



**MAHAVITARAN**  
Maharashtra State Electricity Distribution Co. Ltd.

(A Govt. of Maharashtra Undertaking)

**CIN.U40109MH2005SGC153645**



**15<sup>TH</sup> ANNUAL ACCOUNTS**

**FINANCIAL YEAR 2019-20**

**MAHARASHTRA STATE ELECTRICITY DISTRIBUTION COMPANY LIMITED**  
**15<sup>TH</sup> ANNUAL REPORT FOR THE YEAR 2019-20**

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## CORPORATE DETAILS

| <b>BOARD OF DIRECTORS</b><br>(From 01-04-2019 to the date of this Report) |  |                                 |
|---|--|---------------------------------|
| Sr. No.   | NAME OF THE DIRECTORS  | DESIGNATION                     |
| 1.  | Shri. Sanjeev Kumar, IAS<br>From 21-12-2015 to 17-01-2020                | Chairman & Managing Director    |
| 2.  | Shri. Er. Aseemkumar Gupta, IAS<br>From 18-01-2020 - till date of report | Chairman & Managing Director    |
| 3.  | Shri. Jaikumar Srinivasan<br>From 02-02-2018 to 03-02-2020               | Director (Finance)              |
| 4.  | Shri. Abhijeet Deshpande<br>From 15-06-2017 to 31-07-2018                | Director (Operations)           |
| 5.  | Shri Dinesh R. Saboo<br>From 01-11-2018 - till 06-10-2020                | Director (Operations)           |
| 6.  | Shri Dinesh R. Saboo<br>From 20-09-2016 to 31-10-2018                    | Director (Project)              |
| 7.  | Shri Bhalchandra Khandait<br>From 15-01-2019 - till date of report       | Director (Project)              |
| 8.  | Shri. Satish Chavan<br>From 22-01-2018 - till date of report             | Director (Commercial)           |
| 9.  | Shri. Pavan Kumar Ganjoo<br>From 10-04-2019 - till date of report        | Director (Human Resource)       |
| 10.   | Shri. Arvind Haribhau Salve<br>From 01-04-2018 to 26-02-2019             | Director (Vigilance & Security) |
| 11.   | Shri. Vishwas Pathak<br>From 14-08-2015 to 08-01-2020                    | Independent Director            |
| 12.   | Shri. Ashok Harane<br>From 02-01-2009 to 03-06-2019                      | Independent Director            |
| 13.   | Mrs. Juelee Wagh<br>From 04-06-2014 - till date of report                | Independent Director            |
| 14.   | Shri. Anil Palamwar<br>From 03-08-2019 to 25-06-2020                     | Independent Director            |

| <u>COMPANY SECRETARY</u>          | <u>STATUTORY AUDITORS</u>  |
|-----------------------------------|--|
| Mrs Anjali Gudekar<br>(ACS:19937) | 1. M/S CNK & ASSOCIATES, LLP, CA<br>2. M/S Shah & Taparia, CA<br>3. M/S Kalyaniwalla & Mistry, LLP, CA |

| <u>REGISTERED OFFICE</u>  |
|---|
| PRAKASHGAD, PLOT NO. G-9, PRF. A.K. MARG, BANDRA (EAST), MUMBAI – 400051.<br>Website: <a href="http://www.mahadiscom.in">www.mahadiscom.in</a>   (CIN: U40109MH2005SGC153645) |



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**INDEPENDENT AUDITORS' REPORT**

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

**Report on the Audit of the Standalone Financial Statements**

**Qualified Opinion**

We have audited the Standalone Financial Statements of **Maharashtra State Electricity Distribution Company Limited ("the Company")**, which comprise the Balance Sheet as at 31<sup>st</sup> March 2020, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity, Statement of Cash Flows for the year then ended and Notes to the Financial Statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the Standalone Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matters described in Basis for Qualified Opinion paragraph below (quantified to the extent possible), the aforesaid Standalone Financial Statements, read together with the matters described in the 'Emphasis of Matter' paragraph, give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs (financial position) of the Company as at 31<sup>st</sup> March, 2020, its profit, total comprehensive income (financial performance), changes in equity and its cash flows for the year ended on that date.

**Basis for Qualified Opinion**

We draw attention to the matters described in **paragraphs 1 to 15** below. The effects of these matters (whether quantified or otherwise) on the Standalone Financial Statements, individually or in aggregate, that are unidentified in some cases due to inability to obtain sufficient and appropriate audit evidence, are material.



1. **Property, Plant & Equipment (PPE), Depreciation and Impairment:**

- a) As mentioned in Note 36(5) to the Standalone Financial Statements, due to non-availability of proper and complete records relating to date of capitalisation of PPE and Work Completion Reports, we have come across instances of non-capitalisation and/or delayed capitalisation (which is not in accordance with requirements of Ind AS 16 'Property Plant and Equipment'), with corresponding impact on depreciation. In the absence of proper audit trail, we are unable to quantify the impact arising on account of non-capitalisation / delayed capitalization, resultant depreciation, and consequential impact, if any, on the Standalone Financial Statements for the year under audit.
- b) During the year, the Company has capitalised borrowing costs amounting to Rs. 239.07 Lakhs (Previous Year [PY] Rs. 755.63 Lakhs) (refer Note 33) as part of cost of PPE. Capitalisation of borrowing costs has been done without identifying qualifying assets, without considering the principles of allocating interest on general and specific borrowings, without considering interrupted projects, without considering opening balance of Capital Work in Progress (CWIP) and after considering the overall project costs on gross basis without eliminating the government grants and contribution made by consumers.

Further, the Company has capitalised employee cost and office & administrative expenses of Rs. 43,158.74 Lakhs (PY Rs. 48,309.12 Lakhs) (Refer Note 30 & 32). The above expenses represent 15% of cost of additions to CWIP [ Refer accounting policies on Property, Plant and Equipment as mentioned in Note 2(8)]. However, the Company does not have a practice of specifically identifying such expenses attributable to additions to CWIP/PPE. Capitalisation of these costs has been done without considering interrupted projects, without considering opening balance of Capital Work in Progress (CWIP) and after considering the overall project costs on gross basis without eliminating the government grants and contribution made by consumers.

Such capitalisation of interest, employee cost and office and administrative expenses is not in accordance with requirements of Ind AS 23 'Borrowing Costs' read with Ind AS 16 'Property, Plant & Equipment'. In the absence of sufficient and appropriate audit evidence, we are not in a position to comment on the correctness of the amounts capitalized as above.

Further, employee costs, office and administrative expenses and borrowing costs have also been capitalised in earlier years on similar lines. As a result, the fixed assets are overstated by the amount capitalised and depreciation has also been overcharged. The impact of the same, however, cannot be ascertained and quantified.



- c) No physical verification of fixed assets was conducted during the year by the management. As a result, the possible impact, if any, on the Standalone Financial Statements, based on outcome of such physical verification, if it had been conducted, could not be ascertained.
- d) As stated in Note 36(12), the Company has carried out review of its assets with respect to economic performance. However detailed evaluation/working as to whether any impairment is warranted has not been made available to us. In the absence of such evaluation/working, we are unable to comment about the impact, if any, arising on account of impairment, as required to be provided under Ind AS 36 'Impairment of Assets'.
- e) Capital Work in Progress includes Project Stock amounting to Rs. 3,33,215.39 Lakhs (PY Rs. 179,794.89 Lakhs) for which complete details as regards to movement during the year and the status as at 31<sup>st</sup> March 2020 for various projects has not been made available. In the absence of these details, we are unable to comment upon the consequential impact, if any, on the Standalone Financial Statements.
- f) Capital Work in Progress [other than Project stock referred to in 1(e) above] Rs. 1,40,173.28 Lakhs (PY Rs. 1,72,036.83 Lakhs) is net of negative balances amounting to Rs. 2,573.26 Lakhs (PY Rs. 12,770.13 Lakhs) in case of certain assets. In the absence of complete details, we are unable to comment upon the consequential impact, if any, on the Standalone Financial Statements.

