

MSEDCL

**Statement showing the amount of Rent paid to MPECS and Deposit maintained with MERC
against User charges for use of Assets of MPECS**

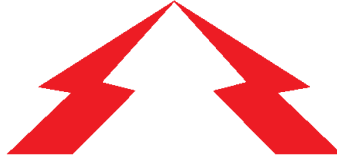
(Amt. in Rs.)

Sr. No.	Month	MPECS	MERC	Payment Date
1	Apr. 2017	1,00,00,000	2,97,00,000	09.05.2017
2	May. 2017	1,00,00,000	2,94,00,000	09.06.2017
3	Jun.2017	1,00,00,000	2,92,00,000	07.07.2017
4	Jul. 2017	1,00,00,000	2,90,00,000	09.08.2017
5	Aug. 2017	1,00,00,000	2,88,00,000	11.09/08.09.2017
6	Sept. 2017	1,00,00,000	2,86,00,000	09.10.2017
7	Oct. 2017	1,00,00,000	2,84,00,000	09.11.2017
8	Nov. 2017	1,00,00,000	2,82,00,000	08.12.2017
9	Dec. 2017	1,00,00,000	2,80,00,000	09.01.2018
10	Jan. 2018	1,00,00,000	2,78,00,000	09.02.2018
11	Feb. 2018	1,00,00,000	2,76,00,000	09.03.2018
12	Mar. 2018	1,00,00,000	2,73,00,000	09.04.2018
	TOTAL	12,00,00,000	34,20,00,000	

PARTICULARS	AMOUNT (IN RS)	AMOUNT (IN CRS)
PAYMENT TO MPECS	12,00,00,000	12.00
PAYMENT TO MERC	34,20,00,000	34.20
TOTAL	46,20,00,000	46.20

13th ANNUAL REPORT

2017-18



MAHAVITARAN

Maharashtra State Electricity Distribution Co. Ltd.

REGISTERED OFFICE

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

NOTE NO. 36

ADDITIONAL NOTES TO ACCOUNTS

1. Contingent Liabilities, Contingent Assets and Commitments :

(₹ in Lakhs)

Sr. No.	Particulars	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
1.	Contingent Liabilities			
(a)	Bank Guarantees issued in favour of third parties against deposit (Datar Switchgear Ltd.)	-	10,000	10,000
(b)	Claims against the MSEDCL not acknowledged as debts-			
	(i) Datar Switchgear Ltd. (refer para below I)	66,032	59,916	59,916
	(ii) Asian Electronics Ltd. (refer para below ii)	15,712	15,712	15,712
	(iii) Power Purchase (refer para below iii)	7,67,020	8,47,081	9,36,122
	(iv) MIDC Interest free Loan (refer para below iv)	6,940	6,940	6,940
	(v) Mula Pravara Electric Co-op. Society Ltd.	42,839	39,419	-
	(vi) Others	49,978	44,067	33,020
	Total	9,48,521	10,13,119	10,51,694
C)	Disputed Duties / Tax Demands			
	(i) Income Tax	4,27,775	4,68,172	4,64,532
	(ii) Excise Duty	345.82	345.82	244.82
2.	Contingent Asset	53,349	53,025	52,702
3.	Capital Commitment			
	Liability against capital commitments (net of advances)	4,36,994	7,94,867	5,94,012

Contingent Liabilities include :-

(i) Datar Switchgear Limited :

In an earlier year, erstwhile Maharashtra State Electricity Board (MSEB) had entered into a contract with Datar Switchgears Ltd. (DSL) for supply, erection, commissioning and maintenance of load management system panels on operating lease basis. After part execution of the contract, DSL invoked the arbitration clause in the contract and terminated the contract. In June 2004, the Arbitral Tribunal allowed the claim of DSL and held that DSL is entitled to sum of ₹18500 Lakhs towards damages. Aggrieved by the award of the Arbitral Tribunal, the erstwhile

Order dated 30.07.2013. APTEL, vide order dated 22.04.2015, has dismissed the appeal . MSEDCL has filed an Appeal in the Hon'ble Supreme Court of India against the APTEL Order dated 22.04.2015. Hon'ble Supreme Court of India has declined to entertain the appeal. However, Hon'ble Supreme Court of India gave liberty to the appellant to move the Supreme Court once again in the event it becomes so necessary.

