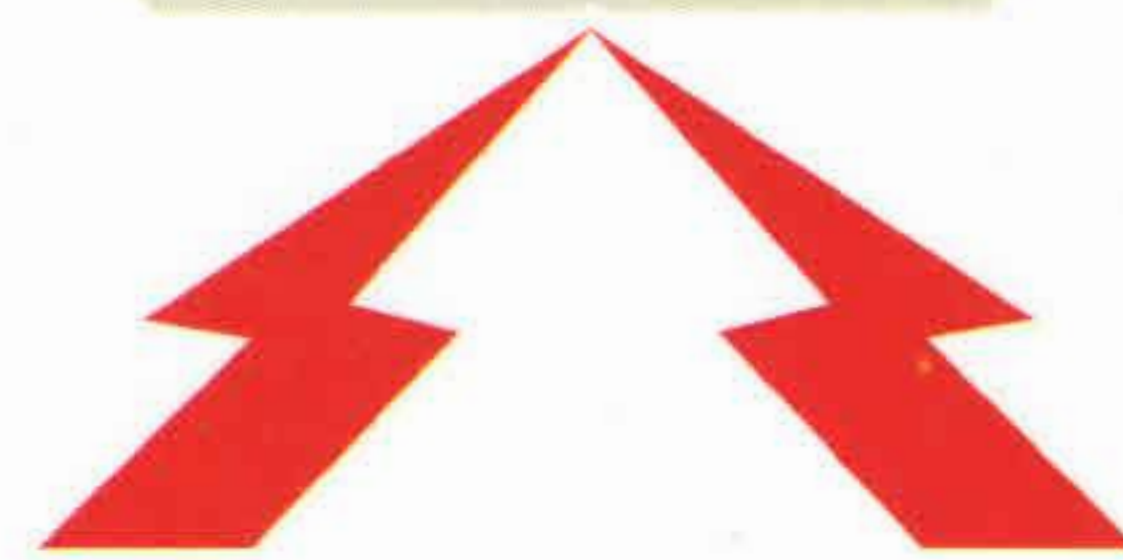


Annual Report 2008-2009



MAHAVITARAN

Maharashtra State Electricity Distribution Co. Ltd.

4th ANNUAL REPORT

2008 - 2009

संदर्भ - अवर सचिव महाराष्ट्र शासन
उद्योग, ऊर्जा, व कामगार विभाग, यांचे
पत्र क्र. लेविप - २०११/ प्र.क्र. १६/ऊर्जा-३,
दि. १/४/२०११ अन्वये कंपनीचे २००८-०९ चे
वार्षिक अहवाल विधीमंडळाच्या दोन्ही
सभागृहापुढे दि. २८-३-२०११
रोजी सादर करण्यात आले आहेत.



MAHAVITARAN

Maharashtra State Electricity Distribution Co. Ltd.

REGISTERED OFFICE

Plot No. G-9, Prakashgad, Prof. Anant Kanekar Marg,
Bandra (East), Mumbai - 400051.

MAHARASHTRA STATE ELECTRICITY DISTRIBUTION CO. LTD.

4th Annual Report for the Year 2008 - 2009

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MAHARASHTRA STATE ELECTRICITY DISTRIBUTION CO. LTD.

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BOARD OF DIRECTORS

Shri. Asoke Basak, IAS (Retd.)
Chairman

Shri. Ajoy Mehta, IAS
Managing Director

Shri. Subrat Ratho, IAS
Director

Shri. Arijit k. Ghosh
Director (Finance)
(w.e.f. 18-05-2007 To 31-05-2009)

Shri. D.D. Wavhal
Director (Finance)
(w.e.f. 20-08-2009)

Shri. V.L. Sonavane
Director (Operations) I/C
(w.e.f. 19.03.2009)

Shri S.K. Dabhade,
Director (Operations)
(w.e.f. 19.03.2009)

Shri P.V. Page,
Director
(w.e.f. 02.01.2009)

Dr. Ashok Harane,
Director
(w.e.f. 02.01.2009)

COMPANY SECRETARY
Shri. S.R. Tiwari

BANKERS

Canara Bank
Bank of Maharashtra
Bank of India

AUDITORS

M/s. Ummed Jain & Co.
Chartered Accountants,
Mumbai

M/s. Shah Khandelwal Jain & Associates
Chartered Accountants,
Pune

M/s. Jodh Joshi & Co.
Chartered Accountants,
Nagpur

REGISTERED OFFICE

Plot No. G-9, Prakashgad, Prof. Anant Kanekar Marg,
Bandra (East), Mumbai - 400051.

DIRECTORS REPORT 2008-09

**To
The Members,**

Your Directors present the 4th Annual Report on the performance of your Company for the financial year ended 31st March, 2009 along with Audited Statements of Accounts.

FINANCIAL HIGHLIGHTS :

	(Rupees in Lakhs)	
Particular	2008-09	2007-08
Revenue from Sale of Power	2348306	2015861
Other Income	131539	84055
Profit before Depreciation and Interest		
& Finance Charges	5808	120819
Depreciation	64677	53983
Interest & Finance Charges	78790	57341
Profit / (Loss) before prior period credits	(-) 137659	9495
Profit / (Loss) before Tax	(-) 135145	12122
Less : 1) Provision for Taxation	458	406
2) Deferred Tax Adjustment	(-) 45392	—
Profit / (Loss) after Tax	(-) 90211	11716

- As per audited accounts for the FY 2007-08 the Company has shown Net Profit of Rs.117.16 Crore as compared to Net Loss of Rs.133.89 Crore during the FY 2006-07. During the FY 2007-08 also company has incurred a loss but due to some variations in accounting treatment, profit was shown basically due to the following reasons:-
- As per the practice followed by the Company upto FY 2006-07, the entire material cost variance was being charged to the revenue account. However, during the year 2007-08, out of total material cost variance amounting to Rs.158 Crore, Rs.123.36 crs has been capitalized and only Rs. 34.79 Crore has been charged to revenue accounts. Thus profit was overstated by Rs.123.36 Crore.
- The field offices withdrew fictitious arrears amounting to Rs.155.61 Crore pertaining to period prior to financial year 2002-03 (pertaining to erstwhile MSEB). In 2007-08 this amount was considered as prior

period income and thereby loss was reduced to the extent of Rs.155.61 Crore.

- As the above changes in the accounting treatment resulted in over stating of profits for the F.Y. 2008-09 an explanation has been called from the then Director (Finance).

In FY 2008-09, all the necessary provisions were made in the accounts as per provisions of Companies Act 1956 to show true and fair picture of the company's financial health and thus MSEDCL has incurred a loss before tax of Rs.1351 Crore. The main reasons for the loss in 2008-09 are as follows:

- Rs.416 Crore has been provided during the year 2008-09 towards wage revision due from 01-04-2008.
- Due to the wage revision, provision for leave encashment and gratuity has been increased by Rs.300 Crore as compared to previous year.
- Rs.455 Crore has been refunded to the consumers towards refund of Regulatory Liability Charges (RLC). The said amount is a part of the Company's expenditure.
- Due to change in accounting policy relating to depreciation, additional depreciation amounting to Rs.73 Crore has been provided.
- Due to change in the policy relating to interest capitalization, interest to the extent of Rs. 49 Crore has been less capitalized as compared to previous year. This has resulted excess interest and finance charges during the year.
- Rs.97 Crore relating to carried forward recovery of Fuel Adjustment Cost for the month of March 2009 has not been accounted for as the same has not been approved by MERC due to 10% cap on FAC.
- Due to recession during 2008-09, the growth in metered MUs sold over 2007-08 was 5.65% comprising HT 1.67% and LT 10.02%. The growth during 2007-08 over 2006-07 was 10.49%, comprising HT 4.73% and LT 17.9%.

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 4th June, 2005, continues to remain provisional and the financial balances are carried forward based on the 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 4th year of operation, the Company had sold 58171 MUs of power, which has generated revenue of Rs. 23483.06 Crore.

However, after providing for Depreciation, Interest, Finance charges, other debits and Extraordinary Items there was a loss of Rs. 1351.45 Crore.

Your Company continued its efforts to strengthen its distribution system and has established new sub-stations, augmented existing sub-stations sanctioning additional load during the year under review.

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. Efforts are being put in by the Company to meet the growing power demand. In order to bridge this gap, your Company had purchased power from time to time and also tied up long term power purchases, wherever needed within the regulatory parameters and commercial prudence.

As a preventive measure and to maintain the demand-supply equilibrium, load shedding, as per the protocol and directives given by the Honourable MERC, is being implemented.

POWER PURCHASE:

During the year under review Maharashtra faced shortage of power supply and the peak demand shortfall reached to 5000MW. To tide over the situation and mitigate load shedding, your company endeavored to make power available to consumers. The company purchased power through licensed traders at reasonable/competitive prices. 1256.95 Mus power was purchased from traders aggregating Rs. 849.35 Crore. Considering the rising trend of demand of power in future, your company has already taken prudent steps for power procurement on long term basis. Your Company has acquired allocation in various Ultra Mega Power Projects (UMPP) having a total of 4000 MW capacity for each project in states like Tamilnadu, Jharkhand, Andhra Pradesh and Gujarat. Further, the company has initiated the Tariff Based Bidding process for procurement of power on long term basis from power stations where location, fuel or technology are not specified - Case- 1 under Competitive Bidding Guidelines issued by

Ministry of Power. Apart from this, SPV's for Dhopave (1600 MW) and Aurangabad project (660MW) have been formed for development of the projects. The company has executed PPA with Lanco Mahanadi Power Private Limited for 680 MW and with Adani Power Maharashtra Limited for 1320 MW under Case I competitive bidding. All these projects are expected to be commissioned before 2012. Thus, it is estimated that the demand-supply shortfall will be covered by 2012.

SYSTEM IMPROVEMENT SCHEMES:

Accelerated Power Development Reform Programme (APDRP)

APDRP schemes for 20 districts/towns aggregating Rs. 1136.54 Crore were sanctioned in 2002-03 and 2003-04. The expenditure incurred upto March 2009 was Rs. 1021.57 Crore was incurred. Further during 2004-05 and 2005-06, GoI had sanctioned schemes for towns covered under APDRP Phase-2 amounting to Rs. 237.53 Crore and an expenditure Rs 185.54 Crore was incurred upto March 2009. All the schemes were either completed or short closed at the end of March 2009 as per directives of MoP, GoI.

Restructured Accelerated Power Development Reform Programme (R-APDRP)

The Ministry of Power, Government of India (GoI) had launched the Restructured Accelerated Power Development and Reforms Programme (R-APDRP) under the XI Five Year Plan and appointed M/s. Power Finance Corporation Limited (PFC) as the Nodal Agency for the implementation of the programme.

The programme spans from data acquisition at distribution level till monitoring of results to provide an IT backbone and to strengthen the distribution system across the Country. The basic objective of the programme is to bring down the AT&C losses to below 15%.

R-APDRP covers all towns having a population of 30000 according to the 2001 census. The program is divided into 2 parts Part-A and Part-B. Of which Part- A includes projects for establishment of baseline data and IT applications such as Meter Data Acquisition, Meter Reading, Billing, Collections, GIS, MIS, Energy Audit, Tracing New Connections, Disconnection, Customer Care Services and Web Based Service to get verified baseline AT&C losses.

Out of the 134 towns covered under the scheme PFC had granted approval for implementation in 107 towns at a cost of Rs. 162.18 Crore and the remaining schemes were under consideration during the year under review.

DRUM Project

USAID's Distribution Reform, Upgrades and Management (DRUM) project address issues connected with power sector reform. Working closely with the Ministry of Power, State Utility Providers and Training Institutions, DRUM focuses on improving distribution practices to mitigate energy losses, increase customer satisfaction and make energy providers commercially viable. Aurangabad Division-I has been selected under the DRUM Project.

The benefits of DRUM are as follows

- Creates centres of excellence in distribution to demonstrate technical and managerial best practices
- Works with energy commissioners to design plans to expand electrification to rural areas.
- Assists in technical upgrades that improve service quality, produce cleaner energy and lower energy losses.
- Enhances commercial and managerial tariff rationalization systems through better metering, billing and collection methods
- Develops curricula and provides scholarships for a post graduate program in Distribution Business Management.
- Trains energy managers and staff in distribution management methodologies that improve reliability and decrease energy losses.

Distribution Network

In order to reduce the distribution losses and strengthen the distribution system 58 new substations (33/11kV, 22/11 kV) were added and the transformer capacities of 107 existing 33 kV Sub-Stations had also been augmented during the year during the year under review.

Sr. No.	Particulars	Achievement During 2008-2009
1.	Capacity added in S/Stn.33/11 kV,33/22 kV and 22/11 kV	697.25 MVA
2.	Sub-transmission lines energized 33 kV, 22 kV	1318.30 Ckt-km

Further to reduce the commercial losses in urban areas, static meters were installed in place of electro mechanical meters and replacement of faulty meters. In rural areas faulty meters were replaced by high precision meters.

Japan Bank for International Co-operation (JBIC):

Eight Districts have been covered for System Improvement with loan assistance from JBIC unde Phase - I. The eight districts covered are namely Sangli, Jalgaon, Ahmednagar, Nandurbar, Wardha,

Pune, Solapur & Nashik and the total cost of these schemes is Rs. 49.23 Cr.

Nineteen New Sub-Stations are covered under this scheme, out of which 10 Sub-Stations were commissioned and 17 Aug. & Addl. T/f for 33 KV S/stns. are covered under these scheme, out of which 13 Additional T/f are Charged. The total 33 Kv line is 214.70 is covered under these schemes, out of which 122.54 km line is completed.

INFRASTRUCTURE PLAN:

As was pointed out in earlier Directors' Report, an ambitious Infrastructure Plan for renewal, modernization and removal of deficiencies has been taken up. Twelve LOAs were issued under Infrastructure Phase I amounting to Rs. **2161 Crore** and **24 LoAs were issued under Infrastructure Plan Phase II amounting to Rs. 3765.84 Core.**

The target for Departmental works for the year 2008-2009 was Rs. 574.83 Crore, however the expenditure incurred in the year 2008-2009 was Rs. 310.56 Crore.

LOAD MANAGEMENT:

Predominant load shedding and non-supply of lighting load in rural areas particularly during evening hours has led to unrest and feeling of discrimination among Rural Consumers.

Taking into consideration the quantum of addition to the generation capacity expected in the next 2 to 3 years and the limited evacuation capacity of existing transmission network to draw more power through power purchases from the Northern and Eastern corridors, need was felt to take appropriate measures to reduce the shortage of power particularly during peak hours. For this purpose Single Phasing Scheme and Gaothan Feeder Separation Scheme have been implemented.

Single Phasing Scheme:

Single Phasing of selected rural mixed load feeders is carried out by use of changeover switches at substations. The scheme envisages supplying Single Phase rural lighting through single phase transformers. During the normal operation, the agricultural load continues to be supplied from the three phase transformers. On operation of the changeover switch, there would be no supply to the three phase load on the 11kV distribution network whereas single phase supply would be available for domestic and commercial load. On reversing changeover switch, normal 3-phase supply shall be restored. This scheme is helping to make available supply for lighting for large periods.

Single phasing was undertaken in three stages i.e. Phase – I, Phase – II & Phase – III. Single phasing Phase – III is being implemented on the same feeders covered in Single phasing Phase – I & II as the

work for some of the villages and wadies was not carried out in the first two phases. Phase – I was completed in July 2006 and Phase – II was completed in June 2008.

Phase – II scheme was implemented for 768 feeders and covered 3877 villages and a load management of 722 MW was achieved.

Under Single phasing Phase – III achievements are as given below :

Sr. No.	Details	Target	Achievement as on 31.03.2009
1	No. of DPS	5413	1084
2	No. of villages covered	1536	626
3	No. of Wadies covered	1334	178
4	Expenditure upto March 2009 (Rs. in Crore)	204.93	43.87

Gaothan Feeder Separation Scheme (GFSS):

GFSS has been evolved with the objective of reducing load shedding in rural areas. This involves segregation/separation of agricultural load from other categories by separating the feeders. Circles identified for GFSS are mostly agriculture dominated.

Under GFSS the existing feeder is treated as the agriculture feeder and a new feeder is erected from the substation to supply power to the gaothan/village. The existing agricultural feeders would enjoy supply during off peak period only whereas the new gaothan feeders would enjoy continuous supply of power. The scheme envisages restricted supply to agriculture load thereby extending nearly uninterrupted good quality power supply to villages.

The Gaothan Feeder Separation Scheme, Phase – I was sanctioned for 20 districts. The total number of feeders to be commissioned was 1504 and the scheme was expected to be completed by the end of Dec 2009 and 1300 feeders were commissioned upto March 2009. 5065 villages have benefited out of targeted 7437 villages and load reduction of 1589 MW against the target of 1976 MW was achieved. The expenditure upto the end of March 2009 was Rs. 579.67 Crore.

Reactive Power Planning for Reducing T&D losses:

The capacitor banks totaling 4388.93 MVAR were installed upto 31-03-2009 which include 105.62 MVAR capacitors installed at HV level during 2008-09. Similarly the capacitors provided on distribution transformer centers were 2050.60 MVAR.

RURALELECTRIFICATION:

Village Electrification and Energisation of Agricultural Pumps:

As per revised definition of village electrification as per 2001 Census out of 41095 villages and 377 towns, 36394 villages and all 377 towns were electrified by the end of March 2009. The Company has also energized 116028 agricultural pumpsets during the year 2008-2009.

With the implementation of this programme the total number of pumpsets energized in the State has gone up to 30,07,932 which is the highest amongst all the States.

Tribal Sub-Plan:

As per Census of 2001 there were 8382 tribal villages out of which 3217 agricultural pump sets in its tribal sub-plan have been energized during the year under review bringing the total number of energized pump sets to 1,47,273.

Domestic Connections to Weaker Sections:

Since 01-10-1976 the erstwhile Board (MSEB) had been releasing domestic connections without charging service connection charges to weaker sections of the society, which include Scheduled Castes, Scheduled Tribes, Nomadic Tribes, Vimukta Jatis and Nav Buddhists. After inception your Company has continued the policy adopted by the erstwhile MSEB.

During the year under review a total of 51809 such connections have been released, out of which 29519 were given to Scheduled Castes and Nav Buddhists under Special Component Plan.

So far a total of 16,00,918 connections have been released to these five categories, out of which 918624 pertain to Scheduled Castes and Nav Buddhists.

Rajeev Gandhi Gramin Vidyutikaran Yojana (RGGVY):

RGGVY is a programme sponsored and funded by Ministry of Power (MoP), Government of India (GoI) by providing 90% loan through the Rural Electrification Corporation Limited (REC) which is later converted into subsidy after successful completion. RGGVY envisages providing 100% electrification to BPL households.

District-wise schemes, under RGGVY, were sanctioned by the MoP for implementation by state utilities. Thirty Four schemes had been sanctioned amounting to a total cost of Rs. 713.45 Crore and work in four districts, namely Gondia, Nanded, Solapur and Dhule, sanctioned in Xth Plan.

Thirty new schemes have been sanctioned in 11th Plan by the Ministry of Power GoI.

NON CONVENTIONAL SOURCES OF ENERGY:

Wind Energy projects in Maharashtra:

Wind Mill generators are installed at Satara , Sangli , Ahmadnagar , Dhule, Nandurbar , Nashik 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 a total capacity of 1738.203 MW up to 31.03.2009.

Group I Projects commissioned up to 27.12.1999 is 31.988 MW

Group II Projects commissioned after 28.12.1999 up to 31.03.2003 is 366.54 MW

Group III Projects commissioned after 1.04.2003 up to 31.03.2009 is 1339.675 MW

The Group III Projects commissioned in the F.Y. 2008-09 is 126.625 MW.

The purchase rate for Group III projects is Rs. 3.50 per unit with escalation of 15 paise per year.

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 forty EPA's were executed involving installed capacity generation to the tune of 464.36 MW. The installed generation capacity in operation for sale to MSEDCL upto 31.03.2009 is 227.36 MW and the projects commissioned in the F.Y. 2008 -09 is 8 MW.

The purchase rate of MSEDCL is Rs. 4.79 per unit in line with MERC Order 11.01.2010.

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

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 31.03.2009 is 77 MW and the projects commissioned in the F.Y. 2008 -09 was 53 MW.

MERC vide Order 8.08.2005 has approved single part tariff having two components (i.e. Fixed & variable charge) for power procurement from Biomass projects. The purchase rate of MSEDCL is Rs. 4.98 per unit in line with MERC Order 14.12.2009

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 small hydro projects (approx. 182 MW) and private small hydro projects also.

The commissioned capacity of private small hydro projects upto 31.03.2009 is 52 MW and the

projects commissioned in F.Y. 2008-09 are Nil.

The purchase rate by MSEDCL is Rs. 2.84 per unit with escalation of 3 paise per year in line with MERC Order 9.11.2005.

Further, MSEDCL has also executed with Solar Power Projects, but the Solar Projects commissioned upto 31.03.2009 was Nil.

INFORMATION TECHNOLOGY:

As part of its IT initiative for adapt to latest Technology, the Company has established a Data Center at Prakashganga, BKC, Mumbai and 35 servers for undertaking various applications such as ERP, MIS, eTendering, eMail, Data Warehouse, Intranet, security products, patch management system. Around 700 offices are expected to be connected in the communication backbone project, out of which all 40 Circle Offices with IT Centers and 129 Division Offices are now connected with 512/64 Kbps MPLS VPN connection. The remaining locations will be connected with 64 Kbps point to point links. The commissioning of these remaining locations is expected to complete within 12 months. The above Data Center has been awarded ISO certification ISO/IEC 27001:2005 for Information Security Management System.

CONSUMER SERVICES:

Consumer Facilitation Center (CFC):

Your Company has developed software for its customers called (CFC). This software has the features of "Single Window Concept" and is presently implemented at 50 Sub Division level offices. The key features of the CFC are-

- Attending Consumer complaints regarding Power Supply/Bills/Employees Assistance in new connections
- Accepting cheque payments.
- Change of Name etc.

Call Centers:

For CRM activity your Company has fifteen operational Call Centers at Bhandup (Mumbai), Pune, Nagpur, Nasik, Amravati, Akola, Nanded, Kolhapur, Ahmednagar, Kalyan, Sangli, Dhule, Jalgaon, Solapur and Aurangabad.

e-Billing and Online Bill Payment System:

Consumers can register on the Company's website www.mahadiscom.in for e-Bills and get their bills through email. Further fifty *All Time Payment* machines have been installed at different locations where the consumer can pay the bill round the clock.