**2. Leases:**

- a) As stated in Note no. 36(30)(B)(ii), while recognising the lease assets (Right of Use Asset) and lease liabilities, the Company has excluded leases with lease rent payment of less than Rs. 10.00 Lakhs per month which is not in accordance with recognition criteria as specified in Ind AS 116 on Leases. In the absence of full details the impact of same on the Standalone Financial Statements cannot be ascertained.
- b) In the absence of availability of adequate details, disclosures as required under Ind AS 116 have not been made.

**3. Expected Credit Loss (ECL) on Trade Receivables:**

As stated in Note No. 36(6)(II)(i)(a) to the Standalone Financial Statements, the Company has made provision for expected credit loss under Ind AS 109 'Financial Instruments' in respect of trade receivables. In this regard attention is drawn to the following:

- a) The Company has not considered amounts aggregating to Rs. 37,506.22 Lakhs (PY Rs. 31,451.00 Lakhs) [including interest of Rs. 35,971.73 Lakhs (PY Rs. 29,928.00 Lakhs)] due from Global Tower Limited (GTL) franchise.



- b) The Company has not considered trade receivables amounting to Rs. 2,34,920.00 Lakhs (PY Rs. 2,34,920.00 Lakhs) due from Mula Pravara Electric Co-op. Society Limited (MPECS).
- c) The Company has not considered 100% ECL provision on the amount of interest (amount not ascertained) due from consumers, in whose case subsequent recognition of interest has been discontinued, following the accounting policy in respect of recognition of interest as enunciated in Note 2(5)(a)(v).
- d) Attention is drawn to Note 2(4)(a)(iv) relating to recognition of expected credit loss on trade receivables and other financial assets. ECL has been derived based on provision matrix. However, while preparing the provision matrix, the Company has not taken into account any forward looking information on the behavioural pattern of the customers.
- e) Trade receivables as shown in Note 10 considered by the Company while computing ECL are net of credit balances. As informed to us, the Company is in the process of reconciling these credit balances inter-se.
- f) Note 36(6)(II)(i)(a) relating to movement in ECL during the year. Considering that substantial amount has been written off as bad debts, we are unable to comment on the basis adopted for providing ECL and adequacy thereof.

In the absence of audit trail / adequate details in respect of matters stated in paragraphs (a) to (f) above, we are not in a position to comment on the consequential impact of the same on the Standalone Financial Statements of the Company for the year under audit.

#### 4. Deferred Taxes

As stated in Note 36(11)(I)(a) of the Financial Statements, in view of the uncertainty regarding generation of sufficient future taxable income, deferred tax assets ( Net of Deferred Tax Liabilities) have not been recognised and the details thereof have been disclosed. While disclosing the amount of deferred tax not recognised as per the requirement of Ind AS 12 'Income Taxes', the Company has not considered deferred tax on:

- a) The amount of difference between book and tax base of Freehold Land.
- b) Difference arising on account of amounts recognised in books of account and amounts to be recognised in accordance with ICDS IV 'Revenue Recognition', ICDS V 'Tangible Fixed Assets' and ICDS IX 'Borrowing Costs' (amounts not ascertained).

In the absence of adequate details, we are unable to comment upon the disclosed amount of Deferred Tax.



5. Unexplained Balances and Classification & Presentation thereof:

- a) The necessary data/ details pertaining to following accounts were not made available for verification during the course of audit.

(Rs. In lakhs)

| General Ledger Code | Account Description   | Assets<br>/(Liabilities) |
|---------------------|---|--------------------------|
| 10303008            | Deposit Cons-Advance payment against energy bill            | (612.12)                 |
| 10303011            | MISC. DEPOSIT FROM CONSUMER                                 | (274.24)                 |
| 10303013            | Other Miscellaneous Deposits                                | (1,949.32)               |
| 10303015            | Deposits from employees                                     | (6.05)                   |
| 10303016            | Security Deposits received from collection agencies         | (8,090.07)               |
| 10303017            | Security Deposits Against Energy of A.G. Pump Under EGS     | (567.40)                 |
| 10303019            | Security Deposit Payable to Consumers                       | (6,990.72)               |
| 10303020            | Amount under Saubhagya Scheme                               | (0.52)                   |
| 10501002            | Liability for amount payable to licensees                   | (471.74)                 |
| 10501007            | SD from Vendor capital                                      | (1,419.81)               |
| 10501008            | EMD received from supplier & contractor-Capital             | (646.78)                 |
| 10501009            | Security Deposits from vendor O&M                           | (11,225.31)              |
| 10501010            | EMD received from supplier & contractors - O&M              | (4,562.49)               |
| 10501011            | Security Deposits – Others                                  | (684.23)                 |
| 10501012            | Refund of amount of Non-DDF Scheme                          | (10,289.04)              |
| 10501014            | Retention money from suppliers, contractors                 | (2,02,972.29)            |
| 10501015            | EMD received from Customer                                  | (97.87)                  |
| 10501017            | SD received from Customer                                   | (151.52)                 |
| 10700501            | Deposit for temporary service connections                   | (2,063.01)               |
| 10900605            | Dishonour cheque feed to consumer                           | (236.02)                 |
| 10902001            | Liability for Supplies/ Works & Maintenance Material Vendor | (53,708.53)              |
| 10902002            | Payable to FI Vendor  | (1,899.66)               |
| 10902004            | Payable to Service Vendor                                   | (355.35)                 |
| 10902009            | Payable to Employee as Vendor                               | (148.85)                 |
| 10902103            | Liability for expenses                                      | (62,857.99)              |
| 10902107            | Liabilities towards Employee Claims                         | (855.18)                 |
| 10902108            | Deposits from Employee                                      | (42.46)                  |
| 10902111            | Provision for Expenses O&M                                  | (24,383.89)              |
| 10902112            | Provision for Expenses Capital                              | (283.34)                 |
| 10902310            | Deduction from salary payable to outside party              | 1,044.59                 |
| 10902319            | Stale Cheque  | (577.91)                 |





|          |   |            |
|----------|---|------------|
| 10902320 | Miscellaneous Recoveries from Staff                             | (24.69)    |
| 10902323 | Deposits for execution for Jobs                                 | (10.00)    |
| 11000002 | Provision for liability for expenses incurred by staff          | (2,385.93) |
| 20300006 | AUC Manual Entry  | 50,274.38  |
| 20500001 | Advances to Suppliers/Contractor- Interest Bearing              | 5,655.08   |
| 20500002 | Advances to Suppliers/Contractor- Others                        | 32,928.45  |
| 20500103 | Other Deposits  | 2,215.52   |
| 20600209 | House Building Advance  | 2.60       |
| 20901022 | Dues towards theft of   | (4,664.55) |
| 24000006 | Computer Advances   | 1.74       |
| 24000008 | T.A. Advance  | 161.71     |
| 24000009 | Salary Advances   | 3.66       |
| 24000010 | Festival advances   | 1,042.77   |
| 24000012 | Medical Advances  | 374.97     |
| 24000013 | L. T. C. Advances   | 26.98      |
| 24000017 | Advances to ITI Training Fee                                    | 18.85      |
| 24100005 | Interest accrued and due on staff loans                         | (0.27)     |
| 24100006 | Interest accrued and not due on staff loans                     | 54.71      |
| 24100007 | Amount receivable from employees*                               | 351.49     |
| 24100008 | Amount receivable from ex- employees*                           | 16.17      |
| 24100010 | Amounts receivables from other State Electricity Boards*        | 9,277.29   |
| 24100018 | Advance to prospective employees                                | 25.07      |
| 24100023 | Short remittance by collection agency & employee / Ex-employee* | 669.33     |
| 24100024 | Receivable from supplier contractor                             | 307.72     |
| 20600205 | Loans and Advances to Licensees*                                | 31.34      |
| 20901513 | Receivable from Scrap Customer                                  | 830.54     |
| 20600298 | Provision for Doubtful loans and advances                       | (1,980.51) |
| 20901510 | Sundry Debtor for sale in bulk-interstate                       | (4,477.92) |

\* These balances have been fully provided in the books.