If the order is not in favour of MSEDCL, then MSEDCL has to Pay ₹ 2,88,323.32 Lakhs (upto March 2018) out of ₹ 18,101.07 Lakhs amount was shown in advance as part of deposit. Hence the entire amount of ₹ 2,88,323.32 Lakhs is considered as contingent liability.

(iv) Interest Free Loan from Maharashtra Industrial Development Corporation (MIDC) :

The various electrical infrastructures up gradation and system improvement work at MIDC areas are carried out by the MSEDCL. Considering the urgency, necessity & financial condition of the MSEDCL, MIDC itself executes the work or provides funds to the MSEDCL. The cost incurred by MIDC or funds provided by MIDC are treated as interest free loan from MIDC.

MIDC has raised claim of various works done under MIDC areas amounting to ₹ 11,669.10 Lakhs. Against claim raised by MIDC and details provided of work by the field offices, MSEDCL has accepted and accounted for as interest free loan an amount of ₹ 4728.99 Lakhs.

Out of ₹ 4,728.99 Lakhs, MSEDCL has repaid ₹ 2,224.33 Lakhs to MIDC on the basis of WCR and Handing Over Taking Over document received from field offices. The balance amount of ₹ 2,504.66 Lakhs is under scrutiny and ₹ 6,940.11 Lakhs has been considered as Contingent Liability.

Further, MIDC has sanctioned ₹ 9,848.00 Lakhs vide letter dtd. 23.01.2017, and the same is received by MSEDCL on 24.01.2017.

In both the cases, MIDC has not provided the detailed terms and condition of repayment of principal amount and interest payment. However, MSEDCL vide letter dated 15.03.2017, 20.06.2017 and 26.02.2018 requested to MIDC to provide the repayment schedule of the interest free loan of ₹ 9848 Lakhs but the reply is awaited from MIDC.

(v) Deposits made with MERC against user charges for use of assets of MulaPravara Electric Co-op. Society Ltd. by MSEDCL :

Mula Pravara Electric Co-op. Society Ltd. (MPECS) was in the business of Distribution of Electricity as a Licensee from 1970. Govt. of Maharashtra (GoM) had taken a decision with respect to viable rate to be charged to MPECS for the period from April 1977 to April 2000 in the month of May 1999. Due to the implementation of GoM's decision of viable tariff, erstwhile MSEB suffered a revenue loss of ₹ 22,100 Lakhs. The MERC had determined the tariff rate to be charged to MPECS from May 2000. MPECS had continued defaulting full payment from 1977 due to which at the end of Jan. 2011 arrears amounted to ₹ 2,34,920 Lakhs. MPECS challenged the tariff determined by MERC The matter is pending before Hon'ble Supreme Court and no interim stay has been granted to MPECS.

MSEDCL has also filed suit for recovery of arrears of ₹ 2,34,920 Lakhs before Civil Court, Shrirampur.

Considering the expiry of license of MPECS, MSEDCL filed a petition before MERC for revocation/ suspension of MPECS license .Similarly MPECS also filed a petition for grant/continuation of license. Considering the expiry of licensee of MPECS on 31.01.2011, MERC vide its order dt. 27.01.2011 permitted MSEDCL to supply the electricity in the areas of MPECS and decided the issue of license in favour of MSEDCL. Accordingly, MSEDCL is supplying the electricity w.e.f. 01.02.2011 in the said areas earlier serviced by MPECS using the infrastructure of MPECS.

MPECS challenged MERC order dt. 27.01.2011 and filed petition before Hon'ble APTEL . Hon'ble APETEL vide its order dt. 16-12-2011 directed MERC to review its decision for grant of license to MSEDCL and also directed to continue the existing arrangement of supplying electricity in MPECS area by MSEDCL, subject to payment of charges for use of distribution network of MPECS by MSEDCL.

