

# **6<sup>th</sup> Annual Report**

## **2010 -2011**

**MAHARASHTRA STATE ELECTRICITY DISTRIBUTION CO. LTD.**



**MAHAVITARAN**

Maharashtra State Electricity Distribution Co. Ltd.

# 6th ANNUAL REPORT 2010 - 2011

संदर्भ : अवर सचिव, महाराष्ट्र शासन  
उद्योग, ऊर्जा व कामगार विभाग यांचे  
पत्र क्र. लेखावि-२०१२/प्र.क्र.३६/ऊर्जा ३  
दि. ३.०५.२०१२ अन्वये कंपनीचे  
२०१०-११ चे वार्षिक अहवाल विधी मंडळाच्या  
दोन्ही सभागृहापुढे दिनांक १९.०४.२०१२  
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.

6th Annual Report for the Year 2010 - 2011

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### **BOARD OF DIRECTORS**

**Shri.Ajoy Mehta, IAS**  
Chairman & Managing Director

**Shri. Subrat Ratho, IAS**  
Director

**Shri. D.D. Wavhal**  
Director (Finance)

**Shri S. K. Dabhade,**  
Director (Operations)

**Shri M. K. Deore,**  
Director (Projects)

**Shri P. V. Page,**  
Director

**Dr. Ashok Harane,**  
Director

### **COMPANY SECRETARY**

**Late. Shri. S. R. Tiwari**

### **BANKERS**

**Canara Bank  
Bank of Maharashtra  
Bank of India**

### **AUDITORS**

**M/s. Borkar & Muzumadar**  
Chartered Accountants,  
Mumbai

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

**M/s.Jain Chowdhary & Co.**  
Chartered Accountants,  
Mumbai

### **REGISTERED OFFICE**

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

**To  
The Members,**

Your Directors present the 6th Annual Report on the performance of your Company for the financial year ended 31st March, 2011 along with Audited Statements of Accounts.

**FINANCIAL HIGHLIGHTS :**

(₹. in Lakhs)

Particular	2010-11	2009-10
Revenue from Sale of Power	3323751	2764231
Other Income	125169	114628
Revenue Subsidy and grant from GoM	2805	40000
Profit before Depreciation and Interest & Finance Charges	153549	108942
Depreciation	106747	81227
Interest & Finance Charges	108130	90013
Profit/(Loss) before prior period credits	(-) 61328	(-) 62298
Net Prior Period Charges	(-) 31065	(-) 15978
Profit/(Loss) before Tax	(-) 92393	(-) 78276
Less: 1) Provision for Taxation	11765	2
2) Deferred Tax Adjustment	46309	30199
Profit/(Loss) After Tax	(-)150467	(-)108477

**DIVIDEND:**

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

**THE MAHARASHTRA ELECTRICITY REFORMS TRANSFER SCHEME, 2005:**

The Maharashtra Electricity Reforms Transfer Scheme, 2005 (Transfer Scheme), notified by Government of Maharashtra (GoM) on 5th June, 2005, continues to remain provisional and the financial balances are carried forward based on the Provisional Transfer Scheme.

The GoM is providing subsidy for supply of electricity to the Agricultural and Power-loom consumers and concessional rates are being charged to them by the Company.



## **OPERATIONAL PERFORMANCE:**

During the 6th year of operation, the Company had sold 71280 Mus of power, which has generated revenue of ₹. 332375 lakh.

However, after providing for Depreciation, Interest, Finance Charges and other debits there was a loss of ₹. 92393 lakh (before tax).

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. The company is making all out efforts to meet the growing demand. However there still remains a gap in the peaking 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, was implemented upto Dec 2010. The planned load shedding was withdrawn from January 2011 onwards due to availability of sufficient power.

## **POWER PURCHASE:**

During the year the company has taken a big leap in hiring up the long term power to ensure that your company will not have power shortage in future years.

Your company executed PPA for 2600 MW under competitive bidding process case – 1, stage-2. and PPA for additional quantum of 125 MW is under process.

The power purchase agreements for power from Korba Unit-7, Mouda stage –II Vindhyachal Stage – V, Solapur, Lara, Dhurvaram, Khargone and Gadarwara Project are executed with NTPC. Your company endeavors to monitor the progress of all projects under PPA and demand pattern. To bridge the gap in supply and demand due to delay in some projects of Mahagenco & NTPC, a medium term tender was floated.

The supply of power from JSW Energy, Ratnagiri (300 MW commenced from Sept. 2010 under Case-I, stage- I and Korba Unit (7) 108 MW commenced from March 2011.

Due to less generation of some MSPGCL units, your company has purchased 2387 mu's power from Traders, TPC Unit 4, 6 and Genco vintage units. Also, the company has successfully implemented Zero Load Shedding scheme in Head Quarters of Revenue Commissionrate area by purchasing 2626.31 MUs at ₹. 1176.22 Crs. and this cost is recovered from the consumers availing this facility, through Reliability charges as per MERC orders.

The company executed SWAP agreement with PSPCL and RETL wherein company banked 225.60 MW power in off peak season (June-10 Sept. 10) and received the same in peak season i.e. Nov-10 to Mar-11.

### **SYSTEM IMPROVEMENT SCHEMES:**

#### **Accelerated Power Development Reform Programme (APDRP) & R-APDRP**

R-APDRP is GoI's initiative with focus on establishment of baseline data and fixation of accountability and reduction of AT & C losses through strengthening & upgradation of sub transmission and distribution network and adoption of Information Technology during XI Plan.

- Proposed to cover urban areas- Towns and cities with population of more than 30,000
- Project shall be taken up in Two parts Part 'A' and Part 'B'

#### **Part A**

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

#### **Part B**

Part B shall include regular distribution strengthening and augmentation projects.

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

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

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

### **5. Conversion of Loan into Grant**

**Part A:** The loan shall be converted into grant once the establishment of the required system is achieved and verified by the independent agencies. The interest on the converted Loan shall be



capitalized. No conversion to grant will be made in case Part A is not completed within 3 years from the date of sanctioning of the project.

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

### Status of R-APDRP

- As per directives from MoP & PFC (Nodal Agency) 130 Towns having population more than 30,000 (Census 2001) are selected for implementation of R-APDRP scheme
- Revised loan amounting to ₹. 324.42 Crs for 130 towns for Part 'A' is sanctioned by PFC on 19.03.2010
- Amount of ₹. 97.32 Crs as 30% advance is released by MoP in 2009-10 for Part 'A'
- LOA for Implementation of R –APDRP Part 'A' for 95 towns is issued to M/s L&T Ltd. Mumbai on 31.03.2010.
- LOA for implementation of R-APDRP Part 'A' in 35 towns is issued to M/s SPANCO Ltd on 13.10.2010
- Satellite imagery received for 80 towns out of 95 towns by M/s L&T and for 17 towns out of 35 towns by M/s SPANCO.
- The Network Completed in 43 Towns by M/s L&T and in 9 towns by M/s SPANCO
- Consumer Survey completed in 35 towns by M/s L&T and in 5 towns by M/s SPANCO
- IT Infra Material is being dispatched at various towns.
- Data Centre & Disaster Recovery Centre ready and other related works in progress

•119 no of schemes of Part 'B' are sanctioned by PFC amounting to ₹. 2897.88 Crs

•The LOA for SCADA / DMA Consultant is issued to M/s Reliance Infrastructure limited number of DPR for Implementation of SCADA/DMS have been sanctioned by PFC amounting to Rs 162 Crs.

### **Distribution Network**

#### **33 kV and 22 kV lines and sub-stations commissioned during the year 2010-2011:-**

During the year 2010-2011 the M. S. E. D C. Ltd. commissioned 201 new (33/11kV, 22/11 kV) Sub-Stations and 22/22 kV Switching Stations. The transformer capacities have also been augmented at 384 existing 33/11 kV, 33/22 kV & 22/11 kV Sub-Stations during the year under system improvement scheme.

Sr.No.	Particulars	Achievement During 2010-2011
1.	Capacity added in S/Stn.33/11 kV,33/22 kV and 22/11 kV	2642.850 MVA
2.	Sub-transmission lines energized 33 kV, 22 kV	4020.76 Ckt-km

In order to reduce the distribution losses, 201 nos. of new substations are added during year 2010 - 2011 as above.

Further, to reduce the commercial losses, the static meters were installed in place of electro mechanical meters and for faulty meters replacement. This work has been especially taken up in the urban areas in year 2010 - 2011 and in Rural areas faulty meters were replaced by high precision meters. This activity has produced good results for the company. we are now introducing latest meter reading system like Radio Frequency and Infra Red based communication-enabled meters to reduce human errors/manual intervention and get correct meter reading.

#### **Japan Bank for International Co-operation (JBIC):**

There are 9 schemes covering 9 Districts for System Improvement are sanctioned by JBIC for loan assistance under phase - I. The 9 districts covered are namely Sangli, Jalgaon, Ahmednagar,



Nandurbar, Wardha, Pune, Solapur , Nagpur & Nashik & the total cost of these schemes is ₹. 59.34 Cr. But out of these 9 schemes, 1 scheme i.e. Nagpur (MH-6) is dropped. Therefore, 8 schemes are remaining under JBIC & the total cost of these schemes is ₹. 49.23 Cr. & total value of award of these schemes is ₹. 55.93 Cr.

Total 18 new sub-stations are covered under these schemes, out of which 16 sub-stations are commissioned. Similarly, 17 augmentation & additional transformers for 33 KV S/stn. are covered under these schemes, out of which 16 additional transformers are charged. The total 33 kV line i.e. 214.70 Km is covered under these schemes, out of which 152.68 km line is completed.

### **INFRASTRUCTURE PLAN:**

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

The Expenditure is:

FY 2008-09	: ₹. 380.15 Cr.
FY 2009-10	: ₹. 936.14 Cr.
FY 2010-11	: ₹. 4352.45 Cr.

The achievements done are given as below:-

Sr.No.	Major Works	Unit	Departmental ( Urgent Six months work) Achievements as on 31.03.2009	Turnkey Achievements upto March'11
1	New Sub stations	Nos.	30	197
2	Augmentation of Power Transformer	Nos.	84	226
3	Additional Potential Transformer	Nos.	46	260
4	HT Lines	Kms	1613	15025
5	LT Lines	Kms	871	3872
6	New DTCs	Nos.	2964	32100

## **LOAD MANAGEMENT:**

Taking into consideration the gap between the peak and the base load, need was felt to take appropriate measures to reduce the shortage of power particularly during peak hours. To reduce peak loads and have a more uniform load curve, Single Phasing Scheme and Gaothan Feeder Separation Scheme have been implemented.

### ***Single Phasing Scheme:***

To reduce peaking loads and in order to make supply available to domestic consumers during peak load hours especially in the evening and night, single phasing scheme is being implemented. Single phasing is done in three stages i.e. Phase-I, Phase-II & Phase –III. Single phasing Phase-III is being implemented on the same feeders which were already covered in Single phasing Phase-I & II to cover the balance villages and wadies.

Single phasing Phase- I was completed in July 2006 covering 1186 feeders, the villages benefited & Load management due to this scheme are 8085 & 1153 MW respectively. Phase –II was completed in June 2008. Single phasing Phase-II scheme was implemented for 768 feeders. Because of this 3877 villages are benefited and a load management of 722 MW is achieved.

Under Single phasing Phase-III achievements till 31.03.2011 are as given below.

Sr.No.	Details	Target	Achievements as on 31.03.2011
1	No. of DPS	5154	4702
2	No. of Villages covered	2222	1705
3	No. of Wadies covered	1840	2069
4	Expenditure upto March 2011 (₹. In Crores )	204.93	162.11

### ***Gaothan Feeder Separation Scheme (GFSS):***

The Gaothan Feeder Separation Scheme (GFSS) Phase –I is sanctioned for 20 districts & total feeders to be commissioned are 1498. The scheme was completed. GFSS Phase –II is being implemented in 25 districts, the brief scope of this scheme covers 895 feeders, 7005 villages and load management envisaged is of 1088 MW. GFSS-III Scheme is being implemented on same feeders already covered under GFSS-I for giving benefit to previously uncovered villages.



The Brief Summary of progress GFSS Projects till 31.03.2011 is as follows:

Sr.No.	Particulars	GFSS-I		GFSS-II		GFSS-III	
		T	A	T	A	T	A
1	No. of DPS	9811	8004	13722	7520	2182	832
2	No. of villages covered	7437	6853	7005	5743	381	78
3	Expenditure upto March-2011 ( ₹. In Crores )	895	815.83	1446	702.96	231	118.23

• T= Target, A= Achievement

Both Single Phasing Scheme and GFSS has yielded good results reducing peak demand by nealy 2500 to 3000 MW

#### **Reactive Power Planning for reducing T&D losses :**

The capacitor banks totaling 4803.675 MVAR are installed as on 31-03-2011. This includes capacitor installed at HV level during 2010-11 is 348.08 MVAR. Similarly the capacitors provided on distribution transformer centers are totaling 2050.60 MVAR.

#### **RURAL ELECTRIFICATION:**

##### ***Village Electrification and Energization of Agricultural Pumps:***

100% village electrification has been achieved in Maharashtra State as on 31-03-1989. However as per revised definition of village electrification and as per 2001 census out of 41096 villages and 377 towns as per 2001 Census, 40596 villages and 377 towns have been electrified as on 31.03.11 as per preliminary survey carried out. The company has energized 3,21,299 agricultural pumpsets during the year 2010-2011 which was the highest ever. With the implementation of this program, total pumpsets energized in the State are 34,90,414 which is the highest achievement among all the States in the country.

##### ***Tribal Sub-Plan:***

There are 8382 nos. of villages under tribal, as per Census 2001. The M.S.E.D.C.Ltd. has also energized 1916 agricultural pumpsets in tribal sub-plan area during 2010-2011 bringing the total no. of pumpsets energized in tribal sub-plan area to 1,50,604.

##### ***Electrification of Dalit bastis-***

As a policy, the M.S.E.D.C.Ltd. invariably covers electrification of attached Dalit Bastis, if any, while sanctioning the estimate for electrification of Gaothan.

### ***Domestic Connections to Weaker Sections:***

Since 1-10-1976, the Board is releasing domestic connections without charging normal service connection charges to Weaker Sections of Society, Viz. (1) Schedules Castes (2) Schedules Tribes (3) Nomadic Tribes (4) Vimukta Jatis and (5) Nav Buddhists. During 2010-2011 a total of 29330 such connections have been released, out of which 17284 pertains to Scheduled Castes and Nav Buddhists. So far a total of 1678678 connections have been released to these five categories, out of which 933936 pertains to Scheduled Castes and Nav Buddhists.

### ***Rajeev Gandhi Gramin Vidyutikaran Yojana (RGGVY):***

As per Sections 4 & 5 of the Electricity Act 2003 the Central Government has notified the Rural Electrification Policy on 23rd August 2006.

The policy is aimed at:--

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

To provide power supply to 100% BPL (Below Poverty Line) Households. No service connections cost to be recovered from such beneficiaries.

The Central Government will provide a grant to the tune of 90% of the project cost and 10% will be loan from REC which is a Nodal Agency for implementation of RGGVY throughout the country.

### **The detailed information in respect of the State of Maharashtra is as below:-**

Total Districts	:	33
Total. Projects	:	34
Total No. of villages as per Census 2001	:	41095
Total No. of Electrified villages	:	36010
Total No. of Unelectrified village as per new definition of village electrification	:	5085
Total No. of Villages to be electrified by conventional method	:	4709
Total No. of Villages to be electrified by unconventional method	:	376
Total No. of Households including BPL Households	:	11341705
Total No. of BPL Households	:	3111056
Total No. of Households electrified (Including BPL Households)	:	5816346
Total No. of Households Unelectrified (Including BPL Households)	:	5525359
Total No. of Unelectrified BPL Households	:	1876391
Freezed no. of Unelectrified BPL Households	:	1184415



Total No. villages to be electrified as per new definition	:	4709
Total No. of Wadies included	:	8430
Proposed Basic Infrastructure		
i) H. T. Lines	:	5218.107 Kms
ii) L.T. Lines	:	8506.01 Kms.
iii) 25 KVA Transformers		9015

Under RGGVY, MSEDCL had prepared proposals for 34 schemes in 33 Districts of Maharashtra. The Schemes for the districts of Gondia, Nanded, Solapur & Dhule have been sanctioned in 10th Plan by Central Govt. These schemes are completed in June 2010.

All villages, as per new definition, i.e. 4709 are electrified by June'2011.

Rest 30 schemes have been sanctioned in 11th Plan. The total award cost for Xth and XIth plan RGGVY Schemes is ₹. 829.44 Crs.

**MoP sanction cost for XIth plan scheme is ₹. 747.53 Crs.**

**Total funds received towards RGGVY Scheme in year 2010-11 are ₹.162.15 Crs.**

**Total expenditure incurred for RGGVY Scheme in the year 2010-11 is ₹. 261.10 Crs.**

**Target and Achievement of BPL Connections released in the year 2010-11.**

- 1) Target of BPL Connections released in the year 2010-11 is 5,00,000 nos.
- 2) BPL Connections released in the year 2010-11 is 3,28,971 nos.

### **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 1820.655 MW upto Dec. 2009 .

Group I Projects commissioned upto 27.12.1999 is 31.988 MW.

Group II Projects commissioned after 28.12.1999 upto 31.03.2003 is 366.54 MW.

Group III Projects commissioned after 1.04.2003 upto 31.03.2010 is 1462.205 MW.

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

Group IV Projects commissioned in the FY-2010-11 are 40.5 MW.

The levellised tariff rate for Group IV Projects commissioned in the F.Y. 2010-11(i.e. after 31.03.2010) is ₹. 4.67 per unit for the total tariff period.

#### ***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 79 EPA's were executed involving installed capacity generation to the tune of 1125.860 MW. The installed generation capacity in operation for sale to MSEDCL upto 31.12.2011 is 469.500 MW and the projects commissioned is 239 MW as on 31.03.2011.