New Connection Tracking System:

Software has been developed for tracking new connections which will take care of the new connection process starting from the point of application to the release of connection. This application shall also contain the record of meter inventory.

Transformer Tracking System:

This system has been designed to track transformers from the point when the transformer is handed over to the sub-division office till the transformer is declared as scrap. It will also record all installation and repair details.

IT Centers:

At present IT centers are functioning at 36 O&M Circles. New IT Centers were established at four O&M Circle Offices viz., Ganeshkhind, Pune, Kalyan II Circle, Kalyan, Aurangabad Rural, Aurangabad & Nagpur Urban Circle, Nagpur.

HT/LT-V Meter Readings through MRI:

More than 15000 HT consumers are now read monthly through MRIs and bills are also generated through this data Software.

Consumer Grievance Redressal:

The Company has established Consumer Grievance Redressal Forums (CGRF) at 11 Zonal Headquarters for redressal of grievances. The CGRF have been established as per the Regulation issued by MERC under the Electricity Act, 2003.

DISTRIBUTION FRANCHISE:

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

M/s Torrent Power Limited has been appointed as the Distribution Franchisees for Bhiwandi and M/s Crompton Greaves Limited has been appointment for Gandhi Baug, Civil lines and Mahal divisions of Nagpur Urban Circle. The process of appointing distribution franchisees is a continuous

process and the Company is making efforts to appoint franchisees in areas wherever the distribution loss is high. Other urban areas with high distribution losses under consideration for coverage in a phased manner under this scheme are

- 1) Aurangabad – (Urban I & II Divisions)
- 2) Jalgaon Urban Subdivision I & II
- 3) Ulhasnagar- (Urban I & II Divisions)
- 4) Mumbai, Shill and Diva

The Input based Distribution Franchisee Model adopted by your Company has been recognized by the Planning Commission, Central Electricity Authority of India and the Government of India. Other State electricity utilities and service providers in the power distribution sector have also expressed willingness to adopt the said model.

THEFT DETECTION:

Power theft is a burning issue which is threatening the very survival of DISCOMS across the Country. As already reported theft of electricity continues to be the main cause of concern for our Company. T & D losses, both technical and non-technical are the single largest cause for huge losses incurred by the power distribution sector. High T & D losses particularly due to theft of electricity weaken the Financial health of the Company has taken several important steps some of them are listed below:

1. For detecting theft of energy presently there are 40 Nos. of Flying Squads working under the Directorate of Vigilance & Security. In addition to this about 120 Special Squads at O&M Divisional level are also established. Govt of Maharashtra vide its GR No.POS/3603/12/PK/Pol-3 dt.31/01/2006 had created six dedicated police stations at Kalyan, Pune, Nasik, Jalna, Latur and Nagpur in theft prone areas to deal with the investigation of theft of energy cases. All these dedicated police stations are functioning since Sept-2006. As a positive impact of dedicated police stations, a total of 5092 FIRSs have been lodged during the year 2008-09.
2. During the year 2008-09, the Flying Squads working under this directorate had checked total 2,2636 Nos. of connections and detected, total 10918 Nos. of assessment involved cases in which assessed amount of Rs.5565.63 lakh and recovered amount for Rs.2526.81 lakh. During the regular checking of consumers installations total 2123 Nos. of theft cases were detected & assessed of Rs. 618.28 lakh (including special drives). During the period of the review, Flying Squads conducted 87 Nos. special drives, in which 751 Nos. of theft cases were detected. The Special Squads established at O&M Divisions were also detected total 54191 Nos. of theft cases and assessed amount of Rs. 3486.25 lakh.
3. To encourage flow of information regarding illegal and unauthorized use of electricity and theft

of power, the sources are created. As an incentive, up to 5% of the recovered amount from the assessed amount towards theft of power is paid to informants.

4. Organized special drives for checking of Highway Dhabas, Beer Bar & Restaurant, Hotels, lodges, Malls & other Commercial Complexes, Showroom, Ice factory, Educational Institutions, BSNL & MTNLs, Poultry Farms, Building Constructions etc.
5. Special checking during night hours are organized in some pockets.
6. EDP data sheet, Energy Audit are studied and analyzed to find out suspicious consumers.
7. Check meters in series are installed for suspected consumers and kept under observations to find out whether the consumers indulge in theft of power or otherwise.
8. Appeal to general public regarding information about illegal and unauthorized use of electricity and theft of power.
9. Replacement of electro-mechanical stopped meter and burnt meter by electronic meter.
10. LT less system being implemented in rural areas by installing transformers near load centers.

The Statistics for Theft Detection is as follows:

Period	Total No. of consumers inspected	Total No. of Theft cases detected	Total No. of FIR lodged	Total amount Recovered (Rs. in Crore)
2008-2009	990092	57065	4864	44.48

HUMAN RESOURCES MANAGEMENT:

Your Company is, in its quest for excellence, making all efforts to energize the process of HRD in a professional manner, which includes refreshing knowledge, sharpening skills, enhancing leadership potential and motivating the employees to provide quality service to consumers thereby improve consumer satisfaction.

The following are the highlights of HR initiatives undertaken during the year:-

- (a) Staffing norms for field offices have been finalized. The staffing norms have been finalized after carrying out Industrial Engineering study.
- (b) All promotion panels were planned and held as per schedule displayed on web site. This has improved satisfaction level of employees.
- (c) This year 12,000 persons have been put through training at our training centres and in addition about 1000 Engineers/other employees have been put through HR training. Safety training and Consumer Communication have been given special importance.
- (d) Quota of direct recruitment in various posts have been filled up by transparent and impartial selection by renowned autonomous body I.B.P.S.

- (e) Human Resource Management System (HRMS) software development is in advanced stage. Pay bills of all employees are now generated on HRMS package. By July next year HRMS will be in operation. This will improve the efficiency of HR Department.
- (f) Performance Management System for engineers working in field have been developed and being implemented from April 2010. This will help in assessment of actual performance of engineers.
- (g) For improving safety standards, organization has been structured and conducted seminar at zone & circle level and in schools.
- (h) Accident cover of Rs. 2, 50,000 for all employees of Mahavitaran has been extended.
- (i) More than 1000 wards of deceased employees have been provided jobs in the company.
- (j) In sports, Mahavitaran teams are doing well and at National level (All India Electricity Sports Board) our sportsmen teams achieved second/third position in few events.

In coming year, new initiatives like consumer facilities, Human Resource accounting, safety seminar/conferences and other HR initiatives will be undertaken to improve quality of professional life of our employees.

RESERVATION POLICY FOR SCHEDULED CASTES IN RECRUITMENT AND PROMOTIONS:

Reservation Policies regarding recruitment and promotions of Scheduled Castes and Scheduled Tribes continues to remain in force. The policy is implemented on the lines of Govt. of Maharashtra and is being followed strictly.

AUDITORS:

Pursuant to the provisions of Section 619 of the Companies Act 1956, the Comptroller & Auditor General of India, (CAG) New Delhi had re-appointed M/s. Ummed Jain & Co., Chartered Accountants, Mumbai, M/s. Shah Khandelwal Jain & Associates, Chartered Accountants, Pune, and M/s. Jodh Joshi & Co., Chartered Accountants, Nagpur, were the Statutory Auditors of the Company for the year 2008-2009. 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 Board to the reservations and qualifications of the Statutory Auditors are enclosed as an Annexure 'A' to the Directors' Report.

The Supplementary/Test Audit Report of CAG along with replies of the Management is attached to this report and marked as Annexure 'C'.

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 had appointed M/s. Kedia & Company, Cost Accountants and M/s. M. R. Pandit & Co., Cost Accountants, as Cost Auditors for the year 2008-09 and the approval of Central Government has been obtained.

DIRECTORS:

During the year under review the Managing Director Dr. Ajay Pandey, IAS, was transferred by the GoM as Secretary, Information Technology and Shri Ajoy Mehta, IAS was appointed as the Managing Director wef 2nd February 2009.

Shri Arijit Kumar Ghosh, had submitted his resignation as Director (Finance) on 1st March 2009 with a three months' notice and the same was accepted.

Shri Prakash V. Page and Dr. Ashok Harane were appointed as Independent Directors wef 2nd January 2009.

Shri V. L. Sonavane was appointed as Director (Projects) and Shri S. K. Dabhade was appointed as Director (Operations) wef 19th March 2009.

After the previous Annual General Meeting Shri Ajoy Mehta, Managing Director, D. D. Wavhal, Director (Finance), Shri S. K. Dabhade, Director (Operations), Shri M. K. Deore, Director (Projects), Shri P. V. Page and Dr. Ashok Harane were appointed as additional Directors and hold office till the date of this Annual General Meeting. It is proposed to reappoint them at the Annual General Meeting.

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 2008-09 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

Managing Director

Place: Mumbai
Date: 28-05-2010

ANNEXURE-A TO DIRECTORS REPORT

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

A. CONSERVATION OF ENERGY

Low Loss Power Transformers:

During the year under review Ten Low losses power transformers of rating 5 MVA, 33/11 KV and Five 10 MVA, 33/11 have been procured

The loss comparison is on follows:

Sr.No.	Rating	Loss levels	
		No Load losses in Kw	Full load losses in Kw
1	5 MVA, 33/11	3.6	19.0
2	10 MVA, 33/11	5.4	37.0

As per the BEE (Bureau of Energy Efficiency) guidelines technical specifications, three Star Rating distribution transformers are introduced and included in Infrastructure Plan Phase-I and Phase-II to be implemented in MSSEDCL

The Board has now made it compulsory to display stickers on star rated Distribution Transformers.

Use of Non-Conventional Sources of Energy to Supplement Conventional Energy.

1) Wind Energy projects in Maharashtra:

Wind Mill generators are installed at Satara, Sangli, Ahmadnagar, Dhule, Nandurbar, Nashik and other places 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 total capacity of 1820.655 MW up to Dec. 2009 Group I Projects commissioned up to 27-12-1999 was 31.988 MW Group II Projects commissioned after 27-12-1999 and up to 31.03.2003 was 366.54 MW

Group III Projects commissioned after 31.03.2003 and up to 31.03.2009 was 1422.13 MW
The Group III Projects commissioned in the F.Y.2009-10 (up to Dec.2009) was 40.075 MW

2) Cogeneration Projects in Maharashtra:

Forty EPA's were executed involving installed capacity generation to the tune of 464.36 MW.
The installed generation capacity in operation for sale to MSEDCL up to 31.12.2009 is 240.36 MW and the projects commissioned in the F.Y.2009-10 (up to 31.12.2009) is 13 MW
GoM has initiated various schemes to encourage such generation in the state such as cogeneration 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 up to 31.12.2009 is 87 MW and the projects commissioned in the F.Y.2009-10 (up to 31.12.2009) are 10 MW.

4) Solar Projects:

MSEDCL has also executed EPAs with Solar Power Projects but none of them have been commissioned.

B. TECHNOLOGY ADOPTION

-N.A

C. EXPENDITURE ON R&D

-NIL

D. FOREIGN EXCHANGE EARNINGS & OUTGO

-NIL

**STATUTORY AUDITORS REPORT
FOR THE FINANCIAL YEAR 2008-09**

AUDITOR'S REPORT

TO,

**THE MEMBERS OF
MAHARASHTRA STATE ELECTRICITY DISTRIBUTION
CO. LTD.**

1. We have audited the attached Balance Sheet of **MAHARASHTRA STATE ELECTRICITY DISTRIBUTION CO. LTD.**, as at 31st March, 2009 and the Profit and Loss Account and Cash Flow Statement for the year ended on that date, annexed thereto.
2. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. 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.
4. We have obtained all information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
5. In our opinion, proper books of accounts as required by law have been kept by the Company in so far as it appears from our examination of such books.

6. The Balance Sheet, Profit and Loss Account and Cash Flow Statement referred to in this report are in agreement with the books of accounts.
7. In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement, comply with the Accounting Standards referred in sub-section 3C of Section 211 of the Companies Act, 1956 except *Accounting Standard - 28, "Impairment of Assets"* in so far as *non provisioning of impairment of assets*, issued by the Institute of Chartered Accountants of India.

The effect of the above on the financial statements is not ascertainable.

8. Being a Government Company, pursuant to the notification number GSR 829(E) dated 21st October, 2003 issued by the Government of India, the provisions of Sec 274(1)(g) of the Companies Act, 1956 are not applicable to the company.

9. We have to invite your specific attention to the followings:

- (i) *The Assets and liabilities of the company as on 31st March, 2009 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, Current Assets and 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 notification may have an impact on Balance Sheet and Profit and Loss Account items.*
- (ii) *Balances of Sundry Debtors, Sundry Creditors, Loans and Advances and various other debit / credit balances including old bank balances in the books carried forward from erstwhile M.S.E.B., Holding Company and other subsidiary companies of the Holding Company are subject to confirmations and adjustments necessary upon reconciliation. The effect of the adjustment arising from reconciliation and settlement of old dues and possible loss that may arise on account of non recovery or partial recovery of such dues is not ascertained. We are unable to express an opinion about the impact thereof on the accounts and the loss for the year.*
- (iii) *The balances of MSEB holding company and of its subsidiary companies appearing in the books of the Company are under reconciliation. The effect of such differences on accounts is not ascertainable.*
- (iv) *In our opinion provision for doubtful debts in respect of Sundry Debtors is inadequate considering the huge amount due from Mula Pravara Electric Cooperative Society, agricultural and power loom consumers.*
- (v) *Cash in transit being in the nature of Remittance to H. O. includes amount, which is outstanding prior to date of incorporation of company. The exact amount thereof cannot be stated in absence of complete details. In our opinion, all the outstanding remittances*

should be investigated at the earliest and unresolved entries should be suitably provided.

- (vi) *Adjustments of Rs. 5417.69 lacs (Previous year Rs. 4996.66 lacs) have not been carried out in the assets on account of loss to fixed assets pending investigation and liabilities on account of provision for loss amounting to Rs. 4652.98 Lacs (Previous year Rs.4214.16), pending investigation resulting in overstatement of assets and liabilities. The difference of Rs. 764.71 Lacs (Previous Year Rs. 782.50 Lacs) is not reconciled. {Refer Para 12 of Schedule - 22 (A)}*
- (vii) *In absence of proper details of Capital Work In Progress, we are unable to comment on its impact on fixed asset & projects discarded, if any, which continue to be included in Capital Work In Progress. We are also unable to comment on value of capital work in progress as appearing in financial statements as some assets are not capitalized even though some assets are put to use.*
- (viii) *Reconciliation in respect of some branches of the bank as well as of collecting post offices of the accounting units has not been made, to arrive at the correct balances. In some cases, reconciliation items are pending for further action during the year under audit. The effect of such pending entries on the deficit of the company is unascertainable.*
- (ix) *Non-reconciliation of consumer ledger in respect of Sundry Debtors for energy sold and security deposits from Consumers with the financial ledgers. The impacts of these are not ascertainable on the accounts of the company.*
- (x) *Other receivables (included in Schedule No. 12) includes an amount of Rs. 74.02 Lacs (Credit Balance) {Previous Year Rs. 658.06 Lacs (Debit Balance)} booked under inter unit accounts, which is an unreconciled amount between Balance Sheet and balance as per Statement FC - 95 (IUA statement) as on 31st March, 2009. The effect of this difference on the deficit is not ascertainable.*
- (xi) *Difference of Rs. 506.23 Lacs (Previous year Rs. 416 Lacs) between the balance of loan as per Rural Electrification Corporation (REC) as compared to balance as per books of accounts remains un-reconciled. The interest provision on the same is made on balance as per REC statement and not on balance as appearing in the books. The effect of the same on the liabilities and deficit is not ascertainable.*
- (xii) *Attention is drawn to Note no. 25 of the 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. The effect of the same on the liabilities and deficit is not ascertainable. Further, sundry creditors include the amount outstanding to such vendors / suppliers which have not been disclosed separately in the accounts.*
- (xiii) *Attention is drawn to Note no. 5 in respect of change in accounting policy and the effect thereon on the accounts of the company.*

- (xiv) Attention is drawn to Note no. 7 to the notes to accounts regarding amount to be refunded by the company towards Additional Supply Charges to the consumers.
- (xv) Attention is drawn to Note no. 8 to the notes to accounts regarding amount to be refunded by the company towards Regulatory Liability Charge (RLC) to the consumers.

10. In our opinion and to best of our information and according to the explanations given to us and subject to our observations in para 9(i) to 9(xii) above, the effect of which on loss cannot be determined, read with schedules and notes forming part of the accounts, gives the information required by the Companies Act, 1956, in the manner so required and give a true and fair view, in conformity with the Accounting Principles generally accepted in India:

- (i) in the case of Balance Sheet, of the state of affairs of the company as at 31st March, 2009,
- (ii) in the case of Profit and Loss Account, the loss for the year ended on that date and
- (iii) in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For Shah Khandelwal Jain & Associates
Chartered Accountants

For Jodh Joshi & Co.
Chartered Accountants

For Ummed Jain & Co.
Chartered Accountants

S. C. Oswal
Partner
M. No. 040248

Y. K. Verma
Partner
M. No. 105954

U. M. Jain
Partner
M. No. 070863

Place : Mumbai.
Date : 22nd October, 2009.

**ANNEXURE TO THE AUDITORS' REPORT REFERRED TO
IN PARA 3 OF OUR REPORT OF EVEN DATE OF
MAHARASHTRA STATE ELECTRICITY DISTRIBUTION
COMPANY LIMITED FOR THE YEAR ENDED ON 31-03-2009.**

1.
 - a) *The company's fixed assets record showing particulars, including quantitative details and situation, of fixed assets are not updated and cannot be reconciled with financial ledgers, as assets records are not maintained properly.*
 - b) *The management has not undertaken physical verification of the Company's fixed assets. 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 sale of substantial part of the fixed assets to affect the going concern aspect.*
2.
 - a) *We are informed that inventory have been physically verified by the Management periodically.*
 - 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 maintained proper records of inventory. The discrepancies noticed on such 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 are 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, there is need for further strengthening of internal control with respect to sale of power for billing of new connections and periodicity of meter reading for billing and with respect to maintenance of details of party wise receivables, payables and other assets and with respect to accounting system of pole factory. In our opinion, there is a continuing failure in respect

of internal control in the areas mentioned above which needs further strengthening.

5.
 - a. According to the information and explanations given to us, during the period under audit, there have been no contracts or arrangements, which need to be entered in the register maintained under section 301 of the Companies Act, 1956.
 - b. In view of clause 5(a) above, this clause is not applicable.
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 an internal audit system, which in our opinion, is not commensurate with the size and nature of its business.
8. In our opinion and according to the information and explanation given to us, *prima facie* the Company has made and maintained the basic records as prescribed by the Central Government under U/S. 209 (1) (d) of the Companies Act, 1956.
9.
 - (a) According to the information & explanation given to us and according to the books & records, the company is generally regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Investor Education and Protection Fund, Income tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, cess and any other statutory dues with the appropriate authorities. However, in respect of electricity duty, there is a due of Rs. 31331.95 Lacs (Previous year Rs. 19674.64 lacs) 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 ascertained.
 - (b) According to the information and explanation given & representation made to us, there are no dues of income-tax, wealth-tax, sales tax, service tax, custom duty, excise duty and cess which have not been deposited on account of any dispute except the following:

Name of Statute	Nature of dues	Amount (in Lacs)	Period to which the amount relates	Forum where the dispute is pending
Income Tax Act	Income tax dues along with interest	71766.57	Asstt year 2006-07	CIT (Appeals) X, Mumbai
Income Tax Act	Fringe benefit tax	0.99	Asstt year 2006-07	CIT (Appeals) – X, Mumbai
Income Tax Act	Income tax deduction at source with interest	18431.83	Asstt year 2009-10	CIT (Appeals) – XXX, Mumbai

10. Since the company has been incorporated on 31st May, 2005, clause (x) of the order is not applicable.
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 and debenture holders during the period.
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 loan raised during the period have prima facie been applied for the purpose for which they were raised.
17. According to the information and explanation given to us and on overall examination of the balance sheet of the company, in our opinion there are no funds raised on short term basis which have been used for long term investments.
18. The company has not made any preferential allotment of shares during the year ended on 31st March, 2009.
19. Since the company does not have any debentures, 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. According to the information and explanation given to us, a fraud has been reported during the year amounting to Rs. 4.89 lacs (Previous Year Rs. 65.84 lacs) net of recovery.

For Shah Khandelwal Jain & Associates
Chartered Accountants

For Jodh Joshi & Co.
Chartered Accountants

For Ummed Jain & Co.
Chartered Accountants

S. C. Oswal
Partner
M. No. 040248

Y. K. Verma
Partner
M. No. 105954

U. M. Jain
Partner
M. No. 070863

Place : Mumbai.
Date : 22nd October, 2009.

