposit collected from consumers. The opening balance of security deposit was ₹ 4567.52 crore and closing balance was ₹ 5028. 32 crore. Interest at the rate ranged from 8.75 percent to 9.50 percent for the Year 2012-13 and the interest amount on opening balance alone worked out to ₹ 410.14</p> | <p>Following are the reasons for the mismatch shown in the Audit Comments:</p> <ol style="list-style-type: none"> 1. Interest on Consumers Security Deposit is paid if it is ₹ 50/- or more. 2. Amount Of Security Deposit includes amount of Live as well as PD Consumers. However, interest is calculated on |

| | |
|---|--|
| <p>crore. However, provision was made for only ₹ 378.42 crore. This has resulted in understatement of interest expenditure and loss by ₹ 31.72 crore.</p> | <p>Security deposits of Live consumers only.</p> <p>3. In case of New Service Connections. Security Deposit is accounted for immediately when the amount of SD is received. But interest on SD is calculated from the date when the consumer actually goes Live.</p> <p>4. Interest on Consumers Security Deposit is calculated on security deposit of individual consumer.</p> <p>In view of the above it cannot be compared with the interest calculated on opening balance of Security Deposit.</p> |
|---|--|

MAHARASHTRA STATE ELECTRICITY DISTRIBUTION COMPANY LIMITED
BALANCE SHEET AS ON 31.03.2013

(₹ In Lacs)

| PARTICULARS | Note Number | As at 31.03.2013 | As at 31.03.2012 |
|--|-------------|---------------------|---------------------|
| I. EQUITY & LIABILITIES | | | |
| (1) Shareholder's Funds | | | |
| (a) Share Capital | 3 | 5,31,698.18 | 3,00,005.00 |
| (b) Reserves & Surplus | 4 | 27,762.15 | 52,333.91 |
| (c) Contribution from MSEB Holding Co. Ltd. against shares to be issued | | 38,632.87 | 2,31,693.18 |
| | | 5,98,093.20 | 5,84,032.09 |
| (2) Non Current Liabilities | | | |
| (a) Long-term borrowings | 5 | 17,26,267.12 | 14,86,213.23 |
| (b) Deferred tax liabilities (Net) | 29(14) | 1,12,825.51 | 89,802.44 |
| (c) Other long term liabilities | 6 | 3,01,436.24 | 2,97,762.53 |
| (d) Long term provision | 7 | 2,47,468.03 | 1,86,559.83 |
| | | 23,87,996.90 | 20,60,338.03 |
| (3) Current Liabilities | | | |
| (a) Short term borrowings | 8 | 2,42,021.87 | 3,16,230.52 |
| (b) Trade Payables | 9 | 12,16,048.01 | 8,28,094.68 |
| (c) Other current Liabilities | 10 | 3,66,605.57 | 3,05,519.31 |
| (d) Short term provisions | 11 | 37,609.53 | 39,909.83 |
| | | 18,62,284.98 | 14,89,754.34 |
| TOTAL | | 48,48,375.08 | 41,34,124.46 |
| II. ASSETS | | | |
| (1) Non-Current Assets | | | |
| (a) Fixed Assets | | | |
| (i) Tangible Assets | 12(i) | 23,33,558.76 | 18,39,503.48 |
| (ii) Intangible Assets | 12(ii) | 1,499.41 | 1,480.02 |
| (iii) Capital Work in Progress | | 2,97,178.45 | 3,91,332.68 |
| | | 26,32,236.62 | 22,32,316.18 |
| (b) Non Current Investment | 13 | 19,430.82 | 19,430.82 |
| (c) Long term loans and advances | 14 | 31,237.33 | 25,475.59 |
| (d) Other non - current assets | 15 | 3,44,784.60 | 3,49,717.17 |
| | | 30,27,689.37 | 26,26,939.76 |
| (2) Current Assets | | | |
| (a) Inventories | 16 | 1,06,773.12 | 98,557.54 |
| (b) Trade Receivables | 17 | 11,96,941.36 | 8,71,128.23 |
| (c) Cash and Bank Balances | 18 | 48,472.51 | 40,080.72 |
| (d) Short-term loans and advances | 19 | 41,945.10 | 36,336.13 |
| (e) Other Current assets | 20 | 4,26,553.62 | 4,61,082.08 |
| | | 18,20,685.71 | 15,07,184.70 |
| TOTAL | | 48,48,375.08 | 41,34,124.46 |
| Corporate Information | 1 | | |
| Significant Accounting Policies | 2 | | |
| Additional Notes to Accounts | 29 | | |

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

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

Sd/-
A. M. Gudekar
Company Secretary

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

Sd/-
Ajoy Mehta
Chairman & Managing Director

Place : Mumbai
Date : 23rd Sept., 2013

As per our report of even date attached hereto

Borkar & Muzumdar
Chartered Accountants
(Firm Registration No 101569W)

M. P. Chitale & Co.
Chartered Accountants
(Firm Registration No 101851W)

Kalyaniwalla & Mistry
Chartered Accountants
(Firm Registration No 104607W)

Sd/-
(Devang Vaghani)
Partner
M No. 109386

Sd/-
(Ashutosh Pednekar)
Partner
M No. 41307

Sd/-
(Vinayak Padwal)
Partner
F 49639

Place : Mumbai
Date : 10th Oct. 2013

MAHARASHTRA STATE ELECTRICITY DISTRIBUTION COMPANY LIMITED
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON 31.03.2013

(₹ In Lacs)

| PARTICULARS | Note No. | Year Ended 31st March, 2013 | Year Ended 31st March, 2012 |
|---|-----------------|--|--|
| Revenue from Operations | 21 | 45,57,495.17 | 39,55,451.03 |
| Other Income | 22 | 1,44,013.76 | 1,25,188.23 |
| TOTAL REVENUE | | 47,01,508.93 | 40,80,639.26 |
| EXPENDITURE | | | |
| Purchase of Power | 23 | 38,85,875.71 | 35,12,028.73 |
| Employee Costs | 24 | 3,12,090.02 | 2,29,852.54 |
| Repairs and Maintenance | 25 | 61,062.33 | 55,287.75 |
| Administration and General Expenses | 26 | 46,171.79 | 44,402.57 |
| Other Expenses | 27 | 1,29,526.25 | 1,11,427.35 |
| Depreciation | 12 | 1,02,733.71 | 76,457.01 |
| Adjustment of Depreciation | 12 | - | (1,26,477.75) |
| Finance Costs | 28 | 2,21,665.61 | 1,77,836.45 |
| TOTAL EXPENDITURE | | 47,59,125.42 | 40,80,814.65 |
| Profit / (Loss) before tax | | (57,616.49) | (175.39) |
| TAX EXPENSES | | | |
| Tax expenses for current year | | 3.50 | 3.51 |
| Tax expenses for previous years | | 6,499.08 | 1,379.99 |
| Deferred Tax | | 23,023.06 | 79,233.25 |
| Profit / (Loss) from continuing operations | | (87,142.13) | (80,792.15) |
| Earning Per Share | | | |
| Basic Earning Per Share in Rs. | | (2.18) | (2.85) |
| Diluted Earning Per Share in Rs. | | (1.70) | (1.79) |

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

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

Sd/-
A. M. Gudekar
Company Secretary

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

Sd/-
Ajoy Mehta
Chairman & Managing Director

Place : Mumbai
Date : 23rd Sept., 2013

As per our report of even date attached hereto

Borkar & Muzumdar
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(Firm Registration No 101569W)

M. P. Chitale & Co.
Chartered Accountants
(Firm Registration No 101851W)

Kalyaniwalla & Mistry
Chartered Accountants
(Firm Registration No 104607W)

Sd/-
(Devang Vaghani)
Partner
M No. 109386

Sd/-
(Ashutosh Pednekar)
Partner
M No. 41307

Sd/-
(Vinayak Padwal)
Partner
F 49639

Place : Mumbai
Date : 10th Oct. 2013

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2013

(₹ In Lacs)

| PARTICULARS | 2012-13 | 2011- 12 |
|---|----------------------|----------------------|
| A. Cash flows from operating activities | | |
| Net profit before extraordinary items and tax | (57,616.49) | (175.39) |
| Adjustment for : | | |
| Depreciation and amortisation | 1,02,733.71 | (50,020.73) |
| Provision for Doubtful Debts | 68,362.43 | 59,331.72 |
| Intangibles written off | 739.68 | 739.68 |
| Depreciation (Prior Period Excess Provided (Net) | 3,168.31 | (210.81) |
| Interest Income | (1,567.12) | (1,437.20) |
| Finance Costs | 2,39,718.05 | 1,77,836.45 |
| Operating profit before working capital changes | 3,55,538.58 | 1,86,063.70 |
| Changes in Working Capital | | |
| Adjustments for (increase)/decrease in operating Assets: | | |
| (Increase)/Decrease in Inventories | (8,215.58) | (9,889.77) |
| (Increase) / Decrease in Other Current Assets | 34,528.45 | (2,50,931.11) |
| (Increase) / Decrease in Trade Receivables | (3,25,813.12) | 38,162.15 |
| (Increase) / Decrease in Long Term Loans & Advance | (5,761.74) | (7,367.91) |
| (Increase) / Decrease in short Term Loans & Advance | (5,608.97) | (4,361.42) |
| (Increase) / (Decrease in other Non - Current Assets | (63,429.86) | (54,715.91) |
| Adjustments for (Increase)/decrease in operating Liabilities: | | |
| Increase/ (Decrease) in Trade Payable | 3,87,953.32 | 2,15,449.97 |
| Increase / (Decrease) in Long Term Provision | 60,908.20 | 20,148.76 |
| Increase / (Decrease) in Short Term Provision | (2,300.29) | (2,437.55) |
| Increase / (Decrease) in Other Long Term Liabilities | 3,673.71 | 66,121.96 |
| Increase / (Decrease) in Other Current Liabilities | 22,192.10 | 9,394.14 |
| Cash Generated from operations | 4,53,664.81 | 2,05,637.01 |
| Less: Direct Taxes Paid | | |
| - Income Tax | (6,499.08) | (1,379.99) |
| -Wealth Tax | (3.50) | (3.51) |
| Net Cash from operating activities | 4,47,162.23 | 2,04,253.50 |
| B. Cash Flows From Investing activities | | |
| Sales of fixed assets | 507.35 | 49.86 |
| Purchase of fixed assets | (5,07,069.50) | (6,65,832.00) |
| Tangible Assets | (6,00,464.65) | (6,76,900.95) |
| Intangible Assets | (759.07) | (2,219.05) |
| Purchase of Capital WIP | 94,154.23 | 13,288.00 |
| Purchase of Non-Current Investments | 0.00 | (2,890.96) |
| Interest received | 1,567.12 | 1,437.20 |
| Net Cash from Investing activities | (5,04,995.04) | (6,67,235.90) |

(₹ In Lacs)

| PARTICULARS | 2012-13 | 2011- 12 |
|--|------------------|--------------------|
| C. Cash flows from financing activities | | |
| Issue of equity share / Contribution form GoM | 38,632.87 | 69,690.81 |
| Repayment of long term borrowings | (1,23,762.77) | (89,479.76) |
| Repayment of short term borrowings | (83,757.68) | (15,084.29) |
| Proceeds from long term borrowings | 4,02,710.83 | 4,67,471.79 |
| Proceeds from short term borrowings | 9,549.03 | 1,36,844.77 |
| Capital Grants / Subsidies received | 62,570.37 | 55,774.28 |
| Finance Costs | (2,39,718.05) | (1,77,836.45) |
| Net Cash flow from financing activities | 66,224.59 | 4,47,381.15 |
| Net Increase/(decrease) in cash and cash equivalents (A+B+C) | 8,391.79 | (15,601.25) |
| Opening Balance of Cash and Cash Equivalents | 40,080.72 | 55,681.99 |
| Closing Balance of Cash and Cash Equivalents | 48,472.51 | 40,080.72 |

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

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

Sd/-
A. M. Gudekar
Company Secretary

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

Sd/-
Ajoy Mehta
Chairman & Managing Director

Place : Mumbai
Date : 23rd Sept., 2013

As per our report of even date attached hereto

Borkar & Muzumdar
Chartered Accountants
(Firm Registration No 101569W)

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Sd/-
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Partner
M No. 109386

Sd/-
(Ashutosh Pednekar)
Partner
M No. 41307

Sd/-
(Vinayak Padwal)
Partner
F 49639

Place : Mumbai
Date : 10th Oct. 2013

NOTE NO 1

CORPORATE INFORMATION

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

The main object of the Company is distribution of reliable and quality supply of electricity at reasonable and competitive tariff so as to boost agricultural industrial and overall 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 engaged in the business of electricity distribution. MSEDCL's distribution network is divided in 14 zones, 47 circles, 157 divisions, 713 sub divisions and 34 IT Centres catering services to around 21.5 million consumers.