Further various general ledger codes are being used interchangeably resulting in incorrect resultant balances. In the absence of appropriate explanation/reconciliation, we are unable to comment upon accuracy of these balances.

The effect of the adjustments, if any, arising from reconciliation and settlement of old outstanding balances remaining in the above accounts and possible gain/ loss that may arise on account of non-recovery or partial recovery or write back thereof has not been ascertained.



- b) The balances in various assets and liability accounts include
- (i) balances carried forward since trifurcation period
  - (ii) balances uploaded on migration to SAP software,

for which adequate details are not available and as such we are unable to comment on such balances and the impact, if any, on the Standalone Financial Statements.

- c) Further, in absence of necessary data/ details, we are unable to comment whether the classification of assets and liabilities in to Financial and Non-Financial, grossing up of assets and liabilities and their bifurcation in to Current and Non-Current are in accordance with the requirements of Ind AS 32 'Financial Instruments: Presentation' and Schedule – III to the Act.
- d) Attention is drawn to Note 22 to the standalone Financial Statements, relating to sum of Rs. 3,468.92 Lakhs (PY Rs. 3,601.17 Lakhs) shown as provisions towards power purchase which are un-identified and included under Trade Payables – Current (Liability for purchase of power). Party-wise details of the said amount have not been provided to us for verification. As a result, we are unable to comment on the existence of the liability and consequential impact, if any, on the Standalone Financial Statements of the Company for the year under audit.
- e) The Company has various Purchase Orders (PO), which have not been executed as on balance sheet date. The Company has not mapped the Open Purchase Orders relating to capital items with capital commitment disclosure. In the absence of such mapping, we are unable to comment on the accuracy of the disclosure made in Note 36(1)(III) & 36(1)(IV) towards capital and other commitments.

**6. External Balance Confirmations/ Reconciliations:**

- a) Attention is drawn to Note 36(4) to Standalone Financial Statements - Balances of loans and advances, various other debit/credit balances and dues from government are subject to confirmations, reconciliations and consequential adjustments thereof. The system of third-party balance confirmations followed by the Company needs to be strengthened further. In the absence of proper records / details, we are unable to ascertain the effect of the adjustments, if any, arising from reconciliations and settlement of old dues, possible loss / profit that may arise on account thereof, non-recovery or partial recovery of such dues and non-settlement of liabilities.



b) Attention is drawn to Note 11 and Note 36(4) to the Standalone Financial Statements regarding non-availability of:

(i) Balance confirmations from Post Offices

The details in respect of balances with Post Office as per books of account for which confirmations are not available are as under:

(Rs. In Lakhs)

| FY      | Balances with Post Office |                       |
|---------|---------------------------|-----------------------|
|         | Total Debit balances      | Total Credit balances |
| 2019-20 | 36,410.80                 | 26,313.08             |
| 2018-19 | 28,480.38                 | 18,936.05             |

(ii) Balance confirmations from DCC Bank in respect of balances amounting to Rs. 1,154.23 Lakhs. Of these, balances amounting to Rs. 1,061.66 Lakhs doubtful of recovery. No provision has been made in respect of these irrecoverable balances amounting to Rs. 1,061.66 Lakhs.

(iii) Reconciliation of Post Offices and District Central Co-operative Bank (DCC) accounts.

(iv) Reconciliation in respect of 37 Bank accounts with balance aggregating to Rs. 189.18 Lakhs.

(v) Confirmation in respect of 48 Bank accounts with balance aggregating to Rs. 74.43 lakhs.

In the absence of availability of balance confirmations/reconciliations, we are unable to comment on the consequential impact, if any, of the same on the Standalone Financial Statements for the year under audit.

c) As stated in Note 36(21) to the Standalone Financial Statements, there is a difference of Rs. 4,54,213.58 Lakhs (PY Rs. 2,70,050.00 Lakhs) in balances receivable/payable as appearing in the books of account of the Company and the corresponding balances in the books of the group companies. The same are subject to confirmation and reconciliation.

Further, as stated in Para B(2) of Annexure 'C' to our report, there are differences in receivables and payables between the other generation, distribution and transmission companies.

In the absence of reconciliation, we are unable to comment on the impact thereof, if any, on the Standalone Financial Statements.

#### 7. Regulatory Deferral Accounts:

As stated in Note 36(7), during the year, the Company has recognised Regulatory Assets in the current year amounting to Rs. 8,44,661 Lakhs (income) [In PY 2018-2019, the



Company had reversed Regulatory Assets amounting Rs. 49,500 Lakhs (expenses)]. While computing the said Regulatory Assets, the Company has not taken in to account the efficiency gain/loss arising on account of power distribution as per the MERC guidelines. As per the practice followed by the management, necessary adjustment on this account will be made when the same is approved by MERC.

**8. Refund of Regulatory Liability Charges:**

As stated in Note no. 36(27), during FY 2003-04 to FY 2006-07, the Company had collected Regulatory Liability charges from the consumers. MERC had passed an order to refund an amount of Rs. 3,22,700 Lakhs (out of the amount collected) to the consumers. The Company has refunded Rs. 3,12,394 Lakhs up to 31.03.2020. The Company has not made provision towards the balance amount of Rs. 10,306 Lakhs (PY Rs. 10,483 Lakhs) refundable to the consumers.

**9. Government Grants and Consumer Contributions:**

a) As per Ind AS 20 'Accounting for Government Grants and Disclosure of Government Assistance', government grant for capital assets is recognised in the Statement of Profit and Loss on a systematic basis over the period, in which the entity amortises the related costs of such capital asset. The Company assumes that all grants received are utilised and the assets are capitalised in the same year. Due to non-availability of sufficient and appropriate audit evidence with regard to utilization of grants, we are unable to comment on the consequential impact on the Standalone Financial Statements of the Company.

b) Consumer contribution for capital assets is recognised in the Statement of Profit and Loss on a systematic basis over the period, in which the entity amortises the related costs of such capital assets. The Company assumes that all contributions received are utilised and the related assets are capitalised in the same year. Due to non-availability of sufficient and appropriate audit evidence with regard to utilization of consumer contribution, we are unable to comment on the consequential impact on the Standalone Financial Statements of the Company.

10. The contingent liabilities as disclosed in Note No. 36(1) is based on information as provided and confirmed by the management. In the absence of adequate documentation by the Company and adequate audit trail, we are unable to comment on the completeness of the disclosure of the contingent liabilities.

**11. Finance Costs:**

a) Attention is drawn to Note 36(1)(iii)(C)(a) relating to accounting in respect of Delayed Payment Surcharge (DPS). There is a variation in the method of computing interest as adopted by the Company and as adopted by Maharashtra State Power Generation Corporation Limited (MSPGCL). The Company has accounted for



Delayed Payment Surcharge by apportioning the payments made towards principal outstanding as against apportionment towards interest by MSPGCL. As a result, for the year, there is short provision of DPS amounting to Rs. 1,96,293 Lakhs (PY Rs. 1,70,036 lakhs) in respect to MSPGCL. The accumulated short provision relating to MSPGCL till 31<sup>st</sup> March 2020 is Rs. 6,80,617.00 lakhs (PY Rs. 4,84,324.00 Lakhs).