**REPLIES TO STATUTORY AUDITORS REPORT FOR THE
FINANCIAL 2008 - 2009**

Sr. No.	Auditor's Report	MSEDCL's replies.
1.	We have audited the attached Balance Sheet of MAHARASHTRA STATE ELECTRICITY DISTRIBUTION CO. LTD., as at 31st March, 2009 and the Profit and Loss Account and Cash Flow Statement for the year ended on that date, annexed thereto.	No Comments
2.	These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.	No Comments
3.	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	No Comments

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.	
4. We have obtained all information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.	No Comments
5. In our opinion, proper books of accounts as required by law have been kept by the Company in so far as it appears from our examination of such books.	No Comments
6. The Balance Sheet, Profit and Loss Account and Cash Flow Statement referred to in this report are in agreement with the books of accounts.	No Comments
7. In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement, comply with the Accounting Standards referred in sub-section 3C of Section 211 of the Companies Act, 1956 except Accounting Standard - 28, "Impairment of Assets" in so far as non provisioning of impairment of assets, issued by the Institute of Chartered Accountants of India. The effect of the above on the financial statements is not ascertainable.	Accounting Standard - 28 deals with the provision for the impairment of assets. For compliance of the AS 28 detailed exercise of valuation of each asset taking into consideration physical status of asset is required to be carried out. Process of valuation is under consideration.
8. Being a Government Company, pursuant to the notification number GSR 829(E) dated 21st October, 2003 issued by the Government of India, the provisions of Sec 274(1)(g) of the Companies Act, 1956 are not applicable to the company.	No Comments
9. We have to invite your specific attention to the followings:	
(i) The Assets and liabilities of the company as on 31st March, 2009 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, Current Assets and Liabilities as approved by MSEB Holding Company Ltd. have been incorporated in the company's books of accounts.	No Comments

<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 notification may have an impact on Balance Sheet and Profit and Loss Account items.</p>	<p>The opening balance sheet of MSEDCL as on 06.06.2005 has been approved by MSEB Holding Company Ltd 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 Sundry Debtors, Sundry Creditors, Loans and Advances and various other debit / credit balances including old bank balances in the books carried forward from erstwhile M.S.E.B., Holding Company and other subsidiary companies of the Holding Company are subject to confirmations and adjustments necessary upon reconciliation. The effect of the adjustment arising from reconciliation and settlement of old dues and possible loss that may arise on account of non recovery or partial recovery of such dues is not ascertained. We are unable to express an opinion about the impact thereof on the accounts and the loss for the year.</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 amounts 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, considering the volume of 1.68 crs consumers, it will not be practicable to obtain confirmation from each consumer. In respect of sundry creditors, loan and advances etc., the balances are being reconciled. The fact has been disclosed by way of note at Sr.No.4.</p>
<p>(iii) The balances of MSEB holding company and of its subsidiary companies appearing in the books of the Company are under reconciliation. The effect of such differences on accounts is not ascertainable.</p>	<p>Inter Company Reconciliation program has been chalked out. Reconciliation with MSEB Holding Company and its Subsidiary Companies is in progress.</p>
<p>(iv) In our opinion provision for doubtful debts in respect of Sundry Debtors is inadequate considering the huge amount due from Mula Pravara Electric Cooperative Society, agricultural and power loom consumers.</p>	<p>Provision for doubtful debts on sundry debtors against supply of power has been made @ 1.5 % on revenue from sale of the power. This is as per guidelines of MERC. Mula Pravara Electric Cooperative Society's dues are not</p>

	<p>recognized as doubtful by the Company and hence not provided for.</p> <p>The provision for bad debts is made every year on the basis of MERC's tariff order.</p>
<p>(v) Cash in transit being in the nature of Remittance to H. O. includes amount, which is outstanding prior to date of incorporation of company. The exact amount thereof cannot be stated in absence of complete details. In our opinion, all the outstanding remittances should be investigated at the earliest and unresolved entries should be suitably provided.</p>	<p>Cash in transit at the year end are the common transactions which include the remittances to Head Offices by the field offices and vice versa not credited by the banks on and up to 31st March, at the receiving end. All the outstanding old remittances are being investigated and unresolved entries will be provided suitably.</p>
<p>(vi) Adjustments of Rs. 5417.69 lacs (Previous year Rs. 4996.66 lacs) have not been carried out in the assets on account of loss to fixed assets pending investigation and liabilities on account of provision for loss amounting to Rs. 4652.98 Lacs (Previous year Rs.4214.16), pending investigation resulting in overstatement of assets and liabilities. The difference of Rs. 764.71 Lacs (Previous Year Rs. 782.50 Lacs) is not reconciled. {Refer Para 12 of Schedule - 22 (A)}</p>	<p>The Company is consistently following the procedure of booking the loss on account of flood, fire, cyclone, loss to fixed assets etc in the year in which the said loss is approved for write off. This policy of the Company has been disclosed in the significant accounting policies at sr.no. 12. Necessary action to reconcile the difference is being taken.</p>
<p>(vii) In absence of proper details of Capital Work In Progress, we are unable to comment on its impact on fixed asset & projects discarded, if any, which continue to be included in Capital Work In Progress. We are also unable to comment on value of capital work in progress as appearing in financial statements as some assets are not capitalized even though some assets are put to use.</p>	<p>Execution of various works / schemes is an ongoing and continuous process and certain work will always remain under capital work in progress. The necessary action for converting work in progress into the assets is being taken.</p>
<p>(viii) Reconciliation in respect of some branches of the bank as well as of collecting post offices of the accounting units has not been made, to arrive at the correct balances. In some cases, reconciliation items are pending for further action during the year under audit. The effect of such pending entries on the deficit of the company is unascertainable.</p>	<p>Necessary instructions have already been given to the concerned circles and the reconciliation work is in progress.</p>

(ix) Non-reconciliation of consumer ledger in respect of Sundry Debtors for energy sold and security deposits from Consumers with the financial ledgers. The impacts of these are not ascertainable on the accounts of the company.	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 fact has been disclosed by way of note at serial number 10 to the Balance Sheet.
(x) Other receivables (included in Schedule No. 12) includes an amount of Rs. 74.02 Lacs (Credit Balance) {Previous Year Rs. 658.06 Lacs (Debit Balance)} booked under inter unit accounts, which is an unreconciled amount between Balance Sheet and balance as per Statement FC - 95 (IUA statement) as on 31st March, 2009. The effect of this difference on the deficit is not ascertainable.	Inter Unit Accounts have been reconciled and relevant entries have been passed in Financial year 2009 - 10
(xi) There is difference of Rs. 506.23 Lacs (Previous year Rs. 416 Lacs) between the balance of loan as per Rural Electrification Corporation (REC) as compared to balance as per books of accounts remains un-reconciled. The interest provision on the same is made on balance as per REC statement and not on balance as appearing in the books. The effect of the same on the liabilities and deficit is not ascertainable.	Difference is being reconciled with REC.
(xii) Attention is drawn to Note no. 25 of the 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. The effect of the same on the liabilities and deficit is not ascertainable. Further, sundry creditors include the amount outstanding to such vendors / suppliers which have not been disclosed separately in the accounts.	Note to this effect has already been indicated at sr. no. 25 of Schedule 22.
(xiii) Attention is drawn to Note no. 5 in respect of change in accounting policy and the effect thereon on the accounts of the company.	No Comments
(xiv) Attention is drawn to Note no. 7 to the notes to accounts regarding amount to be refunded by the company towards Additional Supply Charges to the consumers.	No Comments
(xv) Attention is drawn to Note no. 8 to the notes to accounts	No Comments

regarding amount to be refunded by the company towards Regulatory Liability Charge (RLC) to the consumers.	
10. In our opinion and to best of our information and according to the explanations given to us and subject to our observations in para 9(i) to 9(xii) above, the effect of which on loss cannot be determined, read with schedules and notes forming part of the accounts, gives the information required by the Companies Act, 1956, in the manner so required and give a true and fair view, in conformity with the Accounting Principles generally accepted in India:	No Comments
(i) in the case of Balance Sheet, of the state of affairs of the company as at 31st March, 2009,	No Comments
(ii) in the case of Profit and Loss Account, the loss for the year ended on that date and	No Comments
(iii) in the case of Cash Flow Statement, of the cash flows for the year ended on that date.	No Comments

**REPLY TO ANNEXURE - THE AUDITORS' REPORT REFERRED TO IN PARA 3
OF REPORT OF EVEN DATE OF MAHARASHTRA STATE ELECTRICITY
DISTRIBUTION COMPANY LIMITED FOR THE YEAR ENDED ON 31-03-2009.**

**31-03-2009 Para 3 Annexure
Annexure of Auditors Report as on 31-03-2009**

1) a) The company's fixed assets record showing particulars, including quantitative details and situation, of fixed assets are not updated and cannot be reconciled with financial ledgers, as assets records are not maintained properly.	The program to maintain proper fixed assets has been initiated.
b) The management has not undertaken physical verification of the Company's fixed assets. 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 is under consideration.
c) There has been no sale of substantial part of the fixed assets to affect the going concern aspect.	No Comments
2. a) We are informed that inventory have been physically verified by the Management periodically.	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 maintained proper records of inventory. The discrepancies noticed on such 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 are 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.	No Comments

<p>However, there is need for further strengthening of internal control with respect to sale of power for billing of new connections and periodicity of meter reading for billing and with respect to maintenance of details of party wise receivables, payables and other assets and with respect to accounting system of pole factory. In our opinion, there is a continuing failure in respect of internal control in the areas mentioned above which needs further strengthening</p>	<p>The scale of power and related billing activities have been computerized and monitored at corporate level. This includes billing of new connection, faulty meters, etc Meter reading work is outsourced and photometer reading system is in place. As suggested, there is need need for further strengthening of internal control and for that purpose appointment of C.A.firms is under consideration.</p>
<p>5. a. According to the information and explanations given to us, during the period under audit, there have been no contracts or arrangements, which need to be entered in the register maintained under section 301 of the Companies Act, 1956.</p>	<p>No Comments</p>
<p>b. In view of clause 5(a) above, this clause is not applicable.</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 an internal audit system, which in our opinion, is not commensurate with the size and nature of its business.</p>	<p>Internal Audit wing is being strengthened. The action plan of creating a panel of independent CA firms for carrying internal audit function is also under consideration.</p>
<p>8. In our opinion and according to the information and explanation given to us, prima facie the Company has made and maintained the basic records as prescribed by the Central Government under U/S. 209 (1) (d) of the Companies Act, 1956.</p>	<p>No Comments</p>
<p>9. (a) According to the information & explanation given to us and according to the books & records, the company is generally regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Investor Education and Protection Fund, Income tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty,</p>	<p>No Comments</p>

cess and any other statutory dues with the appropriate authorities.					
However, in respect of electricity duty, there is a due of Rs. 31331.95 Lacs (Previous year Rs. 19674.64 lacs) 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 ascertained.					Average monthly billing of electricity duty is Rs. 120 crs. As such Electricity Duty outstanding as on 31.03.2009 is not more than six months.
(b) According to the information and explanation given & representation made to us, there are no dues of income-tax, wealth-tax, sales tax, service tax, custom duty, excise duty and cess which have not been deposited on account of any dispute except the following:					
Name of Statute	Nature of dues	Amount (in Lacs)	Period to which the amount relates	Forum where the dispute is pending	Factual
Income Tax Act	Income tax dues along with interest	71766.57	Asstt year 2006-07	CIT (Appeals) – X, Mumbai	
Income Tax Act	Fringe benefit tax	0.99	Asstt year 2006-07	CIT (Appeals) – X, Mumbai	
Income Tax Act	Income tax deduction at source with interest	18431.83	Asstt year 2009-10	CIT (Appeals) – XXX, Mumbai	
10. Since the company has been incorporated on 31st May, 2005, clause (x) of the order is not applicable.					No Comments
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 and debenture holders during the period.					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 loan raised during the period have prima facie been applied for the purpose for which they were raised.	No Comments
17. According to the information and explanation given to us and on overall examination of the balance sheet of the company, in our opinion there are no funds raised on short term basis which have been used for long term investments.	No Comments
18. The company has not made any preferential allotment of shares during the year ended on 31st March, 2009.	No Comments
19. Since the company does not have any debentures, 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. According to the information and explanation given to us, a fraud has been reported during the year amounting to Rs. 4.89 lacs (Previous Year Rs. 65.84 lacs) net of recovery.	Factual

**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL
OF INDIA UNDER SECTION 619 (4) OF THE COMPANIES
ACT,1956 ON THE ACCOUNTS OF MAHARASHTRA STATE
ELECTRICITY DISTRIBUTION COMPANY LIMITED, MUMBAI FOR
THE YEAR ENDED 31 MARCH 2009**

The preparation of financial statements of '**Maharashtra State Electricity Distribution Company Limited**', Mumbai for the year ended 31 March 2009 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 October 22,2009.

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 2009. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records. Based on my supplementary audit, I would like to highlight the following significant matters under Section 619(4) of the Companies Act,1956 which have come to my attention and which in my view are necessary for enabling a better understanding of the financial statements and the related Audit Report:

**A. Comments on Profitability
Profit and Loss Account
Income**

Revenue from Sale of power (Schedule 14) Rs.23483.06 crore

1.(a) The above is understated due to

- I) Non accountal of Supplementary Bill
on introduction of new tariff category
HT-II Commercial at Rasta Peth Rs. 644.71 Lakh**
 - ii) Non consideration of Unbilled Revenue
for reliability charges for zero load
shedding in Pune city at Rastapeth
and at Ganesh Khind Rs. 150.45 Lakh**
- This also resulted in overstatement of Loss and understatement of Receivables by Rs.795.16 lakh

(b) The above is overstated due to

- (I) not considering the Power Factor Incentive in respect of HT consumer while making provision for unbilled revenue for 15 days in March 2009 amounting to Rs.26.10 lakh.(Rastapeth)
- (ii) non provision of amount refundable to HT consumers pertaining to 2008-09 Rs.748.93 lakh (Rs.690.56 lakh of pen Circle +Rs. 58.37 lakh of Vashi Circle)
- (iii) non withdrawal of DPC and Interest Charges refundable to Powerloom consumers (Vashi circle) amounting to Rs.67.22 lakh.
- (iv) non provision of credit for power generated by HT consumers valued at Rs.1141.70 lakh for 280.23lakh units of power generated.(Rastha peth (Rs.343.40 lakh),Thane (Rs.44.69 lakh),Ganeshkhind (Rs.577.38 lakh),Vashi (Rs.94.71lakh),Vasai (Rs.5.26 lakh), Pen(Rs.35.39 lakh) & Kalyan (Rs.40.87 lakh)
This resulted in understatement of Loss and overstatement of Receivables by Rs.1983.95 lakh

(C) Residential /Commercial complex HT VI

The Company has neither rased bills nor accounted for unbilled revenue due from Maha Genco in respect of power supplied to residential colony of Chandrapur Super Thermal Power Station supplied to resulting in understatement of Income from Sale of Power for the year by Rs.141.67 lakh and for Prior Period Credits.

Credits (2005-08) by Rs.519.44 lakh with corresponding understatement of Sundry Detors and overstatement of Loss by Rs.661.11 lakh.

Other Income (Schedule 15)Rs.1315.39 crore.

Delayed Payment Charges from Consumers :Rs.139.55 crore

- 2. The above is understated by Rs.119.49 lakh due to non accountal of delayed payment charges due from consumers as on 31 March 2009. This has resulted in overstatement of Loss and understatement of Sundry Debtor by Rs.119.49 lakh (Pen Rs.116.93 lakh & Vashi Rs.2.56 lakh)

Expenditure

Purchase of Power (Schedule 16)

Power Purchased from NTPC : Rs.4994.53 crore

- 3. Non accountal of excess payments recoverable from NTPC Vidyut Vyapar Nigam Ltd.(NVVNL) FOR Purchase of Power has resulted in overstatement of power purchase cost (including prior period adjustment) with corresponding overstatement of loss and understatement of receivables by Rs. 247.07 lakh (H.o)

Employee Cost (Schedule-17) Salaries & Allowances

4. Employee Cost is overstated by net Rs.5338.58 lakh as the provision for arrears for 2008-09 on account of pay revision effective from 1 April 2008 works out to Rs.36261.42 lakh whereas the actual provision made there against stands at Rs.41600 lakh. This has resulted in overstatement of Loss for the year by Rs.5338.58 lakh with corresponding overstatement of Current Liabilities -provisions to that extent.(H.O)

Administration and General Expenses (Schedule -18): Rs.916.27 crore

- 5(a). Non provision for expenses pertaining to 2008-09 on Rates & Taxes Rs.12.61 lakh (Pen & Vashi), Repairs & Maintenance Rs.5.96 lakh (Thane & pen), Legal Charges -Rs.0.54lakh (Vashi), Expenses on Hire of Taxi Rs.18.81 lakh (Rastapeth), EDP charges Rs.20.99 lakh (Ganeshkhind, Pen & Rastapeth), Water charges Rs.21.80 lakh (Ganeshkhind Ganeshkhind expenses on Consumer billing Rs.38.88 lakh (Vashi Pen, Vasai Ganeshkhind Rasthapeth), Bank commission payable Rs.25.41 lakh (Pen, Rastapeth & Vashi), Security measures Rs.5.01 lakh (Thane & Kalyan) has resulted in understatement of both the Administration & General Expenses, Current Liabilities and the Loss by Rs.158.96 lakh.

Repairs & Maintenance

- (b) The above does not include Rs.536.56 lakh being the expenditure incurred on replacement of meters during the year 2008-09. The company had capitalizing the said expenditure and created Assets worth Rs.617.04 lakh after capitalizing General Establishment Charges of Rs.80.48 lakh at the rate of 15 peprcent on the aforesaid expenditure. This has resulted in overstatement of Depreciation by Rs. 25.48 lakh and understatement of Repairs and Maintenance by Rs.536.56 lakh and Administration, General Expenses by Rs.80.48 lakh. The Loss was also understated by Rs.591.56 lakh.(Rasthapeth & Ganeshkhind)

Depreciation: Rs.646.77 crore

6. The above is understated by Rs.249.34 lakh due to applying rates lower than that prescribed in Schedule XIV of Companies Act 1956 resulting in corresponding understatement of loss to that extent .Further, this is in contravention of significant Accounting Policies of the Company at Sr.No.6(C) Schedule 22

Interest and Finance Charges (Schedule20)

Interest on State Govt .Loans: Rs.54.56 crore

7. Erroneous calculation of interest payable to state Government on loans resulted in overstatement of interest for the year 2008-09 by Rs.20.96 lakh and Prior Period Expenditure (2007-08) by Rs.27.81 lakh with corresponding overstatement of Loss and understatement of Receivables to the extent of Rs. 48.77 lakh .(W&M)
8. Interest for 2008-09 is understated due to under provision for Interest payable to Government of Maharashtra by Rs.178.50 lakh (being interest for delay of 101 days in

repayment of principal). This has resulted in corresponding understatement of loss as well as liabilities for the year by Rs.178.50 lakh (W&M)

Interest on Loans from REC: Rs.259.04 crore

9. The above is understated due to retention of swapping expenditure of Rs. 37.24 lakh in respect of lones beyond the tenure of loans (i.e.scheduled repayment period of loan expiring on 31 March 2009) resulting in corresponding understatement of loss by Rs.37.24lakh as well as overstatement of Deferred Cost under Fixed Assets to extent.(W&M)

Interest on Loans from PFC: Rs.96.10 crore

10. The above is understated by Rs.78.84 lakh due to deferring the expenditure on restructuring of loan beyond the loan repayment period (i.e.31.03.2009) resulting in corresponding understatement of loss and overstatement of Deferred Cost under Fixed Assets to extent.(W&M)

Discount to Consumers for Timely Payment of Bill : Rs.147.98 crore

11. The above is understated by Rs.92.22 lakh due to non - accountal pf prompt payment discount admissible to the consumers for the month of March 2009.
This has resulted in understatement of loss as well as Current liabilities by Rs.92.22 lakh. (Ganeshkhind. Rastapeth & pen)

Interest on Consumers' Security Deposits : Rs..154.86 crore

12. The above is understated by Rs.79.56 lakh due to non - provision of interst payable on Security Deposits of consumers. This has resulted in understatement of loss as well as liabilities by Rs.79,56 lakh. (Vashi)

Net prior period credits (charges) (Schedule 21) : Rs.25.14 lakh crore
Prior Periods Expenses/losses

13. (a)The above is understated by Rs. 48.81 lakh on account of short provision of energy purchase cost for power procured from Pench Hydro Power Project pertaining to the year 2006 - 2007 and 2007 - 2008. (H.O)
- (b) The above is understated by Rs. 11.06 lakh due to excess provision of Depreciation for earlier years with corresponding understatement of fixed assets. (Vashi)

B Comments on financial position
Current Liabilities (Schedule 13)
Other liabilities - Liability for Expenses : Rs. 462.07 crore

14. The above does not include expenditure of Rs. 95.98 lakh incurred by the Company for providing temporary power supply to Balewadi Sports Complex, Pune for Commonwealth

games 2008. Non - provision of the same has resulted in understatement of assets and understatement of Current Liabilities by Rs.95.98 lakh. (Ganeshkhind)

Assets

Fixed Assets (Schedule 5)

Lines & Cable Network : Rs. 8872.81 crore

15. This is understated by Rs. 25.25 lakh due to adoption of incorrect rates for capitalization of cost of meters utilized for providing new service connections with corresponding overstatement of WIP to that extent, (Rastapeth)

Office Equipment : Rs.98.48 crore

16. The above stands understated by Rs.26.17 lakh due to non capitalization of Computers, Printers & UPS which resulted corresponding understatement of Liabilities by Rs. 26.17 lakh (Vashi - Rs.10.18 lakh, & Thane - 15.99 lakh). The Depreciation and Loss are also understated by Rs.1-11 lakh.

Capital Work in Progress (Schedule - 6)

Capital Work in Progress : Rs.1821.65 crore

17. The above includes expenditure of Rs.31.00 lakh on meters utilised for providing new service connection to the consumers during the year 2008 - 2009. The same should have been transferred to Assets and depreciation charged on pro rata basis from the date of commissioning of meters. This has resulted in Overstatement of Capital Work in Progress and Understatement of Gross block of Assets by Rs. 31.00 lakh. Consequently, this has also resulted in understatement of Depreciation and Loss by Rs.3.91 lakh.(Rasthapeth)
18. The above does not include Rs.23.47 Lakh being the capital expenditure incurred on conversion of "Over head lines to underground cable work " for which bills were received in March 2009. This has resulted in understatement of Capital Work in progress and current Liabilities by Rs.23.47 lakh (Ganeshkhind)

Cash & Bank Balance (Schedule 11)

Balance with Banks

Current Account : Rs.285.34 crore

19. (a) The above is overstated
- 1) by Rs.8.08 lakh due to inclusion of time barred cheques deposited for collection resulting in understatement of sundry Debtors/ Receivables. (HO Rs.3.70 Lakh + Pen Rs.4.38 lakh)
 - 2) due to non accountal of debit by five banks amounting to Rs. 482.26 lakh. The corresponding effect on expenditure/ other head of account /Loss were not reflected in the account for the year 2008 -2009. (W & M) (State Bank of India, Canara Bank, Bank of India, Bank of Maharashtra)

3) by Rs.2.31 lakh being amount of cheques received from consumers for energy charges and deposited with the bank but not credited by bank as cheques were dishonoured in understatement of Receivables to that extent. (Pen)

(b) The above is understated by

(1) Rs. 545.01 lakh being cheques issued by company that have become time barred resulting in understatement of liabilities. (W &M)

(2) by Rs.3.67 lakh being realization from debtors duly credited by bank resulting in overstatement of sundry Debtors. (HO)

(3) by Rs. 465.14 lakh being amount credited by banks between September 1992 and March 2006 for which the Company has not given any effect in its Books so far (March 2009) (W &M)

(4) by Rs. 41.72 lakh being wrong debit (between September 2005 and February 2007) in the Books at W & M unit resulting in understatement of Liabilities. (W & M)

C. Comments on Disclosure

Significant Accounting Policies and Notes to Accounts (Schedule. 22).