NOTE NO 2

SIGNIFICANT ACCOUNTING POLICIES

1. Basis of preparation of financial statements:

- a) The financial statements are prepared under historical cost convention on accrual basis of accounting and in accordance with the provisions of the Companies Act, 1956 and comply in all material aspects, with mandatory accounting standards as notified by the Companies (Accounting Standard) Rules 2006, relevant provisions of Companies act 1956 and statements issued by the Institute of Chartered Accountants of India.
- b) Use of estimates:
The preparation of the financial statements in conformity with the generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities on the date of the financial statements, disclosure of contingent liabilities and reported amounts of revenue and expenses for the year. Estimates are based on historical experience, where applicable and other assumptions that the management believes are reasonable under the circumstances including directives of the Regulators. Actual results could vary from these estimates and any such differences are dealt with in the period in which the results are known / materialised.

2. Revenue Recognition :

a) Sale of Power:

- i) Revenue from Sale of Power is accounted for on the basis of demand bills raised on consumers. Tariff rates for sale of power are as per Tariff Order of the Maharashtra State Electricity Regulatory Commission.
- ii) The tariff of the Company is regulated by Maharashtra Electricity Regulatory Commission. The Regulatory Assets/liabilities are being accounted based on principles laid down under Tariff Regulations / Tariff orders as notified by Maharashtra Electricity Regulatory Commission. The recognition of Regulatory Assets/Liabilities is on the basis of Actual Revenue expenditure incurred and the revenue income accounted in the books of Accounts. Any adjustments that may arise on Annual Performance Review by MERC under aforesaid Tariff Regulations will be made after completion of such review.
- iii) Unbilled revenue at the end of the financial year is accrued in the books of a account on estimation basis and includes FAC (Fuel Adjustment Cost), if any.
- iv) Bills raised for theft of energy, whether on consumer or outsiders are recognised in full as soon as assessment is received from the competent authority of the Company.

b) Others:

- i) Revenue Grants received from State Government/ Central Government / Other Financial Institutions are accounted for as revenue income,
- ii) Sale of scrap is recognised on realisation
- iii) Interest income is accounted on accrual basis.
- iv) Dividend income is accounted for when the right to receive income is established.

3. Fixed Assets:

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

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

4. Capital Work in Progress:

- a) Fifteen percent of the cost of Capital Work in Progress incurred during the year is added to Capital Work in Progress towards Employee Cost and Administration and General Expenses

as the Operation and Maintenance .Circles are executing both Capital Works and Operation and Maintenance Works.

- b) Interest relating to construction period in respect of acquisition of the qualifying assets is capitalised based on the average interest rate applicable to the loan.
- c) Capital work in progress includes the stock of material received under Direct Debit to works.
- d) Claims for Price Variation in case of contracts are accounted for on acceptance by the Company.

5. Depreciation

- a) Fixed Assets are depreciated under the 'Straight Line Method' upto 90% of the original cost of assets. The company has followed the rates prescribed under MERC (Terms & Conditions of Tariff) Regulations, 2005 on the basis of General Circular No. 31/2011 dt. 31/05/11 issued by Ministry of Corporate Affairs, Government of India.
- b) The rates of Depreciation applied are as under :

| Assets Group | Rate |
|--|-----------|
| Land & Land Rights | 1.37 |
| Leasehold Land | 1.37 |
| Buildings | 1.8 to 18 |
| Hydraulic Works | 3.6 |
| Other Civil Works | 1.8 |
| Plant & Machinery | 3.6 to 18 |
| Lines & Cable Networks | 3.6 to 6 |
| Vehicles | 18 |
| Furniture & Fixtures | 6 |
| Office Equipment | 6 |
| Capital Expenditure resulting in Assets not belonging to Company | 3.6 |
| Assets Taken over from Licensee Pending final valuation | 3.6 |

- c) Depreciation on addition / deletions of assets during the year is provided on prorata basis.
- d) Intangible assets are written off over the period of three years.

6. Investments:

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

7. Inventories:

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

8. Employee Benefits:

- a) Company's contributions to Provident Fund and Group Insurance Scheme are charged to Statement of Profit and Loss Account

- b) Provision towards accrued liability for gratuity and leave encashment is accounted for based on the report given by the Actuary.
- c) Bonus / ex-gratia is considered accrued on declaration
- d) Short term employee benefits are recognised as an expense at the undiscounted amount in the Statement of Profit & Loss Account of the year in which the related services are rendered.

9. Provisions and Contingent Liabilities:

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

10. Accounting of Losses in the Year of its Approval:

The Company is consistently following the procedure of booking the loss on account of flood, fire, cyclone, loss to fixed asset etc in the year in which the said loss is approved for write off. This is because before submitting the case for write off, necessary investigation and scrutiny along with reasons, amount of loss etc. is required to be done and then only amount of loss to be written off can be properly arrived at.

11. Provision for doubtful dues from Consumers:

Provision for doubtful dues from Consumers is made at 1.5% of the revenue from sale of power as approved by the MERC. The provision based on normative basis takes care of uncertainty of irrecoverable amounts.

12. Leases:

Operating lease payments / Income are recognised in the Profit and Loss Account on a Straight Line basis over the lease term.

13. Taxation:

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

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

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

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

Sd/-
A. M. Gudekar
Company Secretary

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

Sd/-
Ajoy Mehta
Chairman & Managing Director

Place : Mumbai
Date : 23rd Sept., 2013

As per our report of even date attached hereto

Borkar & Muzumdar
Chartered Accountants
(Firm Registration No 101569W)

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Chartered Accountants
(Firm Registration No 101851W)

Kalyaniwalla & Mistry
Chartered Accountants
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Sd/-
(Devang Vaghani)
Partner
M No. 109386

Sd/-
(Ashutosh Pednekar)
Partner
M No. 41307

Sd/-
(Vinayak Padwal)
Partner
F 49639

Place : Mumbai
Date : 10th Oct. 2013

NOTE NO. 3
SHARE CAPITAL

(₹ In Lacs)

| Sr. No. | Particulars | As at 31.03.13 | As at 31.03.12 |
|---------|--|---|---|
| 1 | Authorised Capital 2,00,00,00,00,000 Equity Share of Rs. 10 each (Previous year 7,50,00,00,000 Shares of Rs. 10/- each) | 20,00,000.00 | 7,50,000.00 |
| 2. | Issued, Subscribed and Paid up 5,31,69,81,800 Equity Shares of Rs. 10 each fully paid (Previous year 3,00,00,50,000 shares of Rs. 10 each) | 5,31,698.18 | 3,00,005.00 |
| | | 5,31,698.18 | 3,00,005.00 |
| 3. | Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period | | |
| | | As at 31.03.13 | As at 31.03.12 |
| | | No. of shares | No. of shares |
| | | ₹ In lacs | ₹ In lacs |
| | Opening Balance | 3,00,00,50,000 | 3,00,00,50,000 |
| | Fresh Issue | 2,31,69,31,800 | - |
| | Closing Balance | 5,31,69,81,800 | 3,00,00,50,000 |
| 4 | Details of number of equity shares held by the holding company, the ultimate holding company, their subsidiaries and associates: | | |
| | | As at 31.03.2013 | As at 31.03.2012 |
| | Maharashtra State Electricity Holding Co. Ltd. | 5,31,69,81,800 | 3,00,00,50,000 |
| 5. | Details of equity shares held by each shareholder holding more than 5% shares: | | |
| | | As at 31.03.13 | As at 31.03.12 |
| | | No. of shares held | No. of shares held |
| | | % of holding in that class of shares | % of holding in that class of shares |
| | Maharashtra State Electricity Holding Co. Ltd. | 5,31,69,81,800 | 3,00,00,00,000 |
| | | 99.9991 | 99.9998 |

NOTE NO. 4

RESERVES AND SURPLUS

(₹ In Lacs)

| SR. No. | PARTICULARS | As at 31.03.13 | As at 31.03.12 |
|-----------|--|--------------------|--------------------|
| A) | CAPITAL RESERVE | | |
| 1. | CONTRIBUTION, GRANTS AND SUBSIDIES TOWARDS COST OF CAPITAL ASSETS | | |
| a) | Consumers contribution towards cost of Capital Assets (CRA) (Service Connection) | | |
| | As per last Balance Sheet | 98,135.77 | 87,419.75 |
| | Add : Received during current year | 11,808.56 | 12,526.23 |
| | Less : Deduction during current year | 1,952.04 | 1,810.21 |
| | | 1,07,992.29 | 98,135.77 |
| b) | Consumers contribution towards cost of capita Assets (CRB) | | |
| | As per last Balance Sheet | 3,722.66 | 3,192.19 |
| | Add : Received during current year | 156.34 | 530.75 |
| | Less : Deduction during current year | 0.40 | 0.29 |
| | | 3,878.60 | 3,722.66 |
| c) | Consumer's Contribution towards cost of Capital Assets (Outright Contribution) | | |
| | i) For L. T. Consumers | | |
| | As per last Balance Sheet | 1,11,835.05 | 96,928.38 |
| | Add : Received during current year | 17,893.26 | 15,625.30 |
| | Less : Deduction during current year | 579.03 | 718.63 |
| | | 1,29,149.28 | 1,11,835.05 |
| | ii) For H. T. Consumers | | |
| | As per last Balance Sheet | 17,866.91 | 15,155.56 |
| | Add : Received during current year | 4,982.33 | 2,955.88 |
| | Less : Deduction during current year | 1,793.62 | 244.53 |
| | | 21,055.63 | 17,866.91 |
| d) | Contribution from GOM through REC for RGGVY (Subsidy) | | |
| | As per last Balance Sheet | 50,719.76 | 45,962.85 |
| | Add : Received during current year | 1,052.95 | 4,804.04 |
| | Less : Deduction during current year | 97.83 | 47.14 |
| | | 51,674.87 | 50,719.76 |
| e) | Contribution from GOM through REC for RGGVY (Loan) | | |
| | As per last Balance Sheet | 6,732.42 | 6,175.96 |
| | Add : Received during current year | 111.86 | 556.46 |
| | Less : Deduction during current year | - | - |
| | | 6,844.28 | 6,732.42 |
| f) | Grants from GOM towards RE DIS-DPDC-TSP- OTPS | | |
| | As per last Balance Sheet | 23,153.33 | 16,387.91 |
| | Add : Received during current year | 3,402.24 | 7,255.52 |
| | Less : Deduction during current year | 607.24 | 490.10 |
| | | 25,948.33 | 23,153.33 |

(₹ In Lacs)

| SR. No. | PARTICULARS | As at 31.03.13 | As at 31.03.12 |
|---------|---|--------------------|--------------------|
| g) | Subsidies towards cost of Capital | | |
| | As per last Balance Sheet | 2,551.83 | 2,585.96 |
| | Add: Received during current year | 99.83 | 415.87 |
| | Less: Deduction during current year | 71.45 | 450.00 |
| | | 2,580.20 | 2,551.83 |
| h) | Grants towards RE distribution Grants | | |
| | As per last Balance Sheet | 1,468.91 | 442.35 |
| | Add : Received during current year | 0.07 | 1,027.44 |
| | Less Deduction during current year | 6.85 | 0.88 |
| | | 1,462.13 | 1,468.91 |
| i) | Grants towards Energisation as pump backlog | | |
| | As per last Balance Sheet | 2.76 | 2.16 |
| | Add : Received during current year | 114.00 | 0.60 |
| | Less : Deduction during current year | 0.36 | - |
| | | 116.40 | 2.76 |
| j) | Grants towards single phasing Phase I & II | | |
| | As per last Balance Sheet | 679.52 | 264.67 |
| | Add : Received during current year | - | 485.45 |
| | Less : Deduction during current year | 63.54 | 70.60 |
| | | 615.97 | 679.52 |
| k) | Deferred Income of grant on APDRP Phase I, II and III | | |
| | As per last Balance Sheet | 1,637.47 | 1,779.18 |
| | Add : Received during current year | - | - |
| | Less : Deduction during current year | 139.07 | 141.71 |
| | | 1,498.40 | 1,637.47 |
| l) | Grants towards cost of Capital Assets | | |
| | As per last Balance Sheet | 1,71,765.29 | 1,61,009.88 |
| | Add : Received during current year | 26,639.16 | 10,891.01 |
| | Less : Deduction during current year | - | 135.60 |
| | | 1,98,404.46 | 1,71,765.29 |
| m) | Grants towards energisation of AG Pumps | | |
| | As per last Balance Sheet | 1,059.33 | - |
| | Add : Received during current year | 171.57 | 1,059.33 |
| | Less : Deduction during current year | 37.57 | - |
| | | 1,193.33 | 1,059.33 |
| n) | New Service Connection supervision charges | | |
| | As per last Balance Sheet | 2,417.17 | 667.09 |
| | Add : Received during current year | 1,505.36 | 1,907.14 |
| | Less : Deduction during current year | 18.16 | 157.06 |
| | | 3,904.38 | 2,417.17 |
| | TOTAL A | 5,56,318.54 | 4,93,748.18 |

(₹ In Lacs)

| SR. No. | PARTICULARS | As at 31.03.13 | As at 31.03.12 |
|-----------|---|--------------------|--------------------|
| B) | OTHER RESERVE | | |
| | Contingency Fund | | |
| | As per last Balance Sheet | 23,500.00 | 18,700.00 |
| | Add : Transfer from profit and loss account | 6,300.00 | 4,800.00 |
| | TOTAL B | 5,86,118.54 | 5,17,248.18 |
| | TOTAL RESERVE AND SURPLUS | | |
| | Less : Debit balance of Profit & Loss Account | | |
| | As per last Balance Sheet | 4,64,914.27 | 3,79,322.12 |
| | Add : Transfer from Profit & Loss Account | 87,142.13 | 80,792.15 |
| | Add : Transfer to Contingency Reserve | 6,300.00 | 4,800.00 |
| | | 5,58,356.40 | 4,64,914.27 |
| | TOTAL | 27,762.15 | 52,333.91 |