- b) Attention is drawn to Note 36(1)(iii)(C)(b) in respect of DPS relating to Maharashtra State Electricity Transmission Company Limited (MSETCL) on amount of principal due as at 31<sup>st</sup> July 2015 being claimed by MSETCL despite direction for waiver by MSEB Holding Company. The total amount claimed and not accounted by the Company as at 31<sup>st</sup> March 2020 is Rs. 79,364 Lakhs (PY Rs. 63,368.00 Lakhs) Further, full details in respect of DPS relating to MSETCL for the year have not been made available. In the absence of adequate details, we are unable to comment on the amount of DPS provision for the year and accumulated provision till 31<sup>st</sup> March 2020 relating to MSETCL.
- c) Refer Note No. 36(1)(iii)(C)(f) to the Standalone Financial Statements. The Company has made a provision for Delayed Payment Charges payable to Independent Power Producers based on base rate/Marginal Cost of Fund-Base Lending Rate (MCLR) rate plus 2% instead of SBI Prime Lending Rate plus 2% as specified in the Power Purchase Agreements resulting in short provision of Rs. 1,83,642.00 lakhs for the year 2019-20 (PY Rs. 56,091.58 Lakhs). The accumulated short provision as at 31<sup>st</sup> March 2020 is Rs.2,84,428.00 Lakhs (PY Rs. 1,00,786.45 Lakhs).

## 12. Employee Benefit Expenses:

The Company is giving various allowances such as Orderly allowance, Professional Pursuit Allowance, Entertainment Allowance and Book Allowance to its employees. Arrears paid on these allowances were not subjected to Tax Deducted at Source (TDS). Further, Orderly Allowance paid during the year has not been subjected to TDS. We are unable to comment on the additional tax liability, if any, arising due to such non-compliance.

## 13. Non provision of various expenses:

- a) As mentioned in Note 36(1)(i)(ii)(B)(a) to the Standalone Financial Statements, the Company has not provided for the liability towards compensation for incremental coal cost pass through pursuant to New Coal Distribution Policy (NCDP) payable to Adani Power Maharashtra Limited (APML) amounting to approx. Rs. 1,80,700 Lakhs (including carrying cost of Rs. 38,600 Lakhs) (PY Rs. 1,80,700 Lakhs).
- b) As mentioned in Note 36(1)(i)(ii)(A)(c) to the Standalone Financial Statements, the Company has not provided for liability towards fixed charges payable to Ratnagiri Gas Power Private Limited (RGGPL) amounting to Rs. 4,22,856 Lakhs



(PY Rs. 3,51,004 Lakhs). Sum of Rs. 18,101 Lakhs (PY Rs. 18,101 Lakhs) paid to RGPPL has been shown as advances.

- c) As mentioned in Note 36(9)(b) to the Standalone Financial Statements, the Company has not made provision of Rs. 5,096 Lakhs for amount payable to distribution franchisee, Spanco Nagpur Discom Limited on termination.

**14. Other Items:**

- a) As stated in Note 36(26) to Standalone Financial Statements, every year the Company is required to invest in specified securities an amount equivalent to contingency reserve created during the preceding year as specified in the Maharashtra Electricity Regulatory Commission (MERC) Guidelines. The Company has invested Rs. 12,819.38 Lakhs in earmarked investments during the year. The total amount invested in earmarked investments as at 31<sup>st</sup> March 2020 is Rs. 31,369.82 Lakhs (PY Rs. 18,572.55 Lakhs) as against the contingency reserve of Rs. 1,09,976 Lakhs till 31<sup>st</sup> March 2020 (PY Rs. 95,700.00 Lakhs).
- b) The Company has shown a sum of Rs. 2,04,802.10 Lakhs (PY Rs. 1,22,153.35 Lakhs) and Rs. 53,708.53 Lakhs (PY Rs. 70,207.98 Lakhs) as liabilities towards Clearing Goods Receipt Invoice Receipt (GRIR) and Liability for supplier Work & Maintenance respectively. These balances are net of debit balances. In the absence of requisite data and audit trail, we are not in position to ascertain the impact on the Assets and Liabilities of the Company.
- c) Attention is drawn to Note 36(13) to the Standalone Financial Statements regarding non identification of creditors as to their status under Micro, Small and Medium Scale Enterprises (MSME) Act and provision for interest payable to such parties. The liability on this account, if any, has not been quantified by the Company. As such, we are unable to ascertain the interest provision (if any) required and its consequential impact on the profit for the year under audit. Due to non-identification of MSME parties, the disclosures, as required by the relevant Statute have not been made by the Company.
- d) On the basis of checks carried out by us during the course of our audit certain system/control issues related to negative values in Opening balance, additions, closing balance, computation of depreciation, were observed resulting into incorrect values of Property, Plant and Equipment. In the absence of any systems audit being conducted by the Company, we are unable to comment on existence of other system related deficiencies, if any. Impact of the same is not ascertainable.



- e) There is a difference in balance of security deposit from consumers as per books of account and IT database as mentioned below [Refer Note No. 36(6)(II)(i)(a)(c)].

(Rs. In Lakhs)

| Particulars       | Balance as on 31.03.2020<br>as per books of account (A) | Balance as on 31.03.2020<br>as per IT Database (B) | Differences<br>(A) - (B) |
|-------------------|---|--|--------------------------|
| Security deposits | 8,10,679.84   | 8,08,783.09  | 1,896.75                 |

The Company is in the process of reconciling the said differences.

- f) The Company has availed a loan (sanctioned amount Rs. 8,50,000 Lakhs – amount outstanding as at 31st March 2020 Rs. 7,51,250 Lakhs (PY Rs. 8,08,125.00 Lakhs)) from Rural Electrification Corporation Limited (RECL). The said loan is guaranteed by the Maharashtra State Electricity Board Holding Company Limited (Holding Company) for which no amount has been charged by the Holding Company. The financial guarantee has, however, not been fair valued as required under Ind AS 109. As a result, the profit for the year is higher by Rs. 8,728.61 Lakhs and the accumulated balance in retained earnings is higher by Rs. 14,637.47 Lakhs as at 31<sup>st</sup> March 2020.

15. Various qualifications listed in paragraphs 1 to 14 above will have a consequential impact on provision for Income Tax, Regulatory Assets and Deferred Tax. Impact of the same is not ascertainable. Further, the various qualifications above have not been taken into account while arriving at the materiality threshold for the purpose of restatement of accounts as per requirement of Ind AS 8, "Accounting Policies, Changes in Accounting Estimates and Errors".

Our report for the preceding year was also modified in relation to paragraph no. 1(a to d), 2(b), 3(a), 3(c to e), 4(b), 5(a to e), 6(a to d), 7(a to b), 8, 9(a), 10, 11(a), 11(c), 12, 13(a to b), 14(b to e).

The effects of the matters described above, which could be reasonably determined/ quantified, on the elements of the accompanying Standalone Financial Statements are tabulated as under:

**Impact on Statement of Profit & Loss**

(Rs. in Lakhs)

| Sr. No | Relevant paragraph | Particulars                              | FY 2019-20                   |
|--------|--------------------|--|------------------------------|
|        |                    |  | Overstated/<br>(Understated) |
| 1      | 11(a)              | Delayed Payment charges                  | 1,96,293                     |
| 2      | 11(c)              | Power purchase - Delayed payment charges | 1,83,642                     |



|   |       |   |                 |
|---|-------|---|-----------------|
| 3 | 13(b) | Non provision of expenses - fixed charges | 71,852          |
| 4 | 13(c) | Non provision of expenses- DF liability   | 5,096           |
| 5 | 14(f) | Non-Provision of Corporate Guarantee      | 8,728.61        |
|   |       | <b>Total</b>                              | <b>4,65,612</b> |

#### Impact on Balance Sheet

(Rs. in Lakhs)

| Sr. No | Relevant paragraph | Particulars  | FY 2019-20                   |
|--------|--------------------|--|------------------------------|
|        |                    |  | Overstated/<br>(Understated) |
| 1      | 8                  | Current financial liabilities – Regulatory Liabilities | (10,306)                     |
| 2      | 11(a)              | Delayed Payment Charges-Trade Payable                  | (6,80,617)                   |
| 3      | 11(c)              | Current financial liabilities – DPC- short provision   | (1,80,700)                   |
| 4      | 13(a)              | Non provision of expenses - Coal pass through          | (4,22,856)                   |
| 5      | 13(b)              | Non provision of expenses – Fixed charges              | (10,306)                     |
| 6      | 14 (e)             | Security deposits from Consumers                       | 1,897                        |
| 7      | 14(f)              | Other Equity -Corporate Guarantee                      | (14,637)                     |
| 8      |                    | Retained Earning                                       | 13,17,525                    |

We conducted our audit of the Standalone Financial Statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the *Auditors' Responsibilities for the Audit of the Standalone Financial Statements* section of our Report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the Standalone Financial Statements under the provisions of the Act and the Rules thereunder and we have fulfilled our other ethical responsibilities in accordance with these requirements and ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion on Standalone Financial Statements.