(A) Significant Accounting Policies

20. The Company has followed the straight line method of depreciation at the rates notified by the Ministry of Power, Government of India and disclosed the rates of depreciation followed. It has also stated that the depreciation so provided was not less than the Depreciation worked out at the rates prescribed under sch. XIV of the Companies Act 1956 (Sr.No. 6 (c) Schedule 22). The policy of Depreciation mentioned above was deficient as the depreciation rates applied for Hydraulic Works (3.40 %) and Computers etc. under Office Equipments (12.77%) were less than the principal rate of 13.91% 16.21% respectively specified in Schedule XIV.

Notes to Accounts

Contingent liability

21. (a) Navi Mumbai Municipal Corporation (NMMC) had raised demand amounting to Rs. 159.00 Lakh from the Vashi Circle of the Company towards Cess/ Octroi and Penalty and Interest against which the Company has filed legal suit. Pending settlement of matter subjudice Disclosure should have been made by way of notes. (Vashi)
- (b) In view of orders of MERC leaving option for subsequent variation in the present tariff of Rs. 2.05 and claim by Water Reserves Department (WRD), @ Rs.3/-, pending execution of Power purchase agreement, MSEDCL should have disclosed Contingent Liability for impending claims of WRD amounting to Rs.315.96 crore (for the differential tariff for

units purchased).

- (c) Claims against Company not acknowledged as debts should have been shown as Rs.55059 lakh instead of 55005 Lakh as outright contribution forming part of the aforesaid claim has incorrectly considered short Rs.54.00 lakh.

Statement Relating to Subsidiary Company :

22. Company has neither attached to its Balance Sheet, the documents in respect of its Subsidiary (viz - Dhopave Coastal Power Ltd), as prescribed under sub section (1) (a) to (d) of Section 212 of the Companies Act,1956 nor mentioned any remarks for not attaching the said documents.
The said Statement is not signed by the Statutory Auditors.
23. Deduction from Capital Reserve Account on account of depreciation of Rs.3119.48 lakh charged during 2008 -2009 in respect of assets created from Consumers's Contribution Grant and Subsidy Should have been disclosed in the Reserves and Surplus account in Schedule 2 as deductions from specific reserve account as warranted by Schedule Vi companies Act, 1956 (HO)

For and on the behalf of

The Comptroller and Auditor General of India

**ACCOUNTANT GENERAL
(COMMERCIAL AUDIT)**

Date : 15-04-2010
Place: Mumbai

**Managment Reply to comments on
Accounts of Marashtra State Electricity
Distrubution Company Limited for the year 2008-2009**

Annexure-A

CAG Comments	Management Reply
A.Comments on Profitability	
Profit and Loss Account	
Income:	
Revenue from Sale of power (Schedule14):Rs.23483.06Crore	
1.(a)The above is understated due toI) Non accountal of Supplementary Billson introduction of new tariff category HT-II Commercial at Rastapeth -Rs.644.71 lakh.	I)The necessary rectification entries have been passed during the Financial Year 2009-10
II) Non consideration of Unbilled Revenue for reliability charges for zero load shedding in pune city at Rastapeth and at Ganesh Khind- Rs.150.45 lakh. This also resulted in overstatement of Loss and understement of Receivables by Rs.795.16 lakh.	II)The necessary rectification entries have been passed during the Financial Year 2009-10
b)The above is overstated due to I)Not considering the Power Factor Incentive in respect of HT consumer while making provision for unbilled revenue for 15 days in March 2009.amounting to Rs.26.10 lakh (Rasta Peth)	I)The necessary rectification entries have been passed during the Financial Year 2009-10
II)non provision of amount refundable to HTconsumers pertaining to 2008-2009 Rs.748.93 lakh (Rs.690.56 lakh of Pen Circle + Rs.58.37 lakh of Vashi Circle)	II)The necessary rectification entries have been passed during the Financial Year 2009-10
III) non withdrawal of DPC and Interest Chargs-refundable to powerloom(Vashi Circle) amounting to Rs.67.22 lakh	III)The necessary rectification entries have been passed during the Financial Year 2009-10
IV) non provision of credit power generated by HT consumers valued of Rs.1141.70 lakh for 280.23 lakh units of power generated.(Rastapeth) (Rs.343.40 lakh), Thane (Rs. 44.69 Lakh) Ganeshkhind. (Rs.577.38 lakh),Vashi (Rs.94.71 lakh),Vashi Rs.5.26 lakh). pen (Rs.35.39 lakh), & Kalyan (Rs.40.87 lakh) This resulted in understatement of Loss and overstatement of Receivables by Rs.1983.95 lakh.	IV)The necessary rectification entries have been passed during the Financial Year 2009-10

(C) Residential / Commercial Complex HT VI	
<p>The Company has neither reised bills nor accounted for unbilled due from Mahagenco in respect of power supplied toresidential colony of Chandrapur Super Thermal Power station resulting in understatement of Income from Sale of power for the year by Rs.141.67 lakh and for Prior Period Credits (2005-2008)by Rs.519.44 lakh with corresponding understatement of Sundry Debtors and overstatement of Loss by Rs.661.11.lakh.</p>	<p>Provisional bill has been issued to the Chief General Manager, Chandrapur Thermal Power Station, (MSPGCL).</p>
<p>Other Income (Schedule 15):Rs.1315.39 crore. Delayed Payment Charges from Consummers: Rs.139.55. crore.</p>	
<p>1) Non accountal of Supplementary Bill introduction of new tariff</p> <p>2. The above is understated by Rs.119.49 lakh due to non accountal of delayed payment charges due from consumer on 31st March 2009.This has resulted in overstatement of Loss and understatement of Sundry Debtors by Rs.119.49 lakh (Pen-116.93 & Vashi-2.56 lakh)</p>	<p>The necessary rectification entries have been passed during the Financial Year 2009-10</p>
<p>Expenditure Purchase of Power (Suhedule -16) Power Purchased from NTPC:Rs.4994.53 crore.</p>	
<p>3. Non accountal of excess payements recoverable fromNTPC Vidyut Vyapar Nigam Ltd. (NVVNL) for purchase of power has resulted in overstatement of power purchase cost (including prior period adjustment) with corresponding overstatement of Loss and understatement of receivables by Rs.247.07 lakh (H.O)</p>	<p>The necessary rectification entries have been passed during the Financial Year 2009-10</p>
<p>Employee Cost (Schedule -17) - Rs.2398.39 crore. Salaries & Allowances.</p>	
<p>4. Employee cost is overstated by net Rs.5338.58 lakh as the provision for arrears for 2008-2009 on account of pay revision effective from 1 st April 2008 works out to Rs.36261.42 lakh whereas the actual provision may there against stands at Rs.41600 lakh.This has resulted in overstatement of Loss for the year by Rs.5338.58 lakhs.with corresponding of over statement Current Liabilities-Provision to the extent.(H.O)</p>	<p>MSEDCL has made a provision of Rs.416 crs towards arrears of pay fixation.This provision has been made on the basis of principles set out in pay fixation Circuar.The various elements (i.e.basic30%, allowance 20% etc.) of wage revision have been worked</p>

	<p>out on the basic and allowance as on 1st April 2008 and accordingly estimated provision has been made. Actual amount of arrears may vary as compared to provision as exact amount can not be ascertained without releasing actual payment. However, after effecting actual payment of arrears, the provision, excess or less if any, will be adjusted at the time of finalizing accounts for the financial Year 2009-2010</p>
<p>Administration and General Expenses (Schedule -18):Rs.916.27 crore</p>	
<p>5.(a) non provision for expenses pertaining to 2008-2009 on Rates & Taxes Rs.12.61 lakh. (Pen & Vashi)Repairs & Maintenance - Rs.5.96 lakh (Thane &Pen), Legal Charges- Rs.0.54 lakh (Vashi), Expenses on Hire of Taxi - Rs.18.81 lakh (Rastapeth, EDP charges - Rs.20.99 lakh(Ganeshkind, Pen & Rastapeth), Water Charges - Rs. 21.80 lakh Ganeshkhind, expenses on consumer billing- Rs. 38.88 (Vashi, Pen, Vasai, Ganeshkhind, Rasthapeth), Bank commission payable - Rs.25.41 lakh (Pen, Rastapeth, Vashi), Security measures - Rs.5.01 lakh (Rastapeth) and Miscellaneous Expenses - Rs.8.95 lakh (Thane & Kalyan) has resulted in understatement of both the Administration & General Expenses, Current Liabilities - provision and the Loss by Rs.158.96 lakh</p>	<p>5)The Necessary rectifiication entries have been passed during the Financial Year2009-2010</p>
<p>Repairs & Maintenance</p>	
<p>b)The above does not include Rs.536.56 lakh being the expenditure incurred on replacement of meters during the year 2008-2009.The company had capitalized the said expenditure and created Assets worth Rs.617.04 lakh after capitalized General Establishment Charges of Rs.80.48 lakh at the rate of 15percent on the aforesaid expenditure.This has resulted in overstatement of Depereciation by Rs.25.48 lakh and understatement of Repairs & Maintenance by Rs.536.56 lakh administation,General Expenses by as Rs.80.48 lakh.The Loss was also understated by Rs.591.56 lakh.The Loss was also understated by Rs.591.56 lakh.(Rastapeth & Ganeshkhind)</p>	<p>b)The Necessary rectifiication entries have been passed duringthe Financial Year2009-2010</p>

Depreciation :Rs.646.77 Crore	
<p>6.The above is understated by Rs.249.34 lakh due to applying rates lower than that prescribed in schedule XIV of Companies Act 1956 resulting in corresponding understatement of loss to that extent.Further,this is in contravention of significant Accounting policies of the Company at Sr.No. 6 (c) Schedule 22.</p>	<p>6)MSEDCL adopted rates of depreciation issued by Ministry of Power vide notification dated 29/03/94. Hence, there is no need of calculating item wise impact on the depreciation. more over as per Clause No. 205 (2) (C) of the companies Act. 1956 depreciations shall be provided on any other basis approved by the Central Govt. Hence, there is no under statement of loss.</p>
Interest and Finances Charges(Schedule20)	
Interest on State Govt.Loans:Rs.54.56 crore	
<p>7)Erroneous calculation of interest payable to State Government on loans resulted in overstatement of interest for the year 2008-09 by Rs. 20.96 lakh and prior period Expenditure (2007-2008) by Rs. 27.81 lakh with corresponding overstatement of the extent Loss and understatement of Receivables to the extent of Rs. 48.77 lakh (W& M)</p>	<p>7)The Necessary rectifications entries have been passed during the Financial Year2009-2010</p>
<p>8)Interest for 2008-09 is understated due to under provision for interest payable to Government of Maharashtra by Rs.178.50lakh (being interest for delay of 101days in repayment of principal).This has resulted in corresponding understatement of Loss as well as liabilities for the year by Rs.178.50 lakh.(W&M)</p>	<p>8)The GOM has wrongly deducted Rs.1770.37 crs. from MSEDCL towards liabilities pertaining to the erstwhile MSEB. The matter was taken up with the GoM and subsequently GoM has agreed to pay the wrongly deducted amount. Taking this into consideration, the amount of repayment and interest which was due on 1st April2008 has been held up and interest has not been provided</p>

Interest on Loans from REC:Rs.259.04 Crore	
9.The above is understated due to retention of swapping expenditure of Rs.37.24 lakh in respect of loans beyond of loan(i.e.scheduled repayment period of loan expiring on 31 st March 2009)resulting in corresponding understatement of loss by 37.24 lakh as well as overstatement of Deferred Cost under Fixed Assets to that extent(W&M)	9)The Management vide office note no.AD/BA/2001-02/11 had taken decision to write off premium amount arising out of restructuring of loans during the period 2002-03 to 2011-12.Accordingly the interest amount is being written off.
Interest on Loans from PFC:Rs.96.10 Crore	
10.The above is understated by Rs. 78.84 lakh due to deferring the expenditure on Restructuring of loans beyond the loan repayment period(i.e.31-03-2009) resulting in corresponding understatement of loss and overstatement of Deferred cost under Fixed Assets to that extent.(W&M)	10)The Management vide office note no.AD/BA/2001-11 had taken decision to write off premium amount arising out of restructuring of loans. during the period 2002-03 to 2011-12. Accordingly the interest amount is being written off.
Discount to Consumers for Timely Payment of Bill: Rs. 147.98 Crore	
11.The above is understated by Rs. 92.22 lakh due to non-accountal of prompt payment discount admissible to the consumers for the month of March 2009.This has resulted in understatement of Loss as well as Current Liabilities by Rs. 92.22 lakh.(Ganeshkhind,Rastapeth &Pen)	11)The Necessary rectification entries have been passed during the Financial Year2009-2010
Interest on Consumers' Security DEPOSIT: Rs. 154.86 Crore	
12.The above is understated by Rs. 79.56 lakh due to non-provision of interest payable on Security Deposit of consumers. This has resulted in understatement Loss as well as Liabilities by Rs. 79.56 lakh. (Vashi)	12)The Necessary rectification entries have been passed during the Financial Year2009-2010
Net prior Period Credit (Charges)(Schedule21):Rs.25.14 Crore prior Period Expenses/Losses	
13)(a)The above is understatement by Rs. 48.81 lakh on account of short provision of energy purchase cost for power procured from Hydro power project pertaining to the year 2006-07 and 2007-08 (HO)	13)The Necessary rectification entries have been passed during the Financial Year2009-2010

13)b)The above is overstated by Rs. 11.06 lakh due to excess provision of Depreciation for earlier years. With corresponding understatement of Fixed assets(Vashi)	13)The Necessary rectification entries have been passed during the Financial Year2009-2010
(B)Comments on financial position Current Liabilities (Schedule-13) Other Liabilities-Liability for Expenses: Rs. 462.07 crore	
14)The above does not include expenditure of Rs. 95.98 lakh incurred by the company for providing temporary power-supply to Balewadi Sports Complex. Pune for commonwealth games2008 .Non-provision of the same has resulted in understatement of assets and understatement of Current Liabilities by Rs.95.98 lakh (Ganeshkhind)	14)The Necessary rectification entries have been passed during the Financial Year2009-2010
Assets	
Fixed Assets (schedule - 5):	
Lines & Cable Networks: Rs. 8872.81 Crore	
15)This is understated by Rs. 25.25 lakh due to adoption of incorrect rates for capitalization of cost of meters utilized for providing new service connections with corresponding overstatement of WIP to that extent.(Rastapeth)	15)The Necessary rectification entries have been passed during the Financial Year2009-2010
office Equipment :Rs.98.48 Crore	
16) The above stands understatement by Rs.26.17 lakh due to non capitalization of Computers, printers and UPS which resulted in corresponding understatement of Liabilities by Rs.26.17 lakh (Vasai -10.18 lakh & Thane 15.99 lakh).The Depreciation and Loss are also understated by Rs. 1.11 lakh.	16) The Management vide office note no.AD/BA/2001-02/1 had taken decision to write off premium amount arising out of restructuring of loans during the period 2002-03 to 2011-12 Accordingly the interest amount is being written off.
Capital Work in Progress (schedule - 6)	
Capital Work in Progress :Rs. 1821.65 Crore.	
17)The above includes expenditure of Rs. 31.00 lakh incurred on meters utilised for providing new service connections to the consumer during the year 2008-2009 The same should have been transferred to Assets and depreciation charged on pro rata basis from the date of commissioning of meters.	17)The Management videoffice note no.AD/BA/2001-02/11 had taken decision to write off premium amount arising out of restructuring of loans during the

This has resulted in overstatement of Capital Work in progress and understatement of Gross block of Assets by Rs.31.00 lakh. Consequently this has also resulted in understatement of depreciation and Loss by Rs. 3.91 lakh (Rastapeth)	period 2002-2003 to 201 - 2012 Accordingly the interest amount is being written off.
18)The above does not include Rs. 23.47 lakh being the capital expenditure incurred on conversion of "over head lines to underground cable work"for which bills were received in Capital in progress and Current Liabilities by Rs.23..47 lakh.(Ganeshkhind)	18)Noted for future.
Cash & Bank Balances (Schudle11) Balance with Banks Current Account:Rs.285.34Crore	
19)a) The above is overstated	19) a)The Necessary rectification entries have been passed during the Financial Year2009-2010
i)By Rs.8.08 lakh due to inclusion of time barred cheques deposited for collection resulting in understatement of sundry Debtors/Receivables.(H.O)Rs.3,70 lakh+pen Rs. 4.38 lakh)	i)The Cheque have not been realized, the consumer have debited with interest(pen)
ii)due to non accountal of debit by five banks amounting to Rs. 482.26 lakh. The Corresponding effect on expenditure/other head of account/loss were not reflected in the accounts for the year 2008-09. (W&M) (State Bank of India, Canara Bank of India, Bank of Maharashtra)	ii)The Necessary rectification entries have been passed during the Financial Year2009-2010
iii)By Rs. 2.31 lakh being the amount of cheques from consumers for energy charges and deposited with the bank but not credited by bank as cheques were dishonoured resulting in understatement of Receivable to that extent.(pen)	iii)The Necessary rectification entries have been passed during the Financial Year2009-2010
b)The above is understated by I)Rs.545.01 lakh being cheques issued by company that have become time barred resulting in understatement of liabilities.(W&M)	The Necessary rectification entries have been passed during the Financial Year2009-2010
II)by Rs.3.67 lakh being realization from debtors duly credited by bank resulting in overstatement of Sundry Debtors.(H.O)	

III) by Rs. 465.14 lakh being amount credited by banks between September 1992 and March 2006 for which the Company has not given any effect in its Books so far (March 2009).(W&M)	
IV) by Rs. 41.72 lakh being wrong (between September 2005 and February 2007) in the Books at W&M unit resulting in understatement of Liabilities (W & M)	
C) Comments on Disclosure Significant Accounting Policies and Notes to Accounts (Schedule - 22)	
(A) Significant Accounting Policies	
<p>20. The Company has followed the straight line method of depreciation at the rate notified by the Ministry Power, Government of India and disclosed the rates of depreciation followed. It has also stated that the depreciation so provided was not less than the Depreciation worked out at the rates prescribed under sch. XIV of the companies Act 1956 (Sr. No.6 (c) of Schedule 22).The policy of Depreciation mentioned above was deficient as the Depreciation rates applied for Hyduraulic Works(3.4%)and Computers etc. under office Equipments (12.77%) were less than the principal rate of 13.91 and 16.21% respectively specified in Schedule XIV.</p>	<p>As per Note No.5 (I) to s c h e d u l e XIV, of the Companies Act, 1956.The information should be disclosed in the accounts if depreciation rates or the useful life of the assets, if they are different from the principal rates specified in the schedule MSEDCL has disclosed the rates of depreciation at para 6 (d) of schedule 22 (note to the accounts) Thus the requirement of note 5 of schedule XIV of the Companies Act,1956 has been fulfilled.</p> <p>The accounts up to financial year 2007 - 2008 have been made as per provision of the companies act.1956 no such disclosure has been made there is no undercharging of depreciation the depreciation has been charged in accordance with section 205 (2) (c) the companies act. 1956 on the basic of notification dated 29 March 1994 issued by Ministry of power of Govt. of India</p>
Notes to Accounts	
Contingent ligbittity	
21(a) Navi Mumbai Municipal (NMMC) had raised demand	The company has filed suit

amounting to Rs. 159.00 LAKH from the Vashi Circle of the Company to wards Cess/Octroi and Penalty and Interest against which the Company has filed legal suit. Pending settlement of matter subjudice disclosure should have been made by way of notes (Vashi)	No.14/2009 against NMMC and hon Court has directed NMMC TO reassess an amount of cess/octroi and penalty. The necessary disclosure will be indicated in the accounts for financial year 2009-10, if the case is not settled.
b) In view of order of MERC leaving option open for subsequent variation in the present tariff of Rs. 2.05 and claim by Water reserves Department (WRD), @Rs .3/- Pending execution of power purchase agreement, MSEDCL should have disclosed contingent of Rs. 315.96 crores (for the differential tariff for units purchased).	Suitable notes to the accounts will be incorporated while finalizing the accounts for the year 2009-10
c) Claims against Company not acknowledged as debts should have been shown as Rs. 55059 lakh instead of 55005 lakh as outright contribution forming part of the aforesaid claim has been incorrectly considered short by Rs. 54.00 lakh.	This is typographical error, the same will be corrected during the year 2009-10.
22) Company has neither attached to its Balance Sheet, the documents in respect of its Subsidiary (viz-Dhopave Coastal Power Ltd), as prescribed under sub section (I)(a) to (d) of section 212 of the Companies Act, 1956 nor mentioned any remarks for not attaching the said Statutory the said documents. The said Statement is not signed by the Statutory Auditors.	Balance Sheet, Profit & loss account, Director's Report and Auditor's Report could not be attached with the Annual Accounts of the Company as the Statutory Audit of the Dhopave Coastal Power Ltd. could not be completed till that date. Further, Dhopave coastal Power Ltd. is no more subsidiary of MSEDCL.
23) Deduction from Capital Reserve account on account of depreciation of Rs. 3119.48 lakh charged during 2008-09 in respect of assets created from consumer's Contribution, Grant and Subsidy should have been disclosed in the Reserves and Surplus account in schedule 2 as deductions from specific reserve account as warranted by schedule of the Companies Act, 1956 (HO).	This being the transition year it was not possible to show the deduction separately. However, from the next year, deduction from Capital Reserve will be shown separately

FOR AND ON THE BEHALF OF THE BOARD

(CHAIRMAN)

Date: 20-05-2010

Place: Mumbai

MAHARSHTRA STATE ELECTRICITY DISTRIBUTION COMPANY LIMITED			
<u>BALANCE SHEET AS AT 31st MARCH, 2009</u>			
(Rs in Lacs)			
PARTICULARS	SCHEDULE No.	As at 31.03.2009	As at 31.03.2008
SOURCES OF FUNDS			
(1) Shareholder's Funds			
a) Share Capital	1	5.00	5.00
b) Contribution from GoM / MSEB Holding Company Ltd.		323271.03	321135.97
c) Equity from GoM towards Projects		20780.00	0.00
Reserve and Surplus	2	197395.66	184972.08
(2) Loan Funds			
(a) Secured Loans	3	383441.28	366550.70
(b) Unsecured Loans	4	61133.37	62263.96
TOTAL		986026.34	934927.71
APPLICATION OF FUNDS			
(1) Fixed Assets			
(a) Gross Block	5	1349938.52	1186535.34
(b) Less : Accumulated Depreciation		747807.39	684671.32
(c) Net Block		602131.13	501864.02
(d) Capital Work in Progress	6	197556.20	168491.70
(2) Investments	7	6845.02	6838.47
(3) Deferred Tax Assets		65938.50	0.00
(4) Current Assets Loans & Advances			
(a) Interest accrued on Investments	8	875.00	1013.87
(b) Inventories	9	18094.75	10697.50
(c) Sundry Debtors	10	1062712.90	820823.06
(e) Cash and Bank Balances	11	51776.21	117820.57
(f) Loans and Advances	12	195090.96	230341.26
		1328549.82	1180696.26
Less: Current Liabilities and Provisions	13	1214994.33	922962.74
NET CURRENT ASSETS		113555.49	257733.52
TOTAL		986026.34	934927.71
Significant Accounting Policies and Notes to Accounts	22		

S.M.Bhoyar
Chief General Manager (C.A.)