NOTE NO. 5

LONG TERM BORROWINGS

(₹ In Lacs)

| SR. No. | PARTICULARS | As at 31.03.13 | As at 31.03.12 |
|---------|---|---------------------|---------------------|
| 1 | Term Loans | | |
| | a) From Banks (Secured) | | |
| | Term Loan form DCC. Banks | | |
| | Raigad DCC Bank | 5,250.00 | 7,875.00 |
| | Ratnagiri DCC Bank | 7,327.96 | 9,727.03 |
| | Sindhudurga DCC Bank | 3,571.43 | 4,642.86 |
| | b) From other parties (Secured) | | |
| | Loan from Rural Electrification Corp. | 6,96,288.56 | 5,54,376.52 |
| | Power Finance Corporation | 4,58,641.18 | 3,98,284.00 |
| | Sub - Total | 11,71,079.13 | 9,74,905.41 |
| | c) Form other parties (Unsecured) | | |
| | Financial Participation by Consumers' (Interest Bearing) | 0.88 | 8.18 |
| | State Govt. Loans | 30,388.17 | 33,410.40 |
| | Financial Participation by consumers (interest Free) | 144.81 | 146.09 |
| | Interest free Loan from MIDC for Elec Work | 3,653.82 | 3,600.21 |
| | Sub - Total | 34,187.68 | 37,164.88 |
| 2 | Deposits (Unsecured) | | |
| | Security Deposits from Consumers (in cash) | 5,02,831.80 | 4,56,752.27 |
| | Deposits Collected to be refunded after eight years (without interest) | 59.70 | 60.83 |
| | Refundable Capital Cost Deposits | 12.47 | 18.57 |
| | Deposit collected from private agencies towards energy bill collection work | 3,645.04 | 3,208.19 |
| | Special deposit from Staff Welfare fund | 2,579.99 | 1,964.98 |
| | Deposits for Electrifiaction, Service Connection etc. | 11,871.31 | 12,138.10 |
| | Sub-Total | 5,21,000.32 | 4,74,142.94 |
| | TOTAL | 17,26,267.12 | 14,86,213.23 |

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

| As at 31.03.13 | No. of Loans | Outstanding amount as on 31.03.13 ₹ in Lacs | Rate of Interest | Rapayment Period |
|--|--------------|--|------------------|------------------|
| | (1) | (2) | (3) | (4) |
| Term loan from Banks | | | | |
| 1. Raigad DCC Bank Ltd. | 1 | 7,875.00 | 8.00% | 10 Years |
| 2. Ratnagiri DCC Bank Ltd. | 7 | 9,727.03 | 9% to 10 % | 5 to 7 Year |
| 3. Sindhudurga DCC Bank Ltd. | 1 | 4,642.86 | 9.25 % | 7 Years |
| Term loan from other parties | | | | |
| 1. State Government loans | 4 | 37,769.21 | 11.50% | 10 Years |
| 2. Loan from Rural Electrification Corporation | 885 | 7,88,651.54 | 8..5% to 14.50% | 10 to 15 Years |
| 3. Loan from Power Finance Corporation | 374 | 5,22,626.79 | 9% to 14.25% | 10 to 20 Years |

| As at 31.03.12 | No. of Loans | Outstanding amount as on 31.03.12 ₹ in Lacs | Rate of Interest | Rapayment Period |
|--|--------------|--|------------------|------------------|
| | (1) | (2) | (3) | (4) |
| Term loan from Banks | | | | |
| 1. Raigad DCC Bank Ltd. | 1 | 10,500.00 | 8% to 9.50% | 11 Years |
| 2. Ratnagiri DCC Bank Ltd. | 7 | 11,912.73 | 9% to 10% | 7 Year |
| 3. Sindhudurga DCC Bank Ltd. | 1 | 5,714.29 | 9.25% | 7 Years |
| Term loan from other parties | | | | |
| 1. State Government loans | 4 | 40,804.80 | 11.50% | 10 Years |
| 2. Loan from Rural Electrification Corporation | 875 | 6,16,412.63 | 11% to 12.50% | 13 Years |
| 3. Loan from Power Finance Corporation | 374 | 4,53,902.34 | 11% to 13% | 12 to 15 Years |

Note: Outstanding amount includes the current maturities of long term Loans.

NOTE NO. 6

OTHER LONG TERM LIABILITIES

(₹ In Lacs)

| SR. No. | PARTICULARS | As at 31.03.13 | As at 31.03.12 |
|---------|--|--------------------|--------------------|
| 1 | Trade Payables | 8,157.92 | 8,157.92 |
| 2. | Others | | |
| | Amount owned to Licensees | 485.25 | 475.73 |
| | Balance with Fellow Subsidiaries | 89,655.75 | 89,941.36 |
| | Deposits and Retentions from Suppliers and Contractors-Capital | 1,21417.20 | 1,07,548.89 |
| | Refund due for amount under Non DDF scheme | 6,982.82 | 6,176.25 |
| | Deposits and Retentions from Suppliers and Contractors O & M | 65,733.24 | 66,323.45 |
| | Liability for Capital Suppliers/Works | 9,004.05 | 19,138.93 |
| | TOTAL | 3,01,436.24 | 2,97,762.53 |

NOTE NO. 7

LONG TERM PROVISIONS

(₹ In Lacs)

| Sr. No. | Particulars | As at 31.03.13 | As at 31.03.12 |
|---------|---------------------------------|------------------|--------------------|
| 1 | Provision for employee benefits | 2,47,468.03 | 1,86,559.83 |
| | TOTAL | 247468.03 | 1,86,559.83 |

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NOTE NO. 8

SHORT TERM BORROWINGS

(₹ In Lacs)

| Sr. No. | Particulars | As at 31.03.13 | As at 31.03.12 |
|---------|--|--------------------|--------------------|
| 1 | Loan repayable on demand from banks (secured by hypothecation of book debts) | | |
| a) | Overdrafts from Banks for working capital | 91,334.00 | 1,75,000.00 |
| b) | Cash Credit from from banks | | |
| | Canara Bank | 96,441.00 | 93,051.00 |
| | Bank of Maharashtra | 36,029.82 | 33,200.44 |
| | Bank of India | 13,673.99 | 10,540.48 |
| 2 | Deposits | | |
| | Deposit for temporary service connections | 4,543.05 | 4,438.60 |
| | TOTAL | 2,42,021.87 | 3,16,230.52 |

NOTE NO. 9
TRADE PAYABLE

(₹ In Lacs)

| Sr. No. | Particulars | As at 31.03.13 | As at 31.03.12 |
|---------|------------------------------------|---------------------|--------------------|
| 1 | Liability for purchase of Power | 11,21,095.46 | 7,96,492.35 |
| 2 | Liability for transmission charges | 94,952.54 | 31,602.34 |
| | TOTAL | 12,16,048.01 | 8,28,094.68 |

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NOTE NO. 10

OTHER CURRENT LIABILITIES

(₹ In Lacs)

| Sr. No. | Particulars | As at 31.03.13 | As at 31.03.12 |
|---------|--|--------------------|--------------------|
| 1 | Current maturities of long term debts | | |
| | a) From Banks (Secured) | | |
| | Raigad DCC Bank | 2,625.00 | 2,625.00 |
| | Ratnagiri DCC Bank | 2,399.08 | 2,185.69 |
| | Sindhudurga DCC Bank | 1,071.43 | 1,071.43 |
| | b) Term loan from Other (Secured) | | |
| | Loan from Rural Electrification Corp. | 92,362.98 | 62,036.11 |
| | Power Finance Corporation | 63,985.61 | 55,618.34 |
| | State Govt. Loan | 7,381.05 | 7,394.40 |
| | Other | 89.29 | - |
| 2 | Interest accrued and due on borrowings | 117.53 | 22.48 |
| 3 | Other payable | | |
| | Interest payable on Consumers Deposits | 35,754.81 | 23,523.34 |
| | Liability for Capital Supplies/Works | 6,002.70 | 12,759.28 |
| | Liability for O & M Supplier / Works | 12,489.71 | 11,005.43 |
| | Deposits and Retentions from Suppliers and Contractors O&M | 25,090.78 | 23,654.02 |
| | Electricity Duty and Other Levies payable to GOM | 46,205.33 | 27,567.38 |
| | Accured / Unclaimed amounts relating to Borrowings | 24,374.50 | 15,814.47 |
| | Liability for expenses | 35,999.65 | 52,367.94 |
| | Other | 10,656.13 | 7,873.98 |
| | TOTAL | 3,66,605.57 | 3,05,519.31 |

NOTE NO. 11

SHORT TERM PROVISIONS

(₹ In Lacs)

| Sr. No. | Particulars | As at 31.03.13 | As at 31.03.12 |
|---------|---------------------------------|------------------|------------------|
| | Provision for employee benefits | 37,609.53 | 39,909.83 |
| | TOTAL | 37,609.53 | 39,909.83 |

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NOTE - 12
FIXED ASSETS

(i) Tangible Assets

(₹ In Lacs)

| Sr. No. | TANGIBLE ASSETS | GROSS BLOCK | | | DEPRECIATION RESERVES | | | | | NET BLOCK | |
|---------|-----------------------|------------------------|--------------------|-------------------------|------------------------|------------------------|---------------------------|------------------------------------|-------------------|------------------------|---------------------|
| | | Balance as at 01.04.12 | Additions | Disposals / Adjustments | Balance as at 31.03.13 | Balance as at 01.04.12 | Depreciation for the year | Withdrawal of Depreciation Reserve | Other Adjustments | Balance as at 31.03.13 | As at 31.03.12 |
| | | ₹. | ₹. | ₹. | ₹. | ₹. | ₹. | ₹. | ₹. | ₹. | ₹. |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 |
| 1 | Land | | | | | | | | | | |
| | a) Free hold land | 13,739.03 | 2,303.35 | - | 16,042.38 | - | - | - | - | - | 13,739.03 |
| | b) Lease hold land | 1,136.86 | 93.63 | - | 1,230.49 | 79.61 | 18.30 | - | 1.70 | 99.61 | 1,057.25 |
| 2 | Building | 35,752.13 | 1,331.92 | - | 37,084.05 | 16,307.18 | 534.18 | - | 93.36 | 16,934.72 | 19,444.95 |
| 3 | Hydraulic works | 739.58 | 22.81 | - | 762.39 | 360.35 | 25.74 | - | -0.04 | 386.06 | 379.23 |
| 4 | Other Civil works | 18,630.23 | 1,483.16 | - | 20,113.39 | 4,020.08 | 625.41 | - | 11.86 | 4,657.34 | 14,610.15 |
| 5 | Plant and Machinery | 9,39,181.66 | 2,08,516.87 | 475.70 | 11,47,222.83 | 2,46,631.56 | 34,401.95 | 1.38 | 1,036.60 | 2,82,068.72 | 6,92,550.11 |
| 6 | Lines and Cables | 16,94,736.63 | 3,84,227.43 | - | 20,78,964.07 | 6,07,846.91 | 66,090.89 | - | 2,076.19 | 6,76,013.98 | 10,86,889.73 |
| 7 | Vehicles | 2,692.45 | 296.55 | 28.25 | 2,960.75 | 2,166.23 | 122.59 | 25.43 | 1.51 | 2,264.92 | 526.22 |
| 8 | Furniture and Fixture | 3916.64 | 263.03 | - | 4,179.67 | 2,422.28 | 147.01 | - | -2.08 | 2,567.22 | 1494.36 |
| 9 | Office Equipments | 16,136.49 | 1,925.89 | 3.39 | 18,058.99 | 7,339.29 | 767.37 | 0.24 | -23.56 | 8,082.87 | 8,797.20 |
| 10 | Other Assets | 154.30 | 0.00 | - | 154.30 | 139.05 | 0.26 | 0.00 | -0.19 | 139.12 | 15.25 |
| | TOTAL | 27,26,816.01 | 6,00,464.65 | 507.35 | 33,26,773.31 | 8,87,312.53 | 1,02,733.71 | 27.04 | 3,195.35 | 9,93,214.55 | 18,39,503.48 |

(ii) Intangible Assets

(₹ In Lacs)

| Sr. No. | Particulars | As at 31.03.13 | As at 31.03.12 |
|---------|--------------|-----------------|-----------------|
| 1 | ERP System | 1,499.41 | 1,480.02 |
| | TOTAL | 1,499.41 | 1,480.02 |