The purchase rate of MSEDCL is ₹. 4.79 per unit in line with MERC Order 14.07.2010.

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

***Biomass IPP Projects:***

18 EPA's were executed involving installed capacity generation to the tune of 191 MW. The installed generation capacity in operation for sale to MSEDCL upto 31.03.2011 is 127 MW and the projects commissioned in the F.Y. 2010 -11 (upto 31.03.2011) is 30 MW.

The purchase rate of MSEDCL is ₹. 4.98 per unit in line with MERC Order 14.07.2010.

***Small Hydro Projects:***

Hydro projects upto 34.5 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 31.03.2011 is 52 MW and the capacity of projects commissioned in F.Y. 2010-11 (upto 31.03.2011) are 20.4 MW.

The purchase rate by MSEDCL is ₹. 2.84 per unit with escalation of 3 paise per year in line with MERC Order 14.07.2010.

Further, MSEDCL has also executed EPAs with Solar Power Projects. The Solar Projects commissioned upto 31.12.2011 is 1 of capacity of 1 MW.

The purchase rate by MSEDCL is ₹. 3/- as per MERC order dtd:- 08.05.2009.

**INFORMATION TECHNOLOGY:**

**IT Initiatives Undertaken During 2010-11**

**R-APDRP:-**

Ministry of Power, Govt. of India, has launched the Restructured Accelerated Power Development and Reforms Program (R-APDRP) in the XI Five year Plan. Power Finance Corporation Limited (PFCL) has been designated by GoI as the Nodal Agency for the program.

The program spans from data acquisition at distribution level till monitoring of results of steps taken to provide an IT backbone and strengthening of the Electricity Distribution system across the Country under the program.

The objective of the program is reduction of AT&C losses to 15% in project areas. The program is



divided into 2 parts Part-A and Part-B. Part- A will include projects for establishment of baseline data and IT applications like Meter Data Acquisition, Meter Reading, Billing, Collections, GIS, MIS, Energy Audit, New Connection, Disconnection, Customer Care Services, Web self service, etc. to get verified baseline AT&C losses.

### **Automatic Meter Reading :-**

For taking automated meter readings of HT consumers, high value LT consumers and Distribution Transformers.

### **Future Plans**

### **ERP Solution**

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

The scope of work of this project primarily consists of:

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

Contract has been awarded to M/s Zensar Technologies for implementation of ERP. The project is proposed to be completed in eighteen months.

The modules covered under the scope of EPR project are-

- Financial Management
- Stores, Inventory, Purchase
- Upgrading of Billing Solution to n-tier architecture
- Project Management Process

- Load Management including Load Analysis
- Contributory Provident Fund(CPF)
- Portfolio Management
- Quotation Management
- Distribution Franchisee
- Tariff Regulatory Cell

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

The real time monitoring & control of the distribution system through state-of-the art SCADA/DMS system encompassing all distribution Sub-stations & 11 KV network would help in achieving the objective of reducing Aggregate Technical and Commercial (AT&C) losses.

#### **Eligibility Criteria for SCADA/DMS Implementation-**

- Towns having Population > 4,00,000 ( as per census 2001)
- Towns having Annual Energy Input > 350 MU

Eight Towns in Maharashtra have fulfilled the criteria - Greater Mumbai , Pune , Nasik , Malegaon , Amravati , Sangli , Kolhapur , Solapur.

#### **Brief Scope of Work in SCADA/DMS Project-**

- One SCADA/DMS Control Centre will be established at each eligible town for real time monitoring and controlling of the entire distribution network
- One Common Data Recovery (DR) Centre for entire State for complete back of system data
- Remote Terminal Units & Field Remote Terminal Units (FRTU) will be installed at primary s/s and DT locations for real time data acquisition
- Establishment of communication network (MPLS-VPN, CDMA/GPRS)
- Integration with IT systems like Billing system , Customer Care Centre , GIS and SLDC for better operations

### **CONSUMER SERVICES:**

#### ***Consumer Facilitation Center (CFC):***

MSEDCL has developed software for its customers called “Consumer Facilitation Center (CFC)”. This software has the features of “Single Window” Concept and is presently implemented at 50 Sub Division level offices. This activity is totally out-sourced.



The key features of the CFC are-

- Attending Consumer complaints, Power Supply / Bills
- Assistance in new connections
- Change of Name etc.

To provide better service and quick disposal of consumer grievances, we started 12 modern, professional Consumer Facilitation Centre's (CFC) at major cities plus 8 New C.F.C.s will be added by Sept. 2011. Also there are 29 Existing Small C.F.C.s. There are 15 call centers at major cities in Maharashtra and planning to start State level Call Centre by the end of Oct 2011.

#### ***Call Centers:***

For CRM activity, MSEDCL has 15 operational Call Centers viz. Bhandup (Mumbai), Pune, Nagpur, Nasik, Amravati, Akola, Nanded, Kolhapur, Ahmednagar, Kalyan, Sangli, Dhule, Jalgaon, Solapur and Aurangabad.

***All Time Payment Facility:*** - For facilitating the consumers, 50 All Time Payment machines have been installed at different locations where the consumer can pay the bill round the clock.

#### ***e-Billing and Online Bill Payment System:***

Payment gateway service extended to all consumers of the state, including Agriculture consumers for on-line payment of bills. Also, facility of bill payment through Mobile phone / IVRS / SMS provided to the consumers.

Now consumers can register at MSEDCL's website [www.mahadiscom.in](http://www.mahadiscom.in) for e-Bill and get bills through email.

Following are the various kinds of electronic payment options made available to the customers-

- 1) Through Dot Com companies viz. Bill Desk, Bill Junction
- 2) ECS through HDFC Bank, Cosmos Bank, ICICI Bank
- 3) Payment through MSEDCL's website by Credit Cards and Net Banking from ABN Amro Bank, Bank Of India, IDBI Bank, Indusland Bank, Punjab National Bank, State Bank of India, Union Bank of India and UTI Bank.

#### ***New Connection Tracking System:***

MSEDCL has developed software for tracking new electricity connections. This application will take care of the new connection process starting from application to the release of connection. This application will also take care of the meter inventory.

### ***Transformer Tracking System:***

This system is designed to track the transformers. This will track the transformer from the point when the transformer is handed over to the sub division office to the point when the transformer is declared as scrap. It will also track the transformer 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.

### **Data Center & Communication Backbone: -**

As an adoption of latest Technology, MSEDCL has established Data Center at Prakashganga, BKC, Mumbai. Total 35 servers for different applications like ERP, MIS, e-Tendering, Mail, Website, Data Warehouse, Intranet, security products, patch management system etc are deployed.

### **HT/LT-V Meter Readings through MRI:**

Developed Software for generating meter readings soft file required for billing from the downloaded data through MRI.

### **ISO Certification for Data Center:**

Operational Data Center of MSEDCL, at Prakashganga, Bandra-Kurla Complex, Mumbai has been awarded ISO certification ISO/IEC 27001:2005 for INFORMATION SECURITY MANAGEMENT SYSTEM. The management of information security applies to MSEDCL Data center for Hosting Services (such as E-Tendering, Payroll, HRMS, MIS, Online Billing), Data warehousing Services and support services such as Facilities Management and Human Resource

### **E-Tendering: -**

To increase the transparency in tendering process and reduce the time required in the process, a computerized E-Tendering system for works, contracts and projects is being introduced at all Circles for their O&M works. E-Tendering for supply of material has already been implemented at Head Office. It



will also be implemented for the supply at the site offices.

## Internal Reforms

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

YEAR	Distribution Loss (%)	AT&C Loss (%)
2006-07	29.50	33.98
2007-08	24.09	26.08
2008-09	21.98	24.62
2009-10	20.60	21.41
2010-11	17.28	18.45

## Action Plan for Loss reduction for FY 2010-11

### 1. Distribution Loss reduction strategies

#### (a) Technical losses-

- Strengthening of network through Infrastructure Plan. Following works are covered in recently awarded contracts:
- Erection of new 33/11 kV Sub stations at load centers.
- Erection of new 33/11 kV Lines.
- Augmentation of existing substation capacity.
- Reducing LT/HT ratio.
- Reconductoring
- HVDS
- Transmission Company (Maha Transco) has also undertaken the work of erection of new EHV Sub stations & EHV lines & augmentation of EHV Sub stations in the jurisdiction of Maha Vitaran.

#### (b) Commercial losses-

- To curb theft of electricity 43 flying squads are established.
- 6 dedicated Police stations established to handle power theft.
- Regular Theft Detection Drives.
- Mass Meter Replacement has been undertaken to replace faulty/stopped, old electromechanical

meters with static meters (From April-09 approx. 9 Lacs meters have been replaced till date).

- DTC metering is in progress to pinpoint theft prone areas. (Out of 2.8 Lacs DTCs 1.68 Lacs DTCs have been metered till date)
- High loss making Bhiwandi Circle is already Franchised to M/s. Torrent Power since Year 2007.
- Some divisions of Nagpur City and Aurangabad City are under process to be Franchised.
- Review on loss reduction is been taken regularly in review meetings.

### **DISTRIBUTION FRANCHISE:**

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

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

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

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

M/s Crompton Greaves Ltd. is emerged as successful bidder and appointed as Distribution Franchise for Jalgaon UCR Division( which comprises urban sub-divisions I-II, Jalgaon Rural subdivision and Nashirabad rural subdivision) of Jalgaon Circle. The Distribution Franchise Agreement has been signed with M/s Crompton Greaves Ltd. on 1st June 2011 and the further handing over process is in progress.

### **DISTRIBUTION FRANCHISE UNDER SECOND PHASE**

- |                          |  |
|--------------------------|--|
| 1) Shil-Mumbra-Kalwa     | → Data is compilation is in process.                     |
| 2) Malegaon UCR Division | → Process to obtain data and information is in progress. |



## **THEFT DETECTION:**

The 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 the 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 to a great extent. In order to deal with the situation, the Company has taken several important steps some of them are listed below.

1. For detecting theft of energy presently there are 43 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. 31/10/2006 had created six dedicated police stations at Kalyan, Pune, Nashik, 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 9128 FIRs have been lodged during the year 2010-11.
2. During the year 2010-11 the Flying Squads working under this directorate had checked 27116 connections and detected 12450 assessment involved cases in which an assessment amounting to ₹. 14111.21 lakhs were raised against which ₹. 5156.23 lakhs was recovered. During the regular checking of consumers installations, total 2560 theft cases were detected with an assessment of ₹. 682.22 lakhs (including Special Drives.) During the period of the review, Flying Squads conducted 134 special drives, in which 1222 theft cases were detected with an assessment of ₹. 2146.87 lakhs. (including theft of energy)
3. To encourage the flow of information regarding illegal and unauthorized use of electricity and theft of power. Informer base was created. An incentive, up to 5% of the recovered amount from the assessment made out against theft of power is paid to informants.
4. During the period Special Drives were organized for checking of Highway Dhabas, Beer Bar & Restaurant, Hotels, lodges, Malls & other Commercial Complexes, Showroom, Ice factory, Oil Mills, Rice Mills, Educational Institutions, BSNL & MTNL's, Poultry Farms, Building Constructions etc.
5. Special checking during night hours were organized in some pockets.
6. MRI data sheet and Energy Audit are studied and analysed 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.

### **HUMAN RESOURCES MANAGEMENT:**

Human resources is the individuals who make up the workforce of an organization and is the most valuable asset of an organization. Therefore, due importance is paid to develop systems for rational management of this asset. All steps have been taken to nurture and develop the precious human asset. The initiatives taken are listed below

#### **a) Recruitment & Selection:-**

To ensure right mix of talent and experience, MSEDCL has well defined quota for direct recruitment and promotion for all the posts. In the year 2010-11 almost 8000 people recruited in all cadres. All selections were carried out in transparent, fair and unbiased manner.

#### **b) Training & Safety:-**

The aim of giving the training to employees is to develop the professional competencies, commercial acumen, team building, changing attitude, developing work culture and enhancing safety standards. A well defined Training Policy ensures training as per TNA of the employees. Concepts like training at door step, where expert trainers visit field offices to impart Soft Skill/functional training and Small Training Centre's at 25 locations have been established. This has been helped in training more than 31,000 officers and other employees during the year 2010-11. Safety is an important part of training and included in most of the courses. Safety audit of selected Sub-Stations was undertaken to improve safety standards. This has resulted into reduction in accident rates.

#### **c) Performance Management System (PMS) :-**

To ensure fairness in evaluation, PMS based on specified targets/KRA is developed and is fully functional for Engineers working in field and for other Engineers and officers from the year 2010-11.

#### **d) Human Resource Management System:-**

To ensure reduction in paper work and bringing transparency and efficiency in administration and Human Resource practices, automation was considered essential. In 2010-11, Human resource Management System was developed by TCS for M.S.E.D.C.L. and is in operation efficiently. Also in co-ordination with M/S Zensar Technologies M.S.E.D.C.L. have started implementing the ERP solutions.



**e) Administration:-**

To ensure smoothness, easiness and effectiveness in the administration following steps have been taken.

- i. Procedures made simpler and speedy disposal of cases
- ii. Disciplinary cases and appeals disposal as per schedule
- iii. Departmental Vigilance Organization is ensuring speedy disposal of cases

In 2010-11 company organized the 37th All India Electricity Sports Control Board's Athletic Championship at Sports Authority of India Kandivali (E) win the prizes in the many events. Our Sports teams performing well in the tournaments such as Bridge, wrestling and win the prizes.

We organized the free Medical checkup camp for employees at Corporate Office level as well as at various field offices in Maharashtra. More than 20,000 employees have taken benefit of Medical check up.

Our efforts in contribution to the field of HR & leadership have been recognized by **ASIA PACIFIC HRM CONGRESS & M.S.E.D.C.L.** has been awarded the **HR LEADERSHIP AWARD & ORGANIZATION WITH INNOVATIVE HR PRACTICES for 2010-11.**

**AUDITORS:**

Pursuant to the provisions of Section 619 of the Companies Act 1956, the Comptroller & Auditor General of India, (CAG) New Delhi had appointed Borkar & Muzumdar, Chartered Accountants, M.P.Chitale & Co. Chartered Accountants, and Jain Chowdhary & Co. Chartered Accountants, as Statutory Auditors of the Company for the year 2010-2011. The report of the Statutory Auditors is appended to the Balance Sheet and Profit & Loss Account. The Auditors have submitted their reservations and qualifications. The replies of the Management to the reservations and qualifications of the Statutory Auditors are enclosed as an Annexure 'A' to the Directors' Report.

**COST AUDIT:**

The Central Government had ordered cost audit in respect of distribution and retail supply of electricity for the financial year ending 31.03.2006 and also for every financial year thereafter. In pursuance of Cost Audit Order, the Board of Directors of the Company has appointed M/s. S.R.Bhargave & Co., Cost Accountants and M/s. M.R.Pandit & Co., Cost Accountants, as Cost Auditors for the year 2010-11 and the approval of Central Government has been obtained.

## **DIRECTORS:**

Shri S.J.Kunte then Pr. Secretary (E), GoM was appointed as Director of the company on 9.8.11 in place of Shri Subrat Ratho. Shri V.K.Kanade Pr. Secretary (E), GoM was appointed as Director in place of Shri S.J.Kunte w.e.f. 21.11.2011.

## **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 2010-11 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**

**Chairman & Managing Director**

**Place: Mumbai**

**Date: 22/02/12**

MSEDCL

## CONSERVATION OF ENERGY

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

As per MERC Order 24-11-2003 and the Company's policy, the Wind farm developers have commissioned (sale to MSEDCL) a total capacity of 1965.155MW up to Nov. 2012.

**Group I Projects** commissioned up to 27-12-1999 is 31.988 MW

**Group II Projects** commissioned after 28-12-1999 upto 31.03.2003 is 366.54 MW

**Group III Projects** commissioned after 1.04.2003 up to 31.03.2010 was 1422.13 MW

**Group IV Projects** commissioned after 01.04.2010 upto Nov.2011 is 144.5 MW

#### **2) Cogeneration Projects in Maharashtra:**

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

As such forty EPA's were executed with MSEDCL involving installed capacity generation to the tune of 1313.36 MW. The installed generation capacity in operation for sale to MSEDCL upto 31.12.2011 is 762.36 MW out of which the projects commissioned in the F.Y. 2011-12 (upto 31.12.2011) is 128 MW.

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

#### **3) Biomass IPP Projects:**

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 31.12.2011 is 127 MW and the New projects commissioned in the F.Y.2011-12(upto 31.12.2011) is NIL.



**4) Small Hydro Projects :**

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

The commissioned capacity of private and Govt. owned small hydro projects upto 31.12.2011 is 66.15 MW out of which the project commissioned in F.Y. 2011-12 (upto 31.12.2011) are 14.5 MW.

**5) Solar Projects :**

Further, MSEDCL has also executed EPA's with Solar Power Projects for total capacity of 142 MW. As on 31.12.2011 the installed/commissioned capacity is 15 MW.

MSEDCL

**AUDITOR'S REPORT**

**To,  
THE MEMBERS OF  
MAHARASHTRA STATE ELECTRICITY DISTRIBUTION CO.LTD.,  
MUMBAI**

1. We have audited the attached Balance Sheet of **MAHARASHTRA STATE ELECTRICITY DISTRIBUTION CO. LTD.**, as at 31st March, 2011 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.
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 Section 274 (1) (g) of the Companies Act, 1956 are not applicable to the company.
9. We invite your attention to the following:

- (i) The Assets and liabilities of the company contain balances transferred under the transfer scheme as on 6th June, 2005 by The Maharashtra Electricity Reforms Transfer Scheme, 2005. As per the information given to us, these balances of Fixed Assets, 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 final 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 Maharashtra State Electricity Boards, MSEB Holding Company Ltd. and fellow subsidiaries are subject to confirmations and adjustments necessary upon reconciliations. The effect of the adjustments arising from reconciliations and settlement of old dues and possible loss that may arise on account of non recovery or partial recovery of such dues is not ascertained.
- (iii) In our opinion provision for doubtful debts in respect of Sundry Debtors is inadequate considering the long dues outstanding from M/s. Mula Pravara Electric Co-operative Society of ₹. 261687 lacs as at 31.03.2011 (Previous year ₹. 226464 lacs)
- (iv) 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 is not ascertained in absence of complete details.
- (v) 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 is not ascertained.
- (vi) Reconciliation of Consumer Ledger Balances with the Financial Ledgers balances in respect of 'Sundry Debtors for energy sold' and 'Security Deposits from Consumers' has yet not been completed. The impact of such pending reconciliation process is not ascertainable on the accounts of the company as at 31.03.2011.
- (vii) Difference of ₹. 508.51 lacs (Previous year ₹. 506.23 lacs) between the balances 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 is not ascertained.