S.R.Tiwari
Company Secretary

D.D.Wavhal
Director (Finance)

Ajoy Mehta
Managing Director

Asoke Basak
Chairman

As per our report of even date attached here to

**For Shah Khandelwal Jain &
Associates.
Chartered Accountants**

**For Jodh Joshi & Co.
Chartered Accountants**

**For Ummed Jain & Co.
Chartered Accountants**

(S.C. Oswal)
Partner
M.No. 040248

(Y.K. Verma)
Partner
M.No. 105954

(U.M. Jain)
Partner
M.No. 70863

MAHARSHTRA STATE ELECTRICITY DISTRIBUTION COMPANY LIMITED

Profit and Loss Account for year ended 31st March, 2009

(Rs in Lacs)

PARTICULARS	SCH. No.	Year Ended 31st March, 2009	Year Ended 31st March, 2008
INCOME			
Revenue from Sale of Power	14	2348306.03	2015861.50
Other Income	15	131538.71	84054.69
TOTAL INCOME		2479844.74	2099916.19
EXPENDITURE			
Purchase of Power	16	2060629.95	1700638.89
Employee Costs	17	239839.07	168981.26
Administration and General Expenses	18	91627.34	77543.40
Other Expenses	19	81939.92	31932.99
Depreciation		64677.11	53983.17
Interest and Finance Charges	20	78790.18	57341.17
TOTAL EXPENDITURE		2617503.57	2090420.88
Net Profit / (Loss) before prior period adjustments		-137658.83	9495.31
Net Prior Period Credits / (Charges)	21	2514.32	2627.37
Profit / (Loss) before Tax		-135144.51	12122.68
Less : Provision for Taxation			
a) Income Tax - MAT		0.00	0.00
b) Fringe Benefit Tax		456.58	405.34
c) Wealth Tax		1.50	1.00
d) Deferred Tax		-45391.86	0.00
Profit / (Loss) after Tax		-90210.73	11716.34
Less : Contingency Reserve		2700.00	5200.00
Profit after Contingency Reserve		-92910.73	6516.34
Profit / (Loss) brought forward from previous year		-42213.99	-48730.33
Add : Deferred Tax adjustment of previous period		20546.64	0.00
Balance carried to Balance Sheet		-114578.08	-42213.99
Earning Per Share in Rs.		-185821	13033

S.M.Bhoyar
Chief General Manager (C.A.)

S.R.Tiwari
Company Secretary

D.D.Wavhal
Director (Finance)

Ajoy Mehta
Managing Director

Asoke Basak
Chairman

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(S.C. Oswal)
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(Y.K. Verma)
Partner
M.No. 105954

(U.M. Jain)
Partner
M.No. 70863

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2009

(Rs. In Lakhs)

Particulars	2008-09
A. Cash flows from operating activities	
Net profit before tax	(135,145)
Adjustment for :	
Depreciation	64,676
Provision for Doubtful Debts	35,550
Deferred Cost & Intangibles written off	504
Depreciation (Prior Period Excess provided) (Net)	(1,540)
Interest Income	(3,398)
Interest Expenses	78,790
Operating profit before working capital changes	39,438
Changes in Working Capital	
(Increase) / Decrease in Inventories	(7,397)
(Increase) / Decrease in Interest accrued on Investments	139
(Increase) / Decrease in Debtors	(241,890)
(Increase) / Decrease in Loans & Advances	1,186
Increase / (Decrease) in Trade Payables	291,574
Cash generated from operations	83,049
Less: Direct taxes paid	
- Income Tax	(1,095)
- Fringe Benefit Tax	(391)
Net cash from operating activities	81,563
B. Cash flows from investing activities	
Sale of fixed assets	205
Purchase of fixed assets	(164,112)
Purchase of Capital WIP	(29,065)
Purchase of Investments	(7)
Interest received	3,398
Net cash from investing activities	(189,580)
C. Cash flows from financing activities	
Repayment of long term borrowings	(96,171)
Proceeds from long term borrowings	111,931
Subsidies received	82,088
Contribution from GoM / MSEB Holding Company Ltd.	2,135
Equity from GoM towards Projects	20,780
Interest paid	(78,790)
Net cash flow from financing activities	41,973
Net increase/(decrease) in cash and cash equivalents (A+B+C)	(66,044)
Opening Balance of Cash and Cash Equivalents	117,821
Closing Balance of Cash and Cash Equivalents	51,776

S.M.Bhoyar
Chief General Manager (C.A.)

S.R.Tiwari
Company Secretary

D.D.Wavhal
Director (Finance)

Ajoy Mehta
Managing Director

Asoke Basak
Chairman

As per our report of even date attached here to

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(S.C. Oswal)
Partner
M.No. 040248

(Y.K. Verma)
Partner
M.No. 105954

(U.M. Jain)
Partner
M.No. 70863

SCHEDULE -1		
SHARE CAPITAL		
	(Rs.in Lacs)	
Sr.No. Particulars	As at 31.03.2009	As at 31.03.2008
1 Authorised Capital	250000.00	250000.00
250,00,00,000 Shares of Rs.10 each fully paid up (Previous year 250,00,00,000 Shares of Rs.10/- each)		
2 Subscribed and Paid up	5.00	5.00
50,000 Shares of Rs.10 each fully paid (Previous year 50,000 shares of Rs.10 each)		
TOTAL	5.00	5.00

MSDCL

SCHEDULE -2
RESERVE AND SURPLUS

		(Rs. in Lacs)	
Sr.No.	Particulars	As at 31.03.2009	As at 31.03.2008
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	44821.66	31110.07
	Add : Received during current year	8945.19	13711.59
		53766.85	44821.66
b)	Consumers' contribution towards cost of Capital Assets (CRB)		
	As per last Balance Sheet	2453.63	2201.27
	Add : Received during current year	216.70	252.35
		2670.33	2453.62
c)	Consumers' Contribution towards cost of Capital Assets (Outright Contribution)		
i)	For L.T. Consumers		
	As per last Balance Sheet	54228.37	33717.71
	Add : Received during current year	14604.87	20510.66
		68833.24	54228.37
ii)	For H.T. Consumers		
	As per last Balance Sheet	7086.16	5036.43
	Add : Received during current year	2646.74	2049.73
		9732.90	7086.16
d)	Consumers' Contribution towards cost of Capital Assets (TESCO)		
	As per last Balance Sheet	91.03	0.23
	Add : Received during current year	-4.52	90.80
		86.51	91.03
e)	Consumers' Contribution towards cost of Pole under Krishisanjavini		
	As per last Balance Sheet	555.86	547.19
	Add : Received during current year	333.77	8.67
		889.63	555.86
f)	Contribution from GOM through REC for RGGVY (Subsidy)		
	As per last Balance Sheet	2133.88	902.13
	Add : Received during current year	11797.07	1231.75
		13930.95	2133.88
g)	Contribution from GOM through REC for RGGVY (Loan)		
	As per last Balance Sheet	528.89	100.23
	Add : Received during current year	2198.19	428.66
		2727.08	528.89
h)	Grants from GoM towards RE DIS-DPDC-TSP-OTPS		
	As per last Balance Sheet	0.00	0.00
	Add : Received during current year	3415.16	0.00
		3415.16	0.00
i)	Subsidies towards cost of Capital Assets		
	As per last Balance Sheet	0.94	0.94
	Add : Received during current year	788.75	0.00
		789.69	0.94
j)	Grants towards cost of Capital Assets		
	As per last Balance Sheet	105085.66	67227.39
	Add : Received during current year	37145.75	37858.27
		142231.41	105085.66
TOTAL A		299073.74	216986.06

B] OTHER RESERVE		
1 Contingency Reserve as per MERC		
As per last Balance Sheet	10200.00	5000.00
Add : Transfer from profit and loss account	2700.00	5200.00
TOTAL B	12900.00	10200.00
TOTAL RESERVE AND SURPLUS	311973.74	227186.06
LESS: Debit balance of Profit and Loss Account	114578.08	42213.99
	197395.66	184972.08

MSDCL

SCHEDULE -3		
SECURED LOANS		
		(Rs. in Lacs)
Sr.No. Particulars	As at 31.03.2009	As at 31.03.2008
A] Loans and Advances from banks		
1 Bill discounting facility from I.D.B.I. Bank Ltd. (Secured by way of hypothecation of book debts) (Repayable within one year Rs.1170.64 Lacs)	1170.64	4701.33
2 Term Loan from Raigad DCC.Bank (Secured by existing fixed assets and escrow of revenue) (Repayable within one year Rs.2625 Lacs)	18375.00	21000.00
3 Overdrafts from Banks for working capital (Secured by Book Debts)	30000.00	0.00
TOTAL A	49545.64	25701.33
B] Other Loans and Advances		
1 Loan from Rural Electrification Corp. (Secured by GoM guarantee, escrow of revenue and 1st charge of future assets) (Repayable within one year Rs.22246 Lacs)	242099.98	259330.22
2 Power Finance Corporation (Secured by GoM guarantee, escrow of revenue and 1st charge of future assets) (Repayable within one year Rs.10291 Lacs)	91795.66	81519.15
TOTAL B	333895.64	340849.37
TOTAL A+ B	383441.28	366550.70

SCHEDULE - 4		
UNSECURED LOANS		
	(Rs. in Lacs)	
Sr.No. Particulars	As at 31.03.2009	As at 31.03.2008
A] SHORT TERM LOANS & ADVANCES	0.00	0.00
a) From Bank		
b) From Others		
B] OTHER LOANS & ADVANCES		
a) From Bank	0.00	0.00
b) From Others		
1 State Govt.Loans (Repayable within one year Rs.6684.88 Lacs)	49046.65	50290.55
2 Interest Accrued & due on Govt.Loans	10020.90	10020.90
3 Interest free Loan from MIDC for Elec Work	1443.86	1300.70
4 Financial Participation by Consumers' (Interest Bearing)	11.18	11.18
5 Refundable Capital Cost Deposits	32.81	32.81
6 Deposits collected to be refunded after eight years(without interest)	72.39	72.91
7 Financial Participation by consumers' (Interest Free)	479.28	508.60
8 Capital Cost Deposits	1.33	1.33
9 Financial participation by Consumers' Interest free	1.51	1.51
10 Financial participation by consumers'	23.45	23.45
	61133.37	62263.96

SCHEDULE 5 : FIXED ASSETS

(Rs. In Lakhs)

Sr.No.	Assets Group	Account Code	GROSS BLOCK				DEPRECIATION RESERVE				NET BLOCK	
			At the end of Previous Year 2007-08	Additions During the Year 2008-09	Deductions During the Year 2008-09	Balance As at 31.03.2009	At the end of Previous Year 2007-08	Depreciation During the Year 2008-09	Dep/Adjustment During the Year 2008-09	Depreciation As at 31.03.2009	As at 31.03.2009	
			Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
1	2	3	4	5	6	7	8	9	10	11	12	
1	Land & Land Rights	10.1	7093.90	1140.94	20.46	8214.38	60.51	4.59	0.04	65.14	8149.24	
			(5188.96)	(1904.94)	(0.00000)	(7093.90)	(62.13)	(4.78)	(-6.39711)	(60.51)	(7033.39)	
2	Buildings	10.2	29534.36	1332.06	91.99	30774.43	14144.73	1108.61	(109.69)	15143.64	15630.79	
			(28045.67)	(1488.69)	(0.00000)	(29534.36)	(12922.80)	(1044.72)	(177.21)	(14144.73)	(15389.64)	
3	Hydraulic Works	10.3	668.30	50.85	9.70	709.45	263.70	23.07	(2.50)	284.27	425.18	
			(632.39)	(35.91)	(0.00000)	(668.30)	(240.03)	(21.79)	(1.87)	(263.70)	(404.60)	
4	Other Civil Works	10.4	8997.20	1962.71	0.89	10959.02	2803.49	296.14	(1.95)	3097.68	7861.34	
			(8097.13)	(900.07)	(0.00000)	(8997.20)	(2485.20)	(252.88)	(65.40)	(2803.49)	(6193.71)	
5	Plant & Machinery	10.5	337689.08	50765.63	57.17	388397.54	184405.62	20778.91	(449.60)	204734.93	183662.61	
			(293617.60)	(44101.20)	(29.718890)	(337689.08)	(167472.99)	(16622.32)	(310.40)	(184405.72)	(153283.36)	
6	Lines & Cable Networks	10.6	783995.70	103285.19	0.00	887280.88	474099.00	41529.66	(967.25)	514661.41	372619.48	
			(705842.82)	(78364.54)	(211.66)	(783995.70)	(438853.26)	(35509.16)	(-263.42504)	(474099.00)	(309896.70)	
7	Vehicles	10.7	2386.88	94.33	0.00	2481.21	2073.22	48.69	11.10	2133.00	348.20	
			(2367.14)	(30.42)	(10.68)	(2386.88)	(2079.07)	(22.85)	(-28.69806)	(2073.22)	(313.66)	
8	Furniture & Fixtures	10.8	2918.75	275.04	20.21	3173.58	2135.92	149.31	(5.12)	2280.11	893.47	
			(2629.79)	(288.96)	(0.00000)	(2918.75)	(2028.17)	(97.67)	(10.08)	(2135.92)	(782.82)	
9	Office Equipment	10.9	7158.61	2693.09	4.20	9847.51	4558.62	660.88	(15.11)	5204.40	4643.11	
			(6502.97)	(656.28)	(0.63)	(7158.61)	(4154.56)	(390.83)	(13.13)	(4558.53)	(2600.08)	
	SUB TOTAL Current Year		1180442.78	161599.83	204.61	1341838.00	684544.81	64599.85	(1540.08)	747604.58	594233.42	
	A SUB TOTAL (Previous Year)		(1052924.47)	(127771.00)	(252.69)	(1180442.78)	(630298.21)	(53967.02)	(279.58)	(684544.81)	(495897.96)	
10	Capital Expenditure resulting in Assets not belonging to Company	11.1	10.00	1875.96	0.00	1885.96	8.06	71.95	0.00	80.01	1805.95	
			(10.00)	(0.00000)	(0.00000)	(1885.96)	(7.53)	(0.53)	(0.00000)	(8.06)	(1.94)	
11	Assets Taken over from Licensees Pending final valuation		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
			144.30	0.00	0.00	144.30	118.45	3.87	0.49	122.80	21.49	
			(144.30)	(0.00000)	(0.00000)	(144.30)	(113.89)	(4.56)	(0.00000)	(118.45)	(25.85)	
	TOTAL Current Year		1180597.07	163475.80	204.61	1343868.26	684671.32	64675.67	(1539.59)	747807.39	596060.86	
	B TOTAL (Previous Year)		(1053078.77)	(127771.00)	(252.69)	(1180597.07)	(630419.63)	(53972.10)	(279.58)	(684671.32)	(495925.76)	
12	Assets not in use		19.97	0.49	0.63	19.83	0.00	0.00	0.00	0.00	19.83	
			(25.24)	(9.13)	(14.40)	(19.97)		0.00	0.00	0.00	(19.97)	
13	Deferred Costs		5826.03	629.34	453.72	6001.66	0.00	0.00	0.00	0.00	6001.66	
			(5696.21)	(482.79)	(352.97)	(5826.03)		0.00	0.00	0.00	(5826.03)	
14	Intangible Assets		92.26	6.60	50.08	48.77	0.00	0.00	0.00	0.00	48.77	
			(138.82)	0.00	(46.56)	(92.26)	0.00	0.00	0.00	0.00	(92.26)	
	TOTAL Current Year		1186535.34	164112.22	709.04	1349938.52	684671.32	64675.67	(1539.59)	747807.39	602131.12	
	C TOTAL (Previous Year)		(1058939.03)	(128262.93)	(666.63)	(1186535.34)	(630419.63)	(53972.10)	(279.58)	(684671.32)	(501864.02)	

Note 1) Figures in Bracket are for previous year.
2) Gross Land and Land Rights includes leasehold land amounting Rs.520.32 Lacs

SCHEDULE - 6
CAPITAL WORK IN PROGRESS

Sr.No. Particulars	(Rs. in Lacs)	
	As at 31.03.2009	As at 31.03.2008
1 Capital Work-in-Progress	182164.77	147106.61
2 Advances to Suppliers (Capital) (Direct Debits)	2490.12	1274.82
3 Contracts-in-Progress	9.30	10.26
4 SUB-TOTAL (1 TO 3)	184664.19	148391.70
5 Provision for Completed Works	297.47	51.11
6 Interest Charges Capitalised	0.00	5656.79
7 ASSETS AT CONST. STAGE (4 TO 6)	184961.67	154099.59
8 Advances to Suppliers/Contractors (Capital)	11895.37	13624.04
9 SUB-TOTAL 7 to 8	196857.04	167723.63
10 Material at Construction Stores	699.16	768.07
11 TOTAL 9 to 10	197556.20	168491.70

SCHEDULE - 7
INVESTMENTS

		(Rs. in Lacs)	
Sr.No.	Particulars	As at 31.03.2009	As at 31.03.2008
A]	Investment in Government Securities		
	Central Govt.Bonds (Earmarked against Contingency Reserve)		
a)	8.15% Central Govt.(1050000 bonds of FV of Rs. 100 each)	1046.01	1046.01
b)	8.01% Central Govt (1950000 bonds of FV of Rs.100 each)	1917.24	1917.24
c)	8.03% Central Govt (1000000 bonds of FV of Rs.100 each)	984.30	984.30
d)	8.23% Central Govt (1000000 bonds of FV of Rs.100 each)	994.90	994.90
		4942.45	4942.45
B]	Investments in Shares , Debentures and Bonds		
	Other Investments		
a)	7.9 % NEEPCO (41 bonds of FV Rs.10 lacs each)	410.00	410.00
b)	5.15 % HUDCO (15 bonds of FV Rs.10 lacs each)	150.00	150.00
c)	4.75% NPCIL (43 bonds of FV Rs.10 lacs each)	430.00	430.00
d)	8.20% NPCIL (23 bonds of FV of Rs.1 lac each)	23.00	23.00
e)	6.6 % UTI ARS (6,84,570 bonds of FV of Rs.100 each)	684.57	683.02
f)	RDDCC Bank Shares		
	(1000 fully paid up equity shares of Rs.500 /-each)	5.00	5.00
	(390001 fully paid up equity shares of Rs.50/- each)	195.00	195.00
C]	Investment in Subsidiaries		
a)	Investment in Equity Shares of Dhopave Coastal Power Co.Ltd. (50,000 fully paid up equity shares of Rs.10 / - each)	5.00	0.00
		1902.57	1896.02
TOTAL		6845.02	6838.47
Note : All the above investments are unquoted and valued at cost.			

SCHEDULE - 8
INTEREST ACCRUED ON INVESTMENTS

		(Rs. in Lacs)	
Sr.No.	Particulars	As at 31.03.2009	As at 31.03.2008
1	Income accrued but not due on Investmenst	773.24	965.78
2	Income accrued and due on Investment	101.75	48.09
		875.00	1013.87

MSDCL

SCHEDULE - 9
INVENTORIES

		(Rs. in Lacs)	
Sr.No.	Particulars	As at 31.03.2009	As at 31.03.2008
1	Stock of Materials at Stores	13080.12	8381.60
2	Material at Site - O & M	897.49	79.79
3	Materials pending Inspection	1452.30	998.79
4	Other Materials Accounts	2734.66	1131.50
5	Material Stock Excess/ Shortage pending Investigation	102.11	105.82
	TOTAL (1 to 5)	18266.67	10697.50
	LESS :		
	Provision for non - moving items	171.92	0.00
	TOTAL	18094.75	10697.50

SCHEDULE - 10
SUNDRY DEBTORS

		(Rs. in Lacs)	
Sr.No.	Particulars	As at 31.03.2009	As at 31.03.2008
A]	Debts outstanding for more than six months		
	Unsecured considered good	724529.05	583311.06
	Considered doubtful	96200.18	60975.59
		820729.23	644286.65
B]	Other Debts		
	Unsecured considered good	338183.85	237512.00
C]	Less : Provision for Bad and Doubtful Debts	96200.18	60975.59
	TOTAL (A+B-C)	1062712.90	820823.06

SCHEDULE - 11
CASH AND BANK BALANCES

		(Rs. in Lacs)	
Sr.No.	Particulars	As at 31.03.2009	As at 31.03.2008
A]	Cash in hand	3217.75	2671.67
B]	Cash in Transit	9140.08	5148.46
C]	Balances with Banks *		
a)	Current Account	28533.80	84687.91
b)	Term deposit	10723.51	25151.82
c)	Balances with others	161.08	160.71
TOTAL		51776.21	117820.57

Note : Balances with Banks includes balances with Scheduled banks and balances with other than Scheduled banks like District Co-op. Bank, etc.