NOTE NO. 13

NON CURRENT INVESTMENT

(₹ In Lacs)

| Sr. No. | Particulars | As at 31.03.13 | As at 31.03.12 |
|-------------|---|------------------|------------------|
| A | INVESTMENTS (At Cost) | | |
| (a) | TRADE | | |
| | Investment in equity instruments of subsidiaries | | |
| | (i) Investment of Equity Share of Aurangabad Power Co. Ltd. (50,000 shares (as at 31.03.2011 - 50,000) of Rs. 10/- each) | 5.00 | 5.00 |
| B. | OTHER INVESTMENTS | | |
| (a) | Statutory Investment | | |
| | Investment in debenture or bonds | | |
| | i) Central Govt Bonds (Earmarked against Contingency Reserve) | | |
| | 8.03% Food Bonds 2024 (1000000 bonds of FV of Rs.100/-each MV of C. Y. Rs. 97.51, P. Y. Rs. 93.49 each) | 984.31 | 984.31 |
| | 8.01% Oil Bonds 2023 (1950000 bonds of FV of Rs. 100/- each MV of C. Y. Rs. 97.79, P. Y. Rs. 93.07 each) | 1,917.26 | 1,917.26 |
| | 8.15% GOI Loan FCI Bonds 2022 (1050000 bonds of FV of Rs. 100/- each MV of C. Y. Rs. 99.66 P.Y. Rs. 94.50 each) | 1,046.02 | 1,046.02 |
| | 8.23% Food Bond 2027 (1000000 bonds of FV of Rs. 100/- each MV of C. Y. Rs. 98.63 P. Y. Rs. 94.91 each) | 994.91 | 994.91 |
| | 8.00% Oil Bond 2026 (5000000) bonds of FV of Rs. 100/- each, MV of C. Y. Rs. 97.43 P. Y. Rs 93.33 each) | 5,262.57 | 5,262.57 |
| | 8.28% GOI 2032 (2700000 bonds of FV of Rs. 100/- each MV of C. Y. Rs. 101.20 P.Y. Not Available | 2,679.27 | 2,679.27 |
| | 8.30% GOI 2040 (2900000 bonds of FV of Rs. 100/- each MV of C. Y. Rs. 100.90 P. Y. Not Available | 2,870.76 | 2,870.76 |
| | 9.45% PFC 2026 (290 bonds of FV of Rs. 1000000/- each MV of C. Y. Rs. 879800 each P.Y. Not available | 2,890.72 | 2,890.72 |
| | ii) 5.15% HUDCO Bonds (15 bonds of FV of Rs. 10,00,000/- each MV of C. Y. Rs. 965,600 each P. Y. Not Available | 150.00 | 150.00 |
| | iii) 4.75% NPCIL Bonds (43 bonds of FV of Rs. 10,00,000/- each MV of C.Y. Rs. 816,500 each, P. Y. Not Available | 430.00 | 430.00 |
| b) | Other non current Investments | | |
| | RDCC Bank Share (1000 fully paid equity shares of FV of Rs. 500/- each & 39001 fully paid Equity shares FV of Rs. 10/- each) | 200.00 | 200.00 |
| | TOTAL | 19,430.82 | 19,430.82 |
| NOTE | Agreegate amount of quoted Investment | 19,225.82 | 10,205.07 |
| | Agreegate amount of unquoted Investment | 205.00 | 9,225.75 |
| | Agreegate market value of listed and quoted Investment | 2,926.10 | 2,678.40 |

NOTE NO. 14

LONG TERM LOANS AND ADVANCES

(₹ In Lacs)

| Sr. No. | Particulars | As at 31.03.13 | As at 31.03.12 |
|---------|---|------------------|------------------|
| A. | Capital Advances (Unsecured, considered good) | | |
| | (a) Advances to Suppliers | 823.24 | 1,470.07 |
| | (b) Advances to Contractors | 9,099.97 | 8,730.30 |
| B. | Security Deposits (Unsecured, considered good) | 13,648.75 | 8,605.88 |
| C. | Other Loans and Advances | | |
| | (a) Advance Taxes & TDS | 13,563.08 | 6,996.45 |
| | Less : Provision for taxes | 9,428.77 | 2,929.52 |
| | | 4,134.30 | 4,066.94 |
| | (b) Loans & Advances to Licensees | 31.34 | 31.34 |
| | (c) Excise duty | 82.32 | 82.31 |
| | (d) HBA advance to staff | 25.56 | 29.33 |
| | (e) Loan to MPDCL (Unsecured considered good) | 252.71 | 252.71 |
| | (f) Others | 3,148.27 | 2,215.84 |
| | | 31,246.46 | 25,484.72 |
| | Less : Provision for Doubtful Loans & Advances | 9.13 | 9.13 |
| | TOTAL | 31,237.33 | 25,475.59 |

NOTE NO. 15

OTHER NON CURRENT ASSETS

(₹ In Lacs)

| Sr. No. | Particulars | As at 31.03.13 | As at 31.03.12 |
|---------|--|--------------------|--------------------|
| A. | Long Term Trade Receivables (Unsecured considered good) | 2,69,725.69 | 2,98,344.59 |
| | Less : Provision for doubtful debts | 6,431.16 | 29,326.28 |
| | | 2,63,294.53 | 2,69,018.31 |
| | c) Balance of Fellow Subsidiaries | 81,490.07 | 80,698.86 |
| | TOTAL | 3,44,784.60 | 3,49,717.17 |
| | | | |

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NOTE NO. 16
INVENTORIES

(₹ In Lacs)

| Sr. No. | Particulars | As at 31.03.13 | As at 31.03.12 |
|---------|--|--------------------|------------------|
| A. | Stores and Spares | 1,07,274.94 | 98,971.06 |
| | Less : Provision for non - moving & obsolete items | 501.82 | 413.52 |
| | TOTAL | 1,06,773.12 | 98,557.54 |
| | | | |

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NOTE NO. 17
TRADE RECEIVABLES

(₹ In Lacs)

| Sr. No. | Particulars | As at 31.03.13 | As at 31.03.12 |
|---------|---|---------------------|--------------------|
| A | Trade receivables outstanding for a period exceeding six months from the date they were due for payment | | |
| | - Secured, considered good (secured by Security Deposits | 5,02,831.80 | 4,56,752.27 |
| | -Unsecured, considered good | 5,32,275.78 | 2,34,311.64 |
| | | 10,35,107.58 | 6,91,063.91 |
| | Less : Provision for doubtful trade receivables | 47,762.57 | 26,755.60 |
| | | 9,87,345.01 | 6,64,308.31 |
| B) | Other Trade Receivables | 2,09,596.35 | 2,06,819.92 |
| | Unsecured, considered good | 2,09,596.35 | 2,06,819.92 |
| | TOTAL | 11,96,941.36 | 8,71,128.23 |

NOTE NO. 18

CASH AND BANK BALANCES

(₹ In Lacs)

| Sr. No. | Particulars | As at 31.03.13 | As at 31.03.12 |
|---------|--|------------------|------------------|
| 1 | Balances with Banks (Current Accounts) | 44,233.57 | 19,412.28 |
| 2 | Cheques, drafts on hand | 2,879.36 | 19,073.35 |
| 3 | Cash on hand | 1,359.58 | 1,595.10 |
| | TOTAL | 48,472.51 | 40,080.72 |
| | | | |

MSEDCL

NOTE NO. 19

SHORT TERM LOANS AND ADVANCES

(₹ In Lacs)

| Sr. No. | Particulars | As at 31.03.13 | As at 31.03.12 |
|---------|----------------------------|----------------|----------------|
| 1 | Secured, considered good | 36,854.83 | 30,494.58 |
| 2 | Unsecured, considered good | 5,090.27 | 5,841.54 |
| | TOTAL | 41,945.10 | 36,336.13 |

MSEDCL

NOTE NO. 20
OTHER CURRENT ASSETS

(₹ In Lacs)

| Sr. No. | Particulars | As at 31.03.13 | As at 31.03.12 |
|---------|---|--------------------|--------------------|
| 1 | Fixed Assets Pending Investigation | 7,675.21 | 7,578.04 |
| | Less: Provision for loss pending investigation | 7,660.53 | 7,483.07 |
| | | 14.68 | 94.97 |
| 2 | Assets not in use | 23.02 | 25.03 |
| 3 | Unbilled Revenue | 2,68,689.45 | 4,33,462.62 |
| 4 | Income accrued and due | 1,127.79 | 992.34 |
| 5 | Income accrued but not due | 787.17 | 815.43 |
| 6 | Capital Subsidy/Grant Receivable | 8,584.00 | 3,378.00 |
| 7 | Prepaid expenses | 3,107.67 | 51.22 |
| 8 | Amount recoverable from Employees / Ex-Employees, etc | 294.10 | 246.64 |
| 9 | Sundry Receivables Others | 14.35 | 552.94 |
| 10 | Misc amount receivable from SEB, Govt. etc. | 11,794.29 | 13,683.20 |
| 11 | Recoverable from ITI | 101.32 | 107.35 |
| 12 | Other Claims & Receivable | 951.54 | 3,320.14 |
| 13 | Employers contribution from deputationist | 14.36 | 26.66 |
| 14 | Expenses recoverable from supplier | 1,003.32 | 1,002.82 |
| 15 | Expenses recoverable from contractor | 1,079.37 | 3,140.07 |
| 16 | Balance with CPF Trust | 3,367.17 | 182.65 |
| 17 | Regulatory Assets | 1,25,600.00 | - |
| | TOTAL | 4,26,553.62 | 4,61,082.08 |

NOTE NO. 21

REVENUE FROM OPERATIONS

(₹ In Lacs)

| Sr.No. | Particulars | Year ended 31st March, 2013 | Year ended 31st March, 2012 |
|-----------|--|-----------------------------|-----------------------------|
| A. | Revenue from Sale of Services | | |
| 1 | Inter State | 4.22 | 16.96 |
| 2 | Domestic | 7,21,504.18 | 5,79,886.52 |
| 3 | Commercial | 3,20,826.57 | 2,73,885.45 |
| 4 | Industrial Low & Medium Voltage | 3,53,758.87 | 3,09,266.75 |
| 5 | Industrial High Voltage | 15,61,143.59 | 16,12,221.59 |
| 6 | Public Lighting LT VI | 51,237.03 | 37,483.46 |
| 7 | Traction | 1,15,049.30 | 1,00,879.10 |
| 8 | Irrigation & Agricultural H.T. | 26,437.49 | 20,563.62 |
| 9 | Irrigation & Agricultural L.T. | 5,10,156.57 | 4,43,539.63 |
| 10 | Public water works & Sewerage Pumping H.T. | 61,462.41 | 54,014.47 |
| 11 | Public water works & Sewerage Pumping L.T. | 18,031.87 | 15,487.67 |
| 12 | HT II Commercial | 2,04,922.88 | 1,85,520.75 |
| 13 | LT Crematorium & Burial Ground | 45.79 | 22.82 |
| 14 | Residential/Commercial complex HT VI | 15,577.82 | 12,745.60 |
| 15 | ADVT & Hordiiing | 751.54 | 803.10 |
| 16 | Temporary Connections | 7,891.69 | 8,758.48 |
| 17 | Supplies in bulk to others | 3,61,334.20 | 2,42,960.54 |
| 18 | LT- IV(A) Grampanchhayat Street Light | 4,269.31 | 1,025.60 |
| 19 | Public Services H.T. | 35,459.09 | - |
| 20 | Public Services L.T. | 1,274.11 | - |
| 21 | Open Access Category | 94.41 | - |
| 22 | Recoveries from Theft of Power/Malpractice | 10,088.34 | 7,856.90 |
| 23 | Sale to Traders | 703.39 | - |
| | SUB TOTAL A | 43,82,024.66 | 39,06,938.97 |
| B. | Other Operating Revenue | | |
| 1 | Wheeling Charges Recoveries | 3,914.20 | 1,294.50 |
| 2 | Standby charges | 41,878.57 | 39,732.33 |
| 3 | Regulatory Income | 1,25,600.00 | - |
| 4 | Miscellaneous charges from Consumers | 4,077.74 | 7,485.22 |
| | SUB TOTAL B | 1,75,470.51 | 48,512.06 |
| | TOTAL (A+B) | 45,57,495.17 | 39,55,451.03 |

NOTE NO. 22
OTHER INCOME

(₹ In Lacs)

| Sr.No. | Particulars | Year ended 31st March, 2013 | Year ended 31st March, 2012 |
|-----------|---|--------------------------------|--------------------------------|
| A. | Interest Income | | |
| 1 | Interest on Staff Loans and Advances | 47.88 | 46.92 |
| 2 | Income from Investments in Bank Deposits | 16.00 | 16.00 |
| 3 | Interest on Other Investments | 1,567.12 | 1,437.20 |
| 4 | Interest from Consumers | 80,358.86 | 63,945.25 |
| 5 | Interest on advance to suppliers/ Contractors | 0.07 | - |
| 6 | Interest from Banks (other than Fixed Deposits) | 0.12 | 2.46 |
| 7 | Interest from Franchisee | 4,260.75 | 4,238.53 |
| | SUB TOTAL A | 86,250.79 | 69,686.36 |
| B. | Other Non-operating Income | | |
| 1 | Sale of Scrap | 2,015.32 | 3,870.90 |
| 2 | Depreciation transferred on assets created from Consumer contribution Grants. subsidy | 2,586.24 | 3,415.66 |
| 3 | Income transferred from deferred income | 139.07 | 139.07 |
| 4 | Delayed Payment Charges from Consumers | 27,343.61 | 24,004.52 |
| 5 | Sale of tender forms | 399.30 | 392.90 |
| 6 | Rebate on prompt payment to bulk power supplier | 8,828.61 | 14,332.51 |
| 7 | Open access charges | 965.52 | 455.30 |
| 8 | Miscellaneous Receipts | 15,485.30 | 8,891.01 |
| | SUB TOTAL B | 57,762.97 | 55,501.87 |
| | TOTAL (A+B) | 1,44,013.76 | 1,25,188.23 |