- viii) Attention is drawn to note no. 18 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 is not ascertained. Further, sundry creditors include the amount outstanding to such vendors/suppliers which have not been disclosed separately in the accounts.

The matters stated above were also referred to in our audit report for the previous financial year.

10. Subject to our observations in para 9 above the overall effect of which on the results for the year and the net assets as at 31st March 2011 is unascertainable, in our opinion and to best of our information and according to the explanations given to us, the said accounts 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, 2011.
- 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 Borkar & Muzumdar**  
Chartered Accountants  
ICAI M Firm Regn No.  
101569 W

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

**For Jain Chowdhary & Co**  
Chartered Accountants  
ICAI Firm Regn No.  
113267 W

**Devang Vaghani**  
ICAI M No.109386

**Ashutosh Pednekar**  
ICAI M No.41037

**Siddharth Jain**  
ICAI M No.104709

Place : Mumbai  
Date : 26th September 2011



1. (a) The Records/Ledgers relating to fixed assets of the company (including their quantitative details and situation) are not updated and cannot be reconciled with financial ledgers, as such fixed assets records/ledgers are not maintained properly.
- (b) The management has not undertaken physical verification of the Company's fixed assets. Also, there is no programme for conduct of such physical verification of fixed assets. In the absence of such record and verification we are unable to state whether there are any material discrepancies.
- (c) There has been no disposal of substantial part of fixed assets to affect going concern.
2. (a) We are informed that inventory have been physically verified by the Management as at the year end.
- (b) In our opinion, the procedure of physical verification of inventory followed by the management is adequate in relation to size of the company and the nature of its business.
- (c) On the basis of our examination of records of inventory, in our opinion, the company has 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 billing for sale of power in so far it relates to maintenance of details of party wise receivables and recovery thereof.
5. (a) In our opinion and according to the information and explanations given to us the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 have been entered in the register required to maintained under that section.



- (b) In our opinion and according to the information and explanations given to us, transactions made in pursuance of such contracts or arrangements have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time with regard to transactions exceeding the value of five lakh in respect of each party.
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. The Central Government has prescribed maintenance of cost records u/s. 209 (1) (d) of the Companies Act, 1956 in respect distribution of electricity. We have broadly reviewed such relevant records of the company and in our opinion and according to the information and explanation given to us, prima facie the Company has made and maintained the prescribed records. We have not, however, carried out a detailed examination of the records with a view to determine whether they are accurate or complete
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, Custom Duty, Excise Duty, cess and any other statutory dues with the appropriate authorities. However, in respect of electricity duty, there is a due of ₹. 20487.41 lacs (Previous year ₹. 43151.05 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 is became payable is not being ascertained by the company.
- (b) According to the information and explanation given to us, there are no dues of income-tax, wealth-tax, sales 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	Tax along with interest	31556	Asstt year 2006-07	ITAT Mumbai
Income Tax Act	Penalty	775	Asstt year 2006-07	CIT (Appeals)
Income Tax Act	Interest for failure to deduct tax	153	Asstt year 2006-07	CIT (Appeals)
Income Tax Act	Tax along with interest	96588	Asstt year 2007-08	ITAT Mumbai
Income Tax Act	Interest for failure	151	Asstt year 2007-08	CIT (Appeals)
Income Tax Act	Tax along with interest	100360	Asstt year 2008-09	CIT (Appeals)
Income Tax Act	Interest for failure to deduct tax	362	Asstt year 2008-09	CIT (Appeals)
Income Tax Act	Demand for failure to deduct tax	17608	Asstt year 2009-10	ITAT Mumbai
Income Tax Act	Interest for failure to deduct tax	446	Asstt year 2009-10	CIT (Appeals)
Income Tax Act	Penalty	35217	Asstt year 2009-10	CIT (Appeals)



10. The Company has incurred cash losses in the financial year as well as immediately preceding financial year. The accumulated losses are in excess of fifty percent of its net worth.
11. In our opinion and according to the information and explanation given to us, the Company has not defaulted in repayment of dues to the banks and financial institutions. The Company has not borrowed any sum through debentures.
12. According to the information and explanation given to us, the Company has not granted any loans or advances against pledge of shares, debentures or other securities.
13. Clause (xiii) of the order is not applicable to the company as the Company is not a Chit Fund Company or Nidhi/Mutual Benefit Fund/Society.
14. In our opinion and according to the information and explanation given to us, the Company is not dealing in shares, securities, debentures and other investments.
15. According to the information and explanation given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
16. In our opinion and according to the information and explanation given to us and on overall examination of the Balance Sheet of the Company, the terms 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 to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956. However, the company has made preferential allotment of shares amounting to ₹. 3,00,000 lacs in favour of MSEB Holding Company Ltd. during the year.
19. 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. To the best of our knowledge and belief and according to the information and explanation given to us, no fraud by the Company and no material fraud on the Company was noticed during the year, all though there have been few instances of power theft, the amount whereof, in the opinion of the management, are not material in the context of size of the Company and the nature of its business.

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

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

For **Jain Chowdhary & Co**  
Chartered Accountants  
ICAI Firm Regn No.  
113267 W

**Devang Vaghani**  
ICAI M No.109386

**Ashutosh Pednekar**  
ICAI M No.41037

**Siddharth Jain**  
ICAI M No.104709

Place : Mumbai  
Date : 26th September 2011

MSEDCL



**REPLIES TO STATUTORY AUDITOR'S REPORT FOR  
THE FINANCIAL YEAR 2010 - 2011**

Sr. No.	Auditor's Report	Management's Replies
1.	We have audited the attached Balance Sheet of <b>MAHARASHTRA STATE ELECTRICITY DISTRIBUTION CO. LTD.</b> , as at 31st March, 2011 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 to the information and explanations given to	No Comments

<p>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.</p>	
<p>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.</p>	<p>No Comments</p>
<p>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.</p>	<p>No Comments</p>
<p>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.</p>	<p>No Comments</p>
<p>7. In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement, comply with the Accounting Statndards referred in sub-section 3C of Section 211 of the Companies Act, 1956.</p>	<p>No Comments</p>
<p>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 Section 274 (1) (g) of the Companies Act, 1956 are not applicable to the company.</p>	<p>No Comments</p>
<p>9. We invite your attention to the following:</p> <p>(I) The Assets and liabilities of the company contain balances transferred under the transfer scheme as on 6th June, 2005 by The Maharashtra Electricity Reforms Transfer Scheme, 2005. As per the information given to us, these balances of Fixed Assets, Current Assets and Liabilities as approved by MSEB Holding Company Ltd. have been incorporated in the company's books of accounts.</p> <p>Final transfer scheme is yet to be notified by the Govt. of Maharashtra. Any changes in these figures if made, at the time of final notification may have an impact on Balance Sheet and Profit and Loss Account items.</p>	<p>No Comments</p> <p>The opening balance sheet of MSEDCL as on 06.06.2005 have 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>



(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 Maharashtra State Electricity Boards, MSEB Holding Company Ltd. and fellow subsidiaries are subject to confirmations and adjustments necessary upon reconciliations. The effect of the adjustments arising from reconciliations and settlement of old dues and possible loss that may arise on account on non recovery or partial recovery of such dues is not ascertained.

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 issue of bills in term is the confirmation of balance from the debtors. In case of creditors the confirmation of balance will be obtained in the phased manner based on ABC analysis and accounting entries arising out of reconciliation if any will be passed in the books of accounts

(iii) In our opinion provision for doubtful debts in respect of Sundry Debtors is inadequate considering the long dues outstanding from M/s. Mula Pravara Electric Co-operative Society of ₹. 261687 lacs as at 31.03.2011 (Previous year ₹. 226464 lacs)

Provision for bad and doubtful debts on sundry debtors (excluding Mula Pravara Electric Co-operative Society) against sale of power is adequate as for remaining debtors provision for bad and doubtful debts @1.5% of revenue from sale of power is made every as per MERC Tariff Order. In case of Mula Pravara Electric Co-operative Society, the civil suit for recovery of outstanding amount has been filed in Shrirampur Civil Court.

(iv) 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 is not ascertained in absence of complete details.

Cash in transit at the year end are the common transactions which include the remittance to Head offices by the field offices and vice versa not credited by the banks on and upto 31st March, at the receiving end. An assignment for indentifying old

	outstanding remittance has been entrusted to outside agency. After receipt of their report, entries required accounting entries would be passed.
(v) 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 is not ascertained.	The reconciliation is in progress.
(vi) Reconciliation of Consumer Ledger Balances with the Financial Ledgers balances in respect of 'Sundry Debtors for energy sold' and 'Security Deposits from Consumers' has yet not been completed. The impact of such pending reconciliation process is not ascertainable on the accounts of the company as at 31.03.2011.	Since reconciliation of Consumer Ledger with Sundry Debtors as per Books of Accounts is a continuous process, the work of reconciliation is in progress and the facts has been disclosed by way of note at serial no.4 of the Notes to Accounts.
(vii) Difference of ₹. 508.51 lacs (Previous year ₹.506.23 lacs) between the balances 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 is not ascertained.	The issue is very old. The constant follow up is being made on regular basis at higher level.
viii) Attention is drawn to note no. 18 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 is not ascertained. Further, sundry creditors include the amount outstanding to such vendors/suppliers which have not been disclosed separately in the accounts.  The matters stated above were also referred to in our audit report for the previous financial year.	Note to this effect has already been indicated at sr. no. 18 of schedule 22. (i.e. Notes to Accounts). However, process for the quantification of these liabilities is being initiated.
10. Subject to our observations in para 9 above the overall effect of which on the results for the year and the net assets as at 31st march 2011 is unascertainable, in our opinion	No Comments



<p>and to best of our information and according to the explanations given to us, the said accounts 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:</p>	
<p>I) in the case of Balance Sheet, of the state of affairs of the company as at 31st March, 2011.</p>	<p>No Comments</p>
<p>ii) in the case of Profit and Loss Account, the loss for the year ended on that date and</p>	<p>No Comments</p>
<p>iii) in the case of Cash Flow Statement of the cash flows for the year ended on that date.</p>	<p>No Comments</p>

**REPLIES TO ANNEXURE TO 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 31-03.2011**

<b>Auditor's Report</b>	<b>MSEDCL's Replies</b>
1. (a) The Records/Ledgers relating to fixed assets of the company (including their quantitative details and situation) are not updated and cannot be reconciled with financial ledgers, as such fixed assets records/ledgers are not maintained properly.	The Program to maintain proper fixed assets has been designed under MIS Phase II. Data upto Dec-2008 for fixed asset has been uploaded. Uploading of further data is being in progress.
(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 Programme of physical verification of fixed assets is under consideration.
(c) There has been no disposal of substantial part of fixed assets to affect going concern.	No Comments
2. (a) We are informed that inventory have been physically verified by the Management as at the year end.	No Comments
(b) In our opinion, the procedure of physical verification of inventory followed by the management is adequate in relation to size of the company and the nature of its business.	No Comments
(c) On the basis of our examination of records of inventory, in our opinion, the company has 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	No Comments



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 billing for sale of power in so far it relates to maintenance of details of party wise receivables and recovery thereof.

The sale 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. In order to strengthening internal audit function, 91 independent professional audit firms have already been appointed for the financial year 2011-12

5. (a) In our opinion and according to the information and explanations given to us the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 have been entered in the register required to maintained under that section.

No Comments

(b) In our opinion and according to the information and explanations given to us transactions made in pursuance of such contracts or arrangements have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time with regard to transactions exceeding the value of five lakh in respect of each party.

No Comments

6. According to the information and explanations given to us, the Company has not accepted deposits from the public within the meaning of the provisions of section 58 A of the Companies Act, 1956 and rules framed there under.

No Comments

7. The Company has an internal audit system, which in our opinion, is not commensurate with the size and nature of its business.

In order to strengthening internal audit function, 91 independent professional audit firms have already been appointed for the financial year 2011-12

8. The Central Government has prescribed maintenance of cost records u/s. 209 (1) (d) of the Companies Act, 1956 in respect distribution of electricity. We have broadly reviewed such relevant records of the company and in our opinion and according to the information and explanation given to us, prima facie the Company has made and maintained the prescribed records. We have not, however, carried out a detailed examination of the records with a view to determine whether they are accurate or complete

No Comments

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, Custom Duty, Excise Duty, cess and any other statutory dues with the appropriate authorities. However, in respect of electricity duty, there is a due of ₹.20487.41 lacs (Previous year ₹. 43151.05 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 being ascertained by the company.

Average monthly billing of Electricity Duty is ₹. 22454.68 lacs. As such Electricity Duty outstanding as on 31.03.2011 is not more than six months.

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

Factual

Name of Statute	Nature of dues	Amount (in lacs)	Period to which the amount relates	Forum where the dispute is pending
Income Tax Act	Tax along with interest	31556	Asstt year 2006-07	ITAT Mumbai
Income Tax Act	Penalty	775	Asstt year 2006-07	CIT (Appeals)
Income Tax Act	Interest for failure to deduct tax	153	Asstt year 2006-07	CIT (Appeals)
Income Tax Act	Tax along with interest	96588	Asstt year 2007-08	ITAT Mumbai
Income Tax Act	Interest for failure	151	Asstt year 2007-08	CIT (Appeals)
Income Tax Act	Tax along with interest	100360	Asstt year 2008-09	CIT (Appeals)
Income Tax Act	Interest for failure to deduct tax	362	Asstt year 2008-09	CIT (Appeals)
Income Tax Act	Demand for failure to deduct tax	17608	Asstt year 2009-10	ITAT Mumbai
Income Tax Act	Interest for failure to deduct tax	446	Asstt year 2009-10	CIT (Appeals)
Income Tax Act	Penalty	35217	Asstt year 2009-10	CIT (Appeals)

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

The Company has not incurred cash losses during the financial year as well as immediately preceding financial year.

11. In our opinion and according to the information and explanation given to us, the Company has not defaulted in repayment of dues to the banks and financial institutions. The Company has not borrowed any sum through debentures.

No Comments

12. According to the information and explanation given to us, the Company has not granted any loans or advances against pledge of shares, debentures or other securities.

No Comments

13. Clause (xiii) of the order is not applicable to the company as the Company is not a Chit Fund Company or Nidhi/Mutual Benefit Fund/Society.

No Comments



14.	In our opinion and according to the information and explanation given to us, the Company is not dealing in shares, securities, debentures and other investments.	No Comments
15.	According to the information and explanation given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.	No Comments
16.	In our opinion and according to the information and explanation given to us and on overall examination of the Balance Sheet of the Company, the terms 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 to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956. However, the company has made preferential allotment of shares amounting to ₹. 3,00,000 lacs in favour of MSEB Holding Company Ltd. during the year.	No Comments
19.	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.	To the best of our knowledge and belief and according to the information and explanation given to us, no fraud by the Company and no material fraud on the Company was noticed during the year, all though there have been few instances of power theft, the amount whereof, in the opinion of the management, are not material in the context of size of the Company and the nature of its business.	Factual

**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL  
OF INDIA UNDER SECTION 619 (4) OF THE COMPANIES  
ACT, 1956 ON THE ACCOUNTS OF MAHARASHTRA STATE  
ELECTRICITY DISTRIBUTION COMPANY LIMITED, MUMBAI FOR  
THE YEAR ENDED 31 MARCH 2011**

The preparation of financial statements of '**Maharashtra State Electricity Distribution Company Limited, Mumbai** for the year ended 31 March 2011 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 **26 September 2011**.

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 2011. 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 Company personnel and a selective examination of some of the accounting records. Based on my supplementary audit, I would like to highlight the following significant matter under Section 619 (4) of the Companies Act, 1956 which has come to my attention and which in my view is necessary for enabling a better understanding of the financial statements and the related Audit Report :

**A. COMMENTS ON PROFITABILITY  
PROFIT & LOSS ACCOUNT  
INCOME**

**Revenue from Sale of Power- (Schedule 14): ₹.33237.51 crore**

1. The above is understated by ₹. 16.68 crore being the short accounting of the revenue by Vashi and Pen O&M Circle. (Vashi O&M Circle ₹. 15.72 crore and Pen O&M Circle ₹. 0.96 crore).

This has resulted in understatement of Income and Sundry Debtors and overstatement of Loss for the year by ₹. 16.68 crores.



**EXPENDITURE :**

**Purchase of Power -(Schedule -16): ₹. 28949.44 crore**

**Cogen/Captive Power Project - ₹. 517.58 crore**

2. This is understated by ₹. 1.11 crore being non provision of energy bill payable to M/s. NITCO Ltd., for the power supply made by it, in the month of February & March 2011.

This has resulted in understatement of Purchase of Power account, Sundry Creditors/Liabilities and Loss for the year by ₹. 1.11 crore. (Pen O&M Circle)

**Administration and General Expenses (Schedule – 18) ₹. 746.13 crore**

**Rates and Taxes – ₹. 19.92 crore**

3. The above includes an amount of ₹.3.35 crore being the property tax in respect of Nerul Division (Vashi O&M Circle) which pertained to the period 2006-07 to 2009-10.

This has resulted in overstatement of Expenditure and Loss for the year and understatement of Prior Period Expenditure by ₹. 3.35 crore (Vashi O&M Circle).