#### Material Uncertainty related to Going Concern

As stated in Note 36(2), the accumulated losses of the Company as at 31<sup>st</sup> March, 2020 are Rs. 26,17,177.12 Lakhs (PY Rs. 26,37,949.48 Lakhs) which exceed 50% of the net worth of the Company. The current liabilities as at 31<sup>st</sup> March 2020 are in excess of its current assets. Considering the fact that Government of Maharashtra is expected to infuse additional equity funds, as and when required, the Standalone Financial Statements have been drawn up on going concern basis. We have relied on the management assessment and our audit report is not modified in this regard.





## Emphasis of Matters

### Attention is invited to the following matters:

1. As stated in Note 12 to the Standalone Financial Statements, the Company has made provision of Rs. 1,069.43 Lakhs (PY Rs. 2,551.43) for Expected Credit Loss (Time Loss) under Ind AS 109 on other loans receivable on balances outstanding as on transition date i.e. 01.04.2015 on account of impracticability instead of its origination date.
2. As stated in Note 36(30)(D), the Company has computed ECL in the current year based on a combined rate taking in to consideration credit loss and time loss as compared to separate rates for each of them in the previous year. Due to this change, profit for the year is higher by Rs. 1,94,342 Lakhs.
3. Attention is drawn to Note 36(1) with regards to the Contingent Liabilities, which are significant in relation to the net worth of the Company at the year end.
4. Attention is drawn to Note 36(1)(i)(v), the Company has been supplying electricity in the areas previously being serviced by Mula Pravara Electric Co-operative Society (MPECS) and has been using its infrastructure for the said purpose. The matter relating to payment of user charges is under dispute. Pending resolution of the dispute and in the absence of necessary contract, assessment as to applicability of Ind AS 116 has not been made.
5. Attention is invited to Note 36(35) on Company's assessment of its operations during lockdown imposed by the Government due to COVID-19.

As a result of lockdown prevailing at the year-end on account of COVID-19, physical verification of inventories could not be carried out at majority of locations at the year end. We are informed that physical verification at these locations was carried out by management subsequent to year end except for certain locations where no physical verification was carried out. In the opinion of the management the variation in the book inventory and physical inventory (as verified at year end or subsequently) pertains to the year under audit and accordingly necessary adjustments have been made during the year.

Our opinion is not modified in respect of these matters referred to in (1) to (5) above.

### Information other than the Standalone Financial Statements and Auditors' Report:

The Company's Board of Directors is responsible for the Other Information. The Other Information comprises of Director Report but does not include the Standalone Financial Statements and our auditors' report thereon.

Our opinion on the Standalone Financial Statements does not cover the Other Information and we do not express any form of assurance conclusion thereon.



In connection with our audit of the Standalone Financial Statements, our responsibility is to read the Other Information identified above when it becomes available and, in doing so, consider whether the Other Information is materially inconsistent with the Standalone Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this Other Information, we are required to communicate the matter to those charged with governance.

The annual report is expected to be made available to us after the date of auditors' report. Hence, we are not commenting in this regard.

### **Responsibilities of Management and Those Charged with Governance for the Standalone Financial Statements**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these Standalone Financial Statements that give a true and fair view of the financial position, financial performance (including other comprehensive income), changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2015 as amended.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the company's financial reporting process.



### Auditors' Responsibilities for the audit of Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the Standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Refer "Material Uncertainty related to Going Concern" paragraph above. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2016 issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013 (hereinafter referred to as the 'Order') we give in the Annexure 'A', a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. Being a Government Company, in view of the Notification No. GSR 463(E) dated 5<sup>th</sup> June 2015 issued by Ministry of Corporate Affairs (MCA), provisions of section 197 of the Act are not applicable to the Company.
3. As required by section 143(3) of the Act, we report that:
  - i. We have sought and except for the effects of the matters (whether quantified or otherwise) described in the Basis for Qualified Opinion paragraph above read together with our comments as mentioned in para 3(iv), obtained all the information and explanations, which to the best of our knowledge and belief were, necessary for the purpose of our audit;
  - ii. Except for the effects of the matters (whether quantified or otherwise) described in the Basis for Qualified Opinion paragraph above, in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - iii. The Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account;
  - iv. Except for the effects of the matters (whether quantified or otherwise) described in the Basis for Qualified Opinion paragraph above, in our opinion, the aforesaid Standalone Financial Statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2015 as amended;



- v. The matters described in the Basis for Qualified Opinion and Emphasis of Matters paragraphs above, in our opinion, may have an adverse effect on the functioning of the Company.
- vi. Being a Government Company, pursuant to Notification No. F.No. 1/2/2014-CL, V dated 05.06.2015 issued by Ministry of Corporate Affairs, Government of India, provisions of sub section (2) of section 164 of the Act are not applicable to the Company.
- vii. The qualification relating to the maintenance of accounts and other matters connected therewith are as stated in the Basis for Qualified Opinion paragraph above.
- viii. With respect to the adequacy of the internal financial controls with reference to Standalone Financial Statements of the Company and the operating effectiveness of such controls, refer our separate Report in **Annexure "B"**. Our Report expresses disclaimer of opinion on the operating effectiveness of the Company's internal control with reference to Standalone Financial Statements;
- ix. With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - a) Due to possible effects of the matters (whether quantified or otherwise) described in the Basis for Qualified Opinion paragraph above, we are unable to state whether the Company has adequately disclosed the impact of pending litigations on its financial position in its Standalone Financial Statements – Refer Note 36(1) to the Standalone Financial Statements;
  - b) Due to possible effects of the matters (whether quantified or otherwise) described in the Basis for Qualified Opinion paragraph above, we are unable to state whether the Company has made adequate provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts. According to the information and explanations given to us, the Company has not entered into any derivative contracts;
  - c) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.




4. Report on Directions / Sub-Directions issued by Comptroller and Auditor General of India under sub-section (5) of section 143 of the Act

In terms of Directions issued by the Comptroller and Auditor General of India under sub-section (5) of section 143 of the Act and on the basis of such checks of the books and records of the Company, as we considered appropriate, and according to the information and explanation given to us, we give in the Annexure 'C', a statement on the matters specified in the said Directions.