NOTE NO. 23

PURCHASE OF POWER

(₹ In Lacs)

| Sr.No. | Particulars | Year ended 31st March, 2013 | Year ended 31st March, 2012 |
|--------|--|--------------------------------|--------------------------------|
| 1. | MSPGCL | 17,00,570.18 | 13,17,762.84 |
| 2 | Power Purchase from RGPPL | 2,13,250.34 | 4,96,379.24 |
| 3 | DODSON | 2,783.35 | 2,923.66 |
| 4 | JSW Energy Ltd. | 1,06,723.48 | 1,11,513.43 |
| 5 | Oil & Natural Gas Commission | 3,257.77 | 7,039.91 |
| 6 | Congen/Captive Power project | 84,374.66 | 68,670.82 |
| 7 | Gen. Bagasse/Biomass/Ag. Waste | 8,981.14 | 57,735.15 |
| 8 | Power Purchase from Central Sector | | |
| | - NTPC | 5,79,900.38 | 5,27,169.80 |
| | - NPCIL | 1,23,777.17 | 1,19,670.57 |
| | - Sardar Sarovar Project | 19,977.05 | 23,536.67 |
| | - Pench | 2,207.22 | 2,885.48 |
| | - Costal Gujrat Power Ltd. | 58,882.47 | 50.02 |
| 9 | U I Charges | 10,582.69 | 32,008.34 |
| 10 | Overinjected Units by Open Access Generators | 857.10 | - |
| 11 | Non Conventional Sources | 2,20,936.60 | 1,11,362.14 |
| 12 | Traders | 3,30,338.42 | 3,35,763.20 |
| 14 | Madhya Pradesh Electricity Board | 236.53 | - |
| 13 | Generation solar energy | 6,265.23 | 2,289.36 |
| | Total Power Purchase | 34,73,901.79 | 32,16,760.62 |
| 14 | Wheeling Charges | - | 180.76 |
| 15 | Transmission Charges | 4,11,973.92 | 2,95,087.35 |
| | TOTAL | 38,85,875.71 | 35,12,028.73 |

NOTE NO. 24
EMPLOYEE COST

(₹ In Lacs)

| Sr.No. | Particulars | Year ended 31st March, 2013 | Year ended 31st March, 2012 |
|--------|---|--------------------------------|--------------------------------|
| 1 | Salaries | 1,19,531.70 | 1,21,161.85 |
| 2 | Overtime | 2,644.24 | 2,600.05 |
| 3 | Dearness Allowance | 77,734.28 | 63,080.12 |
| 4 | Other Allowance | 25,122.70 | 25,103.80 |
| 5 | Ex.Gratia payment | 4,798.94 | 4,100.73 |
| 6. | Medical Expenses Reimbursement | 786.08 | 658.53 |
| 7 | Leave Travel Assistance | 142.77 | 103.83 |
| 8 | Earned Leave Encashment | 57,924.77 | 20,324.11 |
| 9 | Honorarium | 75.59 | 54.82 |
| 10 | Expenditure on paper setting etc. | 172.41 | 150.43 |
| 11 | Payment under Workmen's Compensation Act | 87.00 | 103.23 |
| 12 | Company's Contribution under Welfare Act. | 26.57 | 29.87 |
| 13 | Administration charges (EDLI Scheme) | 2.52 | 2.07 |
| 15 | Income Tax on Perquisites | 45.29 | 47.85 |
| 16 | Staff Welfare Expenses | 2,278.46 | 2,305.78 |
| 17 | Terminal Benefits | 76,229.75 | 54,571.03 |
| | GROSS EMPLOYEE COST | 3,67,603.08 | 2,94,398.11 |
| 18. | Less : Employee cost capitalised | 55,513.07 | 64,545.57 |
| | NET EMPLOYEE COST | 3,12,090.02 | 2,29,852.54 |

NOTE NO. 25

REPAIRS AND MAINTENANCE

(₹ In Lacs)

| Sr.No. | Particulars | Year ended 31st March, 2013 | Year ended 31st March, 2012 |
|--------|---------------------------|--------------------------------|--------------------------------|
| 1 | Plant and Machinery | 9,092.10 | 7,065.27 |
| 2 | Buildings | 935.51 | 1,205.59 |
| 3 | Civil Works | 3,428.27 | 2,565.41 |
| 4 | Lines, Cable Network etc. | 46,695.44 | 43,498.13 |
| 5 | Vehicles | 144.76 | 157.61 |
| 6 | Furniture and Fixtures | 50.40 | 39.92 |
| 7 | Office Equipments | 715.85 | 755.82 |
| | TOTAL | 61,062.33 | 55,287.75 |

NOTE NO. 26

ADMINISTRATION AND GENERAL EXPENSES

(₹ In Lacs)

| Sr.No. | Particulars | Year ended 31st March, 2013 | Year ended 31st March, 2012 |
|--------|---|--------------------------------|--------------------------------|
| 1 | Rent, Rates and Taxes | | |
| | Rent | 2,828.70 | 2,664.44 |
| | Rates and Taxes | 2,149.32 | 1,432.65 |
| 2 | Insurance | | |
| | Insurance on Fixed Assets 48.79 | 41.79 | 41.79 |
| | Insurance on Stocks | 1.02 | |
| 3 | Telephone Charges, Postage, Telegrams and Telex Charges | 2,137.22 | 2,174.61 |
| 4 | Legal Charges | 1,138.81 | 1,336.03 |
| 5 | Statutory Auditors fees | 39.00 | 39.00 |
| 6 | Consultancy Charges | 520.64 | 727.73 |
| 7 | Technical Fees | 213.23 | 197.48 |
| 8 | Other Professional Charges | 487.53 | 400.31 |
| 9 | Remuneration to Chairperson/ Member (Consumer Grievance Redressal Forum) | 151.64 | 107.64 |
| 10 | Conveyance and Travel | | |
| | Conveyance Expenses | 75.50 | 71.70 |
| | Travelling Expenses | 2,080.40 | 1,666.22 |
| | Travelling Expenses for foreign tour | 2.11 | 1.27 |
| | Vehicle running Exp. Petrol & Oil (Other than for trucks/delivery vans) | 1,060.08 | 931.11 |
| | Vehicles Licence and Registration Fees | 47.76 | 43.85 |
| | Expenses on hire of Taxi | 2,939.88 | 2,711.29 |
| 11 | Other Expenses | | |
| | Fees and Subscriptions | 450.98 | 3,719.38 |
| | Books and Periodicals | 27.77 | 19.86 |
| | Printing and Stationary | 1,198.09 | 1,246.21 |
| | Advertisement Expenses | 538.78 | 609.39 |
| | Electricity Charges | 5,511.85 | 10,626.57 |
| | Water Charges | 430.50 | 389.22 |
| | Entertainment | 56.01 | 61.86 |
| | Expenditure on Meetings, Conferences, etc. | 112.18 | 95.61 |
| | Up-keep of office | 1,006.38 | 990.32 |
| | Expenditure on Computer Billing & EDP Charges | 8,061.33 | 5,828.53 |
| | Expenditure on Consumers billing | 9,079.72 | 6,600.62 |
| | Bank Commission for Collections from Consumers | 5,634.34 | 4,917.08 |
| | Security Measures for Safety & protection contract basis | 5,125.93 | 4,431.09 |
| | Remuneration to Recovery Officer / Inspector | 16.73 | 51.25 |
| | Miscellaneous Expenses | 24.74 | 53.39 |
| | Fees for Board's Installations | 1,957.73 | 2,466.46 |
| | Freight | 54.14 | 43.01 |
| | GROSS ADMN AND GEN EXPS | 55,208.80 | 56,696.97 |
| | Less : Administration and General Expenses Capitalised | 9,037.01 | 12,294.39 |
| | NET ADMN AND GEN EXPS | 46,171.79 | 44,402.57 |

NOTE NO. 27

OTHER EXPENSES

(₹ In Lacs)

| Sr.No. | Particulars | Year ended 31st March, 2013 | Year ended 31st March, 2012 |
|----------|--|-----------------------------|-----------------------------|
| 1 | Bad & Doubtful Debts written off / provided for | | |
| | Bad & Doubtful Debts Provided for dues from Consumers | 68,362.43 | 59,331.72 |
| | Bad Debts Written off- Others | - | 3.71 |
| 2 | Miscellaneous Losses & Write-off | | |
| | Loss on obsolescence of Fixed Assets | 2.92 | 0.02 |
| | Compensation for injuries, death and damages to staff | 397.09 | 668.34 |
| | Compensation for injuries, death and damages to outsiders | 630.47 | 997.05 |
| 3 | Sundry Expenses | | |
| | Intangible Assets Written off | 739.68 | 739.68 |
| | Non moving items written off | 144.81 | 82.97 |
| | Write-off of Deferred Revenue Expenditure | - | 29.49 |
| | Difference due to rounding off to | 0.01 | 0.03 |
| | Small and Low value items written off | 5.34 | 3.80 |
| | Refund of RLC | 46,211.31 | 41,922.08 |
| | Refund of ASC | (233.86) | 379.82 |
| | SUB TOTAL (A) | 1,16,260.19 | 1,04,158.72 |
| 4 | Details of Prior Period Items | | |
| | a) Income relating to Previous Year | | |
| | Receipts from Consumers | 10,693.35 | 9,607.69 |
| | Interest Income | 2.12 | 24.33 |
| | Excess Provision for Depreciation | 447.53 | 2,232.79 |
| | Excess Provn for Interest and Fincance Charges | 1,456.64 | 535.48 |
| | Other Excess Provision | 4,879.90 | 1,596.74 |
| | Other Income | 563.53 | 17,195.93 |
| | SUB TOTAL (B-I) | 18,043.07 | 31,192.95 |
| | b) Expenses / Losses relating to Previous Year | | |
| | Short Provision for Power Purchase | (20,866.20) | 1,361.05 |
| | Operating Expenses | 512.33 | 161.18 |
| | Employees Costs | 180.21 | 81.36 |
| | Depreciation under provided | 3,642.92 | 2,030.70 |
| | Interest and Other Charges | 975.84 | 1,291.57 |
| | Administration Expenses | 254.10 | 281.52 |
| | Material Related Expenses | 279.93 | 530.76 |
| | Adjustment to Past Billing | 46,329.99 | 32,723.43 |
| | SUB TOTAL (B-II) | 31,309.13 | 38,461.57 |
| | Net prior period expenditure B=(B-II) - (B-I) | 13,266.06 | 7,268.61 |
| | TOTAL (A+B) | 1,29,526.25 | 1,11,427.35 |

NOTE NO. 28

FINANCE COSTS

(₹ In Lacs)

| Sr.No. | Particulars | Year ended 31st March, 2013 | Year ended 31st March, 2012 |
|--------|---|-----------------------------|-----------------------------|
| 1 | Interest on State Govt. Loans | 3,824.68 | 4,397.18 |
| 2 | Interest on other Loans/Deferred Credits | | |
| | Interest on Loans from REC | 80,580.29 | 57,971.71 |
| | Interest on Loan from Power Finance Corporation | 57,963.67 | 41,869.70 |
| | Interest on other Loans | 2,617.79 | 3,050.35 |
| | Total Interest on Capital Liabilities | 1,44,986.43 | 1,07,288.94 |
| 3 | Interest on Borrowings for Working Capital | 30,092.87 | 33,937.37 |
| 4 | Discount to Consumers for Timely Payment of Bills | 23,004.74 | 22,094.60 |
| 5 | Incentive to distribution Franchisee | 16.43 | 16.89 |
| 6 | Interest to Suppliers/Contractors (Capital) | 28.90 | 72.48 |
| 7 | Interest to Suppliers/Contractors (O&M) | 329.29 | 8,327.88 |
| 8 | Interest on Consumers' Security Deposits | 37,842.14 | 25,227.81 |
| 9 | Cost of Raising Finance | | |
| | Stamp Duty | 724.68 | 548.29 |
| | Commitment Charges | 7.81 | 4.66 |
| 10 | Other Charges | | |
| | Bank Charges for Remittances | 165.10 | 220.59 |
| | Other Bank Charges | 1,574.65 | 1,448.62 |
| | Guarantee Charges | 945.02 | 1,164.84 |
| | GROSS FINANCE COSTS | 2,39,718.05 | 2,00,352.97 |
| | Less : Interest and finance charges capitalised | 18,052.44 | 22,516.52 |
| | NET FINANCE COSTS | 2,21,665.61 | 1,77,836.45 |

NOTE NO.-29

ADDITIONAL NOTES TO ACCOUNTS

1. Contingent Liability and Commitment:

(₹ in Lacs)

| Sr. No. | Particulars | As at 31.03.2013 | As at 31.03.2012 |
|---------|--|------------------|------------------|
| (a) | Bank Guarantees and Letters of Credit issued by bankers in favour of third parties | 20000 | 20000 |
| (b) | Claims against the Company not acknowledged as debts. | 192921 | 99572 |
| (c) | Liability against capital commitments outstanding (net of advances) | 67565 | 123776 |
| (d) | Disputed Duties / Tax Demands | 290715 | 243015 |