**B. COMMENTS ON FINANCIAL POSITION**

**BALANCE SHEET**

**APPLICATION OF FUNDS**

**Capital Work in Progress (Schedule 6) ₹. 4116.40 crore**

4. The above is understated by ₹. 7.31 crore being the non provision of work bills for the work done in 2010-11 by contractors at Pen Circle ₹. 5.17 crore and at Vashi O&M Circle ₹. 2.14 crore.

This has resulted in understatement of Capital Work in Progress and Liabilities to the extent of ₹. 7.31 crore.

**Interest accrued but not due on**

**Restructured Accelerated Power Development Reform Programme**

5. As per clause 2.1 of terms and condition of sanction of loans under above programme, the applicable rate of interest was 11.5% which shall begin to accrue after commencement of disbursement from the date of payment /cheque issued by the nodal agency.

However the Company failed to provide for the interest accrued but not due (in view of moratorium period of 3 years) from the date of disbursement of loan (₹. 294.43 crore) which worked out to ₹. 21.19 crore till 31.03.2011.

This has resulted in understatement of Current Liabilities and understatement of Loss for the year to the extent of ₹. 21.19 crore. (WM)

**Loans & Advances (Schedule 12)**

**Other Receivables – ₹. 1113.27 crore**

6. The above includes ₹. 5.21 crore (credit balance) on account of unreconciled balances between Circle to Divisions and Division to Division in respect of Nanded Circle.

Non reconciliation has resulted in understatement of Current Assets (Loans & Advances) by ₹. 5.21 crore and of Current Liabilities to that extent. (HO).

For and on the behalf of

Comptroller and Auditor General of India

**ACCOUNTANT GENERAL  
(COMMERCIAL AUDIT)**

Date : 09-02-2012

Place: Mumbai



**REPLIES TO COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956, ON THE ACCOUNTS OF MAHARASHTRA STATE ELECTRICITY DISTRIBUTION COMPANY LIMITED, MUMBAI FOR THE YEAR ENDED 31 MARCH 2011.**

COMMENTS OF CAG	MANAGEMENT'S REPLIES
<b>A. COMMENTS ON PROFITABILITY</b>	
<b>PROFIT &amp; LOSS ACCOUNT INCOME</b>	
<b>Revenue from Sale of Power- (Schedule 14): ₹. 33237.51 crore</b>	
<p>1. The above is understated by ₹. 16.68 crore being the short accounting of the revenue by Vashi and Pen O&amp;M Circle. (Vashi O&amp;M Circle ₹. 15.72 crore and Pen O&amp;M Circle ₹. 0.96 crore).</p> <p>This has resulted in understatement of Income and Sundry Debtors and overstatement of Loss for the year by ₹. 16.68 crores.</p>	<p>Necessary entry has been passed during the financial year 2011-12.</p>
<b>EXPENDITURE :</b>	
<b>Purchase of Power - (Schedule -16): ₹. 28949.44 crore</b>	
<b>Cogen/Captive Power Project - ₹. 517.58 crore</b>	
<p>2. This is understated by ₹. 1.11 crore being non provision of energy bill payable to M/s. NITCO Ltd., for the power supply made by it, in the month of February &amp; March 2011.</p> <p>This has resulted in understatement of Purchase of Power account, Sundry Creditors/Liabilities and Loss for the year by ₹. 1.11 crore. (Pen O&amp;M Circle)</p>	<p>Necessary entry has been passed during the financial year 2011-12.</p>

<b>Administration and General Expenses (Schedule – 18) ₹. 746.13 crore</b>	
<b>Rates and Taxes – ₹. 19.92 crore</b>	
<p>3. The above includes an amount of ₹. 3.35 crore being the property tax in respect of Nerul Division (Vashi O&amp;M Circle) which pertained to the period 2006-07 to 2009-10.</p> <p>This has resulted in overstatement of Expenditure and Loss for the year and understatement of Prior Period Expenditure by ₹. 3.35 crore (Vashi O&amp;M Circle).</p>	Noted for Future
<b>B. COMMENTS ON FINANCIAL POSITION</b>	
<b>BALANCE SHEET</b>	
<b>APPLICATION OF FUNDS</b>	
<b>Capital Work in Progress (Schedule 6) ₹. 4116.40 crore</b>	
<p>4. The above is understated by ₹. 7.31 crore being the non provision of work bills for the work done in 2010-11 by contractors at Pen Circle ₹. 5.17 crore and at Vashi O&amp;M Circle ₹. 2.14 crore.</p> <p>This has resulted in understatement of Capital Work in Progress and Liabilities to the extent of ₹. 7.31 crore.</p>	Noted for future.
<b>Interest accrued but not due on</b>	
<b>Restructured Accelerated Power Development Reform Programme</b>	
<p>5. As per clause 2.1 of terms and condition of sanction of loans under above programme, the applicable rate of interest was 11.5% which shall begin to accrue after commencement of disbursement from the date of payment /cheque issued by the nodal agency.</p>	As per guidelines of GOI, the loan is to be converted into grant after fulfillment of certain conditions. Hence, no interest has been provided on loan taken for R-APDRP Scheme.



However the Company failed to provide for the interest accrued but not due (in view of moratorium period of 3 years) from the date of disbursement of loan (₹. 294.43 crore) which worked out to ₹. 21.19 crore till 31.03.2011.

This has resulted in understatement of Current Liabilities and understatement of Loss for the year to the extent of ₹. 21.19 crore. (WM)

**Loans & Advances (Schedule 12)**

**Other Receivables – ₹. 1113.27 crore**

- |   |   |
|---|---|
| <p>6. The above includes ₹. 5.21 crore (credit balance) on account of unreconciled balances between Circle to Divisions and Division to Division in respect of Nanded Circle.</p> <p>Non reconciliation has resulted in understatement of Current Assets (Loans &amp; Advances) by ₹. 5.21 crore and of Current Liabilities to that extent. (HO).</p> | <p>The said balances have now been reconciled and necessary entries have been passed during the financial year 2011-12.</p> |
|---|---|

**MAHARSHTRA STATE ELECTRICITY DISTRIBUTION COMPANY LIMITED**  
**BALANCE SHEET AS AT 31st MARCH, 2011**

(₹. in Lacs)

PARTICULARS	SCHEDULE No.	As at 31.03.2011	As at 31.03.2010
<b>SOURCES OF FUNDS</b>			
(1) Shareholder's Funds			
a) Share Capital	1	300005.00	5.00
b) Contribution from MSEB Holding Company Ltd.		162002.38	374724.24
c) Reserve and Surplus	2	77351.78	171267.11
<b>(2) Loan Funds</b>			
(a) Secured Loans	3	958727.06	598976.04
(b) Unsecured Loans	4	48645.61	62951.91
<b>(3) Deferred Tax Liability</b>		10569.19	0.00
<b>TOTAL</b>		<b>1557301.02</b>	<b>1207924.30</b>
<b>APPLICATION OF FUNDS</b>			
<b>(1) Fixed Assets</b>			
(a) Gross Block	5	2056869.12	1574999.68
(b) Less : Accumulated Depreciation		937544.07	826498.24
(c) Net Block		1119325.05	748501.44
(d) Capital Work in Progress	6	411639.81	234373.85
<b>(2) Investments</b>	7	<b>16539.86</b>	<b>13674.15</b>
<b>(3) Deferred Tax Assets</b>		<b>0.00</b>	<b>35739.38</b>
<b>(4) Current Assets Loans &amp; Advances</b>			
(a) Interest accrued on Investments	8	286.97	228.06
(b) Inventories	9	87848.65	28789.37
(c) Sundry Debtors	10	1367254.60	1175324.21
(d) Cash and Bank Balances	11	55681.97	137386.48
(e) Loans and Advances	12	151011.48	143008.60
		1662083.67	1484736.72
<b>Less: Current Liabilities and Provisions</b>	13	<b>1652287.37</b>	<b>1309101.24</b>
<b>NET CURRENT ASSETS</b>		<b>9796.30</b>	<b>175635.48</b>
<b>TOTAL</b>		<b>1557301.02</b>	<b>1207924.30</b>
Significant Accounting Policies and Notes to Accounts	22		



**Sd/-**  
**A.N.Kalekar**  
General Manager (C.A.)

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

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

**Sd/-**  
**Ajoy Mehta**  
Chairman & Managing Director

**As per our report of even date attached here to**

**For Borkar & Muzumdar**  
Chartered Accountants

**For M.P.Chitale & Co.**  
Chartered Accountants

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

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

**Sd/-**  
**(Ashutosh Pednekar)**  
Partner  
ICAI M.No.41037

**Sd/-**  
**(Siddharth Jain)**  
Partner  
ICAI M.No.104709

**MAHARSHTRA STATE ELECTRICITY DISTRIBUTION COMPANY LIMITED**  
**Profit and Loss Account for year ended 31st March, 2011**

(₹. in Lacs)

PARTICULARS	SCH. No.	Year Ended 31st March, 2011	Year Ended 31st March, 2010
<b>INCOME</b>			
Revenue from Sale of Power	14	3323750.61	2764231.28
Other Income	15	125168.72	114628.05
Revenue subsidy and grants from GoM		2805.00	40000.00
<b>TOTAL INCOME</b>		<b>3451724.33</b>	<b>2918859.33</b>
<b>EXPENDITURE</b>			
Purchase of Power	16	2894944.49	2384195.20
Employee Costs	17	204686.83	183806.59
Administration and General Expenses	18	74613.25	89898.68
Other Expenses	19	123930.36	152017.07
Depreciation		106746.66	81227.01
Interest and Finance Charges	20	108130.28	90012.79
<b>TOTAL EXPENDITURE</b>		<b>3513051.87</b>	<b>2981157.34</b>
Net Profit/(Loss) before prior period adjustments		(61327.56)	(62297.99)
Net Prior Period Credits/ (Charges)	21	(31065.17)	(15978.08)
<b>Profit / (Loss) before Tax</b>		<b>(92392.73)</b>	<b>(78276.07)</b>
Less : Provision for Taxation			
a) Wealth Tax		1.83	1.00
b) Deferred Tax		46308.56	30199.12
c) (Excess) / short provision for tax related to prior period		11763.64	1.08
Profit / (Loss) after Tax		(150466.76)	(108477.27)
Less : Contingency Reserve		2900.00	2900.00
<b>Profit after Contingency Reserve</b>		<b>(153366.76)</b>	<b>(111377.27)</b>
Profit / (Loss) brought forward from previous year		(225955.36)	(114578.09)
Balance carried to Balance Sheet		(379322.12)	(225955.36)
Basic Earning Per Share in Rs.		(5.11)	(222754.53)
Diluted Earning Per Share in Rs.		(3.32)	(2.97)



**Sd/-**  
**A.N.Kalekar**  
General Manager (C.A.)

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

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

**Sd/-**  
**Ajoy Mehta**  
Chairman & Managing Director

As per our report of even date attached here to

**For Borkar & Muzumdar**  
Chartered Accountants

**For M.P.Chitale & Co.**  
Chartered Accountants

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

**Sd/-**  
**(Devang Vaghani)**  
Partner  
ICAIM.No.109386

**Sd/-**  
**(Ashutosh Pednekar)**  
Partner  
ICAIM.No.41037

**Sd/-**  
**(Siddharth Jain)**  
Partner  
ICAIM.No.104709

**CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2011**

(₹.in Lacs)

Particulars	2010-11	2009-10
<b>A. Cash flows from operating activities</b>		
<b>Net profit before tax</b>	<b>(92393)</b>	<b>(78277)</b>
Adjustment for :		
Depreciation	106747	81227
Provision for Doubtful Debts	49856	41463
Deferred Cost & Intangibles written off	1511	94
Depreciation (Prior Period Excess provided) (Net)	4299	(2536)
Interest Income	(1183)	(1158)
Interest Expenses	108130	90013
<b>Operating profit before working capital changes</b>	<b>176968</b>	<b>130825</b>
Changes in Working Capital		
(Increase) / Decrease in Inventories	(59059)	(10695)
(Increase) / Decrease in Interest accrued on Investments	(59)	647
(Increase) / Decrease in Debtors	(223935)	(154075)
(Increase) / Decrease in Loans & Advances	(8003)	52876
Increase / (Decrease) in Trade Payables	343186	94107
Increase / (Decrease) in Provision	(17851)	0
Cash generated from operations	211246	113685
Less: Direct taxes paid		
- Income Tax	(11764)	(212)
- Wealth Tax	(2)	0
<b>Net cash from operating activities</b>	<b>199481</b>	<b>113473</b>
<b>B. Cash flows from investing activities</b>		
Sale of fixed assets	161	608
Purchase of fixed assets	(483542)	(226344)
Purchase of Capital WIP	(177266)	(36818)
Purchase of Investments	(2866)	(6829)
Interest received	1183	1158
<b>Net cash from investing activities</b>	<b>(662329)</b>	<b>(268224)</b>
<b>C. Cash flows from financing activities</b>		
Issue of equity share	300000	0
Repayment of long term borrowings	(211217)	(117414)
Proceeds from long term borrowings	556662	334767
Subsidies received	56551	82349
Contribution from GoM / MSEB Holding Company Ltd.	(212722)	3030
Equity from GoM towards Projects	0	27643
Interest paid	(108130)	(90013)
<b>Net cash flow from financing activities</b>	<b>381144</b>	<b>240362</b>
<b>Net increase/(decrease) in cash and cash equivalents (A+B+C)</b>	<b>(81705)</b>	<b>85611</b>
Opening Balance of Cash and Cash Equivalents	137387	51776
<b>Closing Balance of Cash and Cash Equivalents</b>	<b>55682</b>	<b>137387</b>



**Sd/-**  
**A.N.Kalekar**  
General Manager (C.A.)

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

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

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**Ajoy Mehta**  
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**Sd/-**  
**(Siddharth Jain)**  
Partner  
ICAIM.No.104709

**SCHEDULE -1**  
**SHARE CAPITAL**

( ₹. in Lacs)

Sr.No.	Particulars	As at 31.03.2011	As at 31.03.2010
1	Authorised Capital 750,00,00,000 Shares of ₹. 10 each (Previous year 750,00,00,000 Shares of ₹.10/- each)	750000.00	750000.00
2	Subscribed and Paid up 3000050000 Shares of ₹. 10 each fully paid (Previous year 50,000 shares of ₹. 10 each)	300005.00	5.00
	<b>TOTAL</b>	<b>300005.00</b>	<b>5.00</b>



**SCHEDULE - 2**  
**RESERVE AND SURPLUS**

( ₹. in Lacs)

Sr.No.	Particulars	As at 31.03.2011	As at 31.03.2010
A]	<b>CAPITAL RESERVE</b>		
1	<b>CONTRIBUTION, GRANTS AND SUBSIDIES</b>		
	<b>TOWARDS COST OF CAPITAL ASSETS</b>		
a)	Consumers' contribution towards cost of Capital Assets (CRA)(Service Connection)		
	As per last Balance Sheet	70429.29	53478.64
	Add : Received during current year *	16990.46	16950.65
		<b>87419.75</b>	<b>70429.29</b>
b)	Consumers' contribution towards cost of Capital Assets (CRB)		
	As per last Balance Sheet	3084.16	2670.33
	Add : Received during current year *	108.03	413.83
		<b>3192.19</b>	<b>3084.16</b>
c)	Consumers' Contribution towards cost of Capital Assets (Outright Contribution)		
	i) For L.T. Consumers		
	As per last Balance Sheet	84933.87	68833.25
	Add : Received during current year *	11994.51	16100.63
		<b>96928.38</b>	<b>84933.86</b>
	ii) For H.T. Consumers		
	As per last Balance Sheet	12815.58	9732.91
	Add : Received during current year *	2339.98	3082.67
		<b>15155.56</b>	<b>12815.57</b>
d)	Consumers' Contribution towards cost of Capital Assets (TESCO)		
	As per last Balance Sheet	0.11	86.51
	Add : Received during current year *	(0.11)	(86.40)
		<b>0.00</b>	<b>0.11</b>
e)	Consumers' Contribution towards cost of Pole under Krishisanjavini		
	As per last Balance Sheet	567.81	889.63
	Add : Received during current year *	(567.81)	(321.82)
		<b>0.00</b>	<b>567.81</b>
f)	Contribution from GOM through REC for RGGVY (Subsidy)		
	As per last Balance Sheet	31816.71	13930.95
	Add : Received during current year *	14146.14	17885.76
		<b>45962.85</b>	<b>31816.71</b>
g)	Contribution from GOM through REC for RGGVY (Loan)		
	As per last Balance Sheet	4698.17	2727.08
	Add : Received during current year *	1477.79	1971.09
		<b>6175.96</b>	<b>4698.17</b>
h)	Grants from GoM towards RE DIS-DPDC-TSP-OTPS		
	As per last Balance Sheet	12408.48	3418.67
	Add : Received during current year *	3979.43	8989.82
		<b>16387.91</b>	<b>12408.48</b>
i)	Subsidies towards cost of Capital Assets		
	As per last Balance Sheet	2439.95	789.69
	Add : Received during current year *	146.01	1650.26
		<b>2585.96</b>	<b>2439.95</b>

( ₹. in Lacs)

Sr.No.	Particulars	As at 31.03.2011	As at 31.03.2010
j)	Grants towards RE distribution Grants As per last Balance Sheet Add : Received during current year *	808.09 (365.74) <b>442.35</b>	(15.46) 823.55 <b>808.09</b>
k)	Grants towards Energisation as pump backlog As per last Balance Sheet Add : Received during current year *	0.00 2.16 <b>2.16</b>	(94.89) 94.89 <b>0.00</b>
l)	Grants towards single phasing Phase I & II As per last Balance Sheet Add : Received during current year *	(3.86) 268.53 <b>264.67</b>	(4.37) 0.51 <b>(3.86)</b>
m)	Deferred income of grant on APDRP Phase I, II and III As per last Balance Sheet Add : Received during current year *	1915.60 (136.42) <b>1779.18</b>	438.67 1476.93 <b>1915.60</b>
n)	Grants towards cost of Capital Assets As per last Balance Sheet Add : Received during current year *	155508.52 5501.37 <b>161009.88</b>	142231.41 13277.11 <b>155508.52</b>
o)	New Service connection supervision charges As per last Balance Sheet Add : Received during current year *	0.00 667.09 <b>667.09</b>	0.00 0.00 <b>0.00</b>
	<b>TOTAL A</b>	<b>437973.90</b>	<b>381422.47</b>
<b>B]</b>	<b>OTHER RESERVE</b>		
<b>1</b>	<b>Contingency Reserve as per MERC</b>		
	As per last Balance Sheet Add : Transfer from profit and loss account	15800.00 2900.00	12900.00 2900.00
	<b>TOTAL B</b>	<b>18700.00</b>	<b>15800.00</b>
	<b>TOTAL RESERVE AND SURPLUS</b>	<b>456673.90</b>	<b>397222.47</b>
	<b>LESS: Debit balance of Profit and Loss Account</b>	<b>379322.12</b>	<b>225955.36</b>
		<b>77351.78</b>	<b>171267.11</b>

\* Amount received during the year is net of transfer to other income of amount equivalent to depreciation provided during the year on the assets created out of consumers' contribution, grants and subsidies.