SCHEDULE - 12
LOANS AND ADVANCES

		(Rs.in Lacs)	
Sr.No.	Particulars	As at 31.03.2009	As at 31.03.2008
A]	LOANS		
1	Loans to Staff (Secured)	8359.70	5385.79
2	Loan to MPDCL (Unsecured considered good)	130.00	75.00
B]	ADVANCES		
1	Advances for O & M Supplies / Works (Secured)	16756.58	20994.43
2	Loans & Advances to Licensees		
	Unsecured considered good	22.22	22.22
	Considered doubtful	9.13	9.13
3	Advance Income Tax /Deductions at source	5482.69	2626.11
4	Loans & Advances-Others (Unsecured considered good)	3832.21	1967.50
C]	Total (A + B)	34592.53	31080.18
	Less:		
D]	Provision for Doubtful Loans & Advances	9.13	9.13
	Total (C - D)	34583.40	31071.05
E]	OTHER RECEIVABLES (Unsecured and Considered Good)		
1	Sundry Receivables -Others	940.33	860.51
2	Income accrued and due on others	43.92	4.06
3	Income accrued but not due - other than investments	576.42	635.77
4	Amount recoverable from Employees/Ex-Employees,etc	165.71	144.57
5	Other Claims & Receivables	157558.83	195955.15
6	Deposits	1622.11	1012.09
7	Inter Unit Accounts	-74.02	658.06
	Less : Provision against embezzlement and loss	325.73	0.00
F]	TOTAL LOANS AND ADVANCES	195090.96	230341.26

SCHEDULE - 13
CURRENT LIABILITIES

		(Rs. in Lacs)	
Sr.No.	Particulars	As at 31.03.2009	As at 31.03.2008
A]	Sundry Creditors		
1	Sundry Creditors		
	for purchase of Power	370721.76	295518.96
	for Capital Supplies/ Works	6375.85	5580.24
	for O & M Supplies/ Works	33328.82	16810.96
2	Advance payments and unexpired discounts		
	Deposits and Retentions from Suppliers and Contractors	22367.79	16707.48
	Deposits for Electrification, Service Connection etc.	10310.57	-16040.21
3	Other Liabilities		
	Electricity Duty and Other Levies payable to GoM	31331.95	19674.64
	Liability for Expenses	46207.15	2805.33
	Amount owing to Licensees	452.78	440.98
	Accrued /Unclaimed amounts relating to Borrowings	11824.29	10883.35
	Security Deposits from Consumers (in cash)	316480.63	262429.33
	Security Deposits from Consumers (other than in cash)	579.79	0.30
	Interest payable on Consumers' Deposits	14931.97	11228.48
	Other Liabilities	126607.88	119098.67
	TOTAL A	991521.24	745138.51
B]	Provisions		
	Provisions for taxation		
	Provision for Income Tax	1386.73	0.00
	Provision for Fringe Benefit Tax	1537.23	745.92
	Provision for Wealth Tax	5.02	1.00
	Staff related Liabilities & Provisions		
	Provision for Gratuity	129260.00	114908.27
	Provision for Leave Encashment	85953.00	53009.00
C]	Advances		
	Advances to Debtors - Public lighting	5291.58	9156.90
	Advances to Debtors - Poultry H.T.	36.37	0.00
	Unposted receipt account	3.15	3.15
	TOTAL B + C	223473.09	177824.24
	Total A+B+C	1214994.33	922962.74

SCHEDULE -14
REVENUE FROM SALE OF POWER

(Rs.in Lacs)

Sr.No.Particulars	Year ended 31st March, 2009	Year ended 31st March, 2008
1 Inter State	16.24	18.21
2 Domestic	367950.53	292872.85
3 Commercial	169598.41	133469.66
4 Industrial Low & Medium Voltage	175117.62	159323.99
5 Industrial High Voltage	1008648.72	921135.11
6 Public Lighting	23274.63	20084.28
7 Traction	63099.76	56014.76
8 Irrigation & Agricultural H.T.	11543.45	8945.30
9 Irrigation & Agricultural L.T.	235554.87	204228.80
10 Public water works & Sewerage Pumping H.T.	37270.44	37118.42
11 Public water works & Sewerage Pumping L.T.	10693.42	9075.66
12 HT II Commercial	43004.17	0.00
13 Tata	12507.42	3106.60
14 Mula Pravara Co.-operative Society	19251.56	24334.66
15 LT Cremetorium & Burial Gr	307.21	0.00
16 Multiplex & Shopping Malls	0.00	1249.62
17 Residential/Commercial complex HT VI	42664.24	11451.53
18 ADVT & Hordling	52.81	86.84
19 Temporary Connections	11245.47	18479.29
20 Supplies in bulk to others	53741.70	54457.00
HT Seasonal	0.00	822.40
SUB TOTAL	2285542.68	1956274.97
21 Electricity Duty Recovery	142935.63	119163.08
22 Recoveries from Theft of Power/Malpractice	3730.51	5318.79
SUB TOTAL	146666.13	124481.87
23 Wheeling Charges Recoveries	1468.90	609.40
24 Standby charges	39680.00	39731.75
25 Miscellaneous charges from Consumers	17883.95	13926.58
GROSS REVENUE FROM SALE OF POWER	2491241.66	2135024.58
Less : Electricity Duty payable (Contra)	142935.63	119163.08
	2348306.03	2015861.50

SCHEDULE -15
OTHER INCOME

(Rs.in Lacs)

Sr.No.Particulars	Year ended 31st March, 2009	Year ended 31st March, 2008
1 Interest on Staff Loans and Advances	45.04	39.59
2 Income from Investments in Bank Deposits	2884.19	2671.71
3 Interest on Securities	0.17	0.00
4 Interest on Other Investments	511.62	277.35
5 Interest on Loans and Advances to Licensees	69.39	134.24
6 Delayed Payment Charges from Consumers	13955.54	12191.43
7 Interest from Consumers	74451.99	52003.13
8 Interest on advance to suppliers/ Contranctors	588.23	7.38
9 Interest from Banks (other than Fixed Deposits)	2.39	0.06
10 Sale of Scrap	2873.53	524.59
11 Depreciation transferred on assets created from Consumer contribution Grants,subsidy	3119.48	0.00
12 Income transferred from deferred income	31.33	0.00
13 Miscellaneous Receipts	33005.81	16205.22
TOTAL	131538.71	84054.69

SCHEDULE -16
PURCHASE OF POWER

(Rs.in Lacs)

Sr.No. Particulars	Year ended 31st March, 2009	Year ended 31st March, 2008
1 Power Purchase from MSPGCL	908336.59	810900.61
2 Tata Electric Power Company	12358.68	215.21
3 RGPPL Energy Charges	161822.45	171532.70
4 DODSON	2250.12	3133.53
5 Oil & Natural Gas Commission	4648.76	3797.58
6 Congen/Captive power project	8617.13	12437.55
7 Kakrapar Atomic Power Station.	7568.49	13505.13
8 Gen.Bagasse/Biomass/Ag.Waste	10320.21	6544.14
9 Power Purchased from Goa	0.77	2.22
10 Power Purchased from NTPC	499452.79	424114.92
11 U I Charges	1690.13	-41363.47
12 Non Conventional Sources	78935.72	54650.47
13 Traders	155513.85	66592.26
Total Power Purchased	1851515.70	1526062.86
14 Wheeling Charges	18.03	288.36
15 Transmission Charges MSETCL	173923.64	146928.96
16 Wheeling Charges PGCIL	35172.58	27358.72
TOTAL	2060629.95	1700638.89

SCHEDULE -17
EMPLOYEE COST

(Rs.in Lacs)

Sr.No.Particulars	Year ended 31st March, 2009	Year ended 31st March, 2008
1 Salaries	123138.22	58269.74
2 Overtime	1688.07	1555.28
3 Dearness Allowance	27917.11	51933.31
4 Other Allowance	13850.64	12041.34
5 Ex.Gratia payment	4422.86	2.00
SUB TOTAL	171016.90	123801.67
6 Medical Expenses Reimbursement	526.96	518.08
7 Leave Travel Assistance	183.92	141.32
8 Earned Leave Encashment	43137.18	14661.65
9 Honorarium	46.05	33.48
10 Expenditure on paper setting etc.	216.94	126.00
11 Payment under Workmen's Compensation Act	84.26	94.99
12 Company's Contribution under Welfare Act.	28.86	31.80
13 Administration charges (Employees Deposit Linked Insurance Scheme)	9.51	2.29
14 Company's Contribution to ESI Fund	0.61	1.25
15 Medical Expenses Reimbursement (others)	20.15	35.96
SUB TOTAL	44254.43	15646.82
16 Staff Welfare Expenses	1240.06	1492.77
17 Terminal Benefits	45029.98	38584.72
TOTAL	261541.37	179525.98
18 Less : Employee cost capitalised	21702.29	10544.72
TOTAL EMPLOYEE COST	239839.07	168981.26

SCHEDULE -18		
ADMINISTRATION AND GENERAL EXPENSES		
(Rs.in Lacs)		
Sr.No.Particulars	Year ended 31st March, 2009	Year ended 31st March, 2008
1 Rent, Rates and Taxes		
Rent (Including Lease Rent)	2544.46	2410.19
Rates and Taxes	1485.19	846.90
2 Insurance		
Insurance on Fixed Assets	14.45	12.55
3 REPAIRS AND MAINTENANCE TO		
Plant and Machinery	7128.35	7471.32
Building	1340.51	769.56
Civil Works	3512.05	2205.02
Lines, Cable Network etc.	47197.52	41549.18
Vehicles	180.49	190.69
Furniture and Fixtures	37.49	33.15
Office Equipments	481.97	360.86
4 Telephone Charges, Postage, Telegrams and Telex Charges	1728.42	1637.15
5 Legal Charges	859.24	821.75
6 Audit Fees		
Statutory Auditors fees	26.75	26.75
Other Auditors fees	19.30	20.85
7 Consultancy Charges	430.13	417.60
8 Technical Fees	37.51	160.06
9 Other Professional Charges	537.07	330.26
10 Remuneration to Chairperson/ Member (Consumer Grievance Redressal Forum)	71.06	103.52
11 Conveyance and Travel		
Conveyance Expenses	140.59	86.37
Travelling Expenses	1854.96	1766.66
Travelling Expenses for foreign tour	0.00	6.52
Vehicle running Exp. Petrol & Oil (Other than for trucks/delivery vans)	821.47	751.72
Vehicles Licence and Registration Fees	35.08	31.46
Expenses on hire of Taxi	1936.30	1672.28
12 Other Expenses		
Fees and Subscriptions	1137.39	1057.65
Books and Periodicals	13.97	14.15
Printing and Stationary	1535.98	1519.39
Advertisement Expenses	327.36	1183.09
Contributions	0.00	5.00
Electricity Charges	1299.51	1002.82
Water Charges	286.36	286.60
Entertainment	60.65	56.62
Expenditure on Meetings, Conferences, etc.	61.20	44.97
Up-keep of office	840.48	659.19
Expenditure on Computer Billing & EDP Charges	4978.58	2859.78
Expenditure on Consumers billing	4688.66	3236.44
Bank Commission for Collections from Consumers	3299.52	3025.35
Security Measures for Safety & protection contract basis	2527.57	2081.34
Remuneration to Recovery Officer / Inspector	71.05	73.55
Miscellaneous Expenses	0.19	0.03
Government Guarantee Fee	0.05	0.00
fees for Board's Installations	1218.92	1011.52
Total (1 to 12)	94767.78	81799.91

13 Freight		
Freight on Capital Equipment	10.89	8.99
Other Freight	46.49	40.07
Total of Freight	57.38	49.06
14 Other Purchase Related Expenses		
Transit Insurance	0.00	20.72
Vehicles running Expenses, Trucks and Delivery Van	0.00	396.28
Octroi	0.00	371.44
Advertisements of Tenders, Notices	0.00	237.97
Incidental Stores Expenses	0.00	51.94
Other Material Related Expenses	0.00	64.99
Fabrication Charges	0.00	3.95
Total of Other Purchase Related Expenses	0.00	1147.31
Total Freight and Other Purchase Related Expenses (13 + 14)	57.38	1196.37
TOTAL	94825.16	82996.28
15 Less : Administration and General Expenses Capitalised	3197.82	5452.88
TOTAL	91627.34	77543.40

SCHEDULE -19
OTHER EXPENSES

(Rs.in Lacs)

Sr.No. Particulars	Year ended 31st March, 2009	Year ended 31st March, 2008
1 Bad & Doubtful Debts written off / provided for		
Bad Debts Written off Dues from Consumers	192.15	1219.13
Bad Debts Written off- Others	0.00	0.06
Bad & Doubtful Debts Provided for dues from Consumers	35224.59	30237.92
Bad & Doubtful Debts Provided for others	325.77	0.00
2 Miscellaneous Losses & Write-off		
Loss of Materials by Pilferage, etc	0.00	0.02
Loss of cash written off	0.00	168.59
Compensation for injuries, death and damages to staff	104.55	228.75
Compensation for injuries, death and damages to outsiders	269.15	0.08
SUB TOTAL	36116.20	31854.56
3 Sundry Expenses		
Sundry Debit Balances Written off	0.00	0.01
Intangible Assets Written off	47.47	65.65
Non moving items written off	171.92	0.00
Write-off of Deferred Revenue Expenditure	67.95	12.80
Difference due to rounding off to	0.00	-0.03
Difference due to rounding off to	0.10	0.00
Expd. Of Refund of RLC as per MERC order	45536.28	0.00
SUB TOTAL	45823.72	78.43
TOTAL	81939.92	31932.99

SCHEDULE -20
INTEREST AND FINANCE CHARGES

(Rs. Lacs)

Sr.No. Particulars	Year ended 31st March, 2009	Year ended 31st March, 2008
1 Interest on State Govt. Loans	5456.01	5078.32
2 Interest on other Loans/Deferred Credits		
Interest on Loans from REC	25904.64	26418.47
Interest on Loans from IDBI	231.54	512.39
Interest on Loan from Power Finance Corporation	9610.49	2507.23
Interest on other Loans	1757.37	2625.94
3 Penal Interest in respect of Capital Liabilities	0.00	1.52
4 Interest to Consumers	0.51	0.00
Total Interest on Capital Liabilities	42960.56	37143.87
5 Interest on Borrowings for Working Capital	4779.63	315.62
6 Discount to Consumers for Timely Payment of Bills	14797.59	7377.88
7 Incentive to distribution Franchisee	27.53	14.59
8 Interest to Suppliers/Contractors (Capital)	130.55	0.00
9 Interest to Suppliers/Contractors (O&M)	136.25	1291.71
10 Interest on Consumers' Security Deposits	15485.91	11355.69
11 Cost of Raising Finance		
Stamp Duty	226.66	205.30
Service Fee	0.00	0.02
Commitment Charges	6.54	0.25
12 Other Charges		
Bank Charges for Remittances between Company's Office	428.34	356.31
Other Bank Charges	802.90	1792.19
Guarantee Charges	2191.22	2743.95
Int. on sums paid by Government under Guarantee	409.52	400.60
Total	82383.21	62997.96
13 Less : Interest and finance charges capitalised	3593.03	5656.79
TOTAL	78790.18	57341.17

SCHEDULE -21
NET PRIOR PERIOD CREDITS/(CHARGES)

(Rs. Lacs)

Sr.No.Particulars	Year ended 31st March, 2009	Year ended 31st March, 2008
1 Income relating to Previous Year		
Receipts from Consumers relating to prior period	8356.79	2678.62
Interest Income for Prior Periods	10474.16	5.30
Excess Provision for Taxation	300.84	0.02
Excess Provision for Depreciation in prior periods	2441.88	1221.82
Excess Provn for Interest and Fincance Charged in P.P	967.75	4607.84
Other Excess Provision in prior periods	599.29	3613.46
Other Income Relating to Prior Periods	1520.56	899.72
SUB TOTAL	24661.28	13026.78
2 Prior Periods Expenses/Losses		
Short Provision for Power Purchased in previous year	56.48	4729.90
Operating Expenses of previous years	5.68	-737.82
Employees Costs Relating to previous years	21.64	9419.96
Depreciation under provided in pervious years	889.97	1272.29
Interest and Other Charges relating to previous years	112.43	483.91
Short Provision for Taxation	1700.90	0.41
Administration Expenses in previous years	1646.79	3023.60
Adjustment due to concession granted to powerloom consumers	120.96	6.83
Material Related Expenses relating to previous years	2080.28	173.48
Adjustment to Past Billing relating to pervious years	15511.82	-7973.15
SUB TOTAL	22146.96	10399.41
NET PRIOR PERIOD CREDITS/(CHARGES)	2514.32	2627.37

SCHEDULE NO 22

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS AS AT 31ST MARCH, 2009

(A) 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 with the Accounting Standards 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. Actual results could vary from these estimates and any such differences are dealt with in the period in which the results are known / materialise.

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) Unbilled revenue at the end of the financial year is provided in the books of accounts on 'estimation basis.'
 - iii) Bills raised for theft of energy, whether on a consumer or outsiders are recognised in full as soon as assessment order is received from the competent authority of the Company.
- b) **Others:**
 - i) Interest income is accounted on accrual basis.
 - ii) Dividend income is accounted for when the right to receive income is established.

3. Fixed Assets:

- (1) Fixed Assets are shown at historical cost less accumulated depreciation. Gross block of Fixed Assets is stated at cost of acquisition or construction, including all cost attributable to bringing the asset to their working condition for their intended use.

- b) Intangible assets are recorded at their cost of acquisition.
- c) Amount received as contribution, grant and subsidy is credited to capital reserve and an amount equal to the depreciation on the assets created out of consumer's contribution, grants and subsidy is transferred from Reserve to Profit and Loss Account in compliance with Accounting Standard -12, i.e. 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.

4. Capital Work in Progress:

- a) Fifteen percent of the Cost of Capital Work in Progress created during the year is added to Capital Work in Progress towards Employee Cost and Administration and General Expenses as the Operation Circles are executing both Capital Works and Operation and Maintenance Works.
- b) Interest relating to construction period in respect of 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 as well as material at site.
- d) Claims for Price Variation in case of contracts are accounted for on acceptance.

5. Consumers' Contribution, Grants and Subsidies towards Cost of Capital Assets :

- a) Consumers' Contribution, Grants and Subsidies received towards Cost of Capital Assets are treated initially as Capital Receipts and are credited to Capital Reserve. The assets created out of Consumers' Contribution, Grants and Subsidies are shown as assets and the Consumers' Contribution, Grant and Subsidy to the extent of depreciation provided during the year on such assets is transferred to Profit and Loss Account and grouped under other income by debiting Capital Reserve Account
- b) 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.

6. Depreciation :

- a) Fixed Assets are depreciated under the 'Straight Line Method' upto 90 % of the original cost of assets at the rates notified by the Ministry of Power, Government of India.
- b) Depreciation on addition/deletions of assets during the year is provided on pro-rata basis.
- c) Depreciation so provided is not less than the depreciation which would have been recognised in the profit & loss account had the rates and the manner prescribed under Schedule XIV to the Companies Act 1956 , been applied.

d) Rates of Depreciation

Assets Group	Rate of Depreciation (%)
Land & Land Rights	Nil
Leasehold Land	**
Buildings	1.95 to 33.40
Hydraulic Works	3.40
Other Civil Works	1.95 to 7.84
Plant & Machinery	3.40 to 33.40
Lines & Cable Networks	3.02 to 12.77
Vehicles	33.40
Furniture & Fixtures	12.77
Office Equipment	12.77
Capital Expenditure resulting in Assets not belonging to Company	3.02
Assets Taken over from Licensees Pending final valuation	3.02

** Leasehold land is amortised over the period of lease

7. **Investments:**

- Long term investments are carried at cost, less provision for diminution other than temporary, if any, in the value of such Investments.
- Current Investments are carried at lower of cost or fair Value.

8. **Inventories:**

Inventories comprised of stores & spares, which are valued at the weighted average cost.

9. **Employee Benefits:**

- Company's contributions to Provident Fund and Group Insurance Scheme are charged to Profit and Loss Account
- Provision towards accrued liability for gratuity and leave encashment is accounted for based on the report given by the Actuary.
- Bonus / ex-gratia is accounted for on 'cash basis'.
- Short term employee benefits are recognised as an expense at the undiscounted amount in the profit & loss account of the year in which the related services are rendered.

10. Borrowing Costs:

Borrowing costs attributable to the qualifying assets during their construction are capitalised based on the weighted average interest rate applicable for loan.

11. 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. Further, upto financial year 2007-08 the contingent liability exceeding Rs. 100 lakhs was being disclosed. However, during the year 2008-09 all the contingent liabilities have been disclosed.

12. 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 alongwith reasons, amount of loss etc. is required to be done and then only an amount of loss to be written off can be properly arrived at.

13. Valuation of Scrap:

As per the practice consistently followed by the Company, the value of the scrap lying with the Company as on 31st March is shown as nil.

14. Provision for doubtful dues from Consumers:

Provision for doubtful dues from Consumers is made at fixed percentage of the revenue from sale of power as approved by the MERC. The provision based on normative basis takes care of uncertainty of income recoverable in case of temporary disconnections, interest, and delayed payment charges, etc.

15. Service units / spare units:

The distribution Transformers issued for replacements are charged to O & M expenditure.

16. Leases:

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

17. 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 calculated in accordance with mandatory accounting standard 22, Accounting for taxes on income.

(B) NOTES TO ACCOUNTS AS AT 31ST MARCH, 2009:

1. Contingent Liability:

Particulars	Rs. In lakhs	
	Current Year	Previous Year
a) Claims against the Company not acknowledged as debts	55,005	16,786
b) Disputed Income Tax Liability	90,199	-

2. Capital Commitment (net of advances) not provided for:

	Rs. In lakh	
	Current Year	Previous Year
Aggregate amount of Capital Liabilities	29,084	79,383

3. The accounts of the Company have been prepared in accordance with the Schedule VI to of the Companies Act, 1956.

4. Amounts receivable as shown under the head Sundry Debtors, Loans & Advances, and Other Assets & amounts payable as shown under the head current liabilities are subject to reconciliation/confirmation from respective parties.

5. The Company in terms of Section 185(2) (d) of the Electricity Act 2003 was compiling its annual accounts in accordance with the provisions of the Electricity (Supply) Act, 1948 and the rules made thereunder i.e. the Electricity (Supply) (Annual Accounts) Rules, 1985 upto financial year 2007-08. Now, the Company has compiled annual accounts as per provisions of the Companies Act, 1956. Following is the impact due to change in the accounting policies: -

- In compliance of AS-6 "Accounting for Depreciation", the Company has now provided depreciation on pro-rata basis for all the addition to assets made and put to use during the year. Earlier, no depreciation was provided on addition to assets made during the year, even if these were put to use. Due to such change in policy, the loss is increased by Rs. 7328 lakh and fixed asset are decreased by Rs. 7328 lakh.
- Upto financial year 2007-08 the Consumers' Contribution / Grant received towards capital assets was not considered while calculating depreciation on such assets (i.e. assets created out of such consumers' contribution / grants). Now the consumers' contribution, grant and subsidy to the extent of depreciation provided during the year on such assets is transferred to profit and loss account by debiting Capital Reserve Account. Further, grants received conditionally are treated as deferred income and shown under

Reserve and Surplus and amount is transferred to income over the period of fifteen years annually from the year of receipt of such grants. Due to such change in policy, the loss and Reserve and Surplus is decreased by Rs. 3150.81 Lakh.