Contingent Liabilities include:-

- The payment released to M/s. Datar Switchgear Ltd. from September 1998 is booked under head of account. "Amount recoverable from the contractors" (A/c Code 28.811) amounting to Rs.899.82 lacs up to 31st March 2000 being matter under dispute. Further, M/s. Datar Switchgear Ltd. has moved the matter before arbitration for their claims. As per the orders passed by arbitration, the erstwhile Maharashtra State Electricity Board (Hereinafter referred to as The Board) released some adhoc payment during 1999-2000. Similarly, claim of excess payment made by the Board was admitted -by arbitration for hearing. However, an amount of Rs. 189.99 lacs was received from M/s. Datar Switchgear Ltd. towards refund against various O&M Circles. The interim award was passed by arbitration directing the Board to pay Rs. 913 lacs to M/s. Datar Switchgear Ltd. against a Bank Guarantee (BG) of Rs. 681 lacs. Accordingly, payment was released by the Board. But, M/s. Datar Switchgear Ltd. and their Banker have failed to renew B.G. and hence, the Board preferred an appeal in the High Court for contempt of Court due to non-renewal of B.G. and also asked for suspension of arbitration proceedings for having violated the arbitration award. Out of total B.G. amount of Rs. 681 lakh, Rs. 113 lacs was appropriated and for the balance amount of Rs. 568 lacs, B.G. was required. M/s. Datar Switchgear Ltd. filed a civil suit bearing no. 858 of 2002 in the Pune Court against IDBI for obtaining this B.G. Arbitration award was passed on 18th June, 2004 against the Board for damages of Rs. 18598 lacs 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. 18 th June, 2004 of Arbitration Tribunal in Bombay High Court (Single Bench). Further, Bombay High Court Single Bench passed the judgment on 3rd August, 2005 & set aside the Arbitration award. Further, M/s. Datar Switchgears Ltd. filed an Appeal bearing No.672/2005 on 26th August, 2005 against the order of Bombay High Court (Single Bench) dated 3rd August, 2005. Division Bench on 22nd October 2008 has set aside the order passed by single bench and the case was remanded back again to Single Bench of Bombay High Court for adjudication in the arbitration petition No.374/2004. The Single Bench passed the judgment on 10th March, 2009 against MSEDCL. Subsequently, Hon. Justice passed the order on 31st March, 2009 directing MSEDCL to submit Bank Guarantee for Rs. 7500 lacs on or before 6th April, 2009 to the prothonotary and Senior Master Bombay High Court. Accordingly, MSEDCL has

submitted Bank Guarantee of Rs. 7500 lacs on 4th April, 2009 to the Bombay High Court, Mumbai through Canara Bank, Fort, Mumbai. MSEDCL filed an appeal before Division Bench on 2nd May, 2009 against the order of the Single Bench. The division Bench granted interim stay subject to the Company depositing Rs. 17900 lakh on or before 20th June, 2009 and furnishing Bank Guarantee for balance amount of Rs. 6500 lacs. An appeal was listed before 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 up to 29th June, 2009 and modified the order of Division Bench Bombay. According, to modified order, MSEDCL was required to deposit Rs. 6500 lacs with Bombay High Court and furnish Bank Guarantee for balance of Rs. 20000 lacs to 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 Rs. 7500 lacs as B.G. is refunded back to MSEDCL by Sr. Master Prothonotary of Bombay High Court, Mumbai.

The case (Appeal no. 166/09) is under process before Division Bench of Bombay High Court, Mumbai and pending for directions for final hearing.

Civil Suit no. 138/2012 towards damages and recovery of LTLMS panels filed by M/s Datar Switchgear Ltd ,Nashik against MSEDCL, before Civil Judge,Senior Division ,Nashik is under process.

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

The inspection of documents of both the parties (i.e. MSEDCL & M/s. Asian Electronics Ltd) has been completed. Further, application for interim relief filed by M/s. Asian Electronics and application filed by MSEDCL towards seeking bank guarantee for counter claim of Rs.50231 Lacs have been dismissed by Arbitral Tribunal. The Criminal petitions against M/s Asian Electronics Ltd alongwith employees of MSEDCL are also under process before various courts of Maharashtra. M/s Asian Electronics Ltd has filed 14 nos of criminal applications which are also under process. The admission/denial of documents in respect of M/s Asian Electronics are under process and preparation of evidences about 200 persons/employees of MSEDCL are also under process through M/s Lex Global, legal Consultants.

2. Balances of Sundry Debtors, Loans & Advances and Other Assets as well as Current liabilities are subject to reconciliation/confirmation from respective parties.
3. Reconciliation of the balances under 'Receivable against supply of power appearing in the Financial Ledger and those appearing under the Consumers' General Ledger is in progress.
4. A loss of Company's properties to the extent of Rs. 1797.82 Lacs (Previous year Rs. 113.59 lacs) has been incurred due to storm, theft, accident, etc. which is yet to be accounted for want of formal approval from Competent Authority.
5. No Provision for income tax is made, due to loss incurred during the year.
6. An arrangement for working capital facilities (fund based) including cash credit facility and working capital demand Loan totalling to Rs.397500 lacs (Previous year Rs.350000 lacs) has been

made with the Consortium Banks, secured by hypothecation of book debts. The Company has availed loans from Financial Institutions viz. Rural Electrification Corporation Ltd., Power Finance Corporation and Banks by offering security coverage of Government of Maharashtra Guarantee, future assets to be acquired under respective scheme and escrow account

7. The Hon. Commission has allowed MSPGCL to recover Rs. 73534 lacs vide order dated 03-09-2013, Rs. 74971 lacs vide order dated 04-09-2013 and Rs. 33598 lacs vide order dated 05-09-2013 in six monthly instalments from MSEDCL towards true-up of Parli Unit 7 and Paras Unit 4, tariff determination of Khaparkheda Unit 5 and true-up of existing stations and provisional fixed cost for Bhusawal Unit -4 respectively for the period till 31st March, 2013. As the amount is pass through for the Company, the total amount of Rs. 182103 lacs has been accounted for in the books of Accounts as income as well as expenditure.
8. The Company being a rate regulated entity, is allowed to recognise in its financial statements the right to recover cost incurred or the obligation to refund amount received for which cost have not been incurred through future tariff. As per the Guidance Note on Rate Regulated Activity issued by the Institute of Chartered Accountants of India, (the effective date of this Guidance Note is yet not announced by ICAI) the company has recognised regulatory assets based on the measurement criteria prescribed. The management of the view that Recognition of Regulatory Assets/Liabilities will reflect in true and fair view of Assets and Liabilities and will recognise Income/Expenses in appropriate accounting period, in the financial statements of the company. Hence from the financial year 2012-13 the Company has recognised Regulatory Assets/Liabilities on the basis of actual revenue expenditure incurred and revenue income accounted in the books of Accounts. This is a change in Accounting Policy. Due to the change in Accounting Policy a Regulatory Asset of Rs. 125600 lacs has been recognised with a corresponding effect on the income for the year. In case the Accounting policy was not changed the loss before tax for the year would have been Rs. 183216 lacs as against Rs. 576161 lacs.

9. **AS15 - Employee Benefits**

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

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

(ii) **Post Employment Benefits:**

Defined Benefit Plan: Provident Fund:

The Company makes contributions towards provident fund to a defined benefit retirement plan. The provident fund is administrated by the Trustees of The Maharashtra State Electricity Board's Contributory Provident Fund Trust (CPF Trust). Under the scheme, the Company is required to contribute a specified percentage of salary to the retirement benefit schemes to fund the benefit.

In keeping with the guidance on implementing Accounting Standard (AS) 15 (Revised) on Employee Benefits notified by the Companies (Accounting Standard) Rules, 2006, employer established provident funds are treated as Defined Benefit Plans, since the Company is obliged to meet interest shortfall, if any, with respect to covered employees. According to the Management, that actuarial valuation cannot be applied to reliably measure provident fund liabilities in absence of guidance from the Actuary Society of India. Accordingly, the company is currently not in a position to provide the other related disclosures as required by the aforesaid AS 15 read with the Accounting Standards Board

Guidance. However, there is no further liability which remained to be provided as at end of the year, on account of shortfall in interest payable to the beneficiaries.

Deficits/surplus, if any, having regard to the position of the fund as compared to aggregate liability is additionally contributed by the company and recognized as an expense/income. During the year the fair value of plan assets at the end of the year is more than the liability for subscription and interest as given under.

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

₹ in Lacs

| Sr. No. | Particulars | For the year ended 31st March, 2013 (Rs. in Lacs) (Unaudited) |
|---------|--|---|
| 1. | Liability for subscriptions and interest payable to employees at the end of year | 454649.89 |
| 2. | Fair Value of Plan Assets at the end of year | 458595.72 |
| 3. | Net Liability | nil |

(iv) Description of Plan Assets:

| Sr. No. | Particulars | For the year ended 31st March, 2013 (In %) (Unaudited) |
|---------|-------------------------------|--|
| 1. | Central Government Securities | 15.24. |
| 2. | State Government Securities | 15.30 |
| 3. | Public sector Bonds | 33.75 |
| 4. | Private Sector Bonds | 00.87 |
| 5. | Special Deposit Schemes | 34.83 |

(v) Gratuity (Unfunded Defined Benefit Plan):

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

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

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

(vii) Defined Benefit Plan:

Gratuity and Long Term Compensated Absences- as per actuarial valuations as on March, 31, 2013 are recognized in the financial statements in respect of Employees Benefits Schemes.

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

Table-1

(₹ In Lacs)

| Reconciliation of PBO | Leave Encashment | | Gratuity | |
|---|------------------------------|------------------------------|------------------------------|------------------------------|
| | 01-Apr-12 to 31-Mar-13 | 01-Apr-11 to 31-Mar-12 | 01-Apr-12 to 31-Mar-13 | 01-Apr-11 to 31-Mar-12 |
| Projected benefit obligation at beginning of year | 85523 | 78164 | 134856 | 124205 |
| Current service cost | 7068 | 6460 | 5644 | 5522 |
| Interest cost | 7092 | 6441 | 10949 | 9764 |
| Actual plan participant's Contributions | - | - | - | - |
| Actuarial (gain)/loss | 43709 | 7550 | 36281 | 18122 |
| Changes in Foreign currency exchange rate | - | - | - | - |
| Benefits paid | (22139) | (13092) | (29304) | (22758) |
| Past service cost | - | - | - | - |
| Loss/(Gains) on Curtailments | - | - | - | - |
| Liabilities Extinguished on Settlements | - | - | - | - |
| Projected benefit obligation at the end or year | 121253 | 85523 | 158426 | 134855 |

Table-2

(₹ In Lacs)

| Plan Asset at fair value | Leave Encashment | | Gratuity | |
|--|------------------------------|------------------------------|------------------------------|------------------------------|
| | 01-Apr-12 to 31-Mar-13 | 01-Apr-11 to 31-Mar-12 | 01-Apr-12 to 31-Mar-13 | 01-Apr-11 to 31-Mar-12 |
| Fair value of Plan Assets at the beginning of year | - | - | - | - |
| Foreign currency exchange rates changes on plans measured in a currency different from the enterprise's reporting currency | | | | |
| Expected return on plan asset | - | - | - | - |
| Employer contribution | - | - | - | - |
| Employee contribution | - | - | - | - |
| Benefit payments | - | - | - | - |
| Asset gain/(loss) | - | - | - | - |
| Acquisition/Business Combination/Divestiture | - | - | - | - |
| Settlements | - | - | - | - |
| Fair value of Plan Assets, End of Period | - | - | - | - |

Table-3

(₹ In Lacs)

| Amount in Balance Sheet | Leave Encashment | | Gratuity | |
|---|------------------------|------------------------|------------------------|------------------------|
| | 01-Apr-12 to 31-Mar-13 | 01-Apr-11 to 31-Mar-12 | 01-Apr-12 to 31-Mar-13 | 01-Apr-11 to 31-Mar-12 |
| Projected benefits obligation at end of year | 1,21,253 | 85,523 | 1,58,426 | 1,34,856 |
| Fair Value of plan Assets | . | - | - | - |
| Funded status asset /(Liability) | (1,21,253) | (85,523) | 1,58,426 | 1,34,856 |
| Unfunded Projected Benefit Obligation | - | - | - | - |
| Past service cost not yet Recognised | - | - | - | - |
| Unrecognised Asset due to Limit in Para 58(B) | - | - | - | - |
| Liability (-)/Asset (+) recognised in balance sheet | (1,21,253) | (85,523) | (1,58,426) | (1,34,856) |