**SCHEDULE - 3**  
**SECURED LOANS**

( ₹. in Lacs)

Sr.No.	Particulars	As at 31.03.2011	As at 31.03.2010
A]	<b>Loans and Advances from banks</b>		
1	Term Loan from DCC.Banks (Secured by existing fixed assets and escrow of revenue ) (Repayable within one year ₹. 5682.35 Lacs- Previous Year ₹. 2600 lacs)	33809.85	25750.00
2	Overdrafts from Banks for working capital (Secured by Book Debts)	190000.00	140000.00
	<b>TOTAL A</b>	<b>223809.85</b>	<b>165750.00</b>
B]	<b>Other Loans and Advances</b>		
1	Loan from Rural Electrification Corp. (Secured by GoM guarantee, escrow of revenue and 1st charge of future assets) (Repayable within one year ₹. 42658.64 Lacs- Previous year ₹. 24100 lacs)	439725.22	312761.25
2	Power Finance Corporation (Secured by GoM guarantee, escrow of revenue and 1st charge of future assets) (Repayable within one year ₹. 32677.25 Lacs - Previous year ₹. 35600 lacs)	295191.99	120464.79
	<b>TOTAL B</b>	<b>734917.21</b>	<b>433226.04</b>
	<b>TOTAL A+ B</b>	<b>958727.06</b>	<b>598976.04</b>

**SCHEDULE - 4**  
**UNSECURED LOANS**

( ₹.in Lacs)

Sr.No.	Particulars	As at 31.03.2011	As at 31.03.2010
<b>A]</b>	<b>SHORT TERM LOANS &amp; ADVANCES</b>	0.00	0.00
	a) From Bank		
	b) From Others		
<b>B]</b>	<b>OTHER LOANS &amp; ADVANCES</b>		
	a) From Bank	0.00	0.00
	b) From Others		
1	State Govt.Loans (Repayable within one year ₹. 7069.02 Lacs- Previous year ₹. 6500 lacs)	44753.57	50730.05
2	Interest Accrued & due on Govt.Loans	0.00	10020.90
3	Interest free Loan from MIDC for Elec Work	3600.21	1651.26
4	Financial Participation by Consumers' (Interest Bearing)	8.18	11.18
5	Refundable Capital Cost Deposits	18.57	32.81
6	Deposits collected to be refunded after eight years (without interest)	60.83	72.39
7	Financial Participation by consumers' (Interest Free)	181.76	409.88
8	Interest accrued and due on Financial participation by consumers'	22.48	23.44
		<b>48645.61</b>	<b>62951.91</b>



**SCHEDULE 5 : FIXED ASSETS**

( ₹. In Lakhs)

Sr.No.	Assets Group	GROSS BLOCK				DEPRECIATION RESERVE				NET BLOCK	
		As at 01.04.2010	Additions During the Year 2010-11	Deductions During the Year 2010-11	Balance As at 31.03.2011	As at 01.04.2010	Depreciation During the Year 2010-11	Dep/Adjustment During the Year 2010-11	Depreciation As at 31.03.2011	As at 31.03.2011	As at 31.03.2010
		₹.	₹.	₹.	₹.	₹.	₹.	₹.	₹.	₹.	
1	2	3	4	5	6	7	8	9	10	11	12
1	Land & Land Rights	9893.01	2087.91	0.00	11980.92	68.77	5.54	1.70	76.01	11904.91	9824.24
2	Buildings	31498.65	1552.80	12.59	33038.86	16389.41	1193.63	3.70	17586.74	15452.12	15109.24
3	Hydraulic Works	714.41	16.10	0.00	730.50	303.40	24.77	0.10	328.27	402.23	411.01
4	Other Civil Works	14014.58	2084.97	11.97	16087.58	3461.73	836.66	42.86	4341.24	11746.34	10552.85
5	Plant & Machinery	468284.10	199154.82	6.06	667432.86	230548.96	35649.85	1035.44	267234.25	400198.61	237735.13
6	Lines & Cable Networks	1026786.29	274751.06	0.05	1301537.30	564799.36	67765.81	2170.97	634736.14	666801.16	461986.94
7	Vehicles	2576.88	67.19	84.08	2559.99	2210.06	92.14	(74.54)	2227.66	332.33	366.82
8	Furniture & Fixtures	3367.52	181.56	4.36	3544.73	2410.42	169.47	(4.94)	2574.94	969.78	957.10
9	Office Equipment	11414.70	1390.56	42.04	12763.22	6170.70	1001.75	1124.02	8296.47	4466.75	5244.00
A	<b>SUB TOTAL Current Year</b>	<b>1568550.13</b>	<b>481286.98</b>	<b>161.15</b>	<b>2049675.96</b>	<b>826362.80</b>	<b>106739.62</b>	<b>4299.30</b>	<b>937401.72</b>	<b>1112274.24</b>	<b>742187.33</b>
10	Capital Expenditure resulting in Assets not belonging to Company	10.00	134.66	0.00	144.66	9.00	4.00	0.00	13.00	131.67	1.00
11	Assets Taken over from Licensees Pending final valuation	144.30	0.00	0.00	144.30	126.45	3.04	(0.13)	129.36	14.94	17.85
B	<b>TOTAL Current Year</b>	<b>1568704.43</b>	<b>481421.64</b>	<b>161.15</b>	<b>2049964.92</b>	<b>826498.24</b>	<b>106746.66</b>	<b>4299.17</b>	<b>937544.08</b>	<b>1112420.84</b>	<b>742206.18</b>
12	Assets not in use	12.84	16.79	2.82	26.81	0.00	0.00	0.00	0.00	26.81	12.84
13	Fixed Assets Pending Investigation	6282.42	594.98	0.00	6877.40	0.00	0.00	0.00	0.00	6877.40	6282.42
14	Expenditure on Survey / Feasibility Studies of Project Not Yet Sanctioned	0.00	2.75	2.75	0.00	0.00	0.00	0.00	0.00	0.00	0.00
15	Intangible Assets	0.00	1505.75	1505.75	0.00	0.00	0.00	0.00	0.00	0.00	0.00
C	<b>TOTAL Current Year</b>	<b>1574999.68</b>	<b>483541.90</b>	<b>1672.46</b>	<b>2056869.12</b>	<b>826498.24</b>	<b>106746.66</b>	<b>4299.17</b>	<b>937544.08</b>	<b>1119325.05</b>	<b>748501.44</b>

Note : 1) Gross Land and Land Rights includes leasehold land amounting ₹.745.64 lacs



**SCHEDULE - 6**  
**CAPITAL WORK IN PROGRESS**

( ₹. in Lacs)

Sr.No.	Particulars	As at 31.03.2011	As at 31.03.2010
1	Capital Work-in-Progress	404602.18	219163.80
2	Advances to Suppliers (Capital)	1713.54	2383.77
3	Provision for Completed Works	18.50	170.30
4	Advances to Contractors (Capital)	4330.33	11992.42
5	Material at Construction Stores	975.26	663.55
	<b>TOTAL</b>	<b>411639.81</b>	<b>234373.85</b>



**SCHEDULE - 7**  
**INVESTMENTS**

( ₹. in Lacs)

Sr.No.	Particulars	As at 31.03.2011	As at 31.03.2010
<b>A]</b>	<b>Investment in Government Securities</b>		
	<b>Central Govt.Bonds (Earmarked against Contingency Reserve)</b>		
	a) 8.15% Central Govt-FCI Bonds - 2022 (1050000 bonds of FV of ₹. 100 each)	1046.01	1046.01
	b) 8.01% Central Govt-Oil Bond-2023 (1950000 bonds of FV of ₹.100 each)	1917.24	1917.24
	c) 8.03% Central Govt - Food Bond -2024(1000000 bonds of FV of ₹.100 each)	984.30	984.30
	d) 8.23% Central Govt - Food Bond -2027(1000000 bonds of FV of ₹.100 each)	994.90	994.90
	e) 8% Oil Bond 2026	5262.50	5262.50
	f) 8.28% GOI 2032	2679.20	2679.20
	g) 8.30% GOI 2040	2870.71	0.00
		<b>15754.86</b>	<b>12884.15</b>
<b>B]</b>	<b>Investments in Shares , Debentures and Bonds</b>		
	<b>Other Investments</b>		
	a) 5.15 % HUDCO-2014 (15 bonds of FV ₹. 10 lacs each)	150.00	150.00
	b) 4.75% NPCIL-2019 (43 bonds of FV ₹. 10 lacs each)	430.00	430.00
	c) Raigad District Central Co-op Bank Shares (1000 fully paid up equity shares of ₹. 500 /-each)	5.00	5.00
	(390001 fully paid up equity shares of ₹. 50/- each)	195.00	195.00
<b>C]</b>	<b>Investment in Subsidiaries</b>		
	Investment in Equity Shares of Dhopave Coastal Power Co.Ltd. (50,000 fully paid up equity shares of ₹.10 / - each)	0.00	5.00
	Investment of Equity Shares of Aurangabad Power Co. Ltd. (50,000 fully paid up equity shares of ₹.10 / - each)	5.00	5.00
		785.00	790.00
	<b>TOTAL</b>	<b>16539.86</b>	<b>13674.15</b>

Note : All the above investments except 8.28% GoI securites - 2032 are unquoted and valued at cost. The market value of the quoted investment is ₹ 2678.40 lacs

**SCHEDULE - 8**  
**INTEREST ACCRUED ON INVESTMENTS**

( ₹. in Lacs)

Sr.No.	Particulars	As at 31.03.2011	As at 31.03.2010
1	Income accrued but not due on Investmenst	240.63	181.71
2	Income accrued and due on Investment	46.34	46.34
		<b>286.97</b>	<b>228.06</b>

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**SCHEDULE - 9**  
**INVENTORIES**

( ₹. in Lacs)

Sr.No.	Particulars	As at 31.03.2011	As at 31.03.2010
1	Stock of Materials at Stores	10134.31	6722.64
2	Material at Site - O & M	72639.51	17206.43
3	Materials pending Inspection	2934.27	2668.08
4	Other Materials Accounts	2281.62	2326.67
5	Material Stock Excess/ Shortage pending Investigation	116.33	97.97
6	<b>TOTAL ( 1 to 5)</b>	<b>88106.03</b>	<b>29021.78</b>
7	Provision for non - moving & obsolete items	257.38	232.41
8	<b>TOTAL (6-7)</b>	<b>87848.65</b>	<b>28789.37</b>

**SCHEDULE - 10**  
**SUNDRY DEBTORS**

( ₹. in Lacs)

Sr.No.	Particulars	As at 31.03.2011	As at 31.03.2010
A]	Debts outstanding for more than six months		
	Unsecured considered good	871266.09	818277.92
	Considered doubtful	169668.51	137663.65
	<b>Total</b>	<b>1040934.61</b>	<b>955941.57</b>
B]	<b>Other Debts</b>		
	Unsecured considered good	495988.51	357046.30
C]	<b>Less : Provision for Bad and Doubtful Debts</b>	<b>169668.51</b>	<b>137663.65</b>
	<b>TOTAL (A+B-C)</b>	<b>1367254.60</b>	<b>1175324.21</b>



**SCHEDULE - 11**  
**CASH AND BANK BALANCES**

( ₹. in Lacs)

Sr.No.	Particulars	As at 31.03.2011	As at 31.03.2010
A]	Cash in hand	1662.45	3964.81
B]	Cash in Transit	2540.93	9106.60
C]	<b>Balances with Banks *</b>		
	a) Current Account	51317.51	124153.99
	b) Balances with others	161.08	161.08
	<b>TOTAL</b>	<b>55681.97</b>	<b>137386.48</b>

\* **Note :** Balances with Banks includes balances with Scheduled banks and balances with other than Scheduled banks like District Co-op. Bank, etc. Since the Company has 3553 accounts with non scheduled banks the disclosure of name, closing balance as on 31.03.11 and maximum amount outstanding at any time during the year required by schedule VI is not given.

**SCHEDULE - 12**  
**LOANS AND ADVANCES**

( ₹. in Lacs)

Sr.No.	Particulars	As at 31.03.2011	As at 31.03.2010
<b>A]</b>	<b>LOANS</b>		
1	Loans to Staff (Secured)	9012.60	7103.76
2	Loan to MPDCL (Unsecured considered good)	252.71	252.71
	<b>Total</b>	<b>9265.31</b>	<b>7356.47</b>
<b>B]</b>	<b>ADVANCES</b>		
1	Advances for O & M Supplies / Works (Secured)	18046.72	17591.62
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	5891.16	5835.31
4	Loans & Advances-Others (Unsecured considered good)	6459.25	4570.10
	<b>Total</b>	<b>30428.47</b>	<b>28028.38</b>
<b>C]</b>	<b>Total (A + B)</b>	<b>39693.78</b>	<b>35384.84</b>
	Less:		
<b>D]</b>	Provision for Doubtful Loans & Advances	9.13	9.13
<b>E]</b>	<b>Total (C - D)</b>	<b>39684.65</b>	<b>35375.72</b>
<b>F]</b>	<b>OTHER RECEIVABLES (Unsecured and Considered Good)</b>		
1	Sundry Receivables -Others	1408.31	1529.12
2	Income accrued and due on others	426.80	166.47
3	Income accrued but not due - other than investments	461.62	533.75
4	Amount recoverable from Employees/Ex-Employees,etc	214.59	240.23
5	Other Claims & Receivables	103189.20	102964.78
6	Deposits	6146.54	1789.98
7	Other Deferred Revenue Expenditure	0.65	408.55
8	Inter Unit Accounts	(520.90)	(0.00)
	<b>Total</b>	<b>111326.82</b>	<b>107632.89</b>
	<b>TOTAL ( E + F)</b>	<b>151011.48</b>	<b>143008.60</b>

**SCHEDULE - 13**  
**CURRENT LIABILITIES**

( ₹. in Lacs)

Sr.No.	Particulars	As at 31.03.2011	As at 31.03.2010
<b>A]</b>	<b>Sundry Creditors</b>		
1	Sundry Creditors		
	for purchase of Power	608564.17	410381.42
	for Capital Supplies/ Works	36806.85	32568.44
	for O & M Supplies/ Works	16036.96	18952.69
<b>2</b>	<b>Advance payments and unexpired discounts</b>		
	Deposits and Retentions from Suppliers and Contractors	130904.65	37215.00
	Deposits for Electrification, Service Connection etc.	14827.55	12544.56
<b>3</b>	<b>Other Liabilities</b>		
	Electricity Duty and Other Levies payable to GoM	22501.69	43151.05
	Liability for Expenses	4409.72	27377.94
	Amount owing to Licensees	484.38	464.27
	Accrued /Unclaimed amounts relating to Borrowings	15946.71	12548.95
	Security Deposits from Consumers (in cash)	411693.43	354565.44
	Security Deposits from Consumers (other than in cash)	0.00	749.86
	Interest payable on Consumers' Deposits	19948.76	18188.99
	Other Liabilities	164817.45	143431.29
	<b>TOTAL 'A'</b>	<b>1446942.34</b>	<b>1112139.91</b>
<b>B]</b>	<b>Provisions</b>		
1	<b>Provisions for taxation</b>		
	Provision for Income Tax	1386.73	1386.73
	Provision for Fringe Benefit Tax	1537.23	1537.23
	Provision for Wealth Tax	3.86	5.40
<b>2</b>	<b>Staff related Liabilities &amp; Provisions</b>		
	Provision for Gratuity	124229.62	115506.00
	Provision for Leave Encashment	78187.59	77400.00
	<b>Total</b>	<b>205345.04</b>	<b>195835.37</b>
<b>C]</b>	<b>Advances</b>		
	Advances from Debtors - Public lighting	0.00	1122.81
	Unposted receipt account	0.00	3.15
	<b>Total</b>	<b>0.00</b>	<b>1125.96</b>
	<b>TOTAL B + C</b>	<b>205345.04</b>	<b>196961.33</b>
	<b>Total A+B+C</b>	<b>1652287.38</b>	<b>1309101.24</b>



**SCHEDULE -14**  
**REVENUE FROM SALE OF POWER**

( ₹. in Lacs)