- c) AS-16, "Borrowing Costs", Hitherto Company was capitalizing interest cost as per paragraph 1.42 of Annexure V of ESAAR 1985, now Company has capitalized the borrowing cost only in respect of qualifying assets at the rates applicable to various scheme after considering funding rates & amount from various agencies. Due to such change in policy the loss is increased by Rs. 4920 Lacks and capital work in progress is decreased by Rs. 4920 Lakh

6. As per Maharashtra Electricity Regulatory Commission's (Hereinafter referred to as MERC) order dated 8th September, 2006 (Case No. 70 of 2006) on Schedule of Charges, no service line charges, outright contribution (other than dedicated) and cost of meter and meter box is to be recovered with effect from 8th Sept. 2006 and if recovered, the same will have to be refunded. As far as refund of service line charges and outright contribution (other than dedicated) is concerned, the Company has preferred an appeal (Supreme Court Civil Appeal No. (S) 20340 of 2007) in the Hon. Supreme Court against the order of the MERC. The refund has been stayed by the Supreme Court on 31st August, 2007 and further admitted the appeal on 14th September, 2007. As such, no liability for refund of service line charges and outright contribution amounting to Rs. 1197 lakh and Rs. 1406 lakh respectively (approx.) has been provided.
7. The MERC vide Case No. 42 of 2008 dt. 10th December, 2008 has stated that "Given the complicated nature of this issue and the exact quantum of Additional Supply Charge (hereinafter referred to as ASC) refund not being known exactly, the Commission defers the refund of surplus ASC for the time being". Further MERC directed the Company "to submit a petition for the Commission's approval indicating the category wise refund, the total amount required to be refunded and the amount required to be added to the ARR of the subsequent year for effecting the refund to specific consumer categories." The Company has filed a petition on 16th July, 2009 with the MERC for Rs. 59297 lakh. The said amount has been considered by MERC in the ARR for 2009-10 in its order dated. 17th August, 2009 in case No.116 of 2008. As such no provision has been made.
8. MERC vide its order dated 18th May, 2007 has directed MSEDCL to refund an amount of Rs. 50000 lakh to specified categories of consumers during the Financial Year 2007-08 out of total amount of around Rs. 322500 lakh collected by MSEDCL through Regulatory Liability Charges (RLC) over the period from December 2003 to September 2006. The Commission's order regarding refund of Regulatory Liability Charges was challenged by MSEDCL in Appellate Tribunal and the Appellate Tribunal has referred the matter to MERC and has asked the MERC to review the matter. In the tariff order (Case No.72 of 2007) issued for the year 2008-09, MERC has considered Rs. 50000 lakh in the tariff towards refund of Regulatory Liability Charges and asked to refund the same to specified categories during the year 2008-09. The MERC has accepted the stand of the Company that whenever, the MERC will provide RLC in the ARR, the same will be refunded to the consumers. As such liability for Regulatory Liability Charges has not been provided. As directed by the MERC in the Annual Revenue Requirement for the year 2008-09, the MSEDCL has recovered Rs. 45536 lakh as Regulatory Liability Charges from all consumers through the tariff and refunded the said amount to the specified categories of consumers.

9. As per practice followed by the Company upto the financial year 2007-08, the Transit Insurance, vehicle running expenses, transportation expenses, Octroi, advertisement of tenders, notices, incidental stores expenses, other material related expenses and fabrication charges were being charged to the revenue account. However, during the year all these expenses amounting to Rs. 1604 lakh has been charged to revenue account and capital works in the ratio of usage of material as the material is being used for repairs and maintenance and capital works.
10. Reconciliation of the balances amounting to Rs. **27734 lakh**. (Previous year Rs. 23207 lakh) in respect of certain units under 'Receivable against supply of power' appearing in the Financial Ledger and those appearing under the Consumers' General Ledger is in progress.
11. The value of the inventory comprising of stores & spares held by the Company is as per the book value.
12. Cost of Land at Wagle Estate, Thane taken from MIDC by erstwhile MSEB and accounted for at Rs. 8.85 lakh is provisional; the final valuation is still to be received from the State Government.
13. 13-A) A loss of Company's properties to the extent of **Rs. 299 Lakh (Previous year Rs 1.23 lakh)** has been incurred due to storm, theft, accident, etc. which is yet to be accounted for want of formal approval.
- 13-B) Frauds / Embezzlement:
 - a) Pravara Pat Sanstha has committed a fraud for Rs. 8.56 lakh at Amravati Urban Division in Amravati Circle. Out of Rs. 8.56 lakh, Rs. 6.17 has been adjusted from the dues payable to the said collecting agency and civil suit No.-48/09 has been filed against the collecting agency for Rs. 3.39 lakh (including interest of Rs. 1.00 lakh).
 - b) Paradise Pat Sanstha has committed a fraud for Rs. 1.5 lakh at Amravati Division in Amravati circle. The civil suit No. 583/07 has been filed against the collecting Agency for Rs. 1.50 lakh.
 - c) Loss on account of embezzlement/fraud of the earlier years amounting to Rs. 320.84 Lacks has been provided for in the current year even though the matter is subjudice.
14. 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 lakh upto 31st March 2000 being matter under dispute. Further, M/s. Datar Switchgear Ltd. has moved the matter before arbitration for their claims. As per the orders passed by arbitration, the erstwhile Maharashtra State Electricity Board (Hereinafter referred to as The Board) released some adhoc payments during 1999-2000. Similarly, claim of excess payment made by the Board was admitted by arbitration for hearing. However, an amount of Rs. 189.99 lakhs was received from M/s. Datar Switchgear Ltd. towards refund against various O&M Circles. The interim award was passed by arbitration directing the Board to pay Rs. 913 lakhs to M/s. Datar Switchgear Ltd. against a Bank Guarantee (BG) of Rs. 681 lakhs. Accordingly, payment was released by the Board. But M/s. Datar Switchgear Ltd. and their Banker have failed to renew B.G. and hence the Board preferred an appeal in the High Court for contempt of Court due to non-renewal of B.G. and also asked for suspension of arbitration proceedings for having

violated the arbitration award. Out of total B.G. amount of Rs. 681 lakh, Rs.113 lakh was appropriated and for the balance amount of Rs.568 lakhs, B.G. was required. M/s. Datar Switchgear Ltd filed a civil suit bearing no. 858 of 2002 in the Pune Court against IDBI for obtaining this B.G. Arbitration awards was passed on 18th June, 2004 against the Board for Damages of Rs.18598 lakhs with interest @ 10% p.a. on Rs.17900 lakh and Rs.100 lakh towards Cost of Proceedings. An appeal bearing case no. 374/2004 was filed against the Arbitration Award dt.18th June, 2004 of Arbitration Tribunal in Bombay High Court (Single Bench). Further, Bombay High Court 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 lakh on or before 6th April, 2009 to the prothonotary and Senior Master Bombay High Court. Accordingly, MSEDCL has submitted Bank Guarantee of Rs. 7500 lakh on 4th April, 2009 to the 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 balances amount of Rs. 6500 lakhs. 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 upto 29th June, 2009 and modified the order of Division Bench Bombay. According to modified order, MSEDCL was required to deposit Rs.6500 lakhs with Bombay High Court and furnish Bank Guarantee for balance of Rs. 20000 lakhs 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 SPL is pending before Hon'ble Supreme Court.

15. 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 lakh has been lodged against the Company. The Company has lodged counter claim of Rs. 50231 lakh against M/s. Asian Electronics. The case is pending in the Arbitral Tribunal for hearing.
16. No provision for income tax is made, due to loss incurred for the year.
17. There is only one segment and one geographical segment, therefore further disclosure as per the Accounting Standard-17 regarding Segment Reporting is not required.
18. An arrangement for working capital facilities (fund based) including cash credit facility and working capital demand Loan to talling to Rs. 262314 lakh (Previous year Rs. 24960 lakh) 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

19. Company is consistently following the procedure of carrying out the physical inventory of Distribution, Civil, etc. materials in the custody of Major Stores, Stores Centres throughout the State in the month of September / October of the year.
20. The distribution transformers required for replacement are presently purchased out of O & M budget. No separate funds are made available under capital budget for purchase of such spare transformers. Moreover, the rate of replacement of the transformers is also very fast and as such hardly there is a question of stocking of such transformers as spare units.
21. During the year 2008-09, Government of Maharashtra vide G.R. dated 26th March, 2009 and 31st March, 2009 have remitted Rs. 20780 lakhs towards Equity for Gaonthan Feeder Separation Scheme and Infrastructure Plan. As the shares have not yet been issued, the said amount has been shown as Equity from Government of Maharashtra towards Projects in the Balance Sheet as at 31st March, 2009.
22. Investment of Rs. 5200 lakhs has been made in the month of May 2009 against the Contingency Reserve created in the financial year 2007-08. Further, an investment of Rs. 2700 lakhs against Contingency Reserve created during the year 2008-09 has been made on 22nd October, 2009. The investment has to be made within six months from the end of the financial year in which Contingency Reserve is created, however no financial implication is envisaged out of this action of delayed investment.
23. Lease Rent of Rs. 2544 Lakhs (Previous year Rs. 2410 Lakhs) has been included under rent, rates and taxes (Schedule 18 - Administration and General Expenses).
24. Deferred Tax :
Deferred Tax consists of the following items :

(Rs. In Lacs)

Sr. No.	Particulars	2007-08	2008-09
	Deferred Tax Liability		
1.	Difference in Depreciation	(57350)	(56623)
	Deferred Tax Asset		
1.	Expenses Allowable on payment basis	57075	73384
2.	Assets Written off /disallowed under Income Tax Act	29	69
3.	Unabsorbed Depreciation / loss	67	16410
4.	Provision for Bad Debts	20726	32698
	Net Deferred Tax Asset	20547	65938

25. 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 for determining the particulars related to current indebtedness to such undertaking as required under Para-1 of Schedule VI to the Companies Act, 1956 is not disclosed.

26. Quantitative details for Electricity units purchased and sold:

(in MKWH)

Particulars	Current Year	Previous Year
Total Power Purchase	79871	78597
Grid and Transmission Losses	5311	5197
Power available for sale	74559	73400
Power sold	58171	55716
Distribution Loss	16388	17684
Distribution loss %	21.98	24.09

27. The wage revision of the Company was due from 1st April 2008 and the wage revision has been finalised during the month of August 2009. The provision amounting to Rs.41600 lakh has been made for wage revision for the year 2008-09.

28. Related Party transaction:

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

a) List of related parties over which control exists-
Dhopave Coastal Power Limited

b) Names of related parties with whom transactions were carried out during the year and description of relationship:

Key management personnel:

▪ Dr. A.B.P Pandey, Managing Director	:	(27/10/06 to 02/02/09)
▪ Shri Ajoy Mehta, Managing Director	:	(02/02/09 to continue)
▪ Shri Arijit K. Ghosh, Director (Finance)	:	(18/05/07 to continue)
▪ Shri V.L.Sonawane, Director (Projects)	:	(19/03/2009 to continue)
▪ Shri Sharad Dabhade, Director (Operations)	:	(19/03/2009 to continue)

c) Details regarding parties referred to in item at 'b' above: (Rs. in Lakhs)

Particulars	Current Year	Previous Year
Remuneration	15.70	14.06

29. Auditors' Remuneration:

(Rs. in Lakhs)

Sr. No	Particulars	Current Year	Previous Year
1.	Audit Fees	23.00	23.00
2.	Vat Audit Fees	0.75	0.75
3.	Out of Pocket Expenses	3.00	3.00

30. Earning Per Share:

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

Particulars	As on 31-03-2009	As on 31-03-2008
Net profit after tax (Rs.in lakh)	(92910)	6516
Weighted average number of equity shares	50000	50000
Earning per share (Rupees) Basic and Diluted	(185821)	13033
Face value per share (Rupees)	10	10

31. Managerial remuneration paid/payable to directors: (Rs. in Lakhs)

Sr. No.	PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
a)	Remuneration to Managing Director and Whole Time Directors	14.00	12.75
b)	Contribution to Provident, Gratuity and Other Funds	1.70	1.31

32. Cash Flow Statement for the year 2008-09 has been prepared, however, Cash Flow Statement for the year 2007-08 has not been prepared as the accounts upto financial year 2007-08 has been prepared as per provisions of Electricity (Supply) (Annual Accounts) Rules, 1985 and according to the said provisions Fund Flow Statement was compulsory and Fund Flow Statement was prepared for the financial year 2007-08. Hence, previous years' figures are not mentioned in the Cash Flow Statement prepared for financial year 2008-09.

33. The previous year figures have been regrouped and/or rearranged.

34. Schedules 1 to 22 are forming part of Annual Accounts for the year ended on 31st March, 2009.

S.M.Bhoyar
Chief General Manager (C.A.)

S.R.Tiwari
Company Secretary

D.D.Wavhal
Director (Finance)

Ajoy Mehta
Managing Director

Asoke Basak
Chairman

As per our report of even date attached here to

**For Shah Khandelwal Jain &
Associates.**
Chartered Accountants

For Jodh Joshi & Co.
Chartered Accountants

For Ummed Jain & Co.
Chartered Accountants

(S.C. Oswal)
Partner
M.No. 040248

(Y.K. Verma)
Partner
M.No. 105954

(U.M. Jain)
Partner
M.No. 70863

Maharashtra State Electricity distribution Co. Ltd.

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

1	Registration Details : Registration No. Balance Sheet Date :	State Code : U 40109 MH 2005 SGC 153645 31 3 2009 Date Month Year	
2	capital Raised during the year (Amount in Rs. Thousands)		
		Public Issue Nil	Right Issue Nil
		Bonus Issue Nil	Private Placement Nil
3	Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)		
		Total Liabilities 110060442	Total Assets 110060442
	Source of Funds	Paid - up Capital 500	Reserve & Surplus 31197374
		Secured Loans 38344128	Unsecured Loans 6113337
		GOM/MSEB Holding Co.Ltd. 32327103	Equity Towards project 2078000
	Application of Funds	Net Fixed Assets 79968733	Investment 684502
		Net Current Assets 11355549	Misc. Expenditure Nil
		Accumulated Losses 11457808	
4	Performance of Company (Amount in Rs. Thousand)		
		Turn over 247984474	Total Expenditure 261498923
		Profit/ Loss Before Tax 13514449.00	Profit/ Loss After Tax -9021073
		Earning Per Share in Rs. -185821	Dividend rate % Nil

5 Generic Names of Three Principal Products / Services of Company Not Applicable

Item Code

ITC Code

Product Description : Distribution of Electricity

S.M.Bhoyar
Chief General Manager (CA)

S.R. Tiwari
Company Secretary

D.D.Wavhal
Director (Finance)

Ajoy Mehta
Managing Director

Asoke Basak
Chairman

As per our report of even date attached hereto.

For Shah Khandelwal Jain
& Associates.
Chartered Accountants

For Jodh Joshi & Co.
Chartered Accountants

For Ummed Jain & Co.
Chartered Accountants

(S. C. Oswal)
Partner
M.No.040248

(Y. K. Verma)
Partner
M.No.105954

(U. M. Jain)
Partner
M.N.70863

Maharashtra State Electricity distribution Co. Ltd.

Statement Pursuant to Section 212 of the Companies Act, 1956 relating to Subsidiary Company

Name of the Subsidiary Company	: Dhopave Coastal Power Ltd.
The financial year of the Subsidiary ended on	: 31 st March 2009
Number of shares in the Subsidiary Company held by Maharashtra State Electricity distribution Company Limited. as on above date	
50000 Equity Shares of Rs. 10/- each	: Rs.50000/-
Percentage of holding	: 100%
The net aggregate of profits or losses of the Subsidiary Company so far as they concern the members of MSEDCL.	

1. Dealt with in the account of MSEDCL amounted to
 - a) For the Subsidiary's financial year : Nil
 - b) For previous financial year of the Subsidiary since it
became Subsidiary of MSEDCL : Nil
2. Not dealt with in the accounts of MSEDCL amounted to
 - a) For the Subsidiary's financial year : Nil
 - b) For previous financial year of the Subsidiary since it
became Subsidiary of MSEDCL : Nil

Changes in the interest of MSEDCL between the end of the Subsidiary's financial year and 31st Mrch 2008	: Not Applicable
--	------------------

Material changes between the end of the Subsidiary's
financial year and 31st Mrch 2009.

- | | | |
|--|---|------------------|
| (I) Fixed Assets
(ii) Investments
(iii) money lent by the Subsidiary's
(iv) Moneys borrowed by the Subsidiary's other than
for meeting current liabilities | } | : Not Applicable |
|--|---|------------------|

(Indicates loss)

For

S.M.Bhoyar
Chief General Manager (C.A.)

S.R.Tiwari
Company Secretary

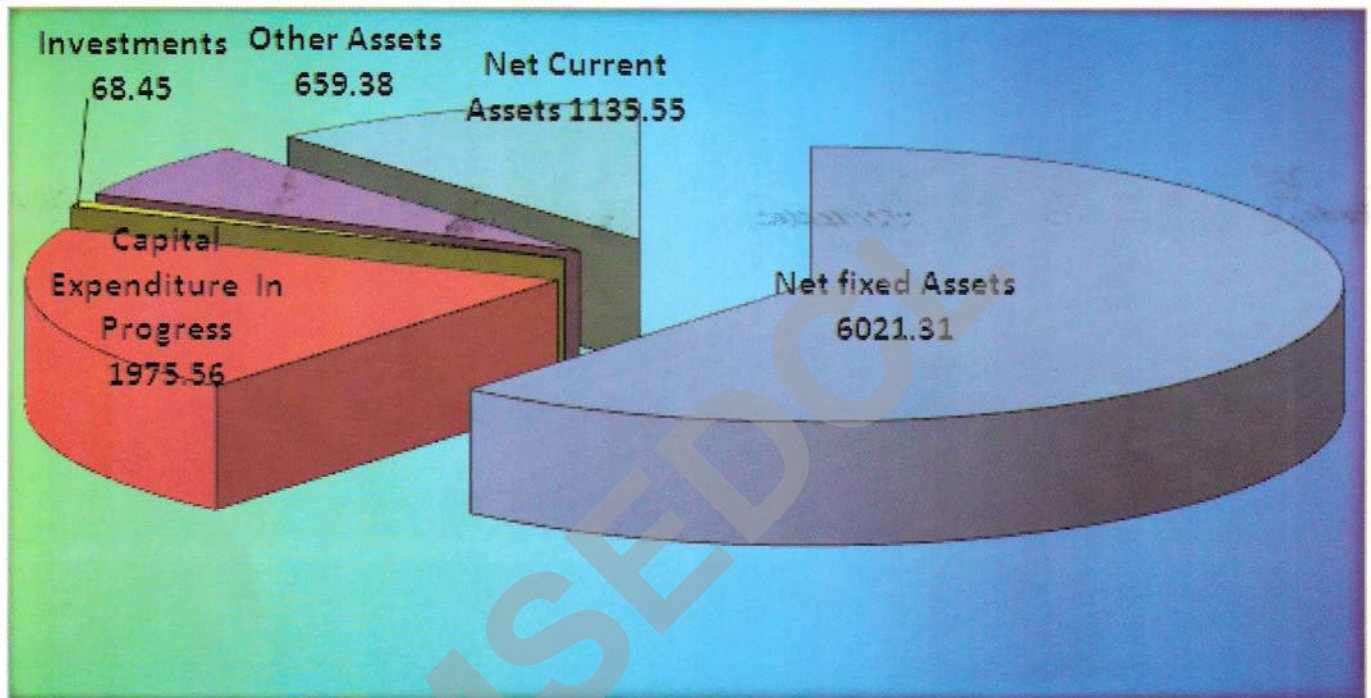
D.D.Wavhal
Director (Finance)

Ajoy Mehta
Managing Director

Asoke Basak
Chairman

BALANCE SHEET

F. Y. 2008-09

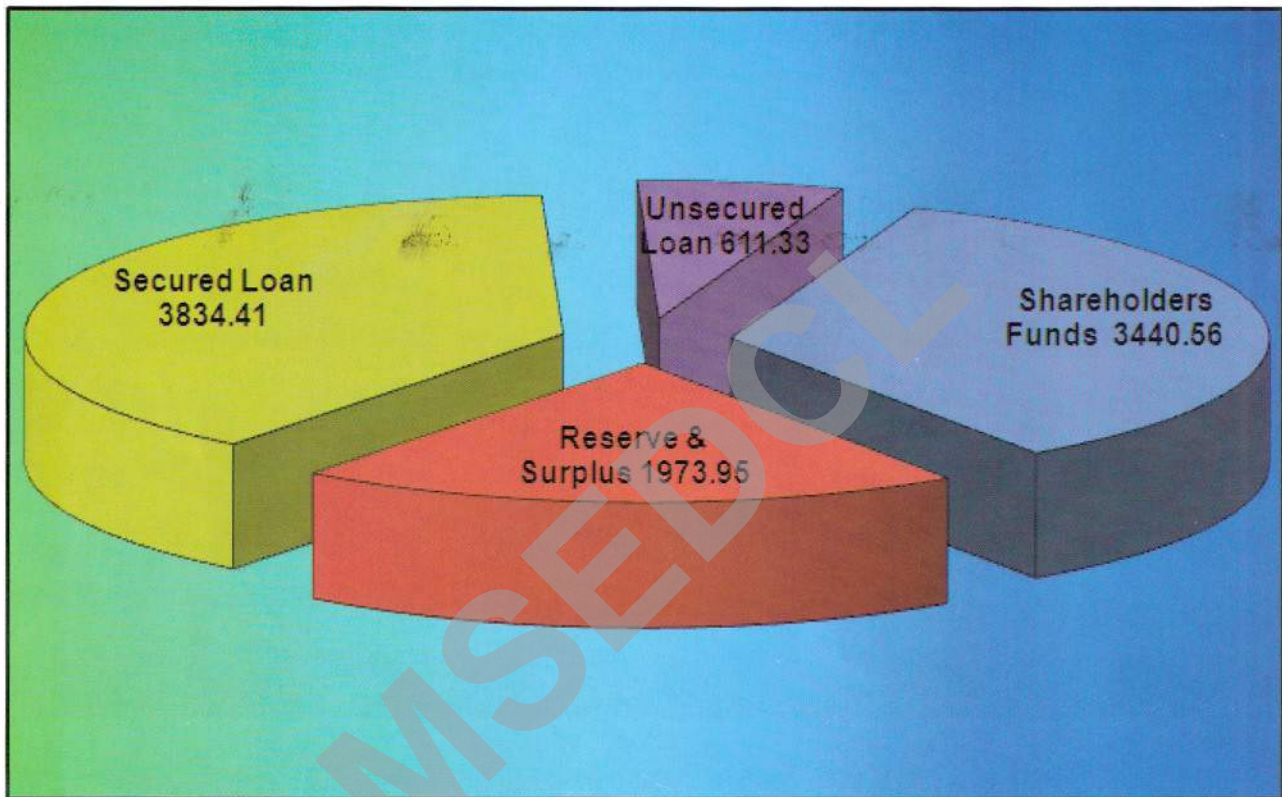


TOTAL ASSETS (RS.IN. CRORES)