Table-4

(₹ In Lacs)

| Amount recognised in Statement of Profit and Loss | Leave Encashment | | Gratuity | |
|---|------------------------|------------------------|------------------------|------------------------|
| | 01-Apr-12 to 31-Mar-13 | 01-Apr-11 to 31-Mar-12 | 01-Apr-12 to 31-Mar-13 | 01-Apr-11 to 31-Mar-12 |
| Current service cost | 7,068 | 6,460 | 5,644 | 5,522 |
| Interest cost | 7,092 | 6,441 | 10,949 | 9,764 |
| Expected return on plan asset | - | - | - | - |
| Net actuarial (gain)/loss to be recognised in year | 43,709 | 7,550 | 36,281 | 18,122 |
| Past service cost | - | - | - | . |
| (Gain)/Loss due to Settlements/Curtailments/Terminations/ Divestitures | | | .. | |
| Unrecognised Asset . due to Limit in Para 58(B) | - | - | - | - |
| Income (-)/Expense(+) recognised in the statement of Profit and Loss | 57,869 | 20,451 | 52,874 | 33,408 |

Table-5

(₹ In Lacs)

| Reconciliation | Leave Encashment | | Gratuity | |
|---|------------------|------------|------------|------------|
| | FY-2012-13 | FY-2011-12 | FY-2012-13 | FY-2011-12 |
| Incremental liability [Asset (+)/ Liability(-)] | (35,730) | (7,359) | (23,570) | (10,650) |
| P & L charge | 57,869 | 20,451 | 52,874 | 33,408 |
| Less benefits paid | 22,139 | 13,092 | 29,304 | 22,758 |
| Balance(Income(-)/Expenses (+)) | 35,730 | 7,359 | 23,570 | 10,650 |

10. AS 17- Segment

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

11. AS 18 - Related Party transaction:

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

a) List of related parties - other than Key Management Personnel

Holding Company

MSEB Holding Company Limited

Co-subsiidiaries

Maharashtra State Power Generation Company Limited

Maharashtra State Electricity Transmission Company Limited

Subsidiaries

Aurangabad Power Company Limited

Subsidiary of Co-subsiidiaries

i) Dhopave Coastal Power Limited

ii) Mahaguj Collieries Ltd.

iii) Dhule Thermal Power Company Ltd.

b) Names of related parties and description of relationship:

Key management personnel:

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

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

(₹ In Lacs)

| Particulars | Transactions During the Year | | | Outstanding balance | |
|--|------------------------------|--------------------|--------------------|---------------------|----------------|
| | FY 2012-13 | | FY 2011-12 | As at 31.03.13 | As at 31.03.12 |
| | Units in Mus | | | | |
| Purchase of Power Maharashtra State Power Generation Company Ltd. | 43280 | 1700570 | 1317763 | 787045 | 514781 |
| Transmission Charges Maharashtra State Electricity Transmission Company Ltd. | NA. | 312840 | 220010 | 65592 | 19807 |
| Sale of Power MSPGCL MSETCL | 100.56 50.64 | 2321.72 2757.49 | 1421.42 5703.49 | * | * |

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

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

(₹ In Lacs)

| Particulars | FY 2012-13 | FY 2011-12 |
|---|------------|------------|
| Remuneration | | |
| Shri Ajoy Mehta, (Managing Director) | 18.27 | 14.20 |
| Shri D.D.Wavhal, Director (Finance) | 13.19 | 11.75 |
| Shri S.K.Dabhade, Director (Projects) I/C | 14.75 | 12.03 |
| Shri M.K.Deore, Director(Operations) | 17.43 | 14.32 |

12. AS-19 Accounting For Operating Lease:

The Company has various operating leases for office and residential premises for employees that are renewable on periodic basis and cancellable at its option. An expense for operating leases recognised in Profit and Loss Account for the year is Rs. 2829 Lacs (previous year Rs.2664 lacs). The Company does not have any non-cancellable operating leases as on that date. Lease Rent of Rs. 2829 Lacs (Previous year Rs.2664 Lacs) has been included under rent, rates and taxes (NOTE-26 - Administration and General Expenses).

13. AS 20 - Earning Per Share:

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

| Particulars | As At 31-03-2013 | As At 31-03-2012 |
|--|------------------|------------------|
| Net profit after Contingency Reserve (Rs. in lac) | (93442) | (85,592) |
| Weighted average number of equity shares for basic earning per share | 4282297188 | 3000050000 |
| Earning per share (Rupees) Basic | (2.18) | (2.85) |
| Weighted average number of equity shares for diluted earning per share | 5501219838 | 4790058892 |
| Diluted Earning per share(Rupees) | (1.70) | (1.79) |
| Face value per share (Rupees) | 10 | 10 |

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

14. Deferred Tax:

Deferred Tax consists of the following items:

(₹ In Lacs)

| Sr.No. | Particulars | FY 2012-13 | FY 2011-12 |
|--------|---|----------------------|--------------------|
| | Deferred Tax Liability | | |
| 1. | Difference in Depreciation | 2,85,494.59 | 2,33,812.78 |
| 2. | Assets Written off /disallowed under Income Tax Act | | |
| | Deferred Tax Asset | | |
| 1. | Expenses Allowable on payment basis | 86,441.58 | 68,100.03 |
| 2. | Assets Written off /disallowed under Income Tax Act | | |
| 3. | Unabsorbed Depreciation / loss | 69,478.82 | 58,578.19 |
| 4. | Provision for Bad Debts - | 16,748.68 | 17,332.12 |
| | Net Deferred Tax Asset / (Liability) | (1,12,825.51) | (89,802.44) |

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

15. In accordance with AS-28 on 'Impairment of Assets' the Management has carried out a review of its assets with respect to economic performance. On the basis of review, the Management is of the opinion that economic performance of the Fixed Assets of the Company is not worse than expected and therefore there is no impairment as on the date of the Balance Sheet.
16. 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 under the MSMED Act, 2006 as required under Schedule VI to the Companies Act, 1956 is not disclosed

17. Quantitative details for Electricity units purchased and sold:

In MKWH

| Particulars | FY 2012-13 | FY 2011-12 |
|------------------------------|------------|------------|
| Total Power Purchase | 99068 | 98662 |
| Grid and Transmission Losses | 1222 | 3229 |
| Power available for sale | 97846 | 95433 |
| Power sold | 83488 | 80132 |
| Distribution Loss | 14358 | 15301 |
| Distribution loss % | 14.67 | 16.03 |

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

18. Auditors' Remuneration:

(₹ In Lacs)

| Sr. No | Particulars | FY 2012-13 | FY 2011-12 |
|--------|------------------------|------------|------------|
| 1. | Audit Fees | 39.00 | 39.00 |
| 2. | Out of Pocket Expenses | 1.43 | 3.55 |

19. Expenditure in foreign Currency:

Travelling expenses amounting to Rs.2.10 lacs (previous year Rs.-1.27 Lacs) has been incurred in foreign currency.

20. The previous year figures have been re-grouped and/or rearranged wherever necessary.

21. Notes 1 to 29 are forming part of Annual Accounts for the year ended on 31st March, 2013.

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

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

Sd/-
A. M. Gudekar
Company Secretary

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

Sd/-
Ajoy Mehta
Chairman & Managing Director

Place : Mumbai
Date : 23rd Sept., 2013

As per our report of even date attached hereto

Borkar & Muzumdar
Chartered Accountants
(Firm Registration No 101569W)

M. P. Chitale & Co.
Chartered Accountants
(Firm Registration No 101851W)

Kalyaniwalla & Mistry
Chartered Accountants
(Firm Registration No 104607W)

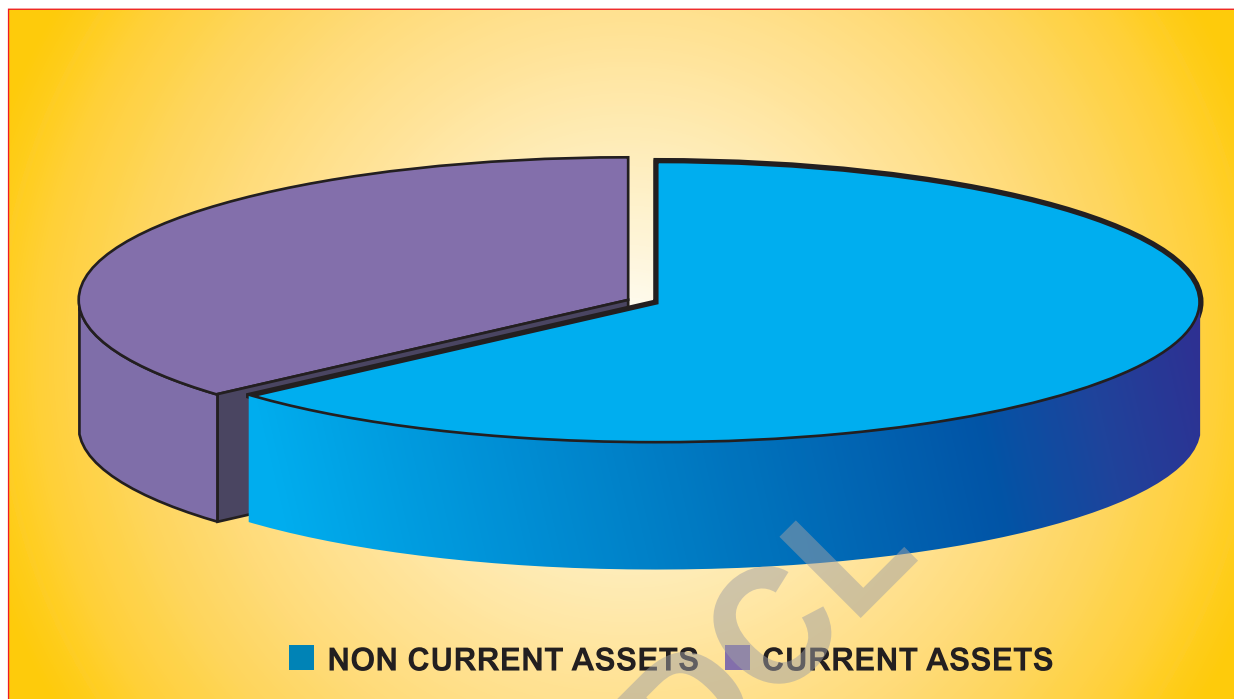
Sd/-
(Devang Vaghani)
Partner
M No. 109386