Sr.No.	Particulars	As at 31.03.2011	As at 31.03.2010
1	Inter State	25.19	25.33
2	Domestic	540082.52	443964.55
3	Commercial	264397.85	206447.70
4	Industrial Low & Medium Voltage	263654.40	206204.15
5	Industrial High Voltage	1430206.15	1178105.25
6	Public Lighting LT VI	28403.58	26842.37
7	Traction	83072.75	70127.96
8	Irrigation & Agricultural H.T.	12577.42	9003.41
9	Irrigation & Agricultural L.T.	313088.24	265292.19
10	Public water works & Sewerage Pumping H.T.	47907.03	44520.24
11	Public water works & Sewerage Pumping L.T.	13349.02	11053.53
12	Commercial HT II	144794.36	110834.42
13	Tata	0.00	31.79
14	Mula Pravara Co.-operative Society	15553.58	22553.13
15	LT Cremetorium & Burial Ground	64.85	90.33
16	Residential/Commercial complex HT VI	23859.81	32778.34
17	ADVT & Hordiing	947.05	219.01
18	Temporary Connections	5902.17	11352.37
19	Supplies in bulk to others	76581.30	67941.49
20	LT- IV(A) Grampanchhayat Street Light	5726.41	841.99
	<b>SUB TOTAL</b>	<b>3270193.67</b>	<b>2708229.53</b>
21	Electricity Duty Recovery	269456.17	183586.32
22	Recoveries from Theft of Power/Malpractice	4310.01	4589.08
	<b>SUB TOTAL</b>	<b>273766.19</b>	<b>188175.40</b>
23	Wheeling Charges Recoveries	1597.97	1752.53
24	Standby charges	39600.00	39521.50
25	Miscellaneous charges from Consumers	8048.96	10138.64
	<b>GROSS REVENUE FROM SALE OF POWER</b>	<b>3593206.79</b>	<b>2947817.62</b>
	<b>Less : Electricity Duty payable (Contra)</b>	<b>269456.17</b>	<b>183586.32</b>
		<b>3323750.61</b>	<b>2764231.29</b>

**SCHEDULE -15**  
**OTHER INCOME**

( ₹. in Lacs)

Sr.No.	Particulars	As at 31.03.2011	As at 31.03.2010
1	Interest on Staff Loans and Advances	44.37	48.36
2	Income from Investments in Bank Deposits	0.00	246.81
3	Interest on Other Investments	1183.19	911.52
4	Delayed Payment Charges from Consumers	15554.46	17254.22
5	Interest from Consumers	70011.74	70694.41
6	Interest on advance to suppliers/ Contranctors	0.00	0.03
7	Interest from Banks (other than Fixed Deposits)	0.22	0.17
8	Sale of Scrap	4337.08	456.12
9	Depreciation transferred on assets created from Consumer contribution Grants,subsidy	4151.90	2174.00
10	Income transferred from deferred income	139.07	139.07
11	Miscellaneous Receipts	29746.70	22703.33
	<b>TOTAL</b>	<b>125168.72</b>	<b>114628.05</b>

**SCHEDULE -16**  
**PURCHASE OF POWER**

( ₹. in Lacs)

Sr.No.	Particulars	As at 31.03.2011	As at 31.03.2010
1	MSPGCL	1273635.43	1077665.68
2	Tata Electric Power Company	7359.06	700.41
3	Power Purchase from RGPPL	446717.28	384174.51
4	DODSON	2265.02	2091.92
5	JSW Energy Ltd.	32050.08	0.00
6	Oil & Natural Gas Commission	6991.13	3998.57
7	Congen/Captive power project	51758.04	15220.45
8	Gen.Bagasse/Biomass/Ag.Waste	34943.39	19152.81
9	Power Purchase from Central Sector		
	- NTPC	403858.43	372367.47
	- NPCIL	92594.92	63362.81
	- Sardar Sarovar Project	19438.98	13548.46
	- Pench	2022.28	2659.52
10	U I Charges	47382.34	7606.00
11	Non Conventional Sources	83537.08	94553.56
12	Traders	147861.12	142455.64
13	Generation solar energy	24.54	0.00
	<b>Total Power Purchase</b>	<b>2652439.13</b>	<b>2199557.81</b>
14	Wheeling Charges	467.99	213.39
15	Transmission Charges MSETCL	189159.16	149446.07
16	Transmission Charges PGCIL	52878.21	34977.93
	<b>TOTAL</b>	<b>2894944.49</b>	<b>2384195.20</b>



**SCHEDULE -17**  
**EMPLOYEE COST**

( ₹. in Lacs)

Sr.No.	Particulars	Year ended 31st March 2011	Year ended 31st March 2010
1	Salaries	120132.94	105350.54
2	Overtime	2330.25	1924.35
3	Dearness Allowance	42853.67	39112.76
4	Other Allowance	24988.47	19684.92
5	Ex.Gratia payment	3541.44	3042.92
	<b>SUB TOTAL</b>	<b>193846.76</b>	<b>169115.50</b>
6	Medical Expenses Reimbursement	639.35	577.29
7	Leave Travel Assistance	122.99	114.12
8	Earned Leave Encashment	15658.89	3814.93
9	Honorarium	49.85	78.49
10	Expenditure on paper setting etc.	115.98	162.82
11	Payment under Workmen's Compensation Act	144.65	355.75
12	Company's Contribution under Welfare Act.	31.93	39.79
13	Administration charges (Employees Deposit Linked Insurance Scheme)	2.29	6.05
14	Company's Contribution to ESI Fund	0.47	1.01
15	Income Tax on Perquisites	92.93	61.25
	<b>SUB TOTAL</b>	<b>16859.32</b>	<b>5211.50</b>
16	Staff Welfare Expenses	1883.91	1394.31
17	Terminal Benefits	48275.41	31934.25
	<b>TOTAL</b>	<b>260865.40</b>	<b>207655.56</b>
18	Less : Employee cost capitalised	56178.56	23848.97
	<b>TOTAL EMPLOYEE COST</b>	<b>204686.84</b>	<b>183806.58</b>

**SCHEDULE -18**  
**ADMINISTRATION AND GENERAL EXPENSES**

( ₹. in Lacs)

Sr.No.	Particulars	As at 31.03.2011	As at 31.03.2010
1	<b>Rent, Rates and Taxes</b>		
	Rent	2577.15	2408.61
	Rates and Taxes	1992.23	1163.55
2	<b>Insurance</b>		
	Insurance on Fixed Assets	32.49	18.99
3	<b>REPAIRS AND MAINTENANCE TO</b>		
	Plant and Machinery	7991.65	7839.58
	Buildings	1101.21	1050.77
	Civil Works	2422.27	3323.03
	Lines, Cable Network etc.	39125.64	46678.49
	Vehicles	152.58	173.05
	Furniture and Fixtures	77.08	23.29
	Office Equipments	548.75	531.44
4	<b>Telephone Charges, Postage, Telegrams and Telex Charges</b>	1785.29	1877.61
5	<b>Legal Charges</b>	1158.50	1917.43
6	<b>Statutory Auditors fees</b>	39.00	26.00
7	<b>Consultancy Charges</b>	332.06	666.07
8	<b>Technical Fees</b>	59.05	154.00
9	<b>Other Professional Charges</b>	491.13	240.47
10	<b>Remuneration to Chairperson/ Member</b> (Consumer Grievance Redressal Forum)	131.90	109.52
11	<b>Conveyance and Travel</b>		
	Conveyance Expenses	69.70	80.09
	Travelling Expenses	1703.41	1805.35
	Travelling Expenses for foreign tour	0.16	27.36
	Vehicle running Exp. Petrol & Oil (Other than for trucks/delivery vans)	885.52	796.66
	Vehicles Licence and Registration Fees	33.57	31.11
	Expenses on hire of Taxi	2299.07	2098.32
12	<b>Other Expenses</b>		
	Fees and Subscriptions	1936.35	1837.46
	Books and Periodicals	11.26	13.50
	Printing and Stationary	1562.55	1749.23
	Advertisement Expenses	929.75	388.16
	Contributions	0.02	0.07
	Electricity Charges	1572.65	1315.19
	Water Charges	401.88	280.81
	Entertainment	60.60	63.19
	Expenditure on Meetings, Conferences, etc.	93.25	103.76
	Up-keep of office	901.52	666.77
	Expenditure on Computer Billing & EDP Charges	5265.28	4430.44
	Expenditure on Consumers billing	6583.47	5661.99
	Bank Commission for Collections from Consumers	4774.75	4739.98
	Security Measures for Safety & protection contract basis	3809.43	2994.13
	Remuneration to Recovery Officer / Inspector	120.81	63.51
	Miscellaneous Expenses	4.76	0.22
	Government Guarantee Fee	0.79	0.17
	fees for Board's Installations	2215.58	1237.21
	Freight	137.50	108.14
	<b>Total (1 to 12)</b>	<b>95391.63</b>	<b>98694.74</b>
13	<b>Less : Administration and General Expenses Capitalised</b>	<b>20778.37</b>	<b>8796.06</b>
	<b>TOTAL</b>	<b>74613.25</b>	<b>89898.68</b>

**SCHEDULE -19**  
**OTHER EXPENSES**

( ₹. in Lacs)

Sr.No.	Particulars	As at 31.03.2011	As at 31.03.2010
<b>1</b>	<b>Bad &amp; Doubtful Debts written off / provided for</b>		
	Bad Debts Written off Dues from Consumers	0.00	105.44
	Bad & Doubtful Debts Provided for dues from Consumers	49856.23	41463.47
<b>2</b>	<b>Miscellaneous Losses &amp; Write-off</b>		
	Compensation for injuries, death and damages to staff	143.09	464.17
	Compensation for injuries, death and damages to outsiders	493.21	445.10
	<b>SUB TOTAL</b>	<b>50495.74</b>	<b>42478.17</b>
<b>3</b>	<b>Sundry Expenses</b>		
	Intangible Assets Written off	550.66	48.77
	Non moving items written off	110.88	130.43
	Write-off of Deferred Revenue Expenditure	0.00	4.71
	Difference due to rounding off	(0.03)	(0.00)
	Small and Low value items written off	6.28	9.88
	Refund of RLC	51602.65	63324.56
	Refund of ASC	21164.03	46020.55
	Shortages on Physical Verification of Stocks	0.15	0.00
	<b>SUB TOTAL</b>	<b>73434.63</b>	<b>109538.90</b>
	<b>TOTAL</b>	<b>123930.36</b>	<b>152017.07</b>



**SCHEDULE -20**  
**INTEREST AND FINANCE CHARGES**

( ₹. in Lacs)

Sr.No.	Particulars	Year ended 31st March 2011	Year ended 31st March 2010
1	Interest on State Govt. Loans	6904.72	5301.37
2	Interest on other Loans/Deferred Credits		
	Interest on Loans from REC	40382.44	30236.25
	Interest on Loans from IDBI	0.00	49.08
	Interest on Loan from Power Finance Corporation	19531.62	10473.25
	Interest on other Loans	2710.89	1592.87
3	Interest to Consumers	0.00	1.60
	<b>Total Interest on Capital Liabilities</b>	<b>69529.66</b>	<b>47654.43</b>
4	Interest on Borrowings for Working Capital	19875.71	10816.66
5	Discount to Consumers for Timely Payment of Bills	14262.20	12040.34
6	Incentive to distribution Franchisee	21.56	16.74
7	Interest to Suppliers/Contractors (Capital)	0.00	57.26
8	Interest to Suppliers/Contractors (O&M)	218.61	165.58
9	Interest on Consumers' Security Deposits	21130.03	18362.31
10	<b>Cost of Raising Finance</b>		
	Stamp Duty	593.60	1021.14
	Service Fee	0.02	0.00
	Commitment Charges	22.60	20.44
11	<b>Other Charges</b>		
	Bank Charges for Remittances	313.95	553.25
	Other Bank Charges	1978.74	1748.81
	Guarantee Charges	1433.10	1766.28
	Int. on sums paid by Government under Guarantee	0.00	468.74
	<b>Total</b>	<b>129379.79</b>	<b>94691.98</b>
12	Less : Interest and finance charges capitalised	21249.50	4679.19
	<b>TOTAL</b>	<b>108130.29</b>	<b>90012.79</b>

**SCHEDULE -21**  
**NET PRIOR PERIOD CREDITS/(CHARGES)**

( ₹. in Lacs)

Sr.No.	Particulars	As at 31.03.2011	As at 31.03.2010
<b>1</b>	<b>Income relating to Previous Year</b>		
	Receipts from Consumers	4793.06	3487.04
	Interest Income	178.66	68.38
	Excess Provision for Depreciation	571.01	5074.95
	Excess Provision for Interest and Fincance Charges	1103.83	734.48
	Other Excess Provision	(21484.07)	359.12
	Other Income	2578.48	779.35
	<b>SUB TOTAL</b>	<b>(12259.03)</b>	<b>10503.31</b>
<b>2</b>	<b>Expenses / Losses relating to Previous Year</b>		
	Short Provision for Power Purchase	(1202.32)	4723.15
	Operating Expenses	159.57	2942.26
	Employees Costs	0.00	455.44
	Depreciation under provided	4082.05	2595.31
	Interest and Other Charges	371.19	195.57
	Administration Expenses	(41.87)	731.52
	Adjustment due to concession granted to powerloom consumers	112.99	1.36
	Material Related Expenses	362.33	419.30
	Adjustment to Past Billing	14962.20	14417.47
	<b>SUB TOTAL</b>	<b>18806.14</b>	<b>26481.39</b>
	<b>NET PRIOR PERIOD CREDITS/(CHARGES)</b>	<b>(31065.17)</b>	<b>(15978.08)</b>

## **SCHEDULE NO 22**

### **SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS AS AT 31ST MARCH, 2011**

#### **(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 in all material aspects, with mandatory accounting standards as notified by the Companies (Accounting Standard) Rules 2006, relevant provisions of the Companies Act 1956 and statements issued by the Institute of Chartered Accountants of India.

##### **b) Use of estimates:**

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

##### **2. Revenue Recognition:**

###### **a) Sale of Power:**

- i) Revenue from Sale of Power is accounted for on the basis of demand bills raised on consumers. Tariff rates for sale of power are as per Tariff Order of the Maharashtra State Electricity Regulatory Commission.
- ii) Unbilled revenue at the end of the financial year is provided in the books of account on 'estimation basis.'
- iii) Bills raised for theft of energy, whether on consumer or outsiders are recognised in full as soon as assessment order is received from the competent authority of the Company.

###### **c) Others:**

- i) Revenue Grants received from State Government/ Central Government / Other Financial Institutions are accounted for as revenue income.
- ii) Sale of scrap is recognised on realisation
- iii) Interest income is accounted on accrual basis.



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

### **3. Fixed Assets:**

- a) Fixed Assets are shown at historical cost less accumulated depreciation. Gross block of Fixed Assets are stated at cost of acquisition or construction, including all cost attributable to bring the assets to their working condition for their intended use.
- b) Intangible assets are recorded at their cost of acquisition.
- c) Amount received as Government Grant towards cost of fixed asset is credited to capital reserve and an amount equal to the depreciation on the assets created out of such grants is transferred from Reserve to Profit and Loss Account based on the principles stated in 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.

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

### **4. Capital Work in Progress:**

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

### **5. Depreciation :**

- a) Fixed Assets are depreciated under the 'Straight Line Method' upto 90 % of the original cost of assets at the following rates notified by the Ministry of Power, Government of India vide notification dated 29th March 1994

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

- b) Considering the above, the 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.
- c) Depreciation on addition/deletions of assets during the year is provided on pro-rata basis.

#### 6. Investments:

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

#### 7. Inventories:

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

#### 8. Employee Benefits:

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



**9. Borrowing Costs:**

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

**10. 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.

**11. Accounting of Losses in the Year of its Approval:**

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

**12. Valuation of Scrap:**

Company does not value scrap on hand.

**13. Provision for doubtful dues from Consumers:**

Provision for doubtful dues from Consumers is made at 1.5% of the revenue from sale of power as approved by the MERC. The provision based on normative basis takes care of uncertainty of income recoverable in case of temporary disconnections, interest, and delayed payment charges, etc.

**14. Leases:**

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

**15. 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 31<sup>ST</sup> MARCH, 2011:**

**1. Contingent Liability:**

Sr. No.	Particulars	As at 31.03.2011	As at 31.03.2010
(a)	Bank Guarantees and Letters of Credit issued by bankers in favour of third parties	20,000	20,000
(b)	Corporate Guarantee issued by the Company in favour of Banks/ Financial Institutions for finance raised by Companies under the same management.	Nil	Nil
(c)	Claims against the Company not acknowledged as debts.	98296	43,171
(d)	Liability against capital commitments outstanding (net of advances)	81018	40,829
(e)	Disputed Duties / Tax Demands	283216	146575

**Contingent Liabilities include:-**

- (i) 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 ₹.899.82 lacs up to 31st March 2000 being matter under dispute. Further, M/s. Datar Switchgear Ltd., has moved the matter before arbitration for their claims. As per the orders passed by arbitration, the erstwhile Maharashtra State Electricity Board (Hereinafter referred to as The Board) released some adhoc payment during 1999-2000. Similarly, claim of excess payment made by the Board was admitted by arbitration for hearing. However, an amount of ₹.189.99 lacs was received from M/s. Datar Switchgear Ltd. towards refund against various O&M Circles. The interim award was passed by arbitration directing the Board to pay ₹.913 lacs to M/s. Datar Switchgear Ltd. against a Bank Guarantee (BG) of ₹.681 lacs. Accordingly, payment was released by the Board. But, M/s. Datar Switchgear Ltd. and their Banker have failed to renew B.G. and hence, the Board preferred an appeal in the High Court for contempt of Court due to non-renewal of B.G. and also asked for suspension of arbitration proceedings for having violated the arbitration award. Out of total B.G. amount of ₹.681 lakh, ₹.113 lacs was appropriated and for the balance amount of ₹. 568 lacs, B.G. was required. M/s. Datar Switchgear Ltd. filed a civil suit bearing no. 858 of 2002 in the Pune Court against IDBI for obtaining this B.G. Arbitration award was passed on 18th June, 2004 against the Board for damages of ₹.18598 lacs with interest @10% p.a. on ₹.17900 lakh and ₹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 Single Bench passed the judgment on 3rd August, 2005 & set aside the Arbitration award. Further, M/s. Datar Switchgears Ltd. filed an Appeal bearing No.672/2005 on 26th August, 2005 against the order of Bombay High Court (Single Bench) dated 3rd August, 2005. Division Bench on 22nd October 2008 has set aside the order passed by single bench and the case was remanded back again to Single Bench of Bombay High Court for adjudication in the



arbitration petition No.374/2004. The Single Bench passed the judgment on 10th March, 2009 against MSEDCL. Subsequently, Hon. Justice passed the order on 31st March, 2009 directing MSEDCL to submit Bank Guarantee for ₹. 7500 lacs on or before 6th April, 2009 to the prothonotary and Senior Master Bombay High Court. Accordingly, MSEDCL has submitted Bank Guarantee of ₹.7500 lacs on 4th April, 2009 to the Bombay High Court, Mumbai through Canara Bank, Fort, Mumbai.