For C N K & Associates LLP  
Chartered Accountants  
FRN-101961W/W-100036



  
CA. Diwakar Sapre

Partner  
M. No. 040740  
UDIN:20040740AAAACH9254  
Place: Mumbai  
Date: 11<sup>th</sup> December, 2020

For Shah & Taparia  
Chartered Accountants  
FRN-109463W

CA. Bharat Joshi

Partner  
M. No. 130863  
UDIN:20130863AAAAIQ7355



For Kalyaniwalla & Mistry LLP  
Chartered Accountants  
FRN - 104607W/W100166

CA. Sai Venkata Ramana  
Damarla  
Partner

M. No. 107017  
UDIN:20107017AAAAEJ3299



## ANNEXURE A TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 1 under "Report on Other Legal and Regulatory Requirements" in Independent Auditors' Report of even date to the members of Maharashtra State Electricity Distribution Company Limited on the Standalone Financial Statements for the year ended on 31<sup>st</sup> March, 2020)

- (i)
  - (a) The Company has maintained proper records showing full particulars except quantitative details and records in respect of leasehold and freehold land and situation of fixed assets.
  - (b) Fixed assets have not been physically verified by the management during the year. Accordingly, we are unable to comment upon whether there are any material discrepancies with reference to book records.
  - (c) Complete details in respect of title deeds of immovable properties have not been made available to us. In the absence of these details we are unable to comment whether all the title deeds in respect of immovable properties are held in the name of Company.
- (ii) During the year under audit, physical verification of inventories has been conducted by the management at the year end for certain locations. As a result of lockdown prevailing at the year end on account of COVID-19, physical verification of inventories could not be carried out at majority of locations. We are informed that physical verification at these locations was carried out by management subsequent to year end except for certain locations where no physical verification was carried out. In the opinion of the management the variation in the book inventory and physical inventory (as verified at year end or subsequently) pertain to the year under audit and accordingly necessary adjustment have been made during the year.
- (iii) As informed to us, the Company has maintained register under Section 189 of Companies Act 2013. In the absence of requisite details in the said register, we are unable to comment whether the Company has granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships, or other parties mentioned in the register maintained under Section 189 of the Act.
- (iv) As informed to us, the Company does not have information relating to parties as specified in Section 185 of the Act. Hence, we are unable to comment whether the Company has granted / any loan, made any investments, given any guarantee or security in pursuance to section 185 of the Act. Since the Company is engaged in providing infrastructure facilities as specified in Schedule VI to the Act, provisions of section 186 are not applicable to the Company.



- (v) As informed to us, the Company has various amounts payable to parties towards advances received/retention money/deposits/amounts to be refunded to consumers etc. In the absence of adequate details and audit trail, we are unable to comment whether any of these amounts get covered as deposits in terms of provisions of Section 73 to 76 read with Companies Deposit Rules, 2014. Further, as informed to us, no order has been passed by Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other tribunal.
- (vi) The Central Government has prescribed maintenance of cost records u/s 148 of Act, along with rules prescribed thereunder in respect of distribution of electricity. The same have not been made available for our verification. In the absence of such records being made available, we are unable to comment upon the accuracy and completeness of the same.
- (vii) (a) As explained to us, the Company is generally regular in depositing undisputed statutory dues with appropriate authorities, including Provident Fund, Sales Tax, Income Tax, Custom duty, Excise duty, Value added Tax, Cess and other material statutory dues applicable to it, except in respect of tax deducted at source and GST. According to the information & explanations given to us, there are no undisputed amounts payable in respect of aforesaid dues, which were in arrears as at 31<sup>st</sup> March 2020 for a period of more than six months from the date they became payable, except as stated below:

(Rs. in Lakhs)

| Name of Statute      | Nature of the Dues       | Amount (Rs. In Lakhs) | Period to which the amount relates | Due date      | Date of Payment |
|----------------------|--------------------------|-----------------------|------------------------------------|---------------|-----------------|
| Income Tax Act, 1961 | Interest on income tax   | 90.73                 | FY 2017-18                         | —             | 27-11-2020      |
| Income Tax Act, 1961 | TCS on Scrap             | 1.48                  | Various year                       | Various dates | Not yet paid    |
| Income Tax Act, 1961 | TDS on Salary            | 21.44                 | Various year                       | Various dates | Not yet paid    |
| Income Tax Act, 1961 | TDS on Contractor        | 46.96                 | Various year                       | Various dates | Not yet paid    |
| Income Tax Act, 1961 | TDS on Commission        | 43.25                 | Various year                       | Various dates | Not yet paid    |
| Income Tax Act, 1961 | TDS on Rent              | 0.04                  | Various year                       | Various dates | Not yet paid    |
| Income Tax Act, 1961 | TDS on Professional Fees | 9.36                  | Various year                       | Various dates | Not yet paid    |





|   |                                    |        |                         |               |              |
|---|------------------------------------|--------|-------------------------|---------------|--------------|
| Income Tax Act, 1961  | TDS on Interest on Security        | 72.84  | Various year            | Various dates | Not yet paid |
| Employees' Provident Fund & Miscellaneous Provision Act, 1952 | Professional Tax Recovered         | 3.38   | Various year            | Various dates | Not yet paid |
| Workers' Welfare Cess Act, 1996                               | Workers' Welfare Cess              | 101.51 | Various year            | Various dates | Not yet paid |
| Finance Act, 1994   | Service Tax,                       | 83.93  | Various year            | Various dates | Not yet paid |
| Maharashtra Value Added Tax Act, 2005                         | Works Contract Tax                 | 0.86   | Various year            | Various dates | Not yet paid |
| Goods and Service Tax Act, 2017                               | Goods and Service Tax              | 14.19  | FY 2018-19 & FY 2019-20 | Various dates | Not yet paid |
| Electricity Duty Act, 2003                                    | Compounding Charges                | 420.29 | Various year            | Various dates | Not yet paid |
| Life Insurance Corporation Act, 1956                          | 1% insurance recovered from vendor | 42.66  | Various year            | Various dates | Not yet paid |
| Life Insurance Corporation Act, 1956                          | Insurance recovery                 | 4.39   | Various year            | Various dates | Not yet paid |

- (b) According to the information and explanations given to us, there are no dues of Sales Tax, Income Tax, Custom Duty, Wealth Tax, Excise Duty, Service Tax, Value Added Tax, Goods and Service Tax and Cess which have not been deposited on account of any dispute except the following demands:

(Rs. in Lakhs)

| Name of Statute      | Nature of the Dues      | Amount (Rs. in lakhs) | Period to which it relates | Forum where dispute is pending |
|----------------------|-------------------------|-----------------------|----------------------------|--------------------------------|
| Income Tax Act, 1961 | Tax along with Interest | 36,781.11             | A.Y. 2006-07               | Bombay High Court              |
| Income Tax Act, 1961 | Penalty                 | 258.00                | A.Y. 2006-07               | ITAT Mumbai                    |
| Income Tax Act, 1961 | Tax along with Interest | 80,286.94             | A.Y. 2007-08               | Bombay High Court              |
| Income Tax Act, 1961 | Tax along with Interest | 23,326.41             | A.Y. 2007-08               | Bombay High Court              |