Sd/-
(Ashutosh Pednekar)
Partner
M No. 41307

Sd/-
(Vinayak Padwal)
Partner
F 49639

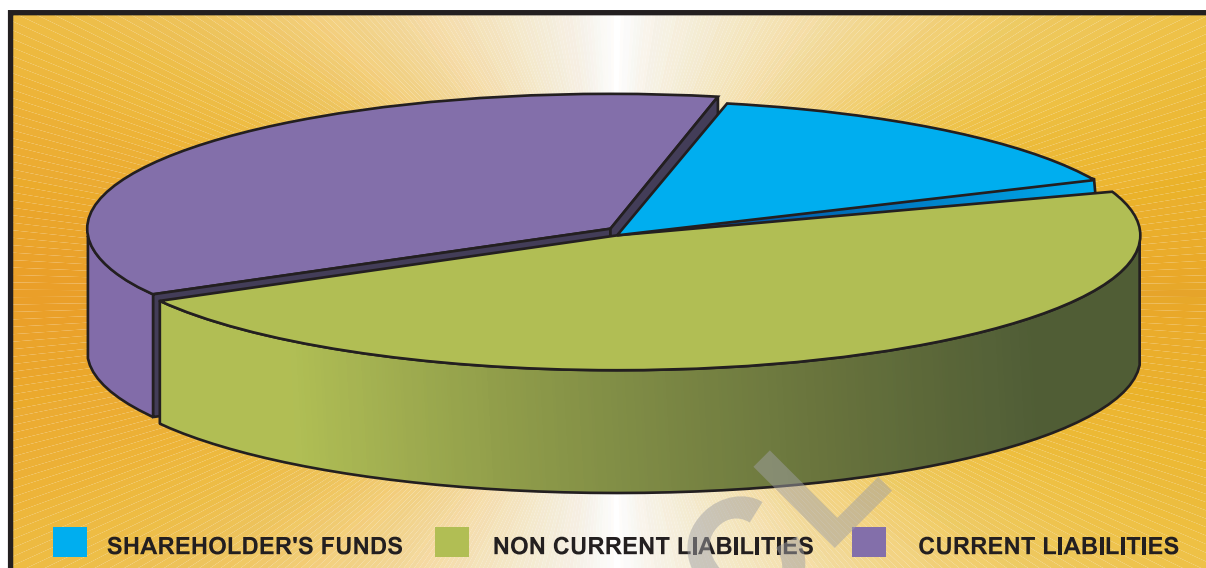
Place : Mumbai
Date : 10th Oct. 2013

ASSETS



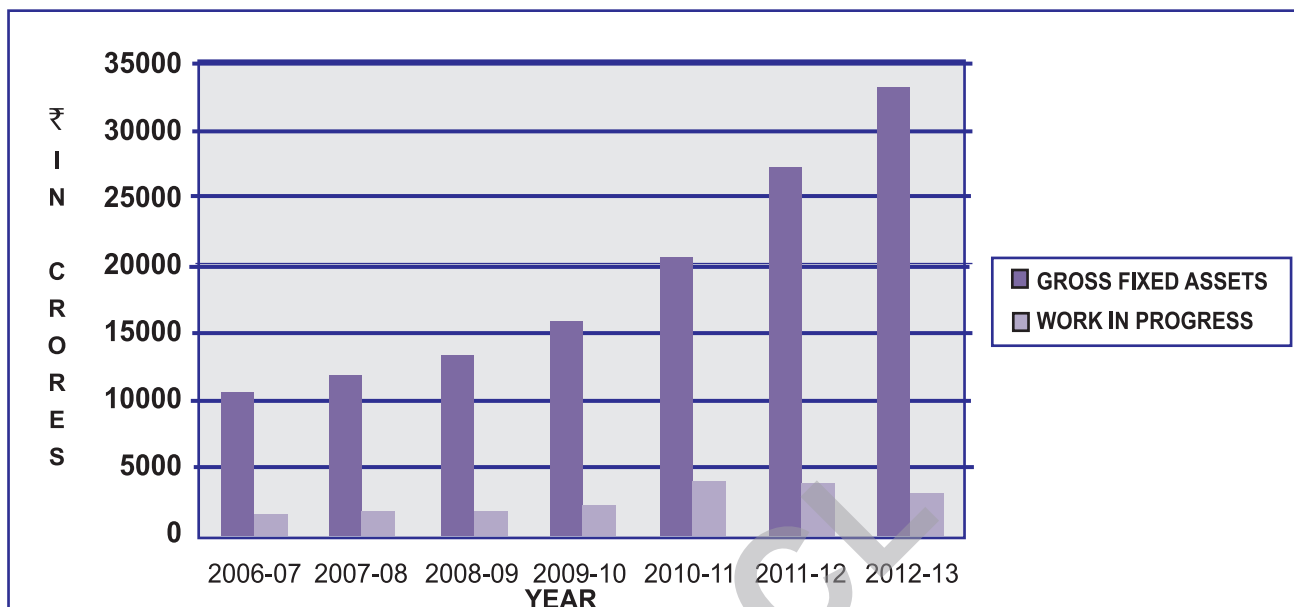
| ASSETS AS ON 31.03.2013 | | |
|-------------------------|--------------------|-----------------|
| | | (₹. IN. CRORES) |
| | NON CURRENT ASSETS | 30276.89 |
| | CURRENT ASSETS | 18206.85 |
| | TOTAL ASSETS | 48483.75 |

EQUITY & LIABILITIES



| EQUITY & LIABILITIES AS ON 31.03.2013 | | |
|---------------------------------------|-------------------------|------------------|
| | | (₹. IN. CRORES) |
| | SHAREHOLDER'S FUNDS | 5,980.93 |
| | NON CURRENT LIABILITIES | 23,879.97 |
| | CURRENT LIABILITIES | 18,622.85 |
| | TOTAL | 48,483.75 |

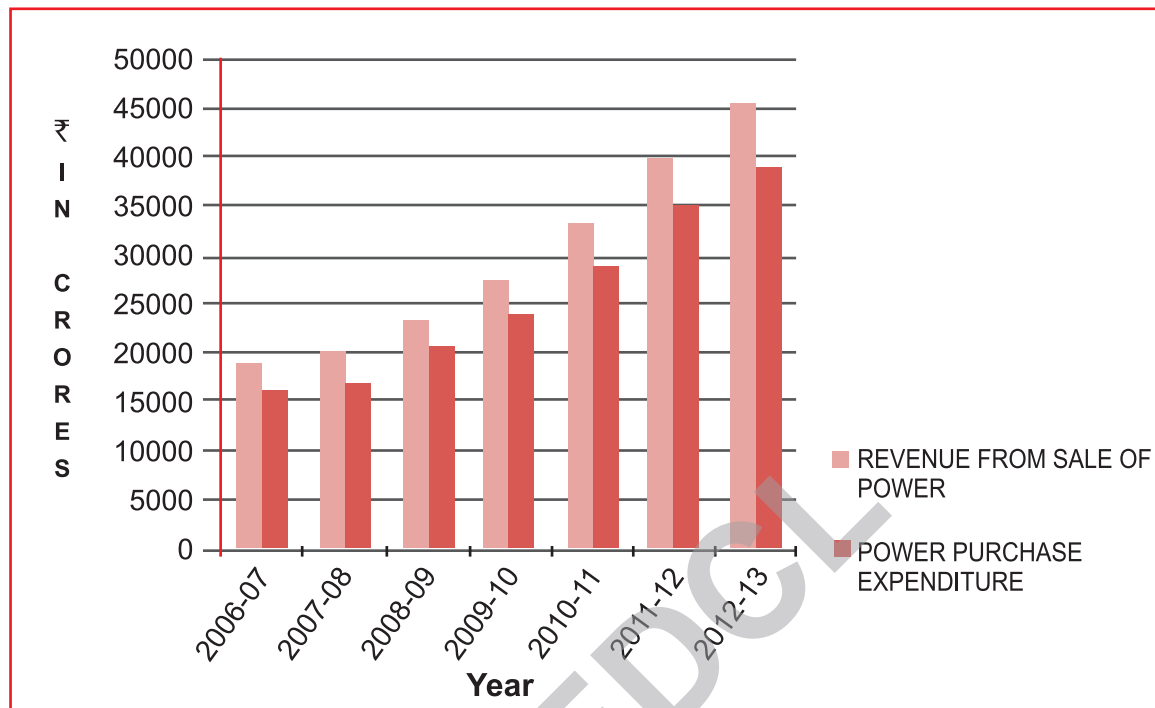
GROSS FIXED ASSETS & WORK IN PROGRESS



(₹ IN. CRORES)

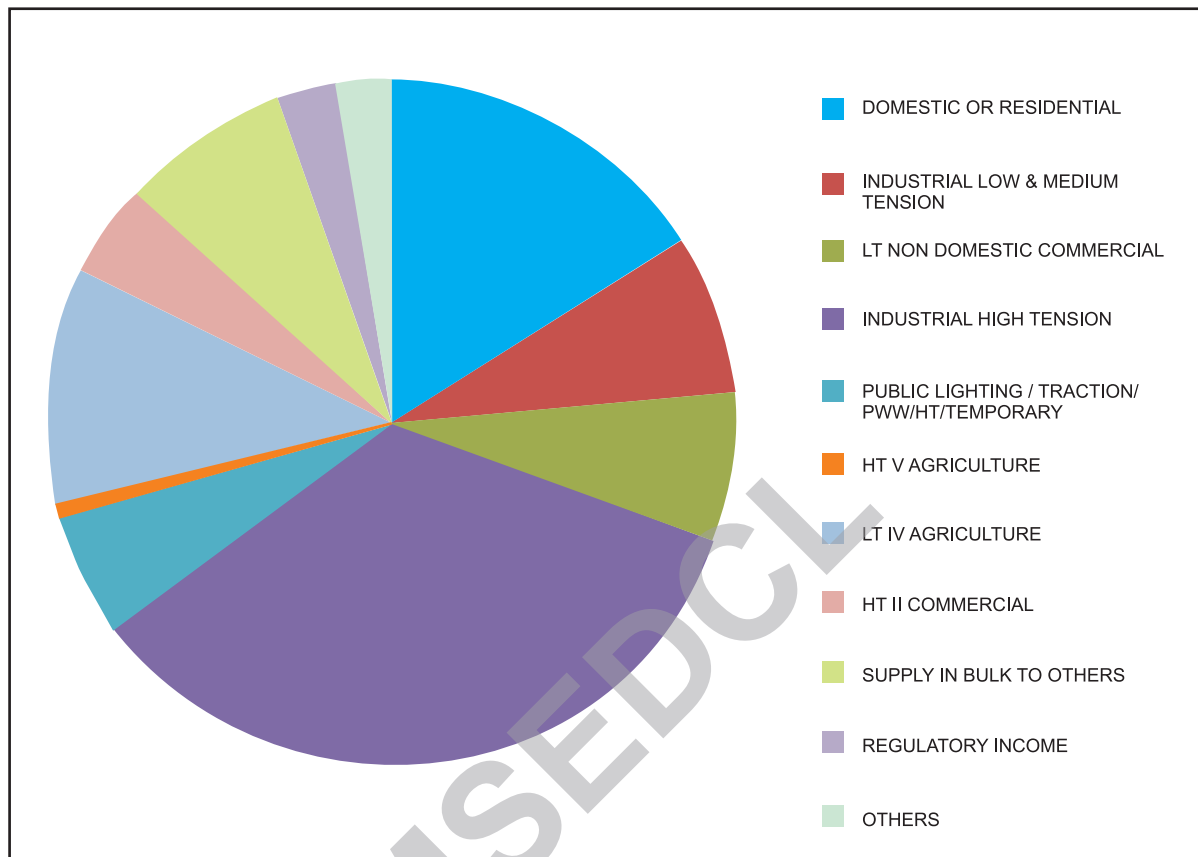
| YEAR | GROSS FIXED ASSETS | WORK IN PROGRESS |
|---------|--------------------|------------------|
| 2006-07 | 10531 | 1447 |
| 2007-08 | 11806 | 1685 |
| 2008-09 | 13439 | 1976 |
| 2009-10 | 15687 | 2344 |
| 2010-11 | 20500 | 4116 |
| 2011-12 | 27268 | 3913 |
| 2012-13 | 33268 | 2972 |

REVENUE FROM SALE OF POWER AND POWER PURCHASE EXPENDITURE



| | (₹. 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 |

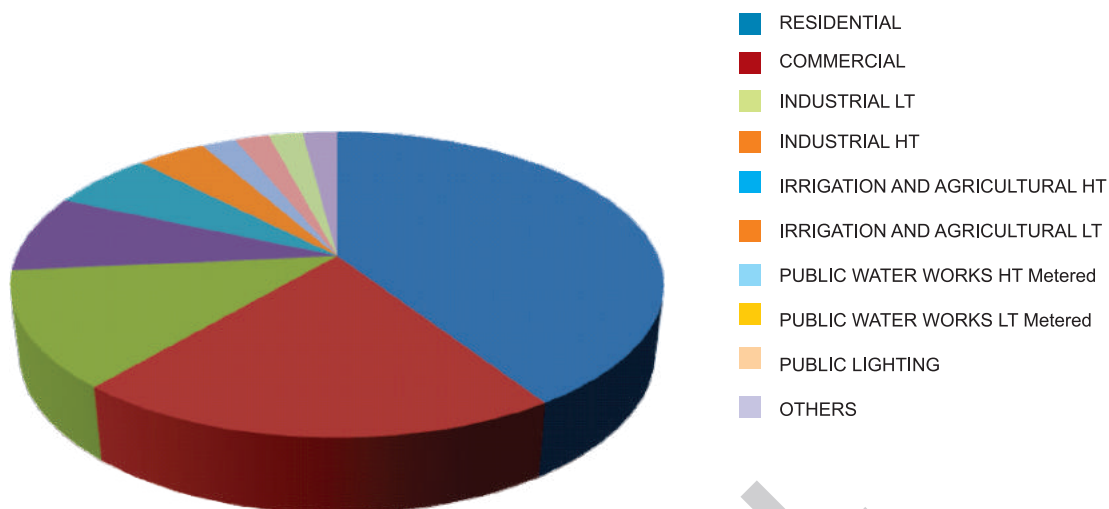
CONSUMER CATEGORY WISE SALE OF ENERGY



F.Y. 2012-13

| SR. No. | CONSUMER CATEGORY | (₹. IN. CRORES) | % |
|---------|---|-----------------|------------|
| 1 | DOMESTIC OR RESIDENTIAL | 7215.04 | 16 |
| 2 | INDUSTRIAL LOW & MEDIUM TENSION | 3537.59 | 8 |
| 3 | LT NON DOMESTIC COMMERCIAL | 3208.27 | 7 |
| 4 | INDUSTRIAL HIGH TENSION | 15611.44 | 34 |
| 5 | PUBLIC LIGHTING / TRACTION/ PWW/LT/HT/TEMPORARY | 2579.41 | 6 |
| 6 | HT V AGRICULTURE | 264.38 | 1 |
| 7 | LT IV AGRICULTURE | 5101.56 | 11 |
| 8 | HT II COMMERCIAL | 2049.22 | 4 |
| 9 | SUPPLY IN BULK TO OTHERS | 3613.34 | 8 |
| 10 | REGULATORY INCOME | 1256.00 | 3 |
| 11 | OTHERS | 1139.06 | 2 |
| | TOTAL | 45575.31 | 100 |

NUMBER OF CONSUMERS



F.Y. 2012-13

| Sr. No. | CONSUMER CATEGORY | NO. OF CONSUMERS |
|---------|--------------------------------|------------------|
| 1 | RESIDENTIAL | 15825701 |
| 2 | COMMERCIAL | 1563987 |
| 3 | INDUSTRIAL LT | 374166 |
| 4 | INDUSTRIAL HT | 11960 |
| 5 | IRRIGATION AND AGRICULTURAL HT | 1224 |
| 6 | IRRIGATION AND AGRICULTURAL LT | 3572285 |
| 7 | PUBLIC WATER WORKS HT Metered | 860 |
| 8 | PUBLIC WATER WORKS LT Metered | 41330 |
| 9 | PUBLIC LIGHTING | 80440 |
| 10 | OTHER | 145 |
| | TOTAL | 21472098 |

MSEDCL



REGISTERED OFFICE

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