MSEDCL filed an appeal before Division Bench on 2nd May, 2009 against the order of the Single Bench. The division Bench granted interim stay subject to the Company depositing ₹. 17900 lakh on or before 20th June, 2009 and furnishing Bank Guarantee for balance amount of ₹.6500 lacs. An appeal was listed before Bombay High Court, Mumbai on 29th June, 2009. Further, MSEDCL has filed Special Leave Petition (SLP) with Hon. Supreme Court against the order of Division Bench on 15th May, 2009. The Supreme Court granted stay up to 29th June, 2009 and modified the order of Division Bench Bombay. According to modified order, MSEDCL was required to deposit ₹ 6500 lacs with Bombay High Court and furnish Bank Guarantee for balance of ₹.20000 lacs to Bombay High Court. Accordingly, MSEDCL has deposited amount and furnished Bank Guarantee to the prothonotary and Senior Master Bombay High Court, Mumbai on 19th June, 2009. The SLP is pending before Hon. Supreme Court. The ₹. 7500 lacs as B.G. is refunded back to MSEDCL by Sr. Master Prothonotary of Bombay High Court, Mumbai.

The case (Appeal no. 166/09) is under process before Division Bench of Bombay High Court, Mumbai. Further, in the same matter the application No.9 and SLP No. 32916 of 2009 is listed before the Hon. Supreme Court.

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

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

2. Balances of Sundry Debtors, Loans & Advances and Other Assets as well as current liabilities are subject to reconciliation/confirmation from respective parties.
3. No liability for refund of service line charges and outright contribution amounting to ₹.1197 lacs and ₹.1460 lacs respectively (approx.) for the period from 8.9.06 to 30.4.07 has been provided pending decision of the Supreme Court in the appeal preferred by the Company against the order dated 8th September 2006 of the MERC
4. Reconciliation of the balances under 'Receivable against supply of power' appearing in the Financial Ledger and those appearing under the Consumers' General Ledger is in progress.



5. A loss of Company's properties to the extent of ₹.1098.92 Lacs (Previous year ₹.1470.16 lacs) has been incurred due to storm, theft, accident, etc. which is yet to be accounted for want of formal approval.
6. No Provision for income tax is made, due to loss incurred during the year.
7. An arrangement for working capital facilities (fund based) including cash credit facility and working capital demand Loan totalling to ₹. 350000 lacs (Previous year ₹.350000 lacs) has been made with the Consortium Banks, secured by hypothecation of book debts. The Company has availed loans from Financial Institutions viz. Rural Electrification Corporation Ltd., Power Finance Corporation and Banks by offering security coverage of Government of Maharashtra Guarantee, future assets to be acquired under respective scheme and escrow account
8. The Hon. Commission has allowed MSPGCL to recover ₹. 34009 lacs vide order no.72 dated 26.07.2011, ₹. 22040 lacs vide order no. 74 dated 26.07.2011 and ₹.20345 lacs vide order no. 75 dated 26.07.2011 in six equal monthly instalments from MSEDCL towards the carrying cost based on the SBI PLR rate as approved by the commission for the respective year in various APR orders for the under recovered amount. As the amount is pass through for the Company, the total amount of ₹.76394 lacs has been accounted for in the books of accounts as income as well as expenditure.
9. From financial year 2008-09, the Company has been preparing its Annual Accounts as per provisions of The Companies Act, 1956. While preparing the accounts, the rates of depreciation are applied as per rates notified by Ministry of Power, GOI, vide notification dtd.29th March, 1994. However, while approving Annual Revenue Requirements, the Commission considers the rate as per MERC Tariff Regulations, 2005. The rates of MERC Tariff Regulations, 2005 are less as compared to the rates of Ministry of Power, GOI. Accordingly, the depreciation considered in the accounts is more by ₹. 55,725 lacs (Previous year ₹.39,390 lacs) than as per MERC.
10. Quantitative details for Electricity units purchased and sold:

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

(In MKWH)

Particulars	Current Year	Previous Year
Total Power Purchase	90341	85474
Grid and Transmission Losses	4171	4948
Power available for sale	86170	80526
Power sold	71280	63941
Distribution Loss	14890	16585
Distribution loss %	17.28%	20.60%



## **11. AS 15 - Employee Benefits**

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

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

### **(ii) Post Employment Benefits:**

#### **Defined Benefit Plan:**

##### **Provident Fund:**

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

In keeping with the guidance on implementing Accounting Standard (AS) 15 (Revised) on Employee Benefits notified by the Companies (Accounting Standard) Rules, 2006, employer established provident funds are treated as Defined Benefit Plans, since the Company is obliged to meet interest shortfall, if any, with respect to cover employees. According to the Management, the Actuary has opined that actuarial valuation cannot be applied to reliably measure provident fund liabilities in absence of guidance from the Actuary Society of India. Accordingly, the company is currently not in a position to provide the other related disclosures as required by the aforesaid AS 15 read with the Accounting Standards Board Guidance. However, the actuary consultant has certified that there is no further liability which remained to be provided as at end of the year, on account of shortfall in interest payable to the beneficiaries.

Deficits/surplus, if any, having regard to the position of the fund as compared to aggregate liability is additionally contributed by the company and recognized as an expense/income. However, during the year the fair value of plan assets at the end of the year is more than the liability for subscription and interest. Hence, no provision is required during the year.

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

Sr. No.	Particulars	For the year ended 31st March, 2011 (₹. in Lakhs) (Unaudited)
1.	Liability for subscriptions and interest payable to employees at the end of year	411259
2.	Fair Value of Plan Assets at the end of year	411326
3.	Net Liability	NIL

**(vi) Description of Plan Assets:**

(₹. in lakhs)

Sr. No.	Particulars	For the year ended 31st March, 2011 (In. %) (Unaudited)
1.	Central Government Securities	11.30
2.	State Government Securities	19.07
3.	Public sector Bonds	31.93
4.	Private Sector Bonds	0.98
5.	Special Deposit Schemes	36.72

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

- (v) Gratuity is payable to all employees of the organization at the rate of 15 days salary for each year of service subject to maximum of 20 months or in terms of the provisions of the Payment of the Gratuity ( amendment) Act, 1997 whichever is more beneficial.

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

Leave encashment is payable to all the employees as per the Company's scheme. The whole of privilege leave ( PL) / Half Average Pay (HAP) Leave to the credit of employee can however be encashed at the time of super Annuation / final settlement of his account. Encashment of leave is done only on the applicable PL/HAP salary.

- (vii) **Defined Benefit Plan:** Gratuity and Long Term Compensated Absences- as per actuarial valuations as on March,31, 2011 and recognized in the financial statements in respect of Employees Benefits Schemes.



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

**Table-1** (₹. in Crores)

Reconciliation of PBO	Leave Encashment		Gratuity	
	31-Mar-10 to 31-Mar-11	31-Mar-09 to 31-Mar-10	31-Mar-10 to 31-Mar-11	31-Mar-09 to 31-Mar-10
Projected benefit obligation at beginning of year	774.00	859.53	1155.06	1292.60
Current service cost	63.97	64.58	22.69	26.28
Interest cost	60.48	69.66	86.74	92.79
Contributions by plan participation	-	-	-	-
Actuarial (gain)/loss due to change in assumptions	47.14	(113.02)	164.59	61.47
Foreign currency exchange rate changes on plan measured in a currency different from the enterprise's reporting currency				
Benefits paid	(163.96)	(106.74)	(187.02)	(318.08)
Past service cost	-	-	-	-
Amalgamations	-	-	-	-
Curtailments	-	-	-	-
Settlements	-	-	-	-
<b>Projected benefit obligation at the end or year</b>	<b>781.64</b>	<b>774.00</b>	<b>1242.05</b>	<b>1155.06</b>

**Table -2** (₹. in Crores)

Plan Asset at fair value	Leave Encashment		Gratuity	
	31-Mar-10 to 31-Mar-11	31-Mar-09 to 31-Mar-10	31-Mar-10 to 31-Mar-11	31-Mar-09 to 31-Mar-10
Plan asset at the beginning of year	-	-	-	-
Foreign currency exchange rates changes on plans measured in a currency different from the enterprise's reporting currency				
Expected return on plan asset	-	-	-	-
Employer contribution	-	-	-	-
Employee contribution	-	-	-	-
Benefit payments	-	-	-	-
Asset gain/(loss)	-	-	-	-
Amalgamations	-	-	-	-
Settlements	-	-	-	-
Ending asset	-	-	-	-
<b>Total actuarial gain /(Loss) to be recognised immediately</b>	<b>(47.14)</b>	<b>(113.02)</b>	<b>(164.59)</b>	<b>(61.47)</b>

**Table -3**

(₹. in Crores)

	Leave Encashment		Gratuity	
Amount be recognised in the balance sheet	31-Mar-10 to 31-Mar-11	31-Mar-09 to 31-Mar-10	31-Mar-10 to 31-Mar-11	31-Mar-09 to 31-Mar-10
Projected benefits obligation at end of year	781.64	774.00	1242.05	1155.06
Ending Asset		-		
Funded status asset /(Liability)	(781.64)	(774.00)	(1242.05)	(1155.06)
Unrecognised past service cost - non vested benefits				
<b>Liability (-) / Asset (+) recognised in balance sheet</b>	<b>(781.64)</b>	<b>(774.00)</b>	<b>(1242.05)</b>	<b>(1155.06)</b>

**Table -4**

(₹. in Crores)

	Leave Encashment		Gratuity	
Settlements of Profit and Loss	31-Mar-10 to 31-Mar-11	31-Mar-09 to 31-Mar-10	31-Mar-10 to 31-Mar-11	31-Mar-09 to 31-Mar-10
Current service cost	63.97	64.58	22.69	26.28
Interest cost	60.48	69.66	86.74	92.79
Expected return on plan asset	-	-	-	
Net actuarial (gain)/loss to be recognised in year	47.14	(113.02)	164.59	61.47
Past service cost				
Effect of curtailments				
<b>Income (-)/Expense(+) recognised in the statement of Profit and Loss</b>	<b>171.59</b>	<b>21.22</b>	<b>274.01</b>	<b>180.53</b>

(₹. in Crores)

	Leave Encashment		Gratuity	
Reconciliation				
Incremental liability [Asset (+)/ Liability(-)]	(7.63)	85.52	(86.99)	137.54
P & L charge	171.59	21.22	274.01	180.53
Less benefits paid	163.96	106.74	187.02	318.08
Balance[Income(-)/Expense(+)]	7.63	(85.52)	86.99	(137.54)



**12. AS 17- Segment Reporting:**

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

**13. AS 18 - Related Party transaction:**

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

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

Holding Company

MSEB Holding Company Limited

Co-subsiidiaries

Maharashtra State Power Generation Company Limited

Maharashtra State Electricity Transmission Company Limited

Subsidiaries

Dhopave Coastal Power Limited (Upto 12.07.2010)

Aurangabad Power Company Limited

Subsidiary of Co-subsiidiaries

Dhopave Coastal Power Limited (From 13.07.2010)

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

**Key management personnel:**

" Shri Ajoy Mehta, Chairman & Managing Director

" Shri D.D. Wavhal Director (Finance)

" Shri Sharad Dabhade, Director (Operations)

" Shri M.K. Deore Director (Projects)

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

(₹. In Lacs)

Particulars	Transactions During the Year			Outstanding balance	
	FY 2010-11		FY 2009-10	As at 31.03.11	As at 31.03.10
	Units in MUS				
<b>Purchase of Power</b>					
Maharashtra State Power Generation Company Ltd.	424089	1273635	1,077,666	468719	241,024
<b>Transmission Charges</b>					
Maharashtra State Electricity Transmission Company Ltd.	N.A.	189159	149,446	19785	27,536
<b>Sale of Power</b>					
MSPGCL	18.88	2194.15	*	*	*
MSETCL	28.06	1446.41			

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

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

(₹. In Lacs)

Particulars	Current Year	Previous Year
Remuneration	48.98	55.73
Sitting fee	1.45	3.35

**14. AS-19 Accounting For Operating Lease:**

The Company has various operating leases for office and residential premises for employees that are renewable on periodic basis and cancellable at its option. An expense for operating leases recognised in Profit and Loss Account for the year is ₹. 2577 lacs (previous year ₹. 2408 lacs). The Company does not have any non-cancellable operating leases as on that date. Lease Rent of ₹. 2577 Lacs (Previous year ₹. 2408 Lacs) has been included under rent, rates and taxes (Schedule 18 - Administration and General Expenses).

**15. AS 20 - Earning Per Share:**

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

Particulars	As At 31-03-2011	As At 31-03-2010
Net profit after Contingency Reserve (Rs. in lakh)	(1533367)	(111377)
Weighted average number of equity shares for basic earning per share	3000050000	50000
Earning per share (Rupees) Basic	(5.11)	(222755)
Weighted average number of equity shares for diluted earning per share	4620073756	3747292452
Diluted Earning per share	(3.32)	(3)
Face value per share (Rupees)	10	10

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

**16. Deferred Tax:**

Deferred Tax consists of the following items:

(₹. In Lacs)

Sr. No.	Particulars	2010-11	2009-10
	<b>Deferred Tax Liability</b>		
1.	Difference in Depreciation	140503	55971
2.	Assets Written off /disallowed under Income Tax Act		6805
	<b>Deferred Tax Asset</b>		
1.	Expenses Allowable on payment basis	63066	
2.	Assets Written off /disallowed under Income Tax Act		22
3.	Unabsorbed Depreciation / loss	14434	84400
4.	Provision for Bad Debts -	52434	14093
	<b>Net Deferred Tax Asset / (Liability)</b>	<b>(10569)</b>	<b>35739</b>



The Company has recognised deferred tax asset on unabsorbed depreciation / loss in view of the virtual certainty of future taxable income considering factors such as:-

The company has been spending huge amount on Infrastructure Plan hence, in future there will be reduction in distribution loss and due to this the revenue will increase and the Company will turn around.

17. In accordance with AS-28 issued by the ICAI on 'Impairment of Assets' the Management has carried out a review of its assets with respect to economic performance. On the basis of review, the Management is of the opinion that economic performance of the Fixed Assets of the Company is not worse than expected and therefore there is no impairment as on the date of the Balance Sheet.
18. In view of multiplicity and difficulty in identification of accounts relating to Micro, Small and Medium Enterprises, information with regard to amount unpaid at the year end together with the interest paid/payable under the MSMED Act, 2006 as required under Schedule VI to the Companies Act, 1956 is not disclosed

19. **Auditors' Remuneration:**

( ₹. In Lacs)

Sr. No	Particulars	Current Year	Previous Year
1.	Audit Fees	39.00	26.00
3.	Out of Pocket Expenses	2.44	Nil

20. **Expenditure in foreign Currency :**

Travelling expenses amounting to ₹.0.15 lacs (previous year ₹. 27 Lacs) has been incurred in foreign currency.

21. The previous year figures have been regrouped and/or rearranged where necessary
22. Schedules 1 to 22 are forming part of Annual Accounts for the year ended on 31<sup>st</sup> March, 2011.

**A.N.Kalekar**  
General Manager (CA)

**S.M.Bhojar**  
Chief General Manager (CA)

**D.D.Wavhal**  
Director (Finance)

**Ajoy Mehta**  
Chairman & Managing Director

As per our report of even date attached hereto.

**For Borkar & Muzumdar**  
Chartered Accountants

**For M. P. Chitale & Co.**  
Chartered Accountants

**For M/S Jain Chowdhary**  
Chartered Accountants

**(Devang Vaghani)**  
Partner  
ICAI M.No. 109386

**(Ashutosh Pednekar)**  
Partner  
ICAI M.No.41037

**(Siddharth Jain)**  
Partner  
ICAI M.No.104709

## Maharashtra State Electricity Distribution Co. Ltd.

### BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I Registration Details:	U 40109 MH 2005 SGC 153645	State Code:	11
Registration No.			
Balance Sheet Date:	31 3 2011		
	Date Month Year		
II Capital Raised during the year (Amount in ₹.Thousands)			
	<u>Public Issue</u>		<u>Right Issue</u>
	NIL		NIL
	<u>Bonus Issue</u>		<u>Privet Placement</u>
	NIL		30000000
III Position of Mobilsation and Deployment of funds (Amount in ₹. Thousands)			
	<u>Total Liabilities</u>		<u>Total Assets</u>
	155730102		155730102
Source of Funds	<u>Paid-up Capital</u>	<u>Contbn From MSEB Holding Co Ltd</u>	<u>Reserve &amp; Surplus</u>
	30000500	16200238	7735178
	<u>Secured Loans</u>	<u>Deferred Tax Liability</u>	<u>Unsecured Loans</u>
	95872706	1056919	4864561
Application of Funds	<u>Net Fixed Assets</u>		<u>Investment</u>
	153096486		1653986
	<u>Net Current Assets</u>		<u>Deferred Tax Assets</u>
	979630		0
IV Performance of Company (Amounts in ₹. Thousands)			
	<u>Turnover</u>		<u>Total Expenditure</u>
	345172434-		354411706
	<u>Profit/Loss before Tax</u>		<u>Profit / Loss After Tax</u>
	-9239272		-15046676
	<u>Basic EPS in ₹</u>		<u>Dividend rate %</u>
	-5		NIL
	<u>Diluted EPS in ₹</u>		
	-3		
V Generic Names of Three Principal Products/ Services of Company			Not Applicable
Item Code			
ITC Code			
Product Description:Distribution of Electricity			

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

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

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

Sd/-  
Ajoy Mehta  
Chairman & Managing Director

As per our report of even date attached here to

For Borkar & Muzumdar  
Chartered Accountants

For M.P.Chitale & Co.  
Chartered Accountants

For Jain Chowdhary & Co.  
Chartered Accountants

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

Sd/-  
(Ashutosh Pednekar)  
Partner  
ICAML.No.41037

Sd/-  
(Siddharth Jain)  
ICAIM.No.104709



## 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 : Aurangabad Power Company Ltd

The financial year of the Subsidiary ended on : 31 st March 2011

Number of shares in the Subsidiary Company held by  
Maharashtra State Electricity distribution Company Limited.  
as on above date

50000 Equity Shares of ₹. 10/- each : ₹. 5,00,00/-

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 : Data not available since accounts  
are not yet finalised  
₹. 20753/- Loss.

b) For previous financial year of the Subsidiary since it  
became Subsidiary of MSEDCL

Changes in the interest of MSEDCL between the end of the  
Subsidiaries financial year and 31st Mrch 2011 : Not Applicable

Material changes between end of the Subsidiaries  
financial year and 31st Mrch 2011.