YEAR - 2008-09		
	NET FIXED ASSETS	6021.31
	CAPITAL EXPENDITURE IN PROGRESS	1975.57
	INVESTMENT	68.45
	OTHER ASSETS	659.38
	NET CURRENT ASSETS	1135.55
	TOTAL ASSETS	9860.26

BALANCE SHEET

F. Y. 2008-09

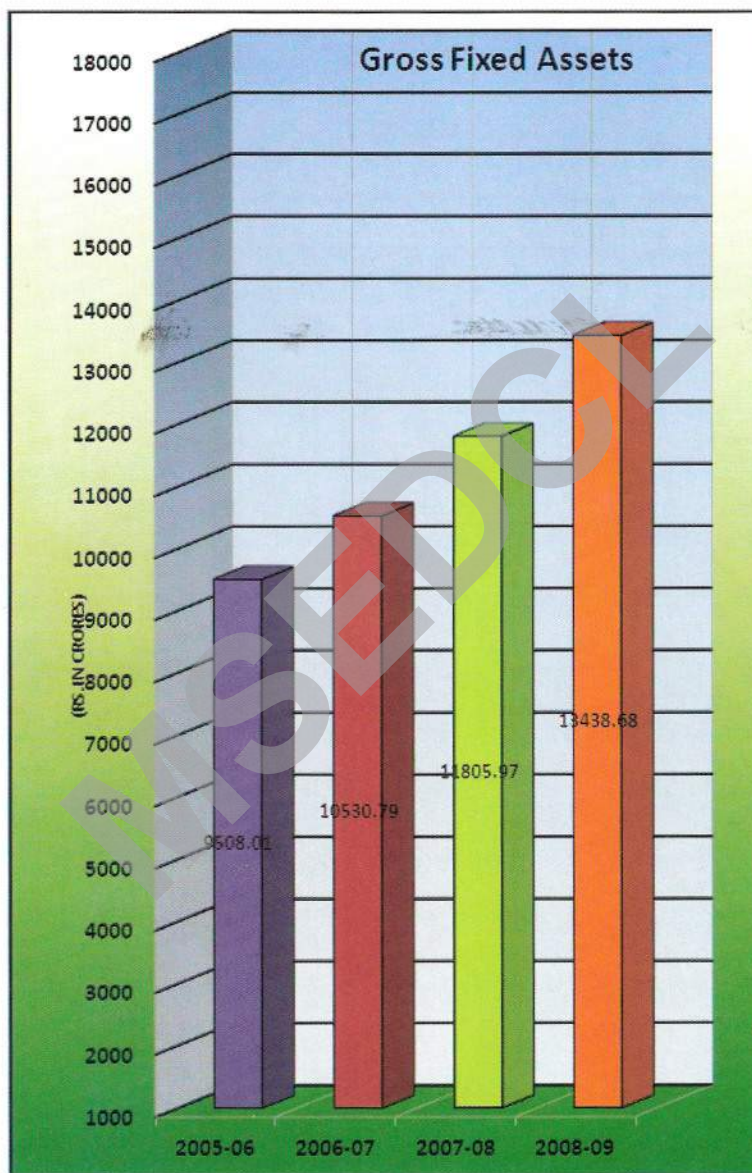


FINANCED BY

(RS. IN CRORES)

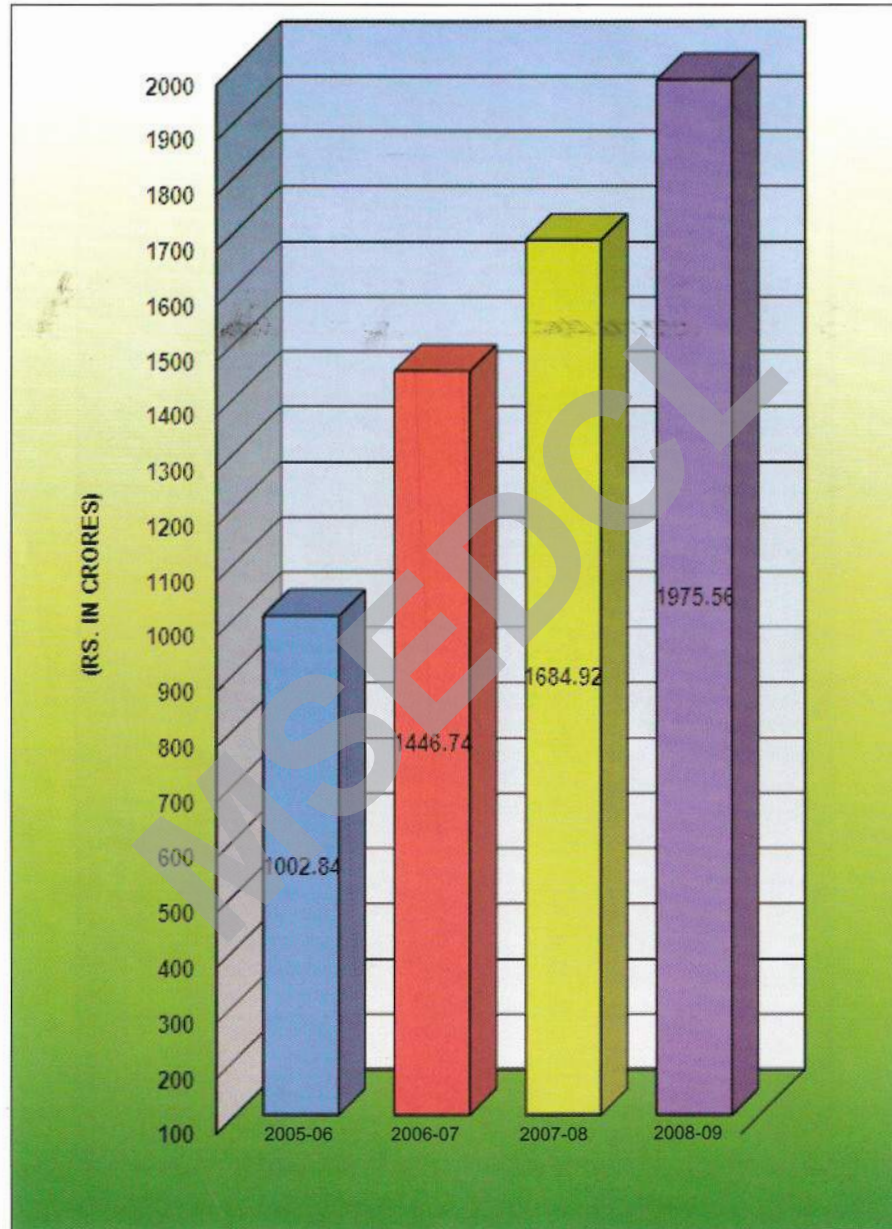
YEAR - 2008-09		
	SHARE CAPITAL, CONTRIBUTION FROM GOM/HOLDING COMPANY, EQUITY FROM GOM TOWARDS FROM GOM TOWARDS PROJECTS CAPITAL	3440.57
	RESERVE & RESERVE FUND	1973.95
	SECURED LOANS	3834.41
	UNSCURED LOANS	611.33
	TOTAL FUNDS	9860.26

GROSS FIXED ASSETS



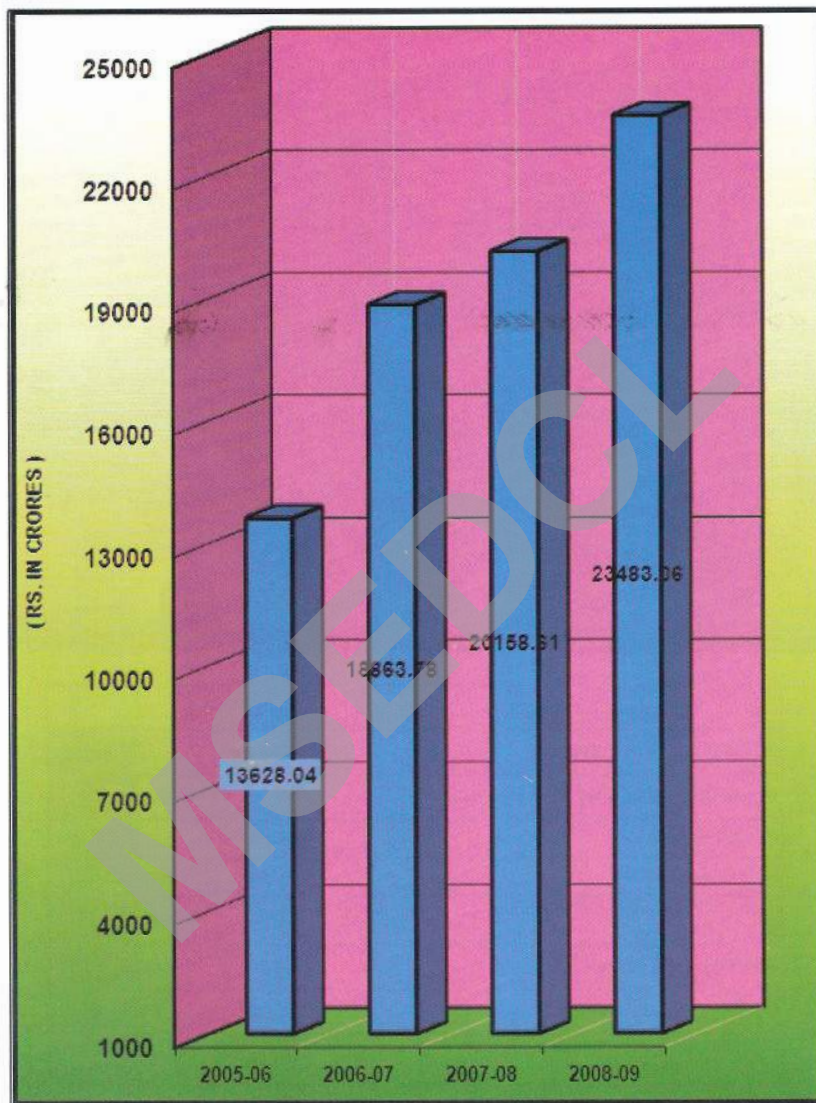
		(Rs. in crores)
	YEAR	Gross Fixed Assets
	2005-06	9508.01
	2006-07	10530.79
	2007-08	11805.97
	2008-09	13438.68

CAPITAL WORK IN PROGRESS



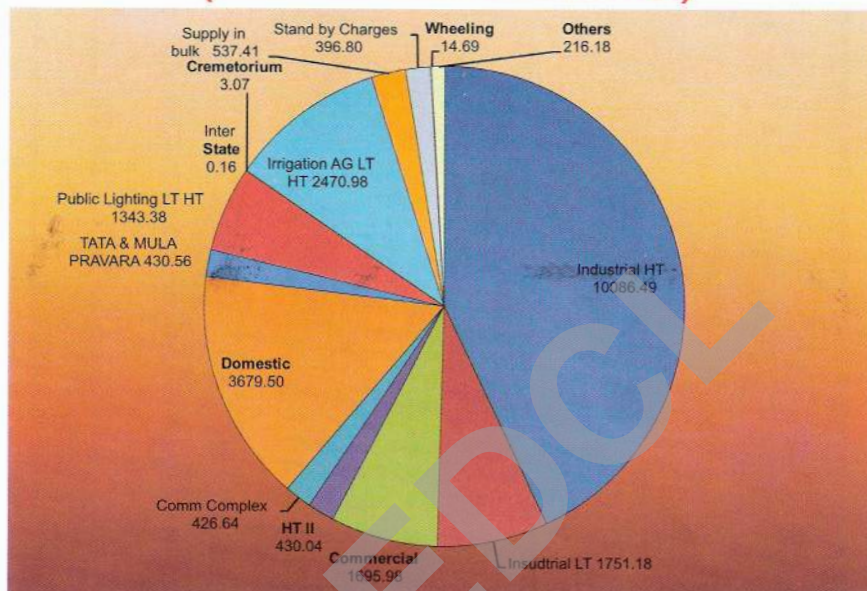
(Rs. in crores)		
	Year	Work in Progress
	2005-06	1002.84
	2006-07	1446.74
	2007-08	1684.92
	2008-09	1975.56

REVENUE FROM SALE OF POWER



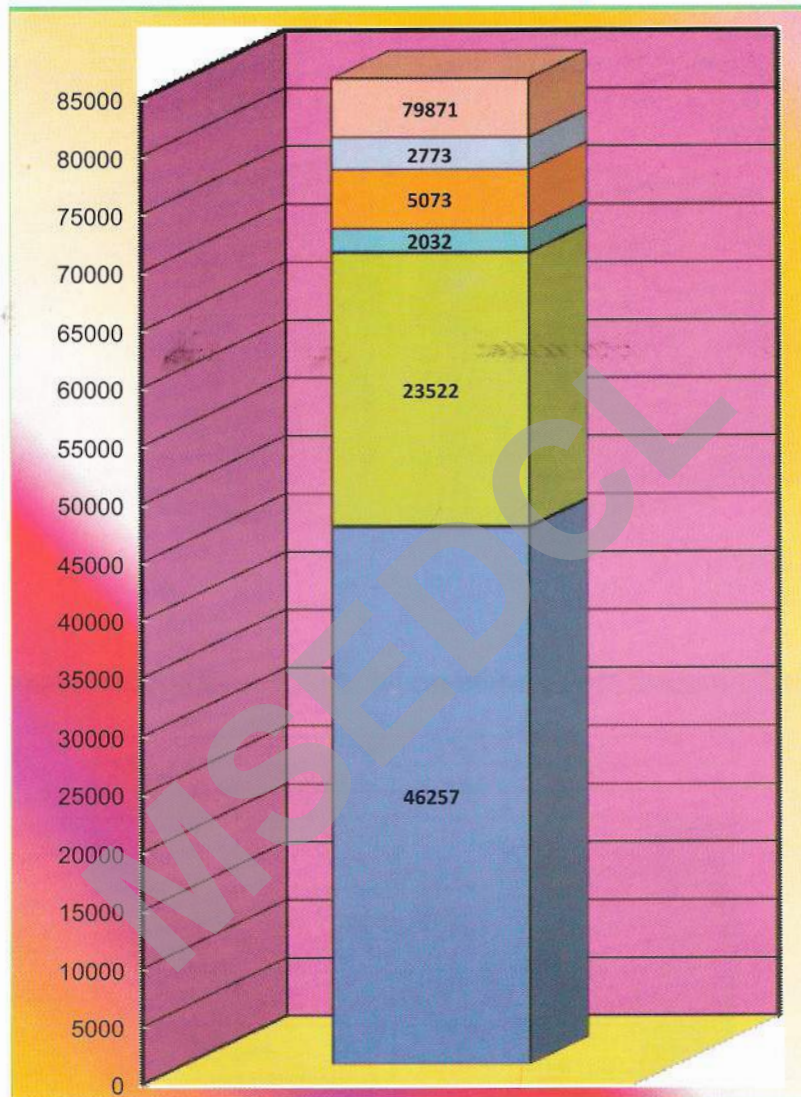
(Rs. in crores)		
	Year	Revenue from sale of Power
	2005-06	13628.04
	2006-07	18863.78
	2007-08	20158.61
	2008-09	23483.06

SALE OF ENERGY - YEAR- 2008-09 (RS.IN CRORES)



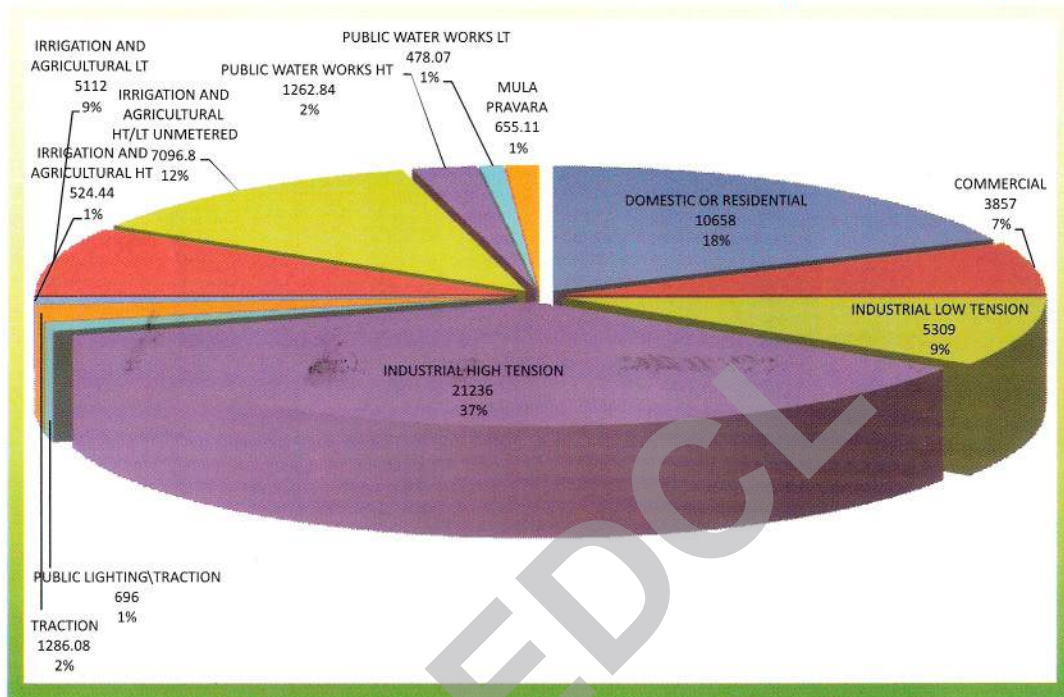
PARTICULARS	(Rs.in Crores)	%	
INDUSTRIAL HIGH TENSION	10086.49	42.95	
INDUSTRIAL LOW & MEDIUM TENSION	1751.18	7.46	
COMMERCIAL	1695.98	7.22	
HT II COMMERCIAL	430.04	1.83	
RESEDENCIAL AND COMMER IAL COMPLEX	426.64	1.82	
DOMESTIC OR RESIDENTIAL	3679.50	15.67	
OTHER BILLING REVENUE	430.56	1.83	
PUBLIC LIGHTING / TRACTION/PWW LT/HT	1343.38	5.72	
INTER STATE	0.16	0.00	
LT CREMATORIUMS & BURIAL GR	3.07	0.01	
IRRIGATION & AGRICULTURE LT./HT.	2470.98	10.52	
SUPPLY IN BULK TO OTHERS	537.41	2.29	
STAND BY CHARGES	396.80	1.69	
WHEELING CHARGES	14.69	0.06	
OTHERS	216.18	0.92	
TOTAL	23483.06	100.00	

Purchase Of Power (In Mus)



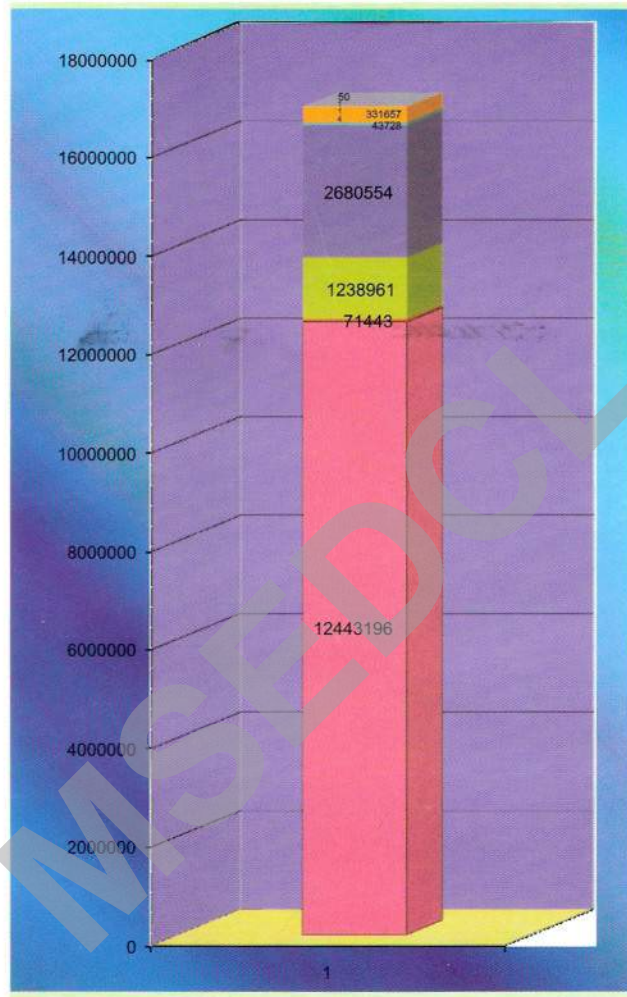
YEAR - 2008-09		
	MSPGCL	46257
	TATA	132
	Central Sector (NTPC, NPC, SSP)	23522
	BHEP (Dodson)	82
	Traders	2032
	RGPPPL	5073
	Others	2773
	Total	79871

CATEGORYWISE SALE (IN MUs)



YEAR - 2008-09			
		UNITS	%
		(IN MUs)	
	DOMESTIC OR RESIDENTIAL	10658	18.32
	COMMERCIAL	3857	6.63
	INDUSTRIAL LOW TENSION	5309	9.13
	INDUSTRIAL HIGH TENSION	21236	36.51
	PUBLIC LIGHTING\TRACTION	696	1.20
	TRACTION	1286.08	2.21
	IRRIGATION AND AGRICULTURAL HT	524.44	0.90
	IRRIGATION AND AGRICULTURAL LT	5112	8.79
	IRRIGATION AND AGRICULTURAL HT/LT UNMETERED	7096.8	12.20
	PUBLIC WATER WORKS HT	1262.84	2.17
	PUBLIC WATER WORKS LT	478.07	0.82
	MULA PRAVARA	655.11	1.13
	TOTAL	58170	100.00

NUMBER OF CONSUMERS



YEAR - 2008-09		
	DOMESTIC/RESIDENTIAL	12443196
	PUBLIC LIGHTING	71443
	COMMERCIAL	1238961
	IRRIGATION AND AGRICULTURAL	2680554
	PUBLIC WATER WORKS	43728
	INDUSTRIAL LT HT	331657
	RAILWAYS	50
	TATA	1
	MULA PRAVARA	1
	INTER STATE	4
	TOTAL	16809595

MSEDCL



MAHAVITARAN

REGISTERED OFFICE

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