|  |   |           |                               |                                      |
|--|---|-----------|-------------------------------|--------------------------------------|
| Income Tax Act, 1961                   | Penalty Demand                            | 45,534.00 | A.Y. 2007-08                  | Bombay High Court                    |
| Income Tax Act, 1961                   | Tax along with Interest                   | 17,068.12 | A.Y. 2008-09                  | Bombay High Court                    |
| Income Tax Act, 1961                   | Tax along with Interest                   | 88,468.89 | A.Y. 2009-10                  | Commissioner of Income Tax (Appeals) |
| Income Tax Act, 1961                   | Fringe Benefit Tax                        | 232.21    | A.Y. 2009-10                  | DCIT                                 |
| Income Tax Act, 1961                   | Tax                                       | 7,721.04  | A.Y. 2012-13                  | ITAT Mumbai                          |
| Income Tax Act, 1961                   | Tax                                       | 21,804.36 | A.Y. 2014-15                  | ITAT Mumbai                          |
| Income Tax Act, 1961                   | TDS                                       | 964.14    | Till A.Y. 2015-16             | ITO (TDS)                            |
| Income Tax Act, 1961                   | TDS                                       | 18.68     | A.Y. 2015-16                  | ITO (TDS)                            |
| Income Tax Act, 1961                   | TDS                                       | 7.63      | A.Y. 2016-17                  | ITO (TDS)                            |
| Income Tax Act, 1961                   | TDS                                       | 10.03     | A.Y. 2017-18                  | ITO (TDS)                            |
| Income Tax Act, 1961                   | TDS                                       | 23.67     | A.Y. 2018-19                  | ITO (TDS)                            |
| Income Tax Act, 1961                   | TDS                                       | 8.82      | A.Y. 2019-20                  | ITO (TDS)                            |
| Income Tax Act, 1961                   | TDS                                       | 47.12     | A.Y. 2020-21                  | ITO (TDS)                            |
| Central Excise & Service Tax Act, 1944 | Penalty                                   | 0.40      | F.Y. 2010-11                  | Commissioner (Appeals)               |
| Central Excise & Service Tax Act, 1944 | Penalty                                   | 0.40      | F.Y. 2011-12                  | Commissioner (Appeals)               |
| Central Excise & Service Tax Act, 1944 | Penalty                                   | 0.60      | F.Y. 2011-12 & F.Y. 2012-13   | Commissioner (Appeals)               |
| Central Excise & Service Tax Act, 1944 | Penalty                                   | 0.05      | F.Y. 2012-13 & F.Y. 2013-2014 | Commissioner (Appeals)               |
| Central Excise & Service Tax Act, 1944 | Central Excise Duty, Interest and Penalty | 18.70     | F.Y. 2010-11                  | CESTAT                               |
| Central Excise & Service Tax Act, 1944 | Central Excise Duty, Interest and Penalty | 52.01     | F.Y. 2004-205 to F.Y. 2009-10 | CESTAT                               |



|  |   |           |                             |                   |
|--|---|-----------|-----------------------------|-------------------|
| Central Excise & Service Tax Act, 1944 | Central Excise Duty, Interest and Penalty | 0.29      | F.Y. 2009-10                | CESTAT            |
| Central Excise & Service Tax Act, 1944 | Central Excise Duty, Interest and Penalty | 0.73      | F.Y. 2010-11                | CESTAT            |
| Central Excise & Service Tax Act, 1944 | Central Excise Duty, Interest and Penalty | 2.38      | F.Y. 2016-17 & F.Y. 2017-18 | Bombay High Court |
| Maharashtra Value Added Tax, 2002      | MVAT                                      | 49,599.28 | F.Y. 2005-06                | Jt. Commissioner  |
| Maharashtra Value Added Tax, 2002      | MVAT                                      | 65,837.20 | F.Y. 2006-07                | Jt. Commissioner  |
| Maharashtra Value Added Tax, 2002      | MVAT                                      | 78,125.53 | F.Y. 2008-09                | Jt. Commissioner  |
| Maharashtra Value Added Tax, 2002      | MVAT                                      | 16.45     | F.Y. 2009-10                | Jt. Commissioner  |
| Maharashtra Value Added Tax, 2002      | MVAT                                      | 60665.36  | F.Y. 2012-13                | Jt. Commissioner  |
| Central Sales Tax,                     | CST                                       | 37.85     | F.Y. 2012-13                | Jt. Commissioner  |
| Maharashtra Value Added Tax, 2002      | MVAT Penalty                              | 33,778.99 | F.Y. 2012-13                | Jt. Commissioner  |
| Central Sales Tax,                     | CST Penalty                               | 15765.33  | F.Y. 2012-13                | Jt. Commissioner  |
| Maharashtra Value Added Tax, 2002      | MVAT                                      | 458.18    | F.Y. 2013-14                | Jt. Commissioner  |
| Central Sales Tax,                     | CST                                       | 61.05     | F.Y. 2013-14                | Jt. Commissioner  |
| Maharashtra Value Added Tax, 2002      | MVAT                                      | 44,324.26 | F.Y. 2014-15                | Jt. Commissioner  |
| Central Sales Tax,                     | CST                                       | 20.45     | F.Y. 2014-15                | Jt. Commissioner  |
| Maharashtra Value Added Tax, 2002      | MVAT                                      | 63,174.83 | F.Y. 2015-16                | Jt. Commissioner  |



|                       |             |           |                              |                        |
|-----------------------|-------------|-----------|------------------------------|------------------------|
| Central Sales Tax,    | CST         | 10.20     | F.Y. 2015-16                 | Jt. Commissioner       |
| Service Tax Act, 1994 | Service Tax | 338.95    | F.Y. 2012-13 to A.Y. 2016-17 | CESTAT                 |
| Service Tax Act, 1994 | Service Tax | 44,584.74 | F.Y. 2012-13 to F.Y. 2017-18 | Appeal at Adjudication |

- (viii) Attention is drawn to Note No. 35(25) relating to suspension of payment of principal and interest in respect of loan from Power Finance Corporation (PFC) under R-APDRP (A) Scheme pending its conversion from loan to grant. According to the information and explanations given to us, except for the above, the Company has not defaulted in repayment of loans or borrowings to financial institutions, banks and Government. The Company has not issued any debentures.
- (ix) To the best of our knowledge and belief and according to the information and explanations given to us, the Company has neither raised money by way of initial public offer or further public offer (including debt instruments). In the absence of adequate details, we are unable to comment, as to whether the term loans obtained during the year have been applied for the purpose for which they were obtained.
- (x) To the best of our knowledge and belief and according to the information and explanations given to us, except for two instances of fraud by employees of the Company (amount involved Rs. 51.17 lakhs), we have not come across any fraud by the Company or on the Company by its officers or employees.
- (xi) Being a Government Company, in view of the Notification No. GSR 463(E) dated 5<sup>th</sup> June 2015 issued by Ministry of Corporate Affairs (MCA), provisions of section 197 of the Act are not applicable to the Company. Accordingly, clause 3(xi) of the Order is not applicable to the Company.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, paragraph 3 (xii) of the Order is not applicable to the Company.
- (xiii) According to the information and explanation given to us and based on our examination of the records of the Company, provisions of section 177 are not applicable to Company. Subject to our comments in clause (iii) above, relating to non-availability of adequate details of related parties, transactions with related parties have been disclosed in the standalone financial statements as required under relevant Accounting Standards.



- (xiv) According to the information and explanation given to us and based on our examination of the records of the Company, the Company has neither made any preferential allotment, private placement of shares nor issued any debentures during the year. Accordingly, paragraph 3(xiv) of the Order is not applicable to the Company. During the year, the Company has issued 10,96,65,000 equity shares of Rs. 10 each at par to its holding Company.
- (xv) According to the information and explanation given to us and based on our examination of the records, the Company has not entered into any non-cash transactions with the directors or persons connected with him during the year under review. Accordingly, paragraph 3 (xv) of the Order is not applicable to the Company.
- (xvi) In our opinion and according to the information and explanations given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For C N K & Associates LLP  
Chartered Accountants  
FRN-101961W/W-100036



*Diwakar*  
CA. Diwakar Sapre

Partner  
M. No. 040740  
UDIN:20040740AAAACH9254  
Place: Mumbai  
Date: 11<sup>th</sup> December, 2020

For Shah & Taparia  
Chartered Accountants  
FRN-109463W

*Bharat*  
CA. Bharat Joshi

Partner  
M. No. 130863  
UDIN:20130863AAAAIQ7355



For Kalyaniwalla & Mistry LLP  
Chartered Accountants  
FRN - 104607W/W100166

*Sai Venkata Ramana*  
CA. Sai Venkata Ramana  
Damarla  
Partner

M. No. 107017  
UDIN:20107017AAAAEJ3299



## ANNEXURE B TO THE INDEPENDENT AUDITORS' REPORT

### Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls with reference to Standalone Financial Statements of **Maharashtra State Electricity Distribution Company Limited** as at 31<sup>st</sup> March, 2020 in conjunction with our audit of the Standalone Financial Statements of the Company for the year ended on that date.

#### Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to Standalone Financial Statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to Standalone Financial Statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to Standalone Financial Statements and their operating effectiveness. Our audit of internal financial controls with reference to Standalone Financial Statements included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of



the risks of material misstatement of the Standalone Financial Statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to Standalone Financial Statements.

#### **Meaning of Internal Financial Controls Over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Standalone Financial Statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

- 1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
- 2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Standalone financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and
- 3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the company's assets that could have a material effect on the Standalone Financial Statements.

#### **Inherent Limitations of Internal Financial Controls over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate.

#### **Disclaimer of Opinion**

According to the information and explanation given to us and based on our audit, as informed to us, during the year, the Company has established a framework for internal financial controls with reference to Standalone Financial Statements on criteria based on the essential components of internal control stated in the Guidance note on Audit of Internal Financial Control Over Financial Reporting issued by the Institute of Chartered Accountants of India. In this regard, the Company has identified various risks and controls, and before 31<sup>st</sup> March 2020,



has also tested them partially for operating effectiveness of such controls. We are informed that the balance risks and controls have been tested post 31<sup>st</sup> March 2020 for their operative effectiveness. We, however, could only test these risks and controls post 31<sup>st</sup> March 2020 for both its design and operating effectiveness. In the absence of testing of the design of all documented risks and controls and their operating effectiveness as on 31<sup>st</sup> March 2020, we are unable to obtain sufficient and appropriate audit evidence to provide a basis for our opinion whether the Company had adequate internal financial control over financial reporting and whether such internal financial control were operating effectively as on 31<sup>st</sup> March, 2020. Accordingly, we do not express any opinion on the adequacy of the internal financial controls and the operating effectiveness thereof as on 31<sup>st</sup> March 2020.

We have, however, considered the above factors in determining the nature, timing and audit tests applied in our audit of the Standalone Financial Statements of the Company. Wherever, during the course of our audit, we have identified weaknesses in internal financial controls over financial reporting, that are likely to affect our opinion on the Standalone Financial Statements of the Company, we have issued a qualified opinion on the Standalone Financial Statements.

For C N K & Associates LLP  
Chartered Accountants  
FRN-101961W/W-100036

For Shah & Taparia  
Chartered Accountants  
FRN-109463W

For Kalyaniwalla & Mistry LLP  
Chartered Accountants  
FRN - 104607W/W100166



CA. Diwakar Sapre

Partner

M. No. 040740

UDIN:

20040740AAAACH9254

Place: Mumbai

Date: 11<sup>th</sup> December, 2020

CA. Bharat Joshi

Partner

M. No. 130863

UDIN:20130863AAAAIQ7355



CA. Sai Venkata Ramana

Damarla

Partner

M. No. 107017

UDIN: 20107017AAAAEJ3299





## ANNEXURE C TO THE AUDITORS' REPORT

### Comments on the Directions u/s. 143(5) of the Companies Act, 2013

(Referred to in paragraph 4 under "Report on Other Legal and Regulatory Requirements" in the Independent Auditor's Report of even date to the members of Maharashtra State Electricity Distribution Company Limited (hereinafter referred as "the Company") on the Standalone Financial Statements for the year ended 31<sup>st</sup> March, 2020).

| A. Directions  | Auditors' Comments  |                |  |            |       |              |      |                                       |           |  |           |                          |             |              |                    |
|--|---|----------------|--|------------|-------|--------------|------|---------------------------------------|-----------|--|-----------|--------------------------|-------------|--------------|--------------------|
| 1) To report whether there are any cases of waiver/write off of debts/loans/interest etc.; if yes, the reasons thereof, and the amount involved. | <p>As per the information and explanations given to us, as approved by the Board, there are no cases of waiver of debts / loans / interest, etc. in F.Y. 2019-20. There are no cases of write-off of loans during F.Y. 2019-20.</p> <p>As per the information and explanations given to us, the Company has written off interest and delayed payment charges on arrears receivable from consumers as per the Scheme of Permanent Disconnection (PD) Amnesty and Abhay Yojana.</p> <p>As approved by the Board, the Company has written off debts due from consumers. The Company has written off interest and principal arrears receivable from consumers.</p> <p>The details of the amounts written off during F.Y. 2019-20 are as follows:</p> <table style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th colspan="2" style="text-align: right;">(Rs. in Lakhs)</th> </tr> </thead> <tbody> <tr> <td>PD Amnesty</td> <td style="text-align: right;">21.42</td> </tr> <tr> <td>Abhay Yojana</td> <td style="text-align: right;">0.78</td> </tr> <tr> <td>Gram panchayat PWW Consumers Interest</td> <td style="text-align: right;">29,542.78</td> </tr> <tr> <td>Gram panchayat Street Light Consumers Interest</td> <td style="text-align: right;">78,250.90</td> </tr> <tr> <td>LT AG Consumers Interest</td> <td style="text-align: right;">2,20,409.85</td> </tr> <tr> <td><b>Total</b></td> <td style="text-align: right;"><b>3,28,225.73</b></td> </tr> </tbody> </table> | (Rs. in Lakhs) |  | PD Amnesty | 21.42 | Abhay Yojana | 0.78 | Gram panchayat PWW Consumers Interest | 29,542.78 | Gram panchayat Street Light Consumers Interest | 78,250.90 | LT AG Consumers Interest | 2,20,409.85 | <b>Total</b> | <b>3,28,225.73</b> |
| (Rs. in Lakhs)   |   |                |  |            |       |              |      |                                       |           |  |           |                          |             |              |                    |
| PD Amnesty   | 21.42   |                |  |            |       |              |      |                                       |           |  |           |                          |             |              |                    |
| Abhay Yojana   | 0.78  |                |  |            |       |              |      |                                       |           |  |           |                          |             |              |                    |
| Gram panchayat PWW Consumers Interest  | 29,542.78   |                |  |            |       |              |      |                                       |           |  |           |                          |             |              |                    |
| Gram panchayat Street Light Consumers Interest   | 78,250.90   |                |  |            |       |              |      |                                       |           |  |           |                          |             |              |                    |
| LT AG Consumers Interest   | 2,20,409.85   |                |  |            |       |              |      |                                       |           |  |           |                          |             |              |                    |
| <b>Total</b>   | <b>3,28,225.73</b>  |                |  |            |       |              |      |                                       |           |  |           |                          |             |              |                    |



| 2) Whether proper records are maintained for inventories lying with third parties & assets received as gift from Government and other authorities.  | According to the information and explanations given to us and as certified by the management, there is no inventory lying with third parties. Further, as informed to us, during the year, the Company has not received any assets as gift from Government and other authorities.   |                 |              |               |       |                            |       |                             |     |                    |     |              |              |
|---|---|-----------------|--------------|---------------|-------|----------------------------|-------|-----------------------------|-----|--------------------|-----|--------------|--------------|
| 3) A report on age-wise analysis of pending legal/arbitration cases, including the reasons of pendency and existence/effectiveness of a monitoring mechanism for expenditure on all legal cases (foreign and local) may be given. | <p>As per the information, explanations given to us and representations made to us by the management, which have been relied upon by us for the purpose of this disclosure, the age wise analysis of pending legal/arbitration cases are stated as here under:</p> <table border="1" data-bbox="603 667 1356 936"> <thead> <tr> <th>Ageing of Cases</th> <th>No. of Cases</th> </tr> </thead> <tbody> <tr> <td>Up-to 5 Years</td> <td>6,273</td> </tr> <tr> <td>More than 5 up-to 10 Years</td> <td>1,648</td> </tr> <tr> <td>More than 10 up-to 15 Years</td> <td>367</td> </tr> <tr> <td>More than 15 Years</td> <td>177</td> </tr> <tr> <td><b>Total</b></td> <td><b>8,465</b></td> </tr> </tbody> </table>  | Ageing of Cases | No. of Cases | Up-to 5 Years | 6,273 