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

**A. N. Kalekar**  
General Manager (C.A.)

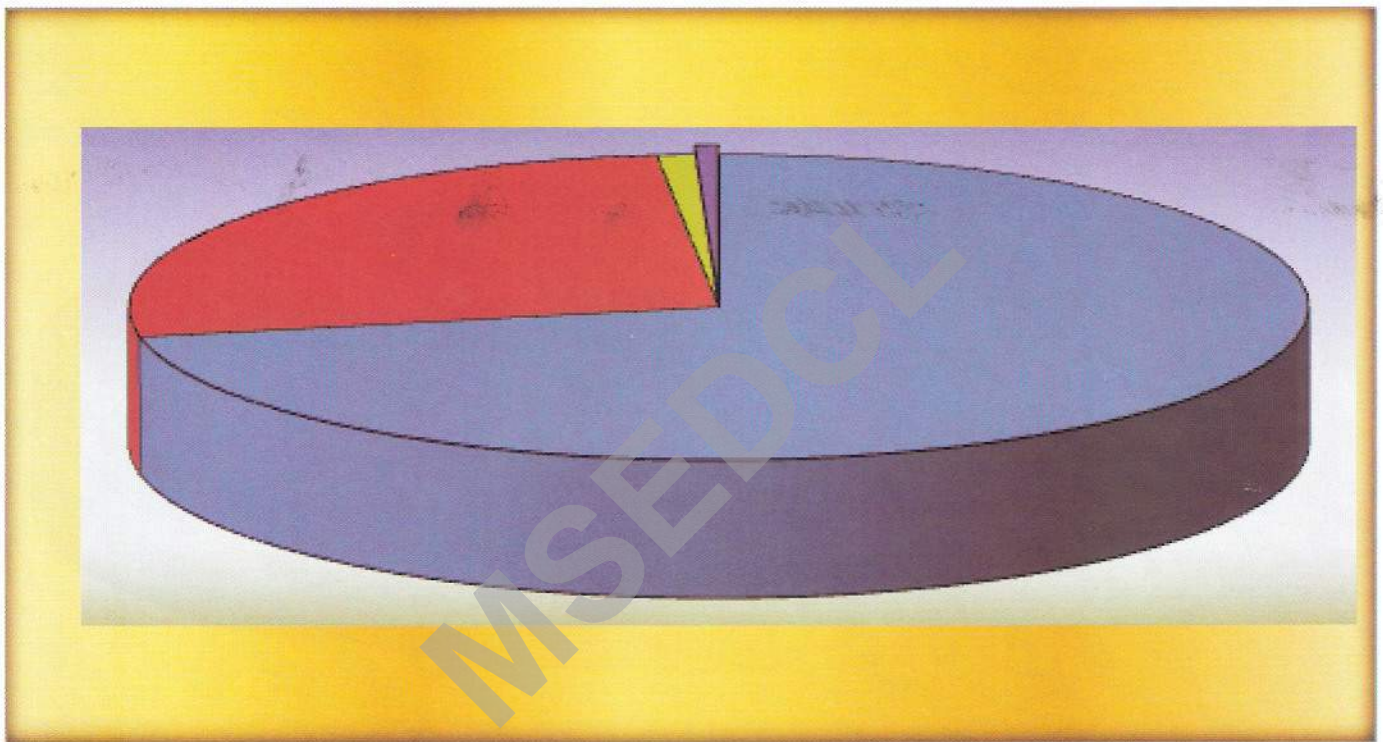
**S. M. Bhoyar**  
Chief General Manager (C.A.)





**D.D.Wavhal**  
Director (Finance)

**Ajoy Mehta**  
Chairman & Managing Director

Date: 26/09/2011

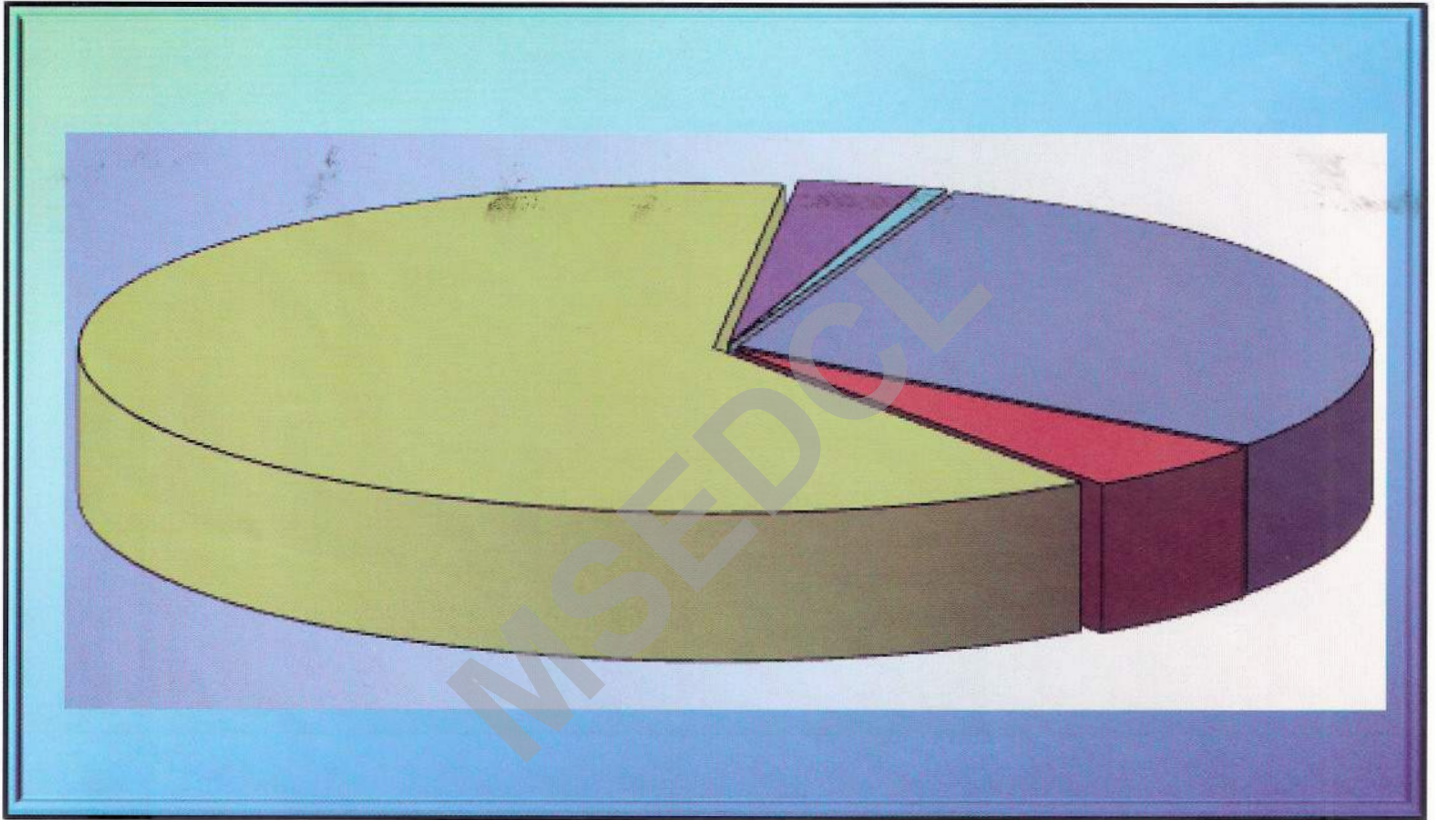
## TOTAL ASSETS








TOTAL ASSETS AS ON 31-03-2011		
		(₹ IN. CRORES)
	NET FIXED ASSETS	11193
	CAPITAL EXPENDITURE IN PROGRESS	4116
	INVESTMENT	165
	NET CURRENT ASSETS	98
	<b>TOTAL ASSETS</b>	<b>15573</b>

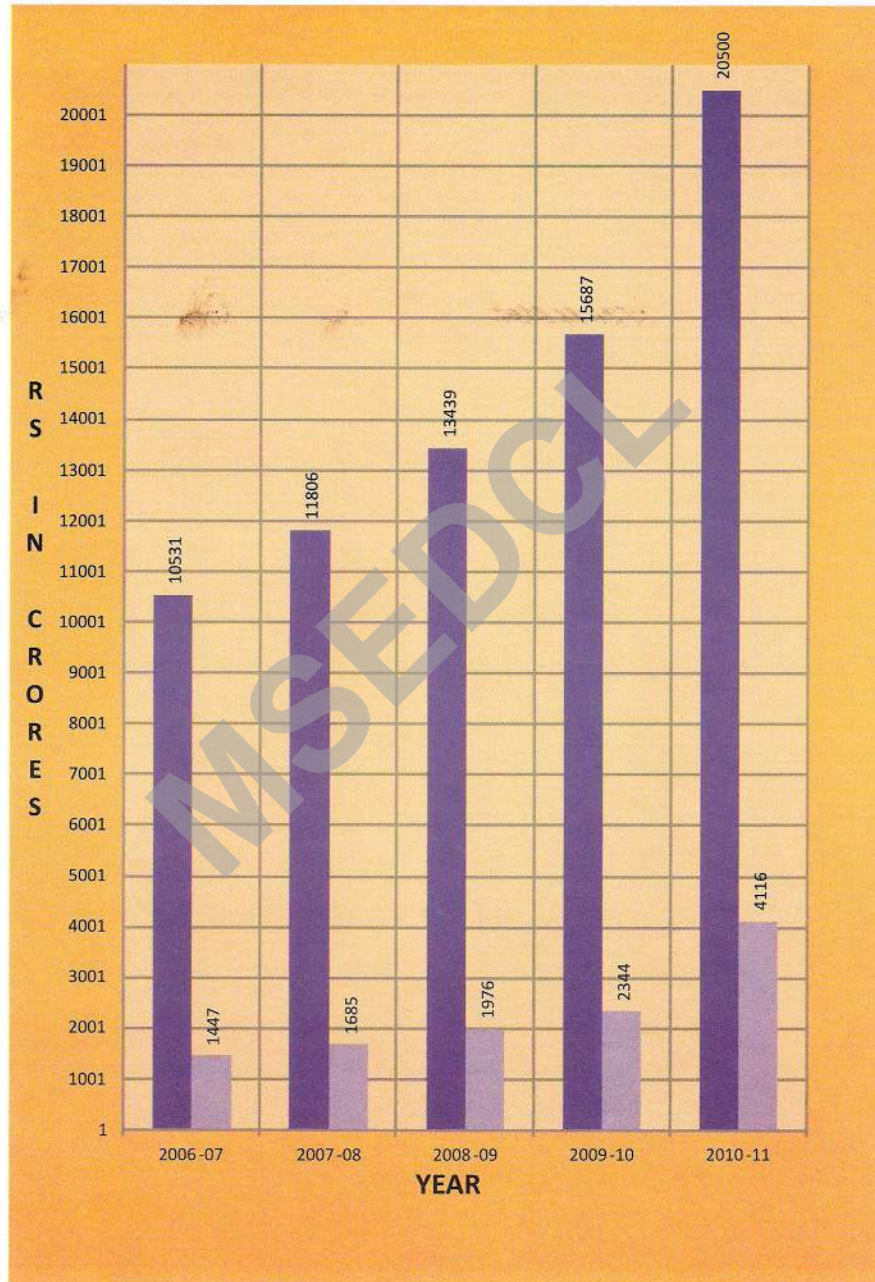


## FINANCED BY



FINANCED BY AS ON 31-03-2011		
		(₹ in Crores)
	SHARE CAPITAL, CONTRIBUTION FROM GOM/HOLDING COMPANY	4620
	RESERVES & SURPLUS	774
	SECURED LOANS	9587
	UNSCURED LOANS	486
	DEFERRED TAX LIABILITY	106
	<b>TOTAL FUNDS</b>	<b>15573</b>

## GROSS FIXED ASSETS & CAPITAL WORK IN PROGRESS



Gross Fixed Assets	
Capital Work in Progress	

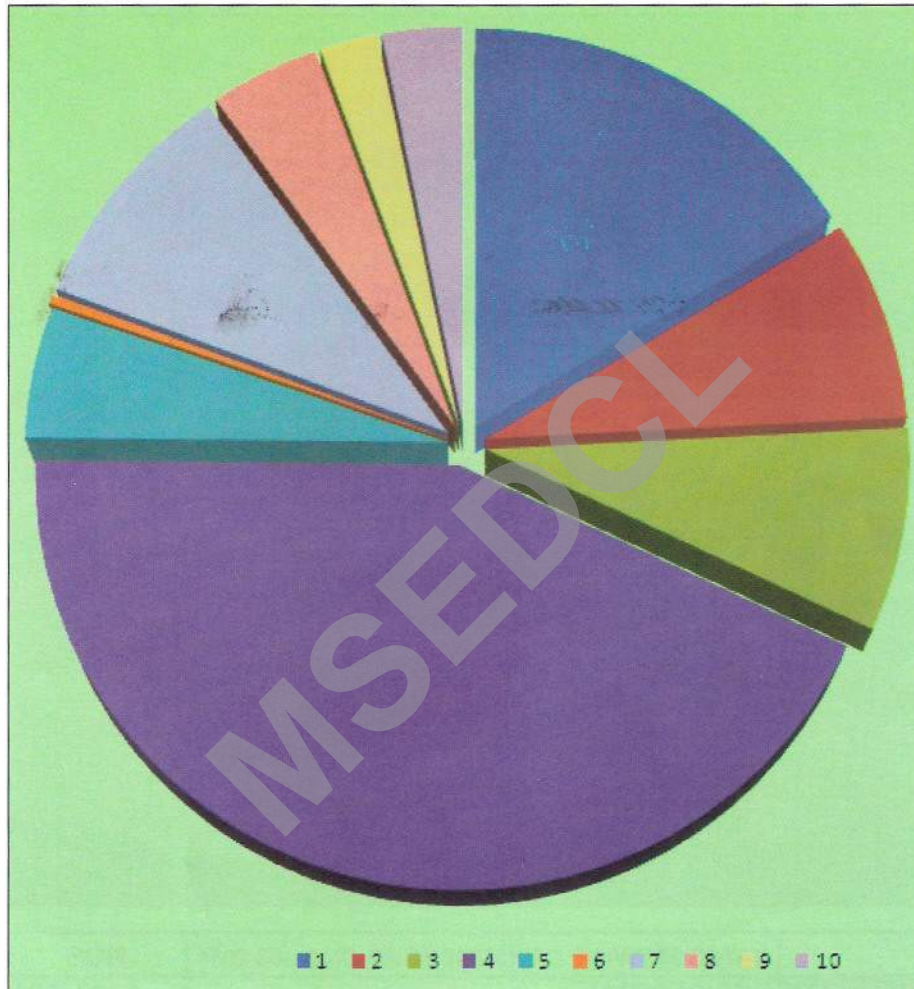


## REVENUE FROM SALE OF POWER AND POWER PURCHASE EXPENDITURE



Revenue from sale of Power	
Power purchase Expenditure	

## CONSUMER CATEGORY WISE SALE OF ENERGY



YEAR - 2010-11			
SR.No	CONSUMER CATEGORY	(₹ IN. CRORES)	%
1	DOMESTIC OR RESIDENTIAL	5400.83	16
2	INDUSTRIAL LOW & MEDIUM TENSION	2636.54	8
3	LT NON DOMESTIC COMMERCIAL	2643.97	8
4	INDUSTRIAL HIGH TENSION	14302.06	43
5	PUBLIC LIGHTING / TRACTION/PWW LT/HT/TEMPORARY	1727.32	5
6	HT V AGRICULTURE	125.77	0
7	LT IV AGRICULTURE	3130.88	9
8	HT II COMMERCIAL	1447.94	4
9	SUPPLY IN BULK TO OTHERS	765.81	2
10	OTHERS	1056.35	3
	<b>TOTAL</b>	<b>33237</b>	<b>100</b>



## NUMBER OF CONSUMERS



	CATEGORYWISE CONSUMERS AS ON 31-03-2011	NOS
	RESIDENTIAL	14334801
	COMMERCIAL	1379674
	INDUSTRIAL LT	351942
	INDUSTRIAL HT	11366
	IRRIGATION AND AGRICULTURAL HT	1135
	IRRIGATION AND AGRICULTURAL LT	3169056
	PUBLIC WATER WORKS HT Metered	822
	PUBLIC WATER WORKS LT Metered	44667
	PUBLIC LIGHTING	75117
	TRACTION	46
	MULA PRVARA	1
	SUPPLY IN BULK TO OTHERS	1
	TOTAL	19368628



**MAHAVITARAN**

Maharashtra State Electricity Distribution Co. Ltd.

**REGISTERED OFFICE**

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