Accordingly, MERC started hearing of following matters:-

- i. MSEDCL's application for revocation of license of MPECS in MPECS area.
- ii. MPECS's application for grant of license in MPECS area.
- iii. MPECS's petition for determination of charges for use of MPECS's assets by MSEDCL.

MERC decided the first two matters for license issue in favor of MSEDCL by stating that MSEDCL being a deemed license, does not require fresh license after expiry of license of MPECS. MPECS challenged MERC order in both matters before APTEL . These appeals are still pending before Hon'ble APTEL.

In the MPECS petition for user charges (third matter), MERC directed MSEDCL to carry out the valuation of assets of MPECS and directed to pay ₹ 100 lakhs per month as interim charges for use of assets to MPECS and directed MPECS to provide the necessary details for valuation of assets to MSEDCL. However, since MPECS failed to produce the fixed assets register and necessary documents to MSEDCL, interim charges were not paid and valuation could not be done. Considering this MERC dismissed the third matter MPECS stating that, in the absence of the valuation of assets, MERC may not be able to determine the charges payable by MSEDCL to MPECS for the use of the distribution assets.

MPECS has thereafter filled appeal before Hon'ble APTEL in this regard in which Hon'ble APTEL vide its order dated 13.3.2015 directed MSEDCL to pay ₹ 100 lakhs to MPECS as interim arrangement and also directed MERC to carry out valuation of assets. The order of APTEL was challenged by MSEDCL before Hon'ble Supreme Court and Hon'ble Supreme Court has directed to deposit ₹ 100 lakhs per month to MERC instead of paying it to MPECS. As directed by Hon'ble APTEL vide its order dt. 13.03.2015 , MERC appointed Alia Consultant to carry out valuation of assets of MPECS. Accordingly, Alia Consultant has carried out valuation of assets of MPECS as on 1st April 2016 and submitted their valuation report to MERC. As per the said

valuation report, MERC determined monthly charges payable to MPECS vide its order dt. 02.05.2016. MSEDCL, being aggrieved by the said order, has challenged MERC order dt. 02.05.2016 before Hon'ble APTEL and Hon'ble APTEL on said appeal has passed an order directing as under-

- a) The amount of ₹ 7,464.25 Lakhs deposited by MSEDCL with the MERC together with interest accrued thereon be released to MPECS and consequently adjusted as user charges.
- b) MSEDCL will continue to pay an amount of ₹100 Lakhs per month to MPECS.
- c) MSEDCL to deposit monthly charges as per monthly schedule determined with MERC, after deducting ₹100 lakhs paid to MPECS.

Accordingly up to Mar.2018 MSEDCL has paid ₹ 8,664.25 Lakhs (Previous Year ₹7,464.25 Lakhs) to MPECS and during the FY 2017-18, MSEDCL has deposited ₹ 3400.00 Lakhs as per MERC schedule. The total deposit amount with MERC is ₹ 42,839.00 Lakhs (Previous Year ₹ 39,419.00 Lakhs). Thus, MSEDCL has paid total of ₹ 51,503.25 Lakhs (Previous Year ₹ 46,883.25 Lakhs) against user charges. If the order is not in favour of MSEDCL the amount deposited with MERC ₹42839.00 Lakhs (Previous Year ₹ 39419.00 Lakhs) is payable to MPECS. As such it is considered as a contingent liability.

It is not practicable for the Company to estimate the timings of cash out flows, if any, in respect of the above pending resolution of the respective proceedings. The Company does not expect any reimbursement in respect of the above contingent liabilities. Future cash outflows in respect of the above are determinable only on receipt of judgments/ decisions pending with various forums/ authorities. The Company does not expect any outflow of economic resources in respect of the above and therefore no provision is made in respect thereof.

Contingent Asset includes:-

Contingent Asset includes following billing dispute Cases.

(₹ in Lakhs)

Sr. No.	Particular	Amount (₹ in Lakhs)		
		As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
1.	Vodafone India Ltd.	1,049	932	814
2.	Idea Cellular Ltd.	2,069	1,863	1,657
3.	Asian Electronics	50231	50231	50231
	Total	53,349	53,025	52,702