
7th ANNUAL REPORT

2011-2012



REGISTERED OFFICE

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

MAHARASHTRA STATE ELECTRICITY DISTRIBUTION CO. LTD.

7th Annual Report for the Year 2011 - 2012

CONTENTS

SR.NO.	PARTICULARS	PAGE NO.
1.	Name of Directors	1
2.	Directors' Report	3
3.	Auditor's Report	27
4.	Replies to Auditor's Report	33
5.	Comments of the Comptroller and Auditor General of India	43
6.	Replies to the Comments of C.A.G.	45
7.	Balance Sheet	47
8.	Statement of Profit and Loss	49
9.	Cash Flow Statement	51
10.	Note 1 - Corporate Information	53
11.	Note 2 - Significant Accounting Policies	53
12.	Note 3 - Share Capital	57
13.	Note 4 - Reserves and Surplus	58
14.	Note 5 - Long Term Borrowings	61
15.	Note 6 - Other Long Term Liabilities	63
16.	Note 7 - Long Term Provisions	64
17.	Note 8 - Short Term Borrowings	65
18.	Note 9 - Trade Payable	66
19.	Note 10 - Other Current Liabilities	67
20.	Note 11 - Short Term Provisions	68
21.	Note 12 - Fixed Assets	69
22.	Note 13 - Non Current Investments	70
23.	Note 14 - Long Term Loans and Advances	71
24.	Note 15 - Other Non Current Assets	72
25.	Note 16 - Inventories	73
26.	Note 17 - Trade Receivables	74
27.	Note 18 - Cash and Bank Balances	75
28.	Note 19 - Short Term Loans and Advances	76
29.	Note 20 - Other Current Assets	77
30.	Note 21 - Revenue From Operations	78

SR.NO.	PARTICULARS	PAGE NO.
31.	Note 22 - Other Income	79
32.	Note 23 - Power Purchase Cost	80
33.	Note 24 - Employee Cost	81
34.	Note 25 - Repairs And Maintenance Expenses	82
35.	Note 26 - Administration and General Expenses	83
36.	Note 27 - Other Expenses	84
37.	Note 28 - Finance Costs	85
38.	Note 29 - Additional Notes To Accounts	86
39.	Statement U/S.212(3) Of The Companies Act, 1956	96
40.	Chart/Graphs	
	1) Assets as on 31.03.2012	97
	2) Equity & Liabilities as on 31.03.2012	98
	3) Gross Fixed Asset and Capital Work-in-Progress	99
	4) Revenue from Sale of Power and Power Purchase Expenditure	100
	5) Consumer Category Wise Sale of Energy	101
	6) Number of Consumers as on 31.03.2012.	102

BOARD OF DIRECTORS

Shri. Ajoy Mehta, IAS
Chairman & Managing Director

Shri. Sitaram Kunte
Director
w.e.f. 09-08-2011 to 21-11-2011

Shri. V. K. Kanade
Director
w.e.f. 21-11-2011

Shri. Subrat Ratho, IAS
Director
w.e.f. 07-07-2006 to 09-08-2011

Shri. D. D. Wavhal
Director (Finance)

Shri. S. K. Dabhade,
Director (Operations)
w.e.f. 19-03-2009 to 17-03-2012

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

Shri. P. V. Page
Director

Dr. Ashok Harane,
Director

COMPANY SECRETARY

Shri. R. R. DUBEY
(Incharge)
W.e.f. 05-04-2011 to 16-03-2012

Mrs. A. M. GUDEKAR
W.e.f. 17-03-2012

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

To

The Members,

Your Directors present the 7th Annual Report on the performance of your Company for the financial year ended 31st March, 2012 along with Audited Statements of Accounts.

FINANCIAL HIGHLIGHTS:

(₹. in Lakhs)

Particulars	2011-12	2010-11
Revenue from Sale of Power	3955451	3323751
Other Income	125188	125169
Revenue Subsidy and grant from GoM	-	2805
Profit before Depreciation and Interest & Finance Charges	134909	153549
Depreciation	76457	106747
Adjustment of Depreciation	(126478)	-
Interest & Finance Charges	177836	108130
Profit/(Loss) before prior period credits	7094	(-) 61328
Net Prior Period Charges	7269	31065
Profit/(Loss) before Tax	(-) 175	(-) 92393
Less: 1) Provision for Taxation	1384	11765
2) Deferred Tax Adjustment	79233	46309
Profit/(Loss) After Tax	(-) 80792	(-)150467

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 7th year of operation, the Company had sold 80131 Mus of power, which has generated revenue of Rs. 3955451 lakh.

However, after providing for Depreciation, Interest, Finance Charges and other debits there was a loss of Rs. 175 lakh (before tax).

LOAD SHEDDING PROTOCOL:

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

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. During the year, two units of Nashik Power Stations of MSPGCL are closed. 2 units of 500 MW each of Bhuswal and one 500 MW unit of Khaparkheda Power Stations of MSPGCL are synchronized, the COD is expected during the year 2012.

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 Long term Case-I, stage- I and Korba Unit (7), 108 MW commenced from March 2011.

Due to unprecedented shortage of coal & gas during the year, the generation from Long Term sources such as MSPGCL, NTPC, RGPPL was drastically reduced. Hence, in order to mitigate load shedding, MSEDCL had to resort to short term Power Purchase MSEDCL floated tenders from time to time as per the requirement of power. MSEDCL procured 6438 MUS during FY. 2011-2012 through e-tendering and IEX and PXIL at competitive rates. Also, the company has successfully implemented Zero Load Shedding scheme in Revenue Head Quarters area by purchasing 475.64 mus at Rs. 217.83 Crs. upto June 2011 and this cost is received from consumers availing this facility, through Reliability charges. The scheme was effective upto June 2011 & thereafter load shedding is withdrawn in almost all cities.

The Bhivkund Coal Block (100 MP) in Wardha valley was allocated to Aurangabad Power Co. Ltd. on SPV. for setting up of 1 x 500 MW greenfield Power project under tariff based competitive bidding route. Accordingly the e-tender for 470-620 MW Power procurement utilizing coals from Bhivkund Coal Block was floated as per competitive bidding guidelines issued by Ministry of Power, MERC approved the directions in RFP documents. The four bids are received in due time & technical evaluation is being done.

The power from project will be available four years after the execution of PPA i.e. in 2016-17.

To make up the gap arisen due to delay in projects a medium term power procurement was proposed. The due process of competitive bidding was carried out. The PPA of 300 MW with JSW Energy Ltd., Ratnagiri & 475 MW with M/s. Adani Power Maharashtra Ltd. were executed. The power

commenced during the year and will be for one year and one day from commencement.

The additional power of 125 MW from M/s. Adani Power Maharashtra Ltd. under Case -1 Stage -2 process is approved by MERC.

During year, the capacity of 170 MW from Sipat Unit -1 and 160 MW from first unit of Mundra UMPP was added in addition to 775 MW under medium term contract.

SYSTEM IMPROVEMENT SCHEME

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.

Detailed Scope of Scheme

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 such as:

Funding Mechanism for R-APDRP Project

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

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

Conversion of loan into Grant

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

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

Status of R-APDRP

- ❖ As per directives from MOP & PFC (Nodal Agency) 130 No of Towns having population more than 30,000 (Census 2001) are selected for implementation of R-APDRP scheme
- ❖ Revised loan amounting to Rs 324.42 Crs for 130 towns for Part 'A' is sanctioned by PFC on 19.03.10
- ❖ LOA for Implementation of R-APDRP Part 'A' in 95 towns issued to M/s L&T on 31.03.2010
- ❖ LOA for Implementation of R-APDRP Part 'A' in 35 towns issued to M/s SPANCO on 13.10.2010
- ❖ Amount of Rs 97.32 Crs as 30 % advance is released by MOP in 2009-10 for Part A
- ❖ The Network Completed in 94 towns by M/s. L&T and in 20 towns by SPANCO.
- ❖ Consumer Survey completed in 94 towns by M/s. L&T and completed in 17 towns by SPANCO.
- ❖ IT infra material dispatched at 95 towns by L&T and in 29 towns by SPANCO.
- ❖ 598 Links (471 of L&T and 127 of SPANCO) out of 1024 links (561 of L&T and 463 of SPANCO) Commissioned and Accepted by MSEDCL
- ❖ 8385 nos of Modems installed by L&T at ready locations of substation feeders , DTC and HT Consumers and Crossover Points
- ❖ 1127 no of modems installed by SPANCO at ready locations of substation feeders , DTC and HT Consumers and Crossover Points
- ❖ 29399 no of DTC Meters with meter boxes installed
- ❖ 123 No. of schemes of Part-B are sanctioned by PFC amounting to Rs. 3314.43 Crs
- ❖ 492.62 Crs Disbursed by PFC for R-APDRP Part B
- ❖ Tender for 119 towns Floated. LOA issued to all bidders
- ❖ Three billing cycle data of 108 towns submitted to TPIEA. electrical network Diagram superimposed on geographical map 92 towns handed over to TPIEA
- ❖ 8 Nos. of DPR for implementation of SCADA/ DMS have been sanctioned by PFC amounting to Rs. 161.62 Crs.
- ❖ PFC has disbursed an Amount of Rs 48.48 Crs for SCADA
- ❖ LOA for Implementation of SCADA /DMS in 8 towns issued to M/s SIEMENS Ltd on 13.12.2011 for Rs 144.27 Crs
- ❖ Customer Care Center in operation on 31.12.2011
- ❖ R-APDRP Part A -13 software Modules UAT completed
- ❖ Asset Mapping in 115 towns and Consumer Indexing in 111 towns completed as on 31.08.2012

Status of R-APDRP Part B

Government of India published the Order (No: 14/04/2008: R-APDRP) for Re-structured Accelerated Power Development and Reforms Program on 19/07/2008.

For R-APDRP Part B scheme, Maharashtra State Electricity Distribution Co Ltd (MSEDCL) started submitting Detailed Project Reports (DPRs) for 130 towns, sanctioned under Maharashtra State for R-APDRP scheme to Power Finance Corporation (PFC), from 4/02/2010.

After receiving DPRs, PFC approved the DPRs on following Dates:

1. 08/06/2010 (30 Towns)
2. 28/08/2012 (36 Towns)
3. 11/03/2011 (28 Towns)
4. 30/06/2011 (28 Towns)
5. 08/02/2012 (1 Town)... (Total- 123)

Out of 123 sanctioned Towns, 3 Towns are under franchisee, hence not considered for Tendering process. And rest 7 towns are with AT&C losses below 15%. Approval for these 7 towns are still awaited.

Maharashtra Electricity Regulation Commission (MERC) approved In principle amount for these Towns vide Letters as follows:

1. MERC/CAPEX/2010-2011/01955 dtd 12/01/2011 (30 Towns)
2. MERC/CAPEX/2010-2011/02158 dtd 04/02/2011 (36 Towns)
3. MERC/CAPEX/2011-2012/00071 dtd 08/04/2011 (28 Towns)
4. MERC/CAPEX/2011-2012/01592 dtd 05/10/2011 (28 Towns)

Further, MSEDCL invited Tenders for the work of R-APDRP Part B on 02/08/2011. Addendum-1 was made on 31/08/2011, Addendum-2 on 09/09/2011 and Addendum-3 was made to the Tender on 13/09/2011.

The Price Bids of the Tender were opened on 24/10/2011 and 25/10/2011.

At present the LOA issued contractors have almost completed the Survey of the area allotted to them and the work has been started.

INFRASTRUCTURE PLAN:

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

The Expenditure is:

FY 2008-09	:	Rs. 380.15 Cr.
FY 2009-10	:	Rs. 936.14 Cr.
FY 2010-11	:	Rs. 3788.92 Cr.
FY 2011-12	:	Rs. 3415.22 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'12
1	New Sub stations	Nos.	30	471
2	Augmentation of Power T/F	Nos.	84	339
3	Additional P/T	Nos.	46	420
4	HT Lines	Kms	1613	32987
5	LT Lines	Kms	871	9025
6	New DTCs	Nos.	2964	58975

Single Phasing Scheme:

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

Under Single phasing Phase-III and Single Phasing Scheme for left out Villages/Wadies, achievements till 31.03.2012 are as given below.

Sr.	Details	SPP-III		SPP Left-out	
No.		T	A	T	A
1	No. of DPS	5150	4974	6749	19
2	No. of Villages covered	2325	1880	1995	0
3	No. of Wadies covered	1841	2477	3284	0
4	Expenditure upto March 2012 (Rs. In Crores)	204.90	167.56	0.00	0

- T= Target, A= Achievement

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 nos. The scheme was completed. GFSS Phase-II is being implemented in 25 districts, the brief scope of this scheme covers 895 feeders, 7005 nos. of 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. GFSS Left-out Scheme is being implemented for villages/wadies which are not covered under GFSS-I& II Schemes.

The Brief Summary of preogress GFSS projects till 31.03.2012 is as follows:

Sr. No.	Particulars	GFSS-I		GFSS-II		GFSS-III		GFSS Left-out	
		T	A	T	A	T	A	T	A
1	No. of DPS	9811	9551	13722	7786	2182	1459	6870	2049
2	No. of villages covered	7437	6932	7005	5899	381	313	3386	830
3	Expenditure upto March-2012 (Rs. In Crores)	895	815.83	1446	805.00	231	168.00	721	302.00

- T= Target, A= Achievement

Reactive Power Planning for reducing T&D losses :

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

RURAL ELECTRIFICATION:

Village Electrification and Energisation of Agricultural Pumps :

100% village electrification has been achieved in Maharashtra State as on 31-03-1989. However as per revised definition of village electrification and as per 2001 census out of 41096 nos. of villages and 377 Nos. of towns as per 2001 Census, 40803 nos. of villages and 377 nos. of towns have been electrified as on 31.03.12 as per preliminary survey carried out. The company has energized 2,52,766 agricultural pumpsets during the year 2011-2012. With the implementation of this programme, total pumpsets energized in the State are 37,43,180 which is the highest achievement among all the States in the country.

Electrification of Dalit Bastis:

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

Tribal Sub -Plan:

There are 8399 nos. of villages and 29 nos. of towns under tribal, as per Census 2001.

The M.S.E.D.C.Ltd. has also energized 1896 agricultural pumpsets in tribal sub-plan area during 2011-2012 bringing the total no. of pumpsets energized in tribal sub-plan area to 1,52,500.

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 2011-2012 a total of 22,240 such connections have been released, out of which 14,669 pertains to Scheduled Castes and Nav Buddhists. So far a total of 17,00,918 connections have been released to these five categories, out of which 9,81,605 pertains to Scheduled Castes and Nav Buddhists.

Rajeev Gandhi Gramin Vidyutikaran Yojana:

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

The policy is aimed at:—

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

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

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. MSEDCL is the implementation agency for RGGVY scheme in Maharashtra.

Under three tier Quality Monitoring Mechanism for RGGVY scheme, M/s RECPDCL on the behalf of MSEDCL, M/s Voyants on the behalf of REC and M/s Intertek on the behalf of MoP are the third party monitoring agencies which inspects the materials used and quality of works executed under RGGVY scheme.

In Maharashtra state under Xth Plan RGGVY scheme, four districts for Gondia, Nanded, Solapur and Dhule were sanctioned by MoP and approved the grant of Rs.86.23 crores. Xth Plan scheme works are completed in June 2010. Under XIth Plan RGGVY scheme, 30 schemes for 29 districts are sanctioned by MoP and approved the grant of Rs.729.66 crore. XIth Plan scheme works are under progress and are on the verge of completion.

Additional DPR under RGGVY scheme for Solapur District has been sanctioned by REC for amount of Rs.34.99 crore for the release of 19279 no. of BPL connections. Same is been approved by Board, vide B. R. No. 114 dated 07.05.2012. Approval from MoP is awaited and then LOA will be placed.

The detailed information in respect of the state of Maharashtra is as below:-

1	Total Districts	:	33
2	Total. Projects	:	34
3	Total No. of villages as per Census 2001	:	41095
4	Total No. of Electrified villages	:	36010
5	Total No. of Unelectrified village as per new definition of village electrification	:	5085
6	Total No. of Villages to be electrified by conventional method	:	4709
7	Total No. of Villages to be electrified by unconventional method	:	376
8	Total No. of Households including BPL Households	:	11341705
9	Total No. of BPL Households	:	3111056
10	a) Total No. of Unelectrified BPL Households covered in RGGVY	:	1876391
	b) Total No. of Unelectrified BPL Households final freezed for connection purpose in RGGVY (Xth and XIth Plan)	:	1184415
11	Total No. of unelectrified villages As per new definition	:	4709
12	Proposed Basic Infrastructure		
	i) H. T. Lines	-	5218.107 Kms
	ii) L.T. Lines	-	8506.01 Kms.
	iii) 25 KVA Transformers	-	9015

**The Financial and Physical Progress of RGGVY Scheme (Xth & XIth Plan)
(As on 31.05.2012)**

1	Total Award Cost	:	Rs.829.44 Cr
	a) Xth Plan (Phase-I)	-	Rs.81.91 Cr
	b) XIth Plan (Phase-II)	-	Rs.747.53 Cr
2	Total. Sanctioned Scheme Cost approved by MoP	:	Rs.815.89 Cr
	a) Xth Plan (Phase-I)	-	Rs.86.23 Cr
	b) XIth Plan (Phase-II)	-	Rs.729.66 Cr
3	Total funds received towards RGGVY Scheme (Xth + XIth Plan)	:	Rs.583.97 Cr
4	Total expenditure incurred for RGGVY Scheme in Xth Plan	:	Rs.86.71 Cr
5	Total expenditure incurred for RGGVY Scheme in XIth Plan	:	Rs.530.04 Cr
6	Total expenditure incurred for RGGVY Scheme in (Xth + XIth Plan)	:	Rs.616.75 Cr
7	Final Freezed BPL Households for Connection	:	11,84,415 Nos.
8	BPL Connections released under Xth Plan	:	2,09,313 Nos.
9	BPL Connections released under XIth Plan	:	9,61,707 Nos.
10	Total BPL Connections released (Xth + XIth Plan)	:	11,71,020 Nos.
11	Villages Electrified as per new definition	:	4,709 Nos.
12	Infrastructure Progress (Xth + XIth Plan)	:	
	i) H. T. Lines	-	3408.79 Kms
	ii) L.T. Lines	-	8656.93 Kms.
	iii) Transformers	-	8468 Nos.
13	Project Completion Date	:	
	a) Xth Plan (Phase-I)	-	Completed in the month of June 2010
	b) XIth Plan (Phase-II)	-	Dec-12
14	Total Funds received towards RGGVY Scheme in the year 2011-12	:	Rs.55.00 Cr
15	Total expenditure incurred for RGGVY Scheme in the year 2011-12	:	Rs.53.75 Cr
16	Target of BPL Connections to be released in the year 2011-12	:	150000 Nos.
17	BPL Connections released in the year 2011-12	:	133963 Nos.

NON-CONVENTIONAL SOURCES OF ENERGY:

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 MSSEDCL) a total capacity of 2201.605 MW upto Mar.2012.

Group I Projects commissioned upto 27.12.1999 is 31.988 MW

Group II Projects commissioned after 28.12.1999 upto 31.03.2003 is 366.54 MW

Group III Projects commissioned after 1.04.2003 upto 31.03.2010 is 1422.13 MW

Group IV projects Commissioned after 01.04.2010 upto Mar 2012 is 380.95 MW

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 ninety-two 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 31.03.2012 is 827.36 MW out of which the projects commissioned in the F.Y. 2011-12 (upto 31.03.2012) is 283 MW.

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

Biomass IPP Projects :

Seventeen EPA's were executed involving installed capacity generation to the tune of 181 MW. The installed generation capacity in operation for sale to MSEDCL upto 31.03.2012 is 127 MW and the New projects commissioned in the F.Y. 2011-12 (upto 31.03.2012) is NIL.

Small Hydro Projects :

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

The commissioned capacity of private and Govt. owned small hydro projects upto 31.03.2012 is 55.55 MW out of which the projects commissioned in F.Y. 2011-12 (upto 31.03.2012) are 17.4 MW.

Solar Projects :

Further, MSEDCL has also executed EPAs with Solar Power Projects for total capacity of 142 MW. As on 31.03.2012 the installed/commissioned capacity is 17 MW.

INFORMATION TECHNOLOGY:

IT Initiatives Under Implementation During 2011-12

R-APDRP:-

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

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

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

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

This program is being implemented for 130 towns in Maharashtra.

Automatic Meter Reading (AMR)

For taking automated meter readings of HT consumers, high value LT consumers, Distribution Transformers (DTCs) and Feeders in non-R-APDRP areas.

ERP Solution

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

The scope of work of this project primarily consists of:

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

The modules covered under the scope of EPR project are-

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

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

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

Introduction of RF, IR & Prepaid Meters

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

Level of IT & IT initiatives in MSEDCL

Computerized Systems implemented in MSEDCL

- a) HT Billing System
- b) LT Billing System
- c) Financial Accounting System

- d) Payroll
- e) CPF
- f) Board's Accounts H.O.
- g) Store Management System
- h) Loan Accounting System H.O.
- i) E-Tendering Procurement & Works
- j) Consumer Monitoring System: This system has been developed for the Energy Audit of the Distribution Transformer (DTC).
- k) Financial Energy Management System: This system is developed for the Energy Accounting at the Feeder level, for calculating the losses.

Mail Service: -

To improve the communication system, MSEDCL has hosted a mail server at the data center and provided enterprise mail accounts to all of its 10000 engineers and senior officers.

Intranet (WIKI) Application: -

MSEDCL has setup an intranet application as a community portal for its employees, where the users can create their projects, manage their documents, create blogs etc.

Consumer Services: -

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 45 CFCs. Out of these, 29 CFCs are at Sub Divisional level. At Divisional / Circle level, 16 Centralized CFCs are operational. 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.

Centralized Customer Care Centre:

A Centralized Customer Care Centre (CCC) has been established under RAPDRP Part 'A' at Bhandup has began operations since 01st Dec 2011.

The purpose of setting up the CENTRALISED CUSTOMER CARE CENTER is to improve the supply related/billing complaint handling processes of MSEDCL and enhance the customer servicing capabilities of MSEDCL.

The CCC established by MSEDCL is equipped with latest technology & multi skilled customer service representatives. CCC takes the complaints and feedback through Telephone calls. It takes the specified follow-ups with the customer and if required, with concerned office to the extent of completely satisfying the aggrieved consumers. This one point contact service has been made available to relieve the customer from the inconvenience of identifying the concerned offices, visiting or contacting offices to solve their grievances. CCC has been manned by trained and polite personnel, who are sensitive to customer needs.

All Time Payment Facility: -

For facilitating the consumers, 76 All Time Payment machines have been installed at different locations where the consumer can pay the bill round the clock.

e-Bill & Online Bill Payment System: -

Now consumers can register at MSEDCL's website www.mahadiscom.in for e-Bill and get bills through email. Payment gateway service extended to all consumers of the state, including Agriculture consumers for on-line payment of bills.

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

- 1) Through online Bill aggregator companies viz. Bill Desk, Bill Junction
- 2) ECS through HDFC Bank, Cosmos Bank, ICICI Bank
- 3) Payment through MSEDCL's website by Credit Cards / Debit Cards and Net Banking from 45 banks
- 4) Through Mobile phone / IVRS / SMS

Photo Readings: -

In order to issue accurate bills to the consumer and to avoid reading-related disputes, if any, about the veracity of the reading, meters are read with the help of camera. The photograph of the meter, showing the recorded reading is printed on the bill. This also ensures that the consumer's premise is duly visited by the meter reader.

Integrated ERP Solution:

The integrated ERP Solution (Oracle Apps) is implemented in MSEDCL since June 2008. This system has got following modules-

- | | |
|--------------------------------------|---------------------------------|
| • Scheme Planning | • Vigilance |
| • Stores | • Legal |
| • CPA | • Estate Management |
| • HRMS | • Pole Factory |
| • Payroll | • Materials Management |
| • Contributory Provident Fund System | • Labour & Industrial Relations |
| • Asset Management System | |

•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. The system is implemented since February 2010.

Data Center & Communication Backbone: -

MSEDCL has established Data Center in 2007-08 at Prakashganga, BKC, Mumbai and under R-APDRP Project it is upgraded to Level 3. Various applications like ERP, MIS, e-Tendering, Mail,

Website, Data Warehouse, Intranet, security products, patch management system etc are deployed at the Data center.

IT Centers: -

At present 35 Circles IT centers are functioning. The de-centralized Billing System is implemented at these Centers. All the IT Centers are connected to the Data Center at BKC.

HT/LT-V Meter Readings through MRI:

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

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 introduced at all Circles for their O&M works. E-Tendering for supply of material has already been implemented for Central Purchase Agency.

INTERNAL REFORMS :

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

YEAR	Distribution Loss (%)	AT&C Loss (%)
2006-07	29.50	33.98
2007-08	24.09	26.08
2008-09	21.98	24.62
2009-10	20.60	21.41
2010-11	17.28	18.45
2011-12	16.03	18.36

Action Plan for Loss reduction for FY 2012-13

1. Distribution Loss reduction strategies

Technical Loss Reduction

➤ Infrastructure Plan:

- **Objectives**
 - To Provide Reliable and Quality Supply of power.
 - To meet the Load Growth Demand.
 - To Reduce Distribution Losses.
 - To Reduce Distribution Transformer Failure Rate
- **Scope of Work**
 - Erection of 33/11 & 22/11 kV S/Stn & 22 & 11 kV switching stations
 - Augmentation & installation of additional Power Transformers

- Erection of new HT & LT lines
- Augmentation & installation of additional Distribution Transformers

➤ **Reactive Power Management:**

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

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

- **Objectives**
 - Improvement in Services to Consumer
 - Increase commercial viability of the DISCOM by improving metered sales.
 - Reduction of technical & commercial losses.
 - Improve reliability and quality of supply.
 - Modernization of Power system (Enhanced SCADA etc)
- **Scope of Work for 130 Towns**
 - **Part A: Details of same are given below ***
 - **Part B: For Distribution Strengthening & Augmentation projects:**
 - Renovation, modernization and strengthening of 11 kV level Substations
 - Transformers/Transformer Centers
 - Re-conductoring of lines at 11kV level and below
 - Load Bifurcation, Feeder Separation, Load Balancing.
 - Aerial Bunched Conductors in thickly populated areas.
 - Replacement of Electromagnetic meters with Tamper proof electronic Meters.
 - Installation of capacitor banks and mobile service centers etc.
 - In exceptional cases, where sub-transmission system is weak, strengthening at 33 kV or 66 kV levels also to be considered

Commercial Loss Reduction

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

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

➤ **Mass Meter Replacement Program:**

- All Electro Mechanical meters more than 10 years in service will be replaced step by step as per availability alongwith stopped & faulty meters also.

➤ **DTC Metering:**

- **Objective**
 - Energy Accounting.
 - To pin point the theft prone areas.
- **Scope of Work**
 - Metering of all Distribution Transformers.
 - 2,50,324 DTCs have been metered till Mar-12.

➤ **Theft Control:**

- To curb theft of electricity 40 flying squads are established.
- 6 dedicated police stations are established to handle power theft.
- Regular Theft Detection Drives are conducted.

➤ **Franchise:**

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

➤ **Automatic Meter Reading :**

- Modems are installed on the meters for transmitting readings to the central server, where consumers' database is stored.
- The readings as well as load parameters are transmitted at pre-defined, configurable intervals.

- Any variation in consumption pattern, any kind of tampering done with meter can be detected.

➤ **Prepaid Metering**

- Prepaid metering solution is a technology in which Consumer has to purchase energy from the utility, before he consumes it.
- When all the energy purchased has been consumed, the supply will get disconnected.

➤ **Photometer Reading**

- The concept of photometer reading was introduced to reduce consumer grievances and complaints and also to cover the actual amount that is due from the consumers in the month of Jun 2007.
- The policy decision was taken for issuing the residential and commercial bills through the process of meter reading through digital camera photograph.

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

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

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

THEFT DETECTION:

The power theft is a burning issue which is threatening the very survival of DISCOMS across the country. The theft of electricity continues to be the main cause of concern for our Company also. T&D losses, both technical and non technical are the single largest cause for the huge losses incurred by the power distribution sector. High T&D losses particularly due to theft of electricity, weakens the financial health of the Company to a great extent. In order to deal with the situation, the Company has taken

several important steps. Some of them are listed below.

1. For detecting theft of energy, presently there are 42 Nos of Flying Squads working under the Directorate of Vigilance & Security. Govt. of Maharashtra vide its GR No.POS/3603/12/PK/Pol-3 dt. 31/10/2006 had created six dedicated police stations at Kalyan, Pune, Nashik, Jalna, Latur and Nagpur to deal with the investigation of theft of energy cases. All these dedicated police stations are functioning since Sept-2006. Due to the impact of dedicated Police Stations, a total of 12018 FIRs have been lodged during the year 2011-12.
2. During the year 2011-12 the Flying Squads working under this directorate had checked 32640 Nos of connections and detected, 13289 Nos. of cases involving assessment. An assessment amounting to Rs. 8958.56 lakhs were raised against the consumers, out of which Rs. 6752.88 lakhs were recovered. During the regular checking of consumers installations, 5377 Nos. of theft cases were detected with an assessment of Rs. 1165.59 lakhs. During the period under review, Flying Squads conducted 215 Nos. of special drives, in which 334 Nos. of theft cases were detected with an assessment of Rs.2335.56 lakhs,.
3. To encourage the flow of information pertaining to illegal and unauthorized use of electricity and theft of power, an incentive, up to 10% of the recovered amount from the assessment made out against theft of power has been declared to the informants.
4. During the above period, Special Drives were organized for checking of Highway Dhabas, Beer Bar & Restaurants, Hotels, lodges, Malls & other Commercial Complexes, Showroom, Ice factory, Oil Mills, Rice Mills, Educational Institutions, BSNL & MTNL's, Poultry Farms, Building Constructions etc.
5. Special checking of connections during night hours were organized in some theft prone areas.
6. MRI data sheet and Energy Audit are studied and analysed to find out suspicious consumers.
7. Appeal to general public to submit information about illegal and unauthorized use of electricity and theft of power was given in the official web site.

HUMAN RESOURCES MANAGEMENT:

Human resources is an important asset of the company, hence a continuous endeavour is to improve quality of professional life of our officers and employees and thereby motivate them to provide quality service to our consumers. The following important initiatives were undertaken during the year 2011-12

➤ Recruitment:-

During the year, 3000 officers/employees have been recruited in transparent, fair and impartial manner.

➤ Training & Safety

Keeping in view the existing training policy over 35,000 officers and employees have been put through the training courses.

15 Nov 2011 to 15 Dec 2011 was observed as Safety month. During the month 36,000 employees and 1,46,000 school children and consumers were imparted training on safety.

➤ **Performance Appraisal System**

Performance Based Appraisal system was introduced in 2010-11 where Targets/KRAs are defined and officers/employees are assessed against those Targets/KRAs. In 2011-12, online Performance Management System (PMS) is implemented. M.S.E.D.C.L. is one of the few P.S.U.s where online PMS is introduced.

➤ **Consumer Relations**

To provide good quality service and quick disposal of consumer grievances, in addition to existing 10 Consumer Facilitation Centres (C.F.C.), 6 C.F.C. have been added.

Centralized call centre with toll free number is established at Bhandup with capacity of 40 seats. The capacity is being enhanced to 100. This will be the biggest call centre of Electricity Distribution Company in the country.

➤ **Awards:-**

The above mentioned initiatives have been well recognized and M.S.E.D.C.L. was awarded with the following awards during 2011-12:-

- World HRD Congress award – Training & Development
- Bloomberg/UTV award – Dream P.S.U. to work
- Asia Pacific HR Congress Award – Innovative HR Practices
- World CSR Day Award – HR & Diversity
- Shine HR Leadership Award

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 2011-12. The report of the Statutory Auditors is appended to the Balance Sheet and Profit & Loss Account. The Auditors have submitted their reservations and qualifications. The replies of the Management to the reservations and qualifications of the Statutory Auditors are enclosed as an Annexure 'A' to the Director Report.

COST AUDIT:

The Central Government had ordered cost audit in respect of distribution and retail supply of electricity for the financial year ending 31.03.2006 and also for every financial year thereafter. In pursuance of Cost Audit Order, the Board of Directors of the Company has appointed M/s. S.R.Bhargave & Co., Cost Accountants and M/s. R. Nanabhoy & Co., Cost Accountants, as Cost Auditors for the year 2011-12 and the approval of Central Government has been obtained.

DIRECTORS:-

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

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

Sd/-

Chairman & Managing Director

Place : Mumbai

Date : 21st January, 2013

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

A. CONSERVATION OF ENERGY

Single Phasing Scheme

Single Phasing of the selected rural mixed load feeders is carried out by use of changeover switches at substation. The scheme envisages supplying Single Phase rural lighting load through three nos. of single phase transformers. During the normal operation, the agricultural load continues to be supplied from the three phase transformers. On operation of the changeover switch, there will be no supply to the 3-phase load on the 11kV distribution network whereas single phase supply is available to the lighting and fan load/Domestic load.

- 1) Phase I of the scheme is completed in July 2006.
- 2) Phase II of the scheme is completed in June 2008.
- 3) Phase III of the scheme is completed except in Nashik Zone.

The Single phasing Leftout scheme for leftout wadis in already covered villages is in progress.

Progress of above Schemes **as on March 2012** is as below:

Name of the Scheme	Cost of the Scheme (In Cr.)	Feeders		Villages		Load Management		Expend. (In Cr.)
		Scope (Nos)	Achieved (Nos)	Scope (Nos)	Achieved (Nos)	Scope (MW)	Achieved (MW)	
Single Phasing-I	235	1186	1186	8085	8085	1153	1153	213
Single Phasing-II	221	768	768	3877	3877	722	722	214
Single Phasing-III	205	-	-	2325	1880	-	-	178
Single Phasing Left-out	268	-	-	1195	0	-	-	0
Single Phasing Total	929	1954	1954	15482	13842	1875	1875	605

Gaothan Feeder Separation Scheme

Gaothan feeder separation scheme involves segregation of agricultural load and other category load respectively on separate feeders. Circles particularly identified for Gaothan feeder separation scheme are agriculturally dominated circles wherein the Ag. loads are concentrated. The scheme envisages restricted supply to agriculture load thereby extending nearly uninterrupted good quality power supply to villages/Gavthans.

- 1) GFSS I scheme- Work completed
- 2) GFSS II Scheme- Work completed except Amravati zone
- 3) GFSS III Scheme- work completed except Sangli circle
- 4) GFSS Leftout- works are in progress.

Progress of above Schemes as on **March 2012** is as below:

Name of the Scheme	Cost of the Scheme (In Cr.)	Feeders		Villages		Load Management		Expend. (In Cr.)
		Scope (Nos)	Achieved (Nos)	Scope (Nos)	Achieved (Nos)	Scope (MW)	Achieved (MW)	
GFSS-I	895	1498	1498	6932	6932	1905	1905	816
GFSS-II	1006	895	856	7005	5899	1088	855	805
GFSS-III	231	-	-	381	313	-	-	168
GFSS Left-out	721	1008	550	3601	830	628	189	302
GFSS Total	2853	3401	2904	17919	13974	3621	2949	2091

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 2201.605 MW upto Mar.2012.

Group I Projects commissioned upto 27.12.1999 is 31.988 MW

Group II Projects commissioned after 28.12.1999 upto 31.03.2003 is 366.54 MW

Group III Projects commissioned after 1.04.2003 upto 31.03.2010 is 1422.13 MW

Group IV projects Commissioned after 01.04.2010 upto Mar 2012 is 380.95 MW

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 ninety-two 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 31.03.2012 is 827.36 MW out of which the projects commissioned in the F.Y. 2011-12 (upto 31.03.2012) is 283 MW.

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

Biomass IPP Projects :

Seventeen EPA's were executed involving installed capacity generation to the tune of 181 MW. The installed generation capacity in operation for sale to MSEDCL upto 31.03.2012 is 127 MW and the New projects commissioned in the F.Y. 2011-12 (upto 31.03.2012) is NIL.

Small Hydro Projects :

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

The commissioned capacity of private and Govt. owned small hydro projects upto 31.03.2012 is 55.55 MW out of which the projects commissioned in F.Y. 2011-12 (upto 31.03.2012) are 17.4 MW.

Solar Projects :

Further, MSEDCL has also executed EPAs with Solar Power Projects for total capacity of 142 MW. As on 31.03.2012 the installed/commissioned capacity is 17 MW.

B. TECHNOLOGY ABSORPTION

- N.A

C. EXPENDITURE ON R & D

- NIL

D. FOREIGN EXCHANGE EARNINGS & OUTGO

- NIL

**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, 2012 and the Statement of Profit and Loss 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, Statement of Profit and Loss and Cash Flow Statement referred to in this report are in agreement with the books of accounts.
7. In our opinion, the Balance Sheet, Statement of Profit and Loss 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, Non-Current assets, Current Assets, Non-Current Liabilities and Current Liabilities as approved by MSEB Holding Company Ltd. have been incorporated in the company's books of accounts. Final transfer scheme is yet to be notified by the Govt. of Maharashtra. Any changes in these figures if made, at the time of final notification may have an impact on Balance Sheet and Profit and Loss Account items.
 - (ii) Balances of Sundry Debtors, Sundry Creditors, Loans and Advances and various other debit/credit balances, cash in transit and reconciliations in respect of some branches of the bank as well as of collecting post offices of the accounting units are subject to confirmations and adjustments necessary upon reconciliations. In some cases, reconciliation items are pending for further action during the year under audit. 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 Rs.2,61,687 lacs as at 31.03.2012 (Previous year Rs.2,61,687 lacs).
 - (iv) 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 ascertained.
 - (v) Attention is drawn to note no. 27.15 of the Additional Notes to Accounts regarding non provision for interest payable to Micro, Small and Medium Scale Enterprises. The liability on this account has not been quantified by the company. 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 2012 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, 2012.
 - (ii) In the case of Statement of Profit and Loss, 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.

11. **Emphasis of Matter**

Without qualifying our audit opinion, we invite attention to Note No. 29.7 regarding change in rates of depreciation resulting in a reduced accumulated depreciation of Rs. 126477 lacs.

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

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

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

Sd/-
Devang Vaghani
ICAI M No. 109386

Sd/-
Ashutosh Pednekar
ICAI M No. 41037

Sd/-
Siddharth Jain
ICAI M No. 104709

Place : Mumbai
Date : 11th September, 2012

1. (a) The Records/Ledgers relating to fixed assets of the company (including their quantitative details and location) are not updated and cannot be reconciled with financial ledgers, as such fixed assets records/ledgers are not maintained properly.
- (b) The management has not undertaken physical verification of the Company's fixed assets during the year. Also, there is no programme for conduct of such physical verification of fixed assets. In the absence of such record and verification we are unable to state whether there are any material discrepancies.
- (c) There has been no disposal of substantial part of fixed assets affecting going concern.
2. (a) We are informed that inventory 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 sale of power. However, there is need for further improvement of internal control with respect to reconciliation 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 be 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 lakhs 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 provision of section 58A of Companies Act, 1956 and rules framed there under.
7. The Company has during the year appointed firms of Chartered Accountants to conduct internal audit. In our opinion, the internal audit coverage and compliance mechanism needs strengthening to make it commensurate with the size and nature of its business.
8. The Central Government has prescribed maintenance of cost records u/s. 209 (1) (d) of the Companies Act, 1956 in respect of distribution of electricity. We have broadly reviewed such relevant records of the Company and in our opinion and according to the information and explanation given to us, prima facie the Company has made and maintained the prescribed records. We have not made an examination of the Cost Records required to be maintained under Companies (Cost Accounting Records) Rules 2011 in respect of their accuracy and completeness as the Company is in process of obtaining the compliance report of the Cost Accountants.
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 Rs.24,872.54 Lacs (Previous year Rs.20,487.41 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.
- (b) According to the information and explanation given to us, there are no dues of income-tax, wealth-tax, sales tax, service tax, custom duty, excise duty and cess which have not been deposited on account of any dispute except the following:-

Name of Statute	Nature of Dues	Amount (in Lacs) ₹	Period to which the amount relates	Forum where the dispute is pending
Income Tax Act	Tax along with Interest	31557	AY 2006-07	ITAT
Income Tax Act	Penalty	258	AY 2006-07	CIT(Appeal)
Income Tax Act	Demand as per order u/s 263	59590	AY 2006-07	ITAT
Income Tax Act	Penalty	45534	AY 2007-08	CIT(Appeal)
Income Tax Act	Demand for failure to deduct tax	17608	AY 2009-10	CIT(Appeal)
Income Tax Act	Tax alongwith Interest	88468	AY 2009-10	CIT(Appeal)

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

11. In our opinion and according to the information and explanation given to us, the Company has not defaulted in repayment of dues to the banks and financial institutions. The Company has not borrowed any sum through debentures.
12. According to the information and explanation given to us, the Company has not granted any loans or advances against pledge of shares, debentures or other securities.
13. Clause (xiii) of the order is not applicable to the company as the Company is not a Chit Fund Company or Nidhi/Mutual Benefit Fund/Society.
14. In our opinion and according to the information and explanation given to us, the Company is not dealing in shares, securities, debentures and other investments.
15. According to the information and explanation given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
16. In our opinion and according to the information and explanation given to us and on overall examination of the Balance Sheet of the Company, the term loan raised during the period have prima facie been applied for the purpose for which they were raised or pending actual application, have been deployed for working capital purposes.
17. According to the information and explanation given to us and on overall examination of the Balance Sheet of the Company, in our opinion as at the close of the year Short Term funds aggregating approximately to Rs. 1,81,500 Lacs stand utilized for long term investments..
18. The Company has not made any preferential allotment of shares during the year to parties and Companies covered in register maintained under section 301 of the Companies Act, 1956.
19. The Company has not issued any debentures and hence the question of creation of securities for debentures does not arise.
20. The Company has not raised any money by public issues during the period covered by our report.
21. To the best of our knowledge and belief and according to the information and explanation given to us, no fraud by the Company and no material fraud on the Company was noticed during the year, although 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 Accountant
ICAI Firm Regn No.
101569 W

Sd/-
Devang Vaghani
ICAI M No. 109386

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

Sd/-
Ashutosh Pednekar
ICAI M No. 41037

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

Sd/-
Siddharth Jain
ICAI M No. 104709

Place : Mumbai
Date : 11th September, 2012

**REPLIES TO STATUTORY AUDITORS' REPORT FOR
FINANCIAL YEAR 2011-12**

Sr. No.	Auditor's Report	Management's Replies
1.	We have audited the attached Balance Sheet of MAHARASHTRA STATE ELECTRICITY DISTRIBUTION CO. LTD. , as at 31st March, 2012 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

us, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said order to the extent applicable to the company.	
4. We have obtained all information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.	No Comments
5. In our opinion, proper books of accounts as required by law have been kept by the Company in so far as it appears from our examination of such books.	No Comments
6. The Balance Sheet, Profit and Loss Account and Cash Flow Statement referred to in this report are in agreement with the books of accounts.	No Comments
7. In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement, comply with the Accounting Standards referred in sub-section 3C of Section 211 of the Companies Act, 1956.	No Comments
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.	No Comments
<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, Non-Current assets, Current Assets. Non-Current Liabilities and Current Liabilities as approved by MSEB Holding Company Ltd. have been incorporated in the company's books of accounts.</p> <p>Final transfer scheme is yet to be notified by the Govt. of Maharashtra. Any changes in these figures if made, at the time of final notification may have an impact on Balance Sheet and 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>

<p>(ii) Balances of Sundry Debtors, Sundry Creditors, Loans and Advances and various other debit/credit balances, cash in transit and reconciliations in respect of some branches of the bank as well as of collecting post offices of the accounting units are subject to confirmations and adjustments necessary upon reconciliations. In some cases, reconciliation items are pending for further action during the year under audit. 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.</p>	<p>In case of sundry debtors, the energy bills are served to all the consumers periodically and this serves the purpose of sufficient communication of the amounts receivable from them. In case of disagreement, the consumers are approaching to the respective offices by making complaints at various local levels. These complaints are attended by field offices and any wrong billing, if noticed after due scrutiny is rectified. Hence 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.</p> <p>In case of cash- in transit lying in the books of WM section, the necessary entries have already been passed. Reconciliation of bank accounts and collecting post offices is in progress.</p>
<p>(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 Rs.2,61,687 lacs as at 31.03.2012 (Previous year Rs.2,61,687 lacs).</p>	<p>Provision for bad and doubtful debts on sundry debtors (excluding Mula Pravara Electricity Co-operative Society) against sale of power is adequate as the provision for bad and doubtful debts @1.5% of revenue from sale of power is made every year as per MERC Tariff Order. In case of Mula Pravara Electric Co-operative</p>

	Society, the civil suit for recovery of outstanding amount has been filed in Shrirampur Civil Court.
(iv) 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 ascertained.	Since reconciliation of Consumer Ledger with Sundry Debtors as per Books of Accounts is a continuous process, the work of reconciliation is in progress and the facts have been disclosed by way of note at serial no.3 of the additional Notes to Accounts. During the year the interface has been created to account the revenue from Sale of power from billing software. Further the interface to account the collection from collection software is under process. Thus the issue of reconciliation will be solved.
(v) Attention is drawn to note no. 27.15 of the Additional Notes to Accounts regarding non provision for interest payable to Micro, Small and Medium Scale Enterprises. The liability on this account has not been quantified by the company. 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.	Note to this effect has already been indicated at sr. no. 15 of Note No. 29, Additional Notes to Accounts. However, process for the quantification of these liabilities is being initiated.
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 2012 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	No Comments

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, 2012.	No Comments
(ii) In the case of Profit and Loss Account, the loss for the year ended on that date and	No Comments
(iii) In the case of Cash Flow Statement of the cash flows for the year ended on that date.	No Comments
11. Without qualifying our audit opinion, we invite attention to Note No. 29.7 regarding change in rates of depreciation resulting in a reduced accumulated depreciation of Rs. 126477 lacs.	No Comments

REPLIES TO ANNEXURE TO THE AUDITORS' REPORT REFERRED TO IN PARA 3 OF OUR REPORT OF EVEN DATE OF MAHARASHTRA STATE ELECTRICITY DISTRIBUTION COMPANY LIMITED FOR THE YEAR ENDED ON 31.03.2012

Auditor's Report	Management's Replies
1. (a) The Records/Ledgers relating to fixed assets of the company (including their quantitative details and location) are not updated and cannot be reconciled with financial ledgers, as such fixed assets records/ledgers are not maintained properly.	The ERP for the Company is under process & once implemented it will take care of Fixed Assets Records.
(b) The management has not undertaken physical verification of the Company's fixed assets. Also, there is no programme for conduct of such physical verification of fixed assets. In the absence of such record and verification we are unable to state whether there are any material discrepancies.	The Program of physical verification of fixed assets will be conducted in phase manner. During the year 2012-13 the physical verification of fixed assets lying in corporate office will be carried out.
(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	The necessary steps have been taken to reconcile the amounts receivables & recovery thereof

company and nature of its business with regard to purchase of inventory and fixed assets, sale of power. However, there is need for further improvement of internal control with respect to reconciliation of party wise receivables and recovery thereof.	appearing in the books of Accounts.
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 be 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. The company has not accepted deposits from the public within the meaning of provision of section 58A of Companies Act, 1956 and rules framed there under.	No Comments
7. The Company has during the year appointed firms of Chartered Accountants to conduct internal audit. In our opinion, the internal audit coverage and compliance mechanism needs strengthening to make in commensurate with the size and nature of business.	The major cases such as power purchase, revenue leakage, accounting of revenue and expenditure, receipts, reconciliation of sales, collection, debtors and bank balance was covered under internal audit, the compliance of Internal Audit observation is under process. Scope will be added in the next year and implementation will be ensured.
8. The Central Government has prescribed maintenance of cost records u/s. 209 (1) (d) of the Companies Act, 1956 in respect of distribution of electricity. We have broadly reviewed such relevant records of the company and in our opinion and according to the information and explanation given to us, prima facie the Company has made and maintained the prescribed records. We have not made an examination of the Cost Records required to be maintained under Companies (Cost Accounting	No Comments

Records) Rules 2011 in respect of their accuracy and completeness as the Company is in process of obtaining the compliance report of the Cost Accountants.					
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 Rs. 24,872.54 Lacs (Previous year Rs. 20,487.41 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 Rs. 25864.04 Lacs. As such Electricity Duty outstanding as on 31.03.2012 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, service 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	31557	AY 2006-07	ITAT	
Income Tax Act	Penalty	258	AY 2006-07	CIT (Appeal)	
Income Tax Act	Demand as per order u/s 263	59590	AY 2006-07	ITAT	
Income Tax Act	Penalty	45534	AY 2007-08	CIT (Appeal)	
Income Tax Act	Demand for failure to deduct Tax'	17608	AY 2009-10	CIT (Appeal)	
Income Tax Act	Tax alongwith Interest	88468	AY 2009-10	CIT (Appeal)	

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.	Though there is cash loss in the current financial year there was no cash loss in the immediately preceding financial year.
11.	In our opinion and according to the information and explanation given to us, the Company has not defaulted in repayment of dues to the banks and financial institutions. The Company has not borrowed any sum through debentures.	No Comments
12.	According to the information and explanation given to us, the Company has not granted any loans or advances against pledge of shares, debentures or other securities.	No Comments
13.	Clause (xiii) of the order is not applicable to the company as the Company is not a Chit Fund Company or Nidhi/Mutual Benefit Fund/Society.	No Comments
14.	In our opinion and according to the information and explanation given to us, the Company is not dealing in shares, securities, debentures and other investments.	No Comments
15.	According to the information and explanation given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.	No Comments
16.	In our opinion and according to the information and explanation given to us and on overall examination of the Balance Sheet of the Company, the term loan raised during the period have prima facie been applied for the purpose for which they were raised or pending actual application, have been deployed for working capital purposes.	During the year the company was facing liquidity crunch as there was no tariff revision. Taking into consideration availability of fund (i.e. working capital fund and term loan) The term loan has been used for working capital purpose and working capital fund for long term investment (i.e. for fixed asset). Had this not been done, the company would have borrowed additional loan which would have resulted additional burden of interest particularly when the fund (i.e. working Capital or term loan) was available.
17.	According to the information and explanation given to us and on overall examination of the Balance Sheet of the Company, in our opinion as at the close of the year Short Term funds aggregating approximately to Rs. 1,81,500 Lacs stand utilized for long term investments.	
18.	The Company has not made any preferential allotment of shares during the year, to parties and companies	No Comments

	covered in the register maintained under section 301 of the Companies Act, 1956.	
19.	Since The Company does not have any debentures and hence the question of creation of securities for debentures does not arise.	No Comments
20.	The Company has not raised any money by public issues during the period covered by our report.	No Comments
21.	To the best of our knowledge and belief and according to the information and explanation given to us, no fraud by the Company and no material fraud on the Company was noticed during the year, although 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

The preparation of financial statements of '**Maharashtra State Electricity Distribution Company Limited,**' Mumbai for the year ended **31 March 2012** 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 11 September 2012.

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 2012**. This supplementary audit has been carried out independently without access to the working papers of the Statutory Auditors and is limited primarily to inquiries of the Statutory Auditors and Company personnel and a selective examination of some of the accounting records. Based on my supplementary audit, I would like to highlight the following significant matter under Section 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 Financial Position:

Balance Sheet:

Assets:

Non-Current Assets:

Capital work in progress: ₹. 3913.33 crore

1. The above is understated by ₹. 4.45 crore due to non accounting of unpaid bills of various contractors' executing under RGGVY scheme of ₹. 2.53 crore and other schemes of ₹. 1.92 crore. This has resulted in understatement of Capital Work in Progress and Liabilities by ₹. 4.45 crore.

Assets:

Current Assets:

Inventories (Note-16): ₹. 989.71 crore

2. The above includes ₹. 13.26 crore being difference between Book Value and Physical Verification Report of Material At Site Account in respect of Bhosari and Pimpri Divisions, Pune. This has resulted

in overstatement of Current Assets by ₹. 13.26 crore. The corresponding effect on other account could not be ascertained for want of relevant details i.e. reasons for difference, nature of item of inventory Capital or revenue.

(B) Comments on Profitability:

Statement of Profit & Loss:

Revenue:

Revenue from operations Note No.21):

Revenue from Sale of Services:- ₹. 39069.39 crore

Industrial High Voltage: ₹. 16122.22 crore

3. The above is overstated by ₹. 2.68 crore due to excess accounting of unbilled revenue by Ganeshkhind Urban Circle, Pune. This has resulted in understatement of Loss and overstatement of Current Assets - Trade receivables by ₹. 2.68 crore.

Recoveries from Theft of Power/Malpractices: ₹. 78.57 crore

4. This is understated by ₹. 1.62-crore due to short accounting of revenue from Theft of Power ₹. 1.23 crore by Ganeshkhind Pune Urban Circle and ₹. 0.39 crore by Nashik Rural Circle. This has resulted in overstatement of Loss and understatement of Trade Receivables by ₹. 1.62 crore.

Statement of Profit and Loss

Expenditure

Power Purchase Cost (Note No.-23)

Transmission Charges: ₹. 2950.87 crore

5. The above is overstated by ₹. 15.77 crore due to not giving effect to the differential POC (Point of Connection) charges ₹. 6.99 crore billed in excess during July 2011 to December 2011 and Short-term open access (STOA) and Medium term open access (MTOA) credits of March 2012 of ₹. 8.78 crore, which were adjusted against the payments of April, 2012. This has resulted in over-statement of Loss for the year and Current Liabilities by ₹. 15.77 crore.

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

**Sd/-
ACCOUNTANT GENERAL
(AUDIT) - III**

Place : Mumbai
Date : 11.01.2013

REPLIES TO THE COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956, ON THE ANNUAL ACCOUNTS OF MAHARASHTRA STATE ELECTRICITY DISTRIBUTION COMPANY LIMITED MUMBAI FOR THE YEAR ENDED 31 MARCH 2012.

Sr. No.	Comments of CAG	Management's Replies
(A)	<u>Comments on Financial Position :</u> Balance Sheet: Assets: Non Current Asset: Capital Work in Progress: ₹. 3913.33 crore	
1.	The above is understated by ₹. 4.45 crore due to non accounting of unpaid bills of various contractors' executing under RGGVY scheme of ₹. 2.53 crore and other schemes of ₹. 1.92 crore. This has resulted in understatement of Capital work in Progress and Liabilities by ₹. 4.45 crore.	Noted for future
	Assets: Current Assets: Inventories (Note -16); 989.71 Crore	
2.	The above includes 13.26 crore being difference between Book Value and Physical Verification Report of Material at Site Account in respect of Bhosari and Pimpri Divisions, Pune. This has resulted in overstatement of current Assets by ₹. 13.26 crore. The corresponding effect on other account could not be ascertained for want of relevant details i.e. reasons for difference, nature of item of inventory capital or revenue.	Proper accounting will be done on receipt of detailed report / information regarding utilisation of material.
(B)	<u>Comments on Profitability:</u> Profit & Loss Account: Revenue from Operations (Note No.21): Revenue from sale of services-: ₹. 39069.39 crs Industrial High Voltage: ₹. 16122.22 crore	
3	The above is overstated by ₹. 2.68 crore due to excess accounting of unbilled revenue by Ganeshkhind Urban Circle, Pune, This has resulted in understatement of Loss and overstatement of Current Assets Trade Receivables by ₹. 2.68 crs.	Necessary entries have been passed during the year 2012-13.

<p>Recoveries from Theft of Power/Malpractices: ₹. 78.57 Crs.</p>	
<p>4 This stands understated by ₹. 1.62 crore due to short accounting of revenue from theft of power ₹. 1.23 crore by Ganeshkhind Pune Urban Circle and ₹. 0.39 crore by Nashik Rural Circle. This has resulted in overstatement of Loss and understatement of Trade Receivables by ₹. 1.62 crore.</p>	<p>Necessary entries have been passed during the year 2012-13.</p>
<p>Statement of Profit and Loss Expenditure Power Purchase Cost (Note No 23) Transmission charges ₹. 2950.87 crs.</p>	
<p>5 The above is overstated by ₹.15.77 crore due to not giving effect to the differential POC (Point of Connection) Charges ₹.6.99 crore billed in excess during July 2011 to December 2011 and short term open access (STOA) and Medium term open access (MTOA) credits of March 2012 of ₹.8.78 crore, which were adjusted against the payments of April.2012. This has resulted in over-statement of loss for the year and Current Liabilities by ₹.15.77 crore.</p>	<p>Necessary entries have been passed during the year 2012-13.</p>

MAHARSHTRA STATE ELECTRICITY DISTRIBUTION COMPANY LIMITED
BALANCE SHEET AS ON 31.03.2012

(₹ In Lacs)

PARTICULARS	Note Number	As at 31.03.2012	As at 31.03.2011
I. EQUITY & LIABILITIES			
(1) Shareholder's Funds			
(a) Share Capital	3	300,005.00	300,005.00
(b) Reserves & Surplus	4	52,333.91	77,351.78
(c) Contribution from MSEB Holding Co. Ltd. against shares to be issued		231,693.18	162,002.38
		584,032.09	539,359.16
(2) Non Current Liabilities			
(a) Long-term borrowings	5	1,486,213.23	1,149,876.63
(b) Deferred tax liabilities	29(13)	89,802.44	10,569.19
(c) Other long term liabilities	6	297,762.53	231,640.58
(d) Long term provisions	7	186,973.35	166,824.59
		2,060,751.55	1,558,910.99
(3) Current Liabilities			
(a) Short term borrowings	8	316,230.52	194,470.03
(b) Trade payables	9	828,094.68	612,644.72
(c) Other current liabilities	10	305,519.31	256,521.23
(d) Short term provisions	11	39,909.83	40,295.88
		1,489,754.34	1,103,931.86
TOTAL	(1+2+3)	4,134,537.98	3,202,202.01
II. ASSETS			
(1) Non-Current Assets			
(a) Fixed Assets			
(i) Tangible Assets	12	1,839,503.48	1,112,420.84
(ii) Intangible Assets		1,480.02	0.65
(iii) Capital Work in Progress		391,332.68	404,620.68
		2,232,316.18	1,517,042.17
(b) Non Current Investments	13	19,430.82	16,539.86
(c) Long term loans and advances	14	25,475.59	18,107.69
(d) Other non - current assets	15	349,717.17	354,332.97
		2,626,939.76	1,906,022.69
(2) Current Assets			
(a) Inventories	16	98,971.06	89,081.29
(b) Trade Receivables	17	871,128.23	909,290.38
(c) Cash and Bank Balances	18	40,080.72	55,681.97
(d) Short-term loans and advances	19	36,336.13	31,974.71
(e) Other current assets	20	461,082.08	210,150.97
		1,507,598.22	1,296,179.32
TOTAL	(1+2)	4,134,537.98	3,202,202.01
Corporate Information	1		
Significant Accounting Policies	2		

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

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

Sd/-
A.M Gudekar
Company Secretary

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

Sd/-
Ajoy Mehta
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 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

MAHARSHTRA STATE ELECTRICITY DISTRIBUTION COMPANY LIMITED

Statement of Profit and Loss for the year ended 31st March 2012 (₹ In Lacs)

PARTICULARS	Note No.	Year Ended 31st March, 2012	Year Ended 31st March, 2011
REVENUE			
Revenue from Operations	21	3,955,451.03	3,326,555.61
Other Income	22	125,188.23	125,168.72
TOTAL REVENUE		4,080,639.26	3,451,724.33
EXPENDITURE			
Power Purchase Cost	23	3,512,028.73	2,894,944.49
Employee Costs	24	229,852.54	204,686.84
Repairs and Maintenance Expenses	25	55,287.75	51,419.18
Administration and General Expenses	26	44,402.57	23,194.07
Other Expenses	27	111,427.35	154,995.55
Depreciation	12	76,457.01	106,746.66
Adjustment of Depreciation	12, 29(7)	(126,477.75)	-
Finance Costs	28	177,836.45	108,130.29
TOTAL EXPENDITURE		4,080,814.65	3,544,117.08
Profit / (Loss) before tax		(175.39)	(92,392.75)
TAX EXPENSES			
Tax expenses for current year		3.51	1.83
Tax expenses for previous years		1,379.99	11,763.64
Deferred Tax		79,233.25	46,308.56
		80,616.75	58,074.03
PROFIT / LOSS FOR THE YEAR		(80,792.15)	(150,466.78)
Earning Per Share			
Basic Earning Per Share in Rs.		(2.85)	(5.11)
Diluted Earning Per Share in Rs.		(1.79)	(3.32)

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

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

Sd/-
A.M Gudekar
Company Secretary

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

Sd/-
Ajoy Mehta
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 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 31ST MARCH 2012

(₹ In Lacs)

PARTICULARS	2011-12	2010-11
A. Cash flows from operating activities		
Net profit before extraordinary items and tax	(175.39)	(92392.72)
Adjustment for :		
Depreciation and amortisation	(50020.73)	106746.66
Provision for Doubtful Debts	59331.72	49856.23
Deferred Cost & Intangibles written off	739.68	1511.31
Depreciation (Prior Period Excess provided) (Net)	(210.81)	4299.17
Interest Income	(1437.20)	(1183.19)
Finance Costs	177836.45	108130.29
Operating profit before working capital changes	186063.70	176967.75
<u>Changes in Working Capital</u>		
Adjustments for (increase) / decrease in operating assets :		
(Increase) / Decrease in Inventories	(9889.77)	(59395.96)
(Increase) / Decrease in Other Current Assets	(250931.11)	(130073.51)
(Increase) / Decrease in Trade Receivables	38162.15	(65116.37)
(Increase) / Decrease in Long Term Loans & Advances	(7367.91)	60381.75
(Increase) / Decrease in Short Term Loans & Advances	(4361.42)	(2928.54)
(Increase) / Decrease in Other Non-Current Assets	(54715.91)	(112111.37)
<u>Adjustments for (increase) / decrease in operating Liabilities :</u>		
Increase / (Decrease) in Trade Payables	215449.97	198182.75
Increase / (Decrease) in Long Term Provision	20148.76	9536.18
Increase / (Decrease) in Short Term Provision	(2437.55)	21406.08
Increase / (Decrease) in Other Long Term Liabilities	66121.96	32452.09
Increase / (Decrease) in Other Current Liabilities	9394.14	81634.01
Cash generated from operations	205637.01	210934.28
Less: Direct taxes paid		
- Income Tax	(1379.99)	11763.64
- Wealth Tax	(3.51)	1.83
Net cash from operating activities	204253.51	199168.82
B. Cash flows from investing activities		
Sale of fixed assets	49.86	161.15
Purchase of fixed assets	(665832.00)	(660496.16)
<i>Tangible Assets</i>	(676900.95)	(485047.65)
<i>Intangible assets</i>	(2219.05)	1505.75
<i>Purchase of Capital WIP</i>	13288.00	(176954.26)
Purchase of Non-Current Investments	(2890.96)	(2865.71)
Interest received	1437.20	1183.19
Net cash from investing activities	(667235.90)	(662017.53)

(₹ In Lacs)

PARTICULARS	2011-12	2010-11
C. Cash flows from financing activities		
Issue of equity share	0.00	300000.00
Repayment of long term borrowings	(89479.76)	(211217.21)
Repayment of short term borrowings	(15084.29)	0.00
Proceeds from long term borrowings	467471.79	506661.98
Proceeds from short term borrowings	136844.77	50000.00
Subsidies received	55774.28	56551.43
Contribution from GoM / MSEB Holding Company Ltd.	69690.81	(212721.87)
Finance Costs	(177836.45)	(108130.29)
Net cash flow from financing activities	447381.15	381144.04
Net increase/(decrease) in cash and cash equivalents (A+B+C)	(15601.25)	(81704.68)
Opening Balance of Cash and Cash Equivalents	55681.99	137386.67
Closing Balance of Cash and Cash Equivalents	40080.72	55681.99

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

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

Sd/-
A.M Gudekar
Company Secretary

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

Sd/-
Ajoy Mehta
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 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

NOTE NO. 1

CORPORATE INFORMATION

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

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

The Registered Office of the Company is situated at Prakashgad, Bandra (East), Mumbai 400051. MSEDCL, also known as Mahavitaran or Mahadiscom, is one of the largest public sector company engaged in the business of electricity distribution. MSEDCL's distribution network is divided in 14 zones, 50 circles, 156 divisions, 715 sub divisions and 40 IT Centres catering services to around 20.5 million consumers.

NOTE NO. 2

SIGNIFICANT ACCOUNTING POLICIES

1. Basis of preparation of financial statements:

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

- b) Use of estimates:

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

2. Revenue Recognition:

a) Sale of Power:

- i) Revenue from Sale of Power is accounted for on the basis of demand bills raised on consumers. Tariff rates for sale of power are as per Tariff Order of the Maharashtra State Electricity Regulatory Commission.
- ii) Unbilled revenue at the end of the financial year is accrued in the books of account on estimation basis and includes FAC (Fuel Adjustment Cost), if any.
- 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.

b) Others:

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

3. Fixed Assets:

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

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

4. Capital Work in Progress:

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

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

5. Depreciation :

- a) Fixed Assets are depreciated under the 'Straight Line Method' upto 90 % of the original cost of assets. The Company had been following depreciation rates notified by the Ministry of Power, Government of India vide notification dated 29th March 1994 till the FY 2010-11. During the year Company has decided to adopt the rates prescribed under MERC (Terms & Conditions of Tariff) Regulations, 2005 w.e.f. FY 2008-09 on the basis of General Circular No. 31/2011 dt. 31/05/2011 issued by Ministry of Corporate Affairs, Government of India.
- b) The rates of Depreciation applied are as under:

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

** Leasehold land is amortised over the period of lease

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

6. Investments:

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

7. Inventories:

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

8. Employee Benefits:

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

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

9. **Provisions and Contingent Liabilities:**

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

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

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

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

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

12. **Leases:**

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

13. **Taxation:**

Provision for Income Tax consists of Current tax and Deferred tax. Current Tax is calculated according to prevailing rates of Income Tax. Deferred tax is calculated in accordance with mandatory Accounting Standard 22, (Accounting for taxes on income).

NOTE NO. 3
SHARE CAPITAL

(₹ In Lacs)

Sr. No.	Particulars	As at 31.03.12	As at 31.03.11		
1	Authorised Capital 750,00,00,000 Equity Shares of Rs.10 each (Previous year 750,00,00,000 Shares of Rs.10 each)	750,000.00	750,000.00		
2	Issued, Subscribed and Paid up 3000050000 Equity Shares of Rs.10 each fully paid (Previous year 3000050000 shares of Rs.10 each)	300,005.00	300,005.00		
3	Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period :	300,005.00	300,005.00		
		As at 31.03.12	As at 31.03.11		
		No. of shares	₹ In lacs	No. of shares	₹ In lacs
	Opening Balance	3,000,050,000	300,005.00	50,000	5.00
	Fresh Issue	-	-	3,000,000,000	300,000.00
	Closing Balance	3,000,050,000	300,005.00	3,000,050,000	300,005.00
4	Details of number of equity shares held by the holding company, the ultimate holding company, their subsidiaries and associates :	As at 31.03.2012		As at 31.03.2011	
	Maharashtra State Electricity Holding Co. Ltd.	3,000,000,000.00		3,000,000,000.00	
5	Details of equity shares held by each shareholder holding more than 5 % shares :	As at 31.03.12		As at 31.03.11	
		No. of shares held	% of holding in that class of shares	No. of shares held	% of holding in that class of shares
	Maharashtra State Electricity Holding Co. Ltd.	3,000,000,000	99.9998	3,000,000,000	99.9998

NOTE NO. 4

RESERVES AND SURPLUS

(₹ In Lacs)

Sr. No.	Particulars	As at 31.03.12	As at 31.03.11
A]	CAPITAL RESERVES		
1	CONTRIBUTION, GRANTS AND SUBSIDIES TOWARDS COST OF CAPITAL ASSETS		
a)	Consumers contribution towards cost of Capital Assets (CRA)(Service Connection)		
	As per last Balance Sheet	87,419.75	70,429.29
	Add :Received during current year	12,526.23	17,772.58
	Less: Deduction during current year	1,810.21	782.12
		98,135.77	87,419.75
b)	Consumers contribution towards cost of Capital Assets (CRB)		
	As per last Balance Sheet	3,192.19	3,084.16
	Add :Received during current year	530.75	136.00
	Less: Deduction during current year	0.29	27.97
		3,722.66	3,192.19
c)	Consumers Contribution towards cost of Capital Assets (Outright Contribution)		
	i) For L.T. Consumers		
	As per last Balance Sheet	96,928.38	84,933.87
	Add : Received during current year	15,625.30	13,383.00
	Less: Deduction during current year	718.63	1,388.49
		111,835.05	96,928.38
	ii) For H.T. Consumers		
	As per last Balance Sheet	15,155.56	12,815.58
	Add : Received during current year	2,955.88	2,748.12
	Less: Deduction during current year	244.53	408.13
		17,866.91	15,155.56
d)	Consumers Contribution towards cost of Capital Assets (TESCO) As per last Balance Sheet	-	0.11
	Add : Received during current year	-	86.17
	Less: Deduction during current year	-	86.28
		-	-
e)	Consumers Contribution towards cost of Pole under Krishisanjavini As per last Balance Sheet	-	567.81
	Add : Received during current year	-	-
	Less: Deduction during current year	-	567.81
		-	-
f)	Contribution from GOM through REC for RGGVY (Subsidy)		
	As per last Balance Sheet	45,962.85	31,816.71
	Add : Received during current year	4,804.04	14,193.43
	Less: Deduction during current year	47.14	47.29
		50,719.76	45,962.85

(₹ In Lacs)

Sr. No.	Particulars	As at 31.03.12	As at 31.03.11
g)	Contribution from GOM through REC for RGGVY (Loan) As per last Balance Sheet	6,175.96	4,698.17
	Add : Received during current year	556.46	1,478.18
	Less: Deduction during current year	-	0.39
		6,732.42	6,175.96
h)	Grants from GoM towards RE DIS-DPDC-TSP-OTPS As per last Balance Sheet	16,387.91	12,408.48
	Add : Received during current year	7,255.52	4,429.58
	Less: Deduction during current year	490.10	450.15
		23,153.33	16,387.91
l)	Subsidies towards cost of Capital Assets As per last Balance Sheet	2,585.96	2,439.95
	Add : Received during current year	415.87	172.80
	Less: Deduction during current year	450.00	26.79
		2,551.83	2,585.96
j)	Grants towards RE distribution Grants As per last Balance Sheet	442.35	808.09
	Add : Received during current year	1,027.44	-
	Less: Deduction during current year	0.88	365.74
		1,468.91	442.35
k)	Grants towards Energisation as pump backlog As per last Balance Sheet	2.16	-
	Add : Received during current year	0.60	2.16
		2.76	2.16
l)	Grants towards single phasing Phase I & II As per last Balance Sheet	264.67	(3.86)
	Add : Received during current year	485.45	297.93
	Less: Deduction during current year	70.60	29.41
		679.52	264.67
m)	Deferred income of grant on APDRP Phase I, II and III As per last Balance Sheet	1,779.18	1,915.60
	Add : Received during current year	-	2.65
	Less: Deduction during current year	141.71	139.07
		1,637.47	1,779.18
n)	Grants towards cost of Capital Assets As per last Balance Sheet	161,009.88	155,508.52
	Add : Received during current year	10,891.01	5,501.37
	Less: Deduction during current year	135.60	-
		171,765.29	161,009.88
o)	Grant towards energisation of AG Pumps As per last Balance Sheet	-	-
	Add : Received during current year	1,059.33	-
		1,059.33	-

(₹ In Lacs)

Sr. No.	Particulars	As at 31.03.12	As at 31.03.11
p)	New Service connection supervision charges		
	As per last Balance Sheet	667.09	-
	Add : Received during current year	1,907.14	4,274.35
	Less: Deduction during current year	157.06	3,607.26
		2,417.17	667.09
	TOTAL A	493,748.18	437,973.90
B]	OTHER RESERVES		
	Contingency Fund		
	As per last Balance Sheet	18,700.00	15,800.00
	Add : Transfer from profit and loss account	4,800.00	2,900.00
	TOTAL B	23,500.00	18,700.00
	TOTAL RESERVES AND SURPLUS	517,248.18	456,673.90
	LESS: Debit balance of Statement of Profit and Loss A/c.	464,914.27	379,322.12
	TOTAL	52,333.91	77,351.78

NOTE NO. 5

LONG TERM BORROWINGS

(₹ In Lacs)

Sr. No.	Particulars	As at 31.03.12	As at 31.03.11
1	Term Loans		
a)	From Banks (Secured)		
	Term Loan from DCC Banks		
	Raigad DCC Bank	7,875.00	10,500.00
	Ratnagiri DCC Bank	9,727.03	11,912.73
	Sindhudurga DCC Bank	4,642.86	5,714.29
b)	From other parties(Secured)		
	Loan from Rural Electrification Corp.	554,376.52	395,908.79
	Power Finance Corporation	398,284.00	262,484.74
	Sub-Total	974,905.41	686,520.54
c)	From other parties(Unsecured)		
	Financial Participation by Consumers (Interest Bearing)	8.18	8.18
	State Govt.Loans	33,410.40	37,684.55
	Financial Participation by consumers (Interest Free)	146.09	181.76
	Interest free Loan from MIDC for Elec Work	3,600.21	3,600.21
	Sub-Total	37,164.88	41,474.71
2	Deposits (Unsecured)		
	Security Deposits from Consumers (in cash)	456,752.27	411,693.43
	Deposits collected to be refunded after eight years (without interest)	60.83	60.83
	Refundable Capital Cost Deposits	18.57	18.57
	Deposit collected from private agencies towards energy bill collection work	3,208.19	3,004.75
	Special deposit from Staff Welfare fund	1,964.98	1,518.28
	Deposits for Electrification, Service Connection etc.	12,138.10	5,585.53
	Sub- Total	474,142.94	421,881.38
	TOTAL	1,486,213.23	1,149,876.63

3 Details of terms of repayments, securities etc. for the long term borrowings :

As at 31.03.12	No. of Loans	Outstanding amount as on 31.03.12 (₹ In Lacs)	Rate of Interest	Repayment Period	Moretorium period included in the period of maturity at (3)	Security offered
	(1)	(2)	(3)	(4)	(5)	(6)
Term loan from Banks						Hypothecation of Future Assets & Government of Maharashtra Guarantee
1. Raigad DCC Bank Ltd.	1	10,500.00	8% to 9.50%	11 Years	3 Years	
2. Ratnagiri DCC Bank Ltd.	7	11,912.73	9% to 10 %	7 Years	NIL	
3. Sindhudurga DCC Bank Ltd.	1	5,714.29	9.25%	7 Years	NIL	
Term loan from other parties						
1. State Government loans	4	40,804.80	11.50%	10 Years	NIL	
2. Loan from Rural Electrification Corporation	875	616,412.63	11% to 12.50 %	13 Years	3 Years	
3. Loan from Power Finance Corporation	374	453,902.34	11% to 13%	12 to 15 Yrs.	2 to 5 Years	

As at 31.03.11	No. of Loans	Outstanding amount as on 31.03.11 (₹ In Lacs)	Rate of Interest	Repayment Period	Moretorium period included in the period of maturity at (3)	Security offered
	(1)	(2)	(3)	(4)	(5)	(6)
Term loan from Banks						Hypothecation of Future Assets & Government of Maharashtra Guarantee
1. Raigad DCC Bank Ltd.	1	13,125.00	8% to 9.50%	11 Years	3 Years	
2. Ratnagiri DCC Bank Ltd.	7	13,899.14	9% to 10 %	7 Years	NIL	
3. Sindhudurga DCC Bank Ltd.	1	6,785.71	9.25%	7 Years	NIL	
Term loan from other parties						
1. State Government loans	4	44,753.57	11.50%	10 Years	NIL	
2. Loan from Rural Electrification Corporation	845	439,725.22	11% to 12.50 %	13 Years	3 Years	
3. Loan from Power Finance Corporation	310	295,191.99	11% to 13%	12 to 15 Years	2 to 5 Years	

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

NOTE NO. 6

OTHER LONG TERM LIABILITIES

(₹ In Lacs)

Sr. No.	Particulars	As at 31.03.12	As at 31.03.11
1	Trade Payables	8,157.92	-
2	Others		
	Amount owed to Licensees	475.73	484.38
	Balance with Fellow Subsidiaries	89,941.36	90,624.91
	Deposits and Retentions from Suppliers and Contractors - Capital	107,548.89	42,823.70
	Refund due for amount under Non DDF scheme	6,176.25	4,799.12
	Deposits and Retentions from Suppliers and Contractors - O & M	66,323.45	70,824.35
	Liability for Capital Supplies/ Works	19,138.93	22,084.11
	TOTAL	2,97,762.53	2,31,640.58

NOTE NO. 7

LONG TERM PROVISIONS

(₹ In Lacs)

Sr. No.	Particulars	As at 31.03.12	As at 31.03.11
1	Provision for employee benefits	186,559.83	166,567.21
2	Provision for non - moving & obsolete items	413.52	257.38
	TOTAL	1,86,973.35	1,66,824.59

MSEDCL

NOTE NO. 8

SHORT TERM BORROWINGS

(₹ In Lacs)

Sr. No.	Particulars	As at 31.03.12	As at 31.03.11
1	Loan repayable on demand from banks (secured by hypothication of book debts)		
	a. Overdrafts from Banks for working capital	175,000.00	190,000.00
	b. Cash Credit from banks		
	Canara Bank	93,051.00	-
	Bank of Maharashtra	33,200.44	-
	Bank of India	10,540.48	-
2	Deposits		
	Deposit for temporary service connections	4,438.60	4,470.03
	TOTAL	3,16,230.52	1,94,470.03

NOTE NO. 9
TRADE PAYABLE

(₹ In Lacs)

Sr. No.	Particulars	As at 31.03.12	As at 31.03.11
1	Liability for purchase of Power	796,492.35	581,719.87
2	Liability for transmission charges	31,602.34	30,924.85
	TOTAL	828,094.68	612,644.72

MSEDCL

NOTE NO. 10

OTHER CURRENT LIABILITIES

(₹ In Lacs)

Sr. No.	Particulars	As at 31.03.12	As at 31.03.11
1	Current maturities of long term debt		
	a) From Banks (Secured)		
	Raigad DCC Bank	2,625.00	2,625.00
	Ratnagiri DCC Bank	2,185.69	1,986.41
	Sindhudurga DCC Bank	1,071.43	1,071.43
	b) Term loan from others (Secured)		
	Loan from Rural Electrification Corp.	62,036.11	43,816.43
	Power Finance Corporation	55,618.34	32,707.25
	State Govt. Loans	7,394.40	7,069.02
2	Interest accrued and due on borrowings	22.48	22.48
3	Other payables		
	Interest payable on Consumers Deposits	23,523.34	19,948.76
	Liability for Capital Supplies/ Works	12,759.28	14,722.74
	Liability for O & M Supplies/ Works	11,005.43	16,036.96
	Deposits and Retentions from Suppliers and Contractors O&M	23,654.02	17,256.60
	Electricity Duty and Other Levies payable to GoM	27,567.38	22,501.69
	Accrued /Unclaimed amounts relating to Borrowings	15,814.47	15,946.71
	Liability for expenses	52,367.94	54,419.43
	Others	7,873.98	6,390.30
	TOTAL	305,519.31	256,521.23

NOTE NO. 11

SHORT TERM PROVISIONS

(₹ In Lacs)

Sr. No.	Particulars	As at 31.03.12	As at 31.03.11
	Provision for employee benefits	39,909.83	40,295.88
	TOTAL	39,909.83	40,295.88

MSEDCL

NOTE - 12
FIXED ASSETS

(₹ In Lacs)

		GROSS BLOCK				DEPRECIATION RESERVES					NET BLOCK	
Sr. No.	TANGIBLE ASSETS	Balance as at 01.04.11	Additions	Disposals / Adjust-ments	Balance as at 31.03.2012	Balance as at 01.04.11	Depreciation for the year	Withdrawal of Depreciation Reserve	Other Adjustments	Balance as at 31.03.2012	As at 31.03.12	As at 31.03.11
		₹.	₹.	₹.	₹.	₹.	₹.	₹.	₹.	₹.	₹.	₹.
1	2	3	4	5	6	7	8	9	10	11	12	13
1	Land											
	a) Free hold land	11,110.64	2,628.39	-	13,739.03	-	-	-	-	-	13,739.03	11,110.64
	b) Lease hold land	870.28	266.58	-	1,136.86	76.01	6.17	2.64	0.07	79.61	1,057.25	794.27
2	Building	33,038.86	2,713.27	-	35,752.13	17,586.74	705.83	2,040.24	54.85	16,307.18	19,444.95	15,452.12
3	Hydraulic works	730.50	9.07	-	739.58	328.27	27.51	(4.28)	0.29	360.35	379.23	402.23
4	Other Civil works	16,087.58	2,542.65	-	18,630.23	4,341.24	313.58	656.31	21.56	4,020.08	14,610.15	11,746.34
5	Plant and Machinery	667,432.86	271,755.89	7.08	939,181.66	267,234.25	24,445.98	44,846.59	(202.08)	246,631.56	692,550.11	400,198.61
6	Lines and Cables	1,301,537.30	393,199.33	-	1,694,736.63	634,736.14	50,146.67	76,990.12	(45.78)	607,846.91	1,086,889.73	666,801.16
7	Vehicles	2,559.99	151.94	19.48	2,692.45	2,227.66	77.71	120.99	(18.15)	2,166.23	526.22	332.33
8	Furniture and Fixture	3,544.73	372.32	0.41	3,916.64	2,574.94	102.63	251.27	(4.02)	2,422.28	1,494.36	969.78
9	Office Equipments	12,763.22	3,396.16	22.89	16,136.49	8,296.47	630.52	1,582.85	(4.84)	7,339.29	8,797.20	4,466.75
10	Other Assets	288.96	-	134.66	154.30	142.35	0.42	(0.27)	(4.00)	139.05	15.25	146.60
	TOTAL	2,049,964.92	677,035.61	184.52	2,726,816.01	937,544.08	76,457.01	126,486.47	(202.09)	887,312.53	1,839,503.48	1,112,420.84

NOTE :

- 1 Refer to note no 29 (7) regarding change in depreciation rate.
- 2 Withdrawal of Depreciation Reserve includes Rs. 8.72 Lacs towards withdrawal of assets.

NOTE NO. 13

NON CURRENT INVESTMENTS

(₹ In Lacs)

Sr. No.	Particulars	As at 31.03.12	As at 31.03.11
	INVESTMENTS (AT Cost)		
A.	TRADE		
(a)	Investment in equity instruments of subsidiaries		
	(i) Investment of Equity Shares of Aurangabad Power Co. Ltd. (50,000 shares (as at 31.03.2011 - 50,000) of Rs.10 each)	5.00	5.00
B.	OTHER INVESTMENTS		
(a)	Statutory Investments		
	Investment in debentures or bonds		
	(i) Central Govt.Bonds (Earmarked against Contingency Reserve)		
	8.03% Food Bond 2024 (1000000 bonds of FV of Rs.100 each, MV of Rs.93.49 each)	984.31	984.30
	8.01% Oil Bonds 2023 (1950000 bonds of FV of Rs.100 each, MV of Rs.93.07 each)	1,917.26	1,917.24
	8.15% GOI Loan -FCI Bonds 2022 (1050000 bonds of FV of Rs.100 each, MV of Rs.94.50 each)	1,046.02	1,046.01
	8.23% Food Bond 2027(1000000 bonds of FV of Rs.100 each, MV of Rs.94.91 each)	994.91	994.90
	8.00% Oil Bond 2026 (5000000 bonds of FV of Rs.100 each, MV of Rs.93.33 each)	5,262.57	5,262.50
	8.28% GOI 2032 (2700000 bonds of FV of Rs.100 each)	2,679.27	2,679.20
	8.30% GOI 2040 (2900000 bonds of FV of Rs.100 each)	2,870.76	2,870.71
	9.45% PFC 2026(290 bonds of FV of Rs.1000000 each)	2,890.72	-
	(ii) 5.15% HUDCO Bonds(15 bonds of FV of Rs.10,00,000 each)	150.00	150.00
	(iii) 4.75% NPCIL Bonds(43 bonds of FV of Rs.10,00,000 each)	430.00	430.00
(b)	Other non current investments		
	RDCC Bank share(1000 fully paid equity shares of FV of Rs.500 each & 390001 fully paid Equity shares FV of Rs.50 each)	200.00	200.00
	TOTAL	19,430.82	16,539.86
NOTE :	Agreegate amount of quoted investments	10,205.07	10,204.95
	Agreegate amount of unquoted investments	9,225.75	6,334.91
	Agreegate market value of listed and quoted investments	9,357.62	2,678.40

NOTE NO. 14

LONG TERM LOANS AND ADVANCES

(₹ In Lacs)

Sr. No.	Particulars	As at 31.03.12	As at 31.03.11
A.	Capital Advances (Unsecured, considered good)		
	(a) Advances to Suppliers	1,470.07	1,713.54
	(b) Advances to Contractors	8,730.30	4,330.33
B.	Security Deposits (Unsecured, considered good)	8,605.88	6,146.54
C.	Other Loans and Advances		
	(a) Advance Taxes	6,996.45	6,852.16
	Less : Provision for taxes	2,929.52	2,927.83
		4,066.94	3,924.33
	(b) Loans & Advances to Licensees	31.34	31.34
	(c) Excise duty	82.31	82.31
	(d) HBA advance to staff	29.33	61.96
	(e) Loan to MPDCL (Unsecured considered good)	252.71	252.71
	(f) Others	2,215.84	1,573.75
		25,484.72	18,116.81
	Less : Provision for Doubtful Loans & Advances	9.13	9.13
	TOTAL	25,475.59	18,107.69

NOTE NO. 15

OTHER NON CURRENT ASSETS

(₹ In Lacs)

Sr. No.	Particulars	As at 31.03.12	As at 31.03.11
A.	Long Term Trade Receivables (Unsecured considered good)	298,344.59	315,524.46
	Less : Provision for doubtful debts	29,326.28	43,070.18
		269,018.31	272,454.28
	(c) Balance of Fellow Subsidiaries	80,698.86	81,878.69
	TOTAL	349,717.17	354,332.97

MSEDCL

NOTE NO. 16

INVENTORIES

(₹ In Lacs)

Sr. No.	Particulars	As at 31.03.12	As at 31.03.11
	Stores and Spares	98,971.06	89,081.29
	TOTAL	98,971.06	89,081.29

MSEDCL

NOTE NO. 17

TRADE RECEIVABLES

(₹ In Lacs)

Sr. No.	Particulars	As at 31.03.12	As at 31.03.11
A.	Trade receivables outstanding for a period exceeding six months from the date they were due for payment		
	- Secured, considered good	456,752.27	411,693.43
	(secured by Security Deposits)		
	- Unsecured, considered good	234,311.64	403,005.74
		691,063.91	814,699.16
	Less : Provision for doubtful trade receivables	26,755.60	126,598.34
		664,308.31	688,100.83
B.	Other Trade Receivables Unsecured, considered good	206,819.92	221,189.55
	TOTAL	871,128.23	909,290.38

NOTE NO. 18

CASH AND BANK BALANCES

(₹ In Lacs)

Sr. No.	Particulars	As at 31.03.12	As at 31.03.11
1	Balances with Banks (Current Accounts)	19,412.28	54,019.52
2	Cheques, drafts on hand	19,073.35	-
3	Cash on hand	1,595.10	1,662.45
	TOTAL	40,080.72	55,681.97

MSEDCL

NOTE NO. 19

SHORT TERM LOANS AND ADVANCES

(₹ In Lacs)

Sr. No.	Particulars	As at 31.03.12	As at 31.03.11
1	Secured, considered good	30,494.58	26,997.36
2	Unsecured, considered good	5,841.54	4,977.35
	TOTAL	36,336.13	31,974.71

MSEDCL

NOTE NO. 20

OTHER CURRENT ASSETS

(₹ In Lacs)

Sr. No.	Particulars	As at 31.03.12	As at 31.03.11
1	Fixed Assets Pending Investigation	7,578.04	6,877.40
	Less :Provision for loss pending investigation	7,483.07	6,674.23
		94.97	203.17
2	Assets not in use	25.03	26.81
3	Unbilled Revenue	433,462.62	187,672.08
4	Income accrued and due	992.34	473.15
5	Income accrued but not due	815.43	702.25
6	Capital Subsidy/Grant Receivable	3,378.00	-
7	Prepaid expenses	51.22	1,249.26
8	Amount recoverable from Employees/Ex-Employees, etc	246.64	214.59
9	Sundry Receivables - Others	552.94	2.05
10	Misc amount receivable from SEB, Govt, etc.	13,683.20	12,162.74
11	Recoverable from ITI	107.35	99.22
12	Other Claims & Receivables	3,320.14	3,303.83
13	Employers contribution from deputationist	26.66	3.47
14	Expenses recoverable from supplier	1,002.82	1,018.57
15	Expenses recoverable from contractor	3,140.07	1,486.72
16	Balance with CPF Trust	182.65	1,533.06
	TOTAL	461,082.08	210,150.97

NOTE NO. 21

REVENUE FROM OPERATIONS

(₹ In Lacs)

Sr. No.	Particulars	Year Ended 31st March 2012	Year Ended 31st March 2011
A.	Revenue from Sale of Services		
1	Inter State	16.96	25.19
2	Domestic	579,886.52	540,082.52
3	Commercial	273,885.45	264,397.85
4	Industrial Low & Medium Voltage	309,266.75	263,654.40
5	Industrial High Voltage	1,612,221.59	1,430,206.15
6	Public Lighting LT VI	37,483.46	28,403.58
7	Traction	100,879.10	83,072.75
8	Irrigation & Agricultural H.T.	20,563.62	12,577.42
9	Irrigation & Agricultural L.T.	443,539.63	313,088.24
10	Public water works & Sewerage Pumping H.T.	54,014.47	47,907.03
11	Public water works & Sewerage Pumping L.T.	15,487.67	13,349.02
12	HT II Commercial	185,520.75	144,794.36
13	Mula Pravara Co.-operative Society	-	15,553.58
14	LT Cremetorium & Burial Ground	22.82	64.85
15	Residential/Commercial complex HT VI	12,745.60	23,859.81
16	ADVT & Hordiing	803.10	947.05
17	Temporary Connections	8,758.48	5,902.17
18	Supplies in bulk to others	242,960.54	76,581.30
19	LT- IV(A) Grampanchhayat Street Light	1,025.60	5,726.41
20	Recoveries from Theft of Power/Malpractice	7,856.90	4,310.01
	SUB TOTAL A	3,906,938.97	3,274,503.69
B.	Other Operating Revenue		
1	Wheeling Charges Recoveries	1,294.50	1,597.97
2	Standby charges	39,732.33	39,600.00
3	Miscellaneous charges from Consumers	7,485.22	8,048.96
4	Revenue subsidy and grants from GoM	-	2,805.00
	SUB TOTAL B	48,512.06	52,051.93
	TOTAL (A+B)	3,955,451.03	3,326,555.61

NOTE NO. 22
OTHER INCOME

(₹ In Lacs)

Sr. No.	Particulars	Year Ended 31st March, 2012	Year Ended 31st March, 2011
A.	Interest Income		
1	Interest on Staff Loans and Advances	46.92	44.37
2	Income from Investments in Bank Deposits	16.00	-
3	Interest on Other Investments	1,437.20	1,183.19
4	Interest from Consumers	63,945.25	70,011.74
5	Interest from Banks (other than Fixed Deposits)	2.46	0.22
6	Interest from Franchisee	4,238.53	-
	SUB TOTAL A	69,686.36	71,239.52
B.	Other Non-operating Income		
1	Sale of Scrap	3,870.90	4,337.08
2	Depreciation transferred on assets created from Consumer contribution Grants, Subsidy	3,415.66	4,151.90
3	Income transferred from deferred income	139.07	139.07
4	Delayed Payment Charges from Consumers	24,004.52	15,554.46
5	Sale of tender forms	392.90	395.93
6	Rebate on prompt payment to bulk power supplier	14,332.51	22,538.66
7	Open access charges	455.30	253.49
8	Miscellaneous Receipts	8,891.01	6,558.63
	SUB TOTAL B	55,501.87	53,929.20
	TOTAL (A+B)	125,188.23	125,168.72

NOTE NO. 23

POWER PURCHASE COST

(₹ In Lacs)

Sr. No.	Particulars	Year Ended 31st March, 2012	Year Ended 31st March, 2011
1	MSPGCL	1,317,762.84	1,273,635.43
2	Tata Electric Power Company	-	7,359.06
3	Power Purchase from RGPPL	496,379.24	446,717.28
4	DODSON	2,923.66	2,265.02
5	JSW Energy Ltd.	111,513.43	32,050.08
6	Oil & Natural Gas Commission	7,039.91	6,991.13
7	Congen/Captive power project	68,670.82	51,758.04
8	Gen.Bagasse/Biomass/Ag.Waste	57,735.15	34,943.39
9	Power Purchase from Central Sector		
	- NTPC	527,169.80	403,858.43
	- NPCIL	119,670.57	92,594.92
	- Sardar Sarovar Project	23,536.67	19,438.98
	- Pench	2,885.48	2,022.28
	- Costal Gujrat Power Ltd.	50.02	-
10	U I Charges	32,008.34	47,382.34
11	Non Conventional Sources	111,362.14	83,537.08
12	Traders	335,763.20	147,861.12
13	Generation solar energy	2,289.36	24.54
	SUB TOTAL A	3,216,760.62	2,652,439.13
14	Wheeling Charges	180.76	467.99
15	Transmission Charges	295,087.35	242,037.37
	SUB TOTAL B	295,268.11	242,505.36
	TOTAL (A+B)	3,512,028.73	2,894,944.49

NOTE NO. 24
EMPLOYEE COST

(₹ In Lacs)

Sr. No.	Particulars	Year Ended 31st March, 2012	Year Ended 31st March, 2011
1	Salaries	121,161.85	120,132.94
2	Overtime	2,600.05	2,330.25
3	Dearness Allowance	63,080.12	42,853.67
4	Other Allowance	25,103.80	24,988.47
5	Ex. Gratia payment	4,100.73	3,541.44
6	Medical Expenses Reimbursement	658.53	639.35
7	Leave Travel Assistance	103.83	122.99
8	Earned Leave Encashment	20,324.11	15,658.89
9	Honorarium	54.82	49.85
10	Expenditure on paper setting etc.	150.43	115.98
11	Payment under Workmen's Compensation Act	103.23	144.65
12	Company's Contribution under Welfare Act.	29.87	31.93
13	Administration charges (EDLI Scheme)	2.07	2.29
14	Company's Contribution to ESI Fund	0.33	0.47
15	Income Tax on Perquisites	47.85	92.93
16	Staff Welfare Expenses	2,305.45	1,883.91
17	Terminal Benefits	54,571.03	48,275.41
	GROSS EMPLOYEE COST	294,398.11	260,865.40
18	Less : Employee cost capitalised	64,545.57	56,178.56
	NET EMPLOYEE COST	229,852.54	204,686.84

NOTE NO. 25

REPAIRS AND MAINTENANCE EXPENSES

(₹ In Lacs)

Sr. No.	Particulars	Year Ended 31st March, 2012	Year Ended 31st March, 2011
1	Plant and Machinery	7,065.27	7,991.65
2	Buildings	1,205.59	1,101.21
3	Civil Works	2,565.41	2,422.27
4	Lines, Cable Network etc.	43,498.13	39,125.64
5	Vehicles	157.61	152.58
6	Furniture and Fixtures	39.92	77.08
7	Office Equipments	755.82	548.75
	TOTAL	55,287.75	51,419.18

NOTE NO. 26

ADMINISTRATION AND GENERAL EXPENSES

(₹ In Lacs)

Sr. No.	Particulars	Year Ended 31st March, 2012	Year Ended 31st March, 2011
1	Rent, Rates and Taxes		
	Rent	2,664.44	2,577.15
	Rates and Taxes	1,432.65	1,992.23
2	Insurance		
	Insurance on Fixed Assets	41.79	32.49
3	Telephone Charges, Postage, Telegrams and Telex Charges	2,174.61	1,785.29
4	Legal Charges	1,336.03	1,158.50
5	Statutory Auditors fees	39.00	39.00
6	Consultancy Charges	727.73	332.06
7	Technical Fees	197.48	59.05
8	Other Professional Charges	400.31	491.13
9	Remuneration to Chairperson/ Member (Consumer Grievance Redressal Forum)	107.64	131.90
10	Conveyance and Travel		
	Conveyance Expenses	71.70	69.70
	Travelling Expenses	1,666.22	1,703.41
	Travelling Expenses for foreign tour	1.27	0.16
	Vehicle running Exp. Petrol & Oil (Other than for trucks/delivery vans)	931.11	885.52
	Vehicles Licence and Registration Fees	43.85	33.57
	Expenses on hire of Taxi	2,711.29	2,299.07
11	Other Expenses		
	Fees and Subscriptions	3,719.38	1,936.35
	Books and Periodicals	19.86	11.26
	Printing and Stationary	1,246.21	1,562.55
	Advertisement Expenses	609.39	929.75
	Contributions	0.67	0.02
	Electricity Charges	10,626.57	1,572.65
	Water Charges	389.22	401.88
	Entertainment	61.86	60.60
	Expenditure on Meetings, Conferences, etc.	95.61	93.25
	Up-keep of office	990.32	901.52
	Expenditure on Computer Billing & EDP Charges	5,828.53	5,265.28
	Expenditure on Consumers billing	6,600.62	6,583.47
	Bank Commission for Collections from Consumers	4,917.08	4,774.75
	Security Measures for Safety & protection contract basis	4,431.09	3,809.43
	Remuneration to Recovery Officer / Inspector	51.25	120.81
	Miscellaneous Expenses	52.72	4.76
	Government Guarantee Fee	-	0.79
	Fees for Board's Installations	2,466.46	2,215.58
	Freight	43.01	137.50
	GROSS ADMINISTRATION AND GENERAL EXPENSES	56,696.97	43,972.45
	Less: Administration and General Expenses Capitalised	12,294.39	20,778.37
	NET ADMINISTRATION AND GENERAL EXPENSES	44,402.57	23,194.07

NOTE NO. 27
OTHER EXPENSES

(₹ In Lacs)

Sr. No.	Particulars	Year Ended 31st March, 2012	Year Ended 31st March, 2011
1	Bad & Doubtful Debts written off / provided for		
	Bad & Doubtful Debts Provided for dues from Consumers	59,331.72	49,856.23
	Bad Debts Written off - Others	3.71	-
2	Miscellaneous Losses & Write-off		
	Loss on obsolescence of Fixed Assets	0.02	3.20
	Compensation for injuries, death and damages to staff	668.34	143.09
	Compensation for injuries, death and damages to outsiders	997.05	493.21
3	Sundry Expenses		
	Intangible Assets Written off	739.68	550.66
	Non moving items written off	82.97	110.88
	Write-off of Deferred Revenue Expenditure	29.49	-
	Difference due to rounding off to	0.03	(0.01)
	Small and Low value items written off	3.80	6.28
	Refund of RLC	41,922.08	51,602.65
	Refund of ASC	379.82	21,164.03
	Shortages on Physical Verification of Stocks	-	0.15
	SUB TOTAL (1+2+3)	104,158.72	123,930.39
4	Details of Prior Period Items		
a)	Income relating to Previous Year		
	Receipts from Consumers	9,607.69	4,793.06
	Interest Income	24.33	178.66
	Excess Provision for Depreciation	2,232.79	571.01
	Excess Provn for Interest and Fincance Charges	535.48	1,103.83
	Other Excess Provision	1,596.74	(21,484.07)
	Other Income	17,195.93	2,578.48
	SUB TOTAL (4 a)	31,192.95	(12,259.03)
b)	Expenses / Losses relating to Previous Year		
	Short Provision for Power Purchase	1,361.05	(1,202.32)
	Operating Expenses	161.18	159.57
	Employees Costs	81.36	0.00
	Depreciation under provided	2,030.70	4,082.05
	Interest and Other Charges	1,291.57	371.19
	Administration Expenses	281.52	(41.87)
	Adjustment due to concession granted to powerloom consumers	-	112.99
	Material Related Expenses	530.76	362.33
	Adjustment to Past Billing	32,723.43	14,962.20
	SUB TOTAL (4 b)	38,461.57	18,806.14
	Net prior period expenditure (4 b) - (4 a)	7,268.61	31,065.17
	TOTAL	111,427.35	154,995.55

NOTE NO. 28
FINANCE COST

(₹ In Lacs)

Sr. No.	Particulars	Year Ended 31st March, 2012	Year Ended 31st March, 2011
	Interest on Capital Liabilities		
1	Interest on State Govt. Loans	4,397.18	6,904.72
2	Interest on other Loans		
	Interest on Loans from REC	57,971.71	40,382.44
	Interest on Loan from Power Finance Corporation	41,869.70	19,531.62
	Interest on other Loans	3,050.35	2,710.89
	SUB TOTAL (A)	107,288.94	69,529.66
3	Interest on Borrowings for Working Capital	33,937.37	19,875.71
4	Discount to Consumers for Timely Payment of Bills	22,094.60	14,262.20
5	Incentive to distribution Franchisee	16.89	21.56
6	Interest to Suppliers/Contractors (Capital)	72.48	-
7	Interest to Suppliers/Contractors (O&M)	8,327.88	218.61
8	Interest on Consumers' Security Deposits	25,227.81	21,130.03
9	Cost of Raising Finance		
	Stamp Duty	548.29	593.60
	Service Fee	-	0.02
	Commitment Charges	4.66	22.60
10	Other Charges		
	Bank Charges for Remittances	220.59	313.95
	Other Bank Charges	1,448.62	1,978.74
	Guarantee Charges	1,164.84	1,433.10
	GROSS FINANCE COSTS	200,352.97	129,379.79
	Less : Interest and finance charges capitalised	22,516.52	21,249.50
	NET FINANCE COSTS	177,836.45	108,130.29

NOTE NO. 29

ADDITIONAL NOTES TO ACCOUNTS

1. Contingent Liability :

(₹ In Lacs)

Sr. No.	Particulars	As at 31.03.2012	As at 31.03.2011
(a)	Bank Guarantees and Letters of Credit issued by bankers in favour of third parties	20,000	20,000
(b)	Claims against the Company not acknowledged as debts.	99,572	98,296
(c)	Liability against capital commitments outstanding (net of advances)	123,776	81,018
(d)	Disputed Duties / Tax Demands	243015	283216

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 Rs. 899.82 lacs up to 31st March 2000 being matter under dispute. Further, M/s. Datar Switchgear Ltd., has moved the matter before arbitration for their claims. As per the orders passed by arbitration, the erstwhile Maharashtra State Electricity Board (Hereinafter referred to as The Board) released some adhoc payment during 1999-2000. Similarly, claim of excess payment made by the Board was admitted by arbitration for hearing. However, an amount of Rs. 189.99 lacs was received from M/s. Datar Switchgear Ltd. towards refund against various O&M Circles. The interim award was passed by arbitration directing the Board to pay Rs.913 lacs to M/s. Datar Switchgear Ltd. against a Bank Guarantee (BG) of Rs.681 lacs. Accordingly, payment was released by the Board. But, M/s. Datar Switchgear Ltd. and their Banker have failed to renew B.G. and hence, the Board preferred an appeal in the High Court for contempt of Court due to non-renewal of B.G. and also asked for suspension of arbitration proceedings for having violated the arbitration award. Out of total B.G. amount of Rs. 681 lakh, Rs. 113 lacs was appropriated and for the balance amount of Rs.568 lacs, B.G. was required. M/s. Datar Switchgear Ltd. filed a civil suit bearing no. 858 of 2002 in the Pune Court against IDBI for obtaining this B.G. Arbitration award was passed on 18th June, 2004 against the Board for damages of Rs.18598 lacs with interest @10% p.a. on Rs.17900 lakh and Rs. 100 lakh towards cost of proceedings. An appeal bearing case no. 374/2004 was filed against the Arbitration Award dt. 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 Rs.7500 lacs on or before

6th April, 2009 to the prothonotary and Senior Master Bombay High Court. Accordingly, MSEDCL has submitted Bank Guarantee of Rs.7500 lacs on 4th April, 2009 to the Bombay High Court, Mumbai through Canara Bank, Fort, Mumbai.

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

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

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

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

The Criminal petitions against M/s Asian Electronics Ltd alongwith employees of MSEDCL are also under process before various courts of Maharashtra.

M/s Asian Electronics Ltd has filed 14 nos of criminal applications which are also under process. The admission/denial of documents in respect of M/s Asian Electronics are under process and preparation of evidences about 75-100 persons/employees of MSEDCL are also under process through M/s Lex Global, legal Consultants.

2. Balances of Sundry Debtors, Loans & Advances and Other Assets as well as Current liabilities are subject to reconciliation/confirmation from respective parties.
3. Reconciliation of the balances under 'Receivable against supply of power' appearing in the Financial Ledger and those appearing under the Consumers' General Ledger is in progress.
4. A loss of Company's properties to the extent of Rs.113.59 Lacs (Previous year Rs.1098.92 lacs) has been incurred due to storm, theft, accident, etc. which is yet to be accounted for want of formal approval from Competent Authority.

5. No Provision for income tax is made, due to loss incurred during the year.
6. An arrangement for working capital facilities (fund based) including cash credit facility and working capital demand Loan totalling to Rs. 350000 lacs (Previous year Rs.350000 lacs) has been made with the Consortium Banks, secured by hypothecation of book debts. The Company has availed loans from Financial Institutions viz. Rural Electrification Corporation Ltd., Power Finance Corporation and Banks by offering security coverage of Government of Maharashtra Guarantee, future assets to be acquired under respective scheme and escrow account
7. From financial year 2008-09, the Company has been preparing its Annual Accounts as per provisions of The Companies Act, 1956. The Company has followed rates of depreciation as notified by Ministry of Power, GOI, vide notification dtd.29th March, 1994 till the FY 2010-11. During the year the Company has changed its Accounting policy pertaining to accounting for depreciation so as to adopt the rates of depreciation as per MERC (Terms and conditions of Tariff) Regulations, 2005 with effect from FY 2008-09. Due to change in the rate, the depreciation charged during the year is less by Rs.81,217 lacs. Further, since new rates of depreciation have been made applicable with effect from FY 2008-09, the depreciation withdrawn for FY 2008-09 to 2010-11 is Rs. 126477 lacs

8. AS 15 – Employee Benefits

(i) Short Term Employee Benefits:

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

(ii) Post Employment Benefits:

Defined Benefit Plan:

Provident Fund:

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

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

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

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

Sr. No.	Particulars	For the year ended 31st March, 2012 (Rs. in Lacs) (Unaudited)
1.	Liability for subscriptions and interest payable to employees at the end of year	436444.81
2.	Fair Value of Plan Assets at the end of year	438555.67
3.	Net Liability	nil

(iv) Description of Plan Assets:

Sr. No.	Particulars	For the year ended 31st March, 2012 (In %) (Unaudited)
1.	Central Government Securities	12.63
2.	State Government Securities	13.90
3.	Public sector Bonds	35.82
4.	Private Sector Bonds	0.91
5.	Special Deposit Schemes	36.74

Gratuity (Unfunded Defined Benefit Plan):

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

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

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

(vi) Defined Benefit Plan: Gratuity and Long Term Compensated Absences- as per actuarial valuations as on March, 31, 2012 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 Lacs)

Reconciliation of PBO	Leave Encashment		Gratuity	
	01-Apr-11 to 31-Mar-12	01-Apr-10 to 31-Mar-11	01-Apr-11 to 31-Mar-12	01-Apr-10 to 31-Mar-11
Projected benefit obligation at beginning of year	78164	77400	124205	115506
Current service cost	6460	6397	5522	2269
Interest cost	6441	6048	9764	8674
Actual plan participant's Contributions	-	-	-	-
Actuarial (gain)/loss	7550	4714	18122	16459
Changes in Foreign currency exchange rate	-	-	-	-
Benefits paid	(13092)	(16396)	(22758)	(18702)
Past service cost	-	-	-	-
Loss/(Gains) on Curtailments	-	-	-	-
Liabilities Extinguished on Settlements	-	-	-	-
Projected benefit obligation at the end of year	85523	78164	134855	124205

Table - 2

(₹ In Lacs)

Plan Asset at fair value	Leave Encashment		Gratuity	
	01-Apr-11 to 31-Mar-12	01-Apr-10 to 31-Mar-11	01-Apr-11 to 31-Mar-12	01-Apr-10 to 31-Mar-11
Fair value of Plan Assets at the beginning of year	-	-	-	-
Foreign currency exchange rates changes on plans measured in a currency different from the enterprise's reporting currency				
Expected return on plan asset	-	-	-	-
Employer contribution	-	-	-	-
Employee contribution	-	-	-	-
Benefit payments	-	-	-	-
Asset gain/(loss)	-	-	-	-
Acquisition/Business Combination/Divestiture	-	-	-	-
Settlements	-	-	-	-
Fair value of Plan Assets, End of Period	-	-	-	-

Table - 3

(₹ In Lacs)

Amount in the Balance sheet	Leave Encashment		Gratuity	
	01-Apr-11 to 31-Mar-12	01-Apr-10 to 31-Mar-11	01-Apr-11 to 31-Mar-12	01-Apr-10 to 31-Mar-11
Projected benefits obligation at end of year	85523	78164	134856	124205
Fair Value of plan Assets	-	-	-	-
Funded status asset /(Liability)	(85523)	(78164)	134856	(124205)
Unfunded Projected Benefit Obligation	-	-	-	-
Past service cost not yet Recognised	-	-	-	-
Unrecognised Asset due to Limit in Para 58(B)	-	-	-	-
Liability (-)/Asset (+) recognised in balance sheet	(85523)	(78164)	(134856)	(124205)

Table - 4

(₹ In Lacs)

Amount recognised in Statement of Profit and Loss	Leave Encashment		Gratuity	
	01-Apr-11 to 31-Mar-12	01-Apr-10 to 31-Mar-11	01-Apr-11 to 31-Mar-12	01-Apr-10 to 31-Mar-11
Current service cost	6460	6397	5522	2269
Interest cost	6441	6048	9764	8674
Expected return on plan asset	-	-	-	-
Net actuarial (gain)/loss to be recognised in year	7550	4714	18122	16459
Past service cost	-	-	-	-
(Gain)/Loss due to Settlements/Curtailments/ Terminations/ Divestitures	-	-	-	-
Unrecognised Asset due to Limit in Para 58(B)	-	-	-	-
Income (-)/Expense(+) recognised in the statement of Profit and Loss	20451	17159	33408	27401

Table - 5

(₹ In Lacs)

Reconciliation	Leave Encashment		Gratuity	
	FY-2011-12	FY-2010-11	FY-2011-12	FY-2010-11
Incremental liability [Asset (+)/ Liability(-)]	(7359)	(763)	(10650)	(8699)
P & L charge	20451	17159	33408	27401
Less benefits paid	13092	16396	22758	18702
Balance(Income(-)/Expense(+))	7359	763	10650	8699

9. AS 17- Segment Reporting:

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

10. AS 18 - Related Party transaction:

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

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

Holding Company

MSEB Holding Company Limited

Co-subsidiaries

Maharashtra State Power Generation Company Limited

Maharashtra State Electricity Transmission Company Limited

Subsidiaries

Aurangabad Power Company Limited

Subsidiary of Co-subsidiaries

i) Dhopave Coastal Power Limited

ii) Mahaguj Collieries Ltd

iii) Dhule Thermal Power Company Ltd

b) Names of related parties and description of relationship:

Key management personnel:

- Shri Ajoy Mehta, Managing Director
- Shri D. D. Wavhal, Director (Finance)
- Shri 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 2011-12		FY 2010-11	As at 31.03.12	As at 31.03.11
	Units in Mus				
Purchase of Power Maharashtra State Power Generation Company Ltd.	43075	1317763	1273635	514781	468719
Transmission Charges Maharashtra State Electricity Transmission Company Ltd.	N.A.	220010	189159	19807	19786
Sale of Power MSPGCL	14.65	1421.42	2194.15	*	*
MSETCL	86.93	5703.49	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	FY 2011-12	FY 2010-11
Remuneration		
Shri Ajoy Mehta (Managing Director)	14.20	14.58
Shri D.D.Wavhal Director (Finance)	11.75	10.72
Shri S.K.Dabhade Director (Operations)I/c	12.03	11.61
Shri M.K.Deore Director(Projects)	14.32	12.07

11. AS –19 Accounting For Operating Lease:

The Company has various operating leases for office and residential premises for employees that are renewable on periodic basis and cancellable at its option. An expense for operating leases recognised in Profit and Loss Account for the year is Rs.2664 Lacs (previous year Rs.2577 lacs). The Company does not have any non-cancellable operating leases as on that date. Lease Rent of Rs.2664 Lacs (Previous year Rs. 2577 Lacs) has been included under rent, rates and taxes (NOTE-26 - Administration and General Expenses).

12. AS 20 - Earning Per Share:

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

Particulars	As At 31-03-2012	As At 31-03-2011
Net profit after Contingency Reserve (Rs. in lac)	(85,592)	(1,53,367)
Weighted average number of equity shares for basic earning per share	3,00,00,50,000	3,00,00,50,000
Earning per share (Rupees) Basic	(2.85)	(5.11)
Weighted average number of equity shares for diluted earning per share	4,79,00,58,892	4,62,00,73,756
Diluted Earning per share(Rupees)	(1.79)	(3.32)
Face value per share (Rupees)	10	10

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

13. Deferred Tax:

Deferred Tax consists of the following items:

(₹ In Lacs)

Sr. No.	Particulars	FY 2011-12	FY 2010-11
	Deferred Tax Liability		
1.	Difference in Depreciation	2,33,812	1,40,503
2.	Assets Written off /disallowed under Income Tax Act		
	Deferred Tax Asset		
1.	Expenses Allowable on payment basis	68,100	63,066
2.	Assets Written off /disallowed under Income Tax Act		
3.	Unabsorbed Depreciation / loss	58,578	14,436
4.	Provision for Bad Debts -	17,332	52,434
	Net Deferred Tax Asset / (Liability)	(89,802)	(10569)

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.

- 14.** In accordance with AS-28 on 'Impairment of Assets' the Management has carried out a review of its assets with respect to economic performance. On the basis of review, the Management is of the opinion that economic performance of the Fixed Assets of the Company is not worse than expected and therefore there is no impairment as on the date of the Balance Sheet.
- 15.** 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
- 16.** Quantitative details for Electricity units purchased and sold:

In MKWH

Particulars	FY 2011-12	FY 2010-11
Total Power Purchase	98662	90341
Grid and Transmission Losses	3229	4171
Power available for sale	95433	86170
Power sold	80132	71280
Distribution Loss	15301	14890
Distribution loss %	16.03	17.28

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

17. Auditors' Remuneration:

(₹ In Lacs)

Sr. No.	Particulars	FY 2011-12	FY 2010-11
1.	Audit Fees	39.00	39.00
2.	Out of Pocket Expenses	3.55	2.44

18. Expenditure in foreign Currency:

Travelling expenses amounting to Rs.1.27 lacs (previous year Rs.-0.15 Lacs) has been incurred in foreign currency.

19. As per the requirements of Revised Schedule VI, the company has re-classified its assets and liabilities into current and non-current based on the normal operating cycle, determined by the management. Previous year figures have been accordingly re-grouped and reclassified.

20. Notes 1 to 29 are forming part of Annual Accounts for the year ended on 31st March, 2012.

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

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

Sd/-
A.M Gudekar
Company Secretary

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

Sd/-
Ajoy Mehta
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 & Co.
Chartered Accountants

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

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

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

MAHARASHTRA STATE ELECTRICITY DISTRIBUTION COMPANY LIMITED

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 : 31st March 2012

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

50,000 Equity Shares of Rs. 10 each : Rs. 5,00,000/-
Percentage of holding : 100%

The net aggregate of profits or losses of the Subsidiary Company so far as they concerned the members of MSEDCL

1 Dealt with in the accounts of MSEDCL amountd to

(a) For the Subsidiaries' financial year : NIL

(b) For previous financial years of the Subsidiary since it became Subsidiary of MSEDCL : NIL

2 Not dealt with in the accounts of MSEDCL amounted to

(a) For the Subsidiaries' financial year : Data not available since accounts are yet finalised.
Rs.5431 Loss.

(b) For previous financial years: of the Subsidiary since it became Subsidiary of, MSEDQL

Changes in the interest of MSEDCL between the end of the Subsidiaries' financial year and 31st March.2012

: Not applicable

Material changes between end of the Subsidiaries' financial year and 31st March, 2012

(i) Fixed Assets

(ii) Investments

(iii) Moneys lent; by the Subsidiary,

(iv) Moneys borrowed by the Subsidiary other for meeting current liabilities

: Not applicable

Sd/-

A.N.Kalekar

General Manager (CA)

Sd/-

S.M.Bhoyar

Chief General Manager (C.A.)

Sd/-

A.M Gudekar

Company Secretary

Sd/-

D.D.Wavhal

Director (Finance)

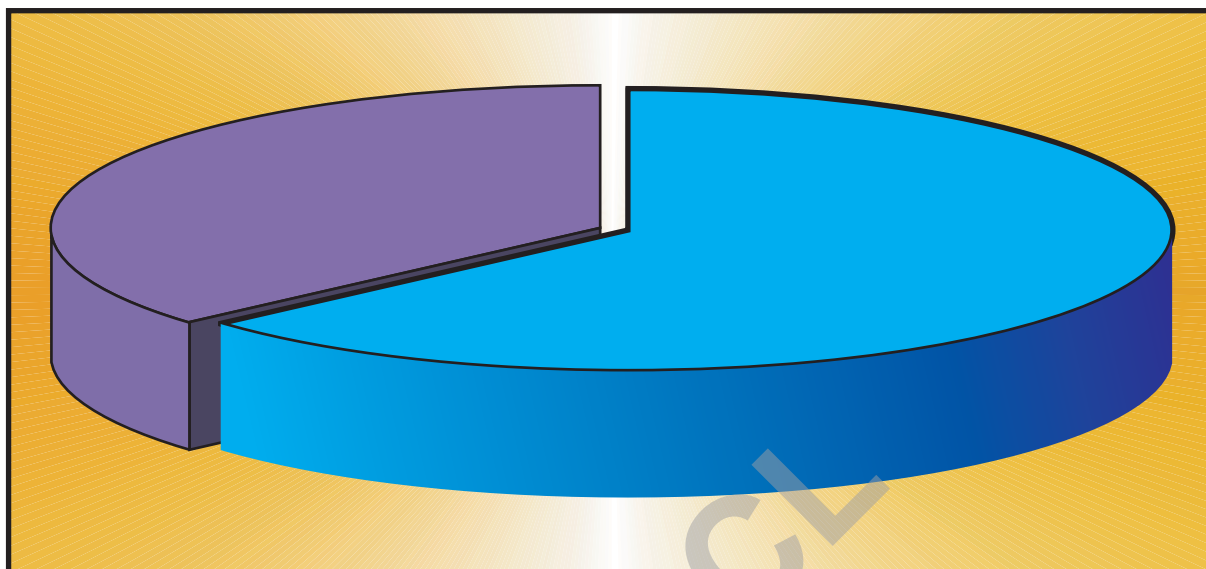
Date : 11/09/2012

Sd/-

Ajoy Mehta

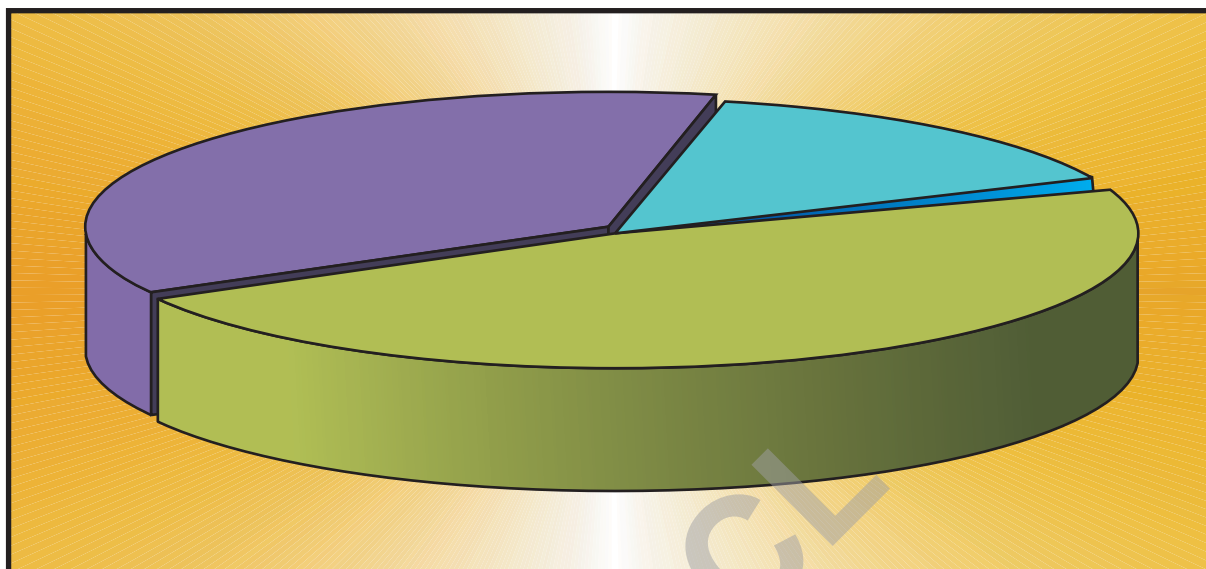
Chairman & Managing Director

ASSETS



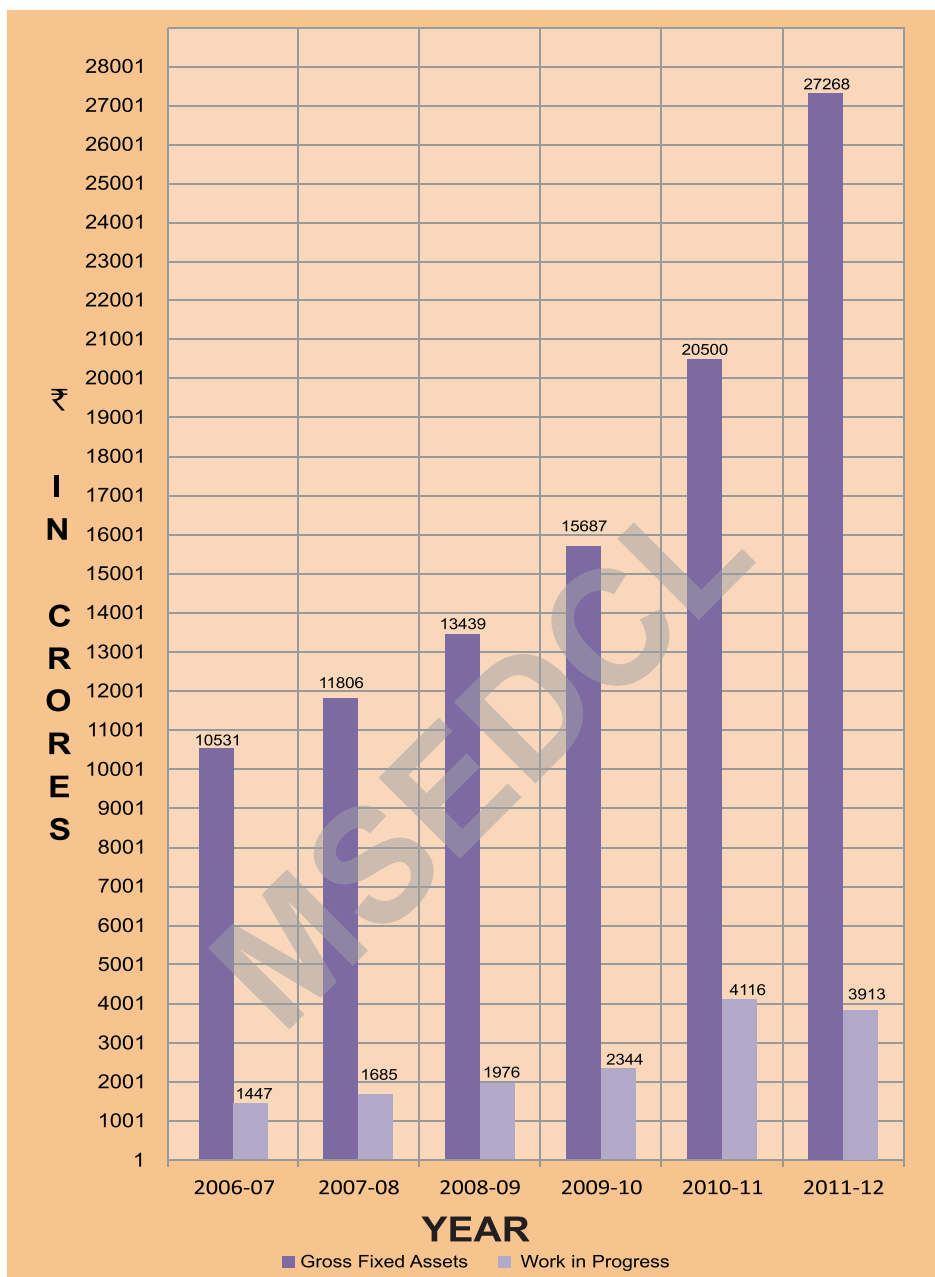
ASSETS AS ON 31.03.2012		
		(₹. IN. CRORES)
	NON CURRENT ASSETS	26269.40
	CURRENT ASSETS	15075.98
	TOTAL ASSETS	41345.38

EQUITY & LIABILITIES



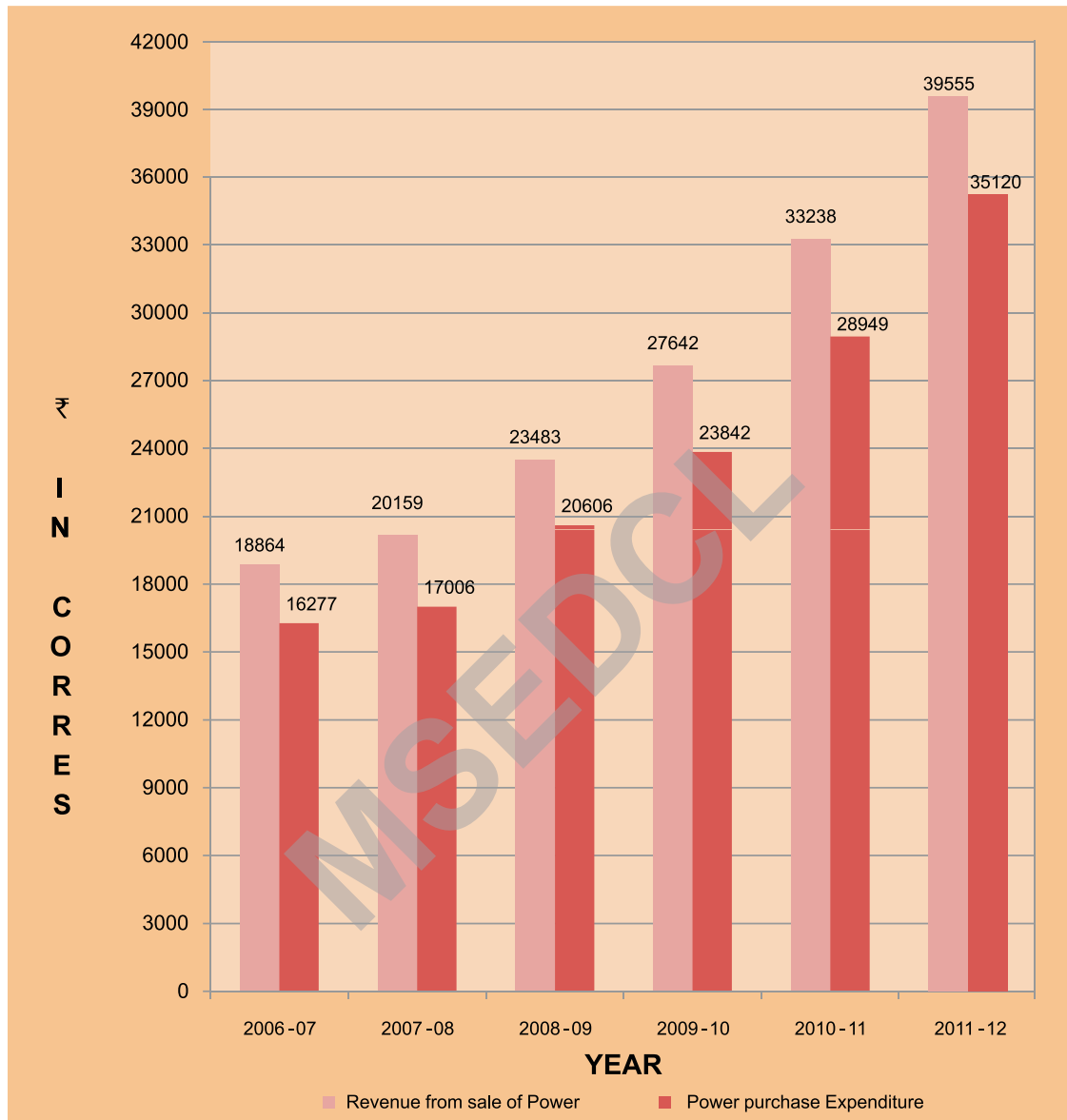
EQUITY & LIABILITIES AS ON 31.03.2012		
		(₹. IN. CRORES)
	SHAREHOLDER'S FUNDS	5840.32
	NON CURRENT LIABILITIES	20607.52
	CURRENT LIABILITIES	14897.54
	TOTAL	41345.38

GROSS FIXED ASSETS & WORK IN PROGRESS



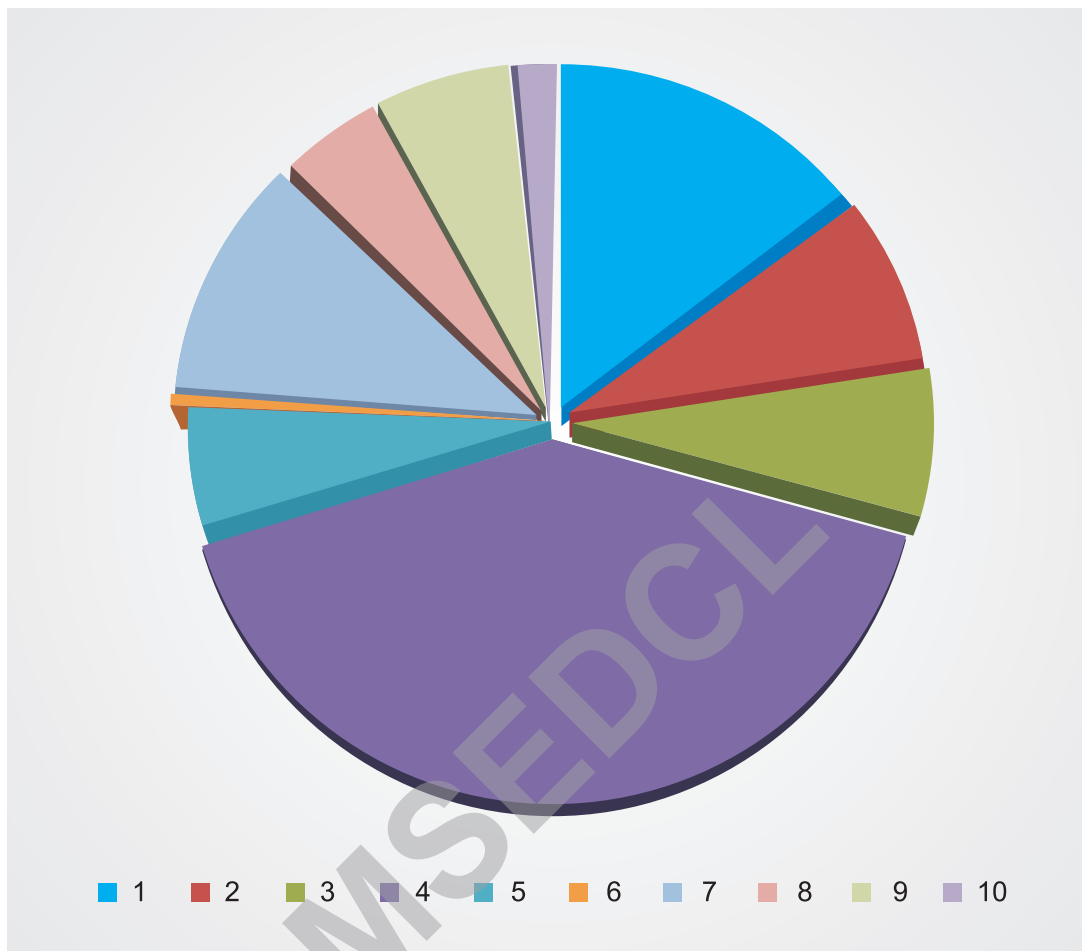
YEAR	(₹ IN. CRORES)	
	Gross Fixed Assets	Work in Progress
2006-07	10531	1447
2007-08	11806	1685
2008-09	13439	1976
2009-10	15687	2344
2010-11	20500	4116
2011-12	27268	3913

REVENUE FROM SALE OF POWER AND POWER PURCHASE EXPENDITURE

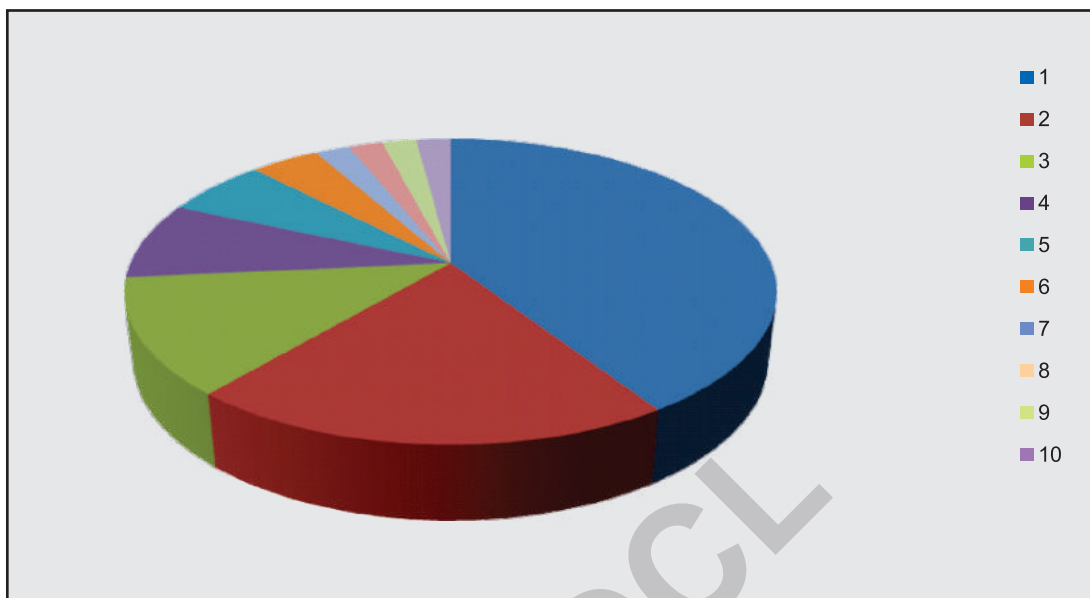


	(₹. IN. CRORES)	
Year	Revenue from sale of Power	Power purchase Expenditure
2006-07	18864	16277
2007-08	20159	17006
2008-09	23483	20606
2009-10	27642	23842
2010-11	33238	28949
2011-12	39555	35120

CONSUMER CATEGORY WISE SALE OF ENERGY



NUMBER OF CONSUMERS



YEAR-2011-12

	CONSUMERS CATEGORY	NO. OF CONSUMERS
1	RESIDENTIAL	15072792
2	COMMERCIAL	1473805
3	INDUSTRIAL LT	365989
4	INDUSTRIAL HT	12257
5	IRRIGATION AND AGRICULTURAL HT	1165
6	IRRIGATION AND AGRICULTURAL LT	3445404
7	PUBLIC WATER WORKS HT Metered	824
8	PUBLIC WATER WORKS LT Metered	43363
9	PUBLIC LIGHTING	77426
10	TRACTION	45
	TOTAL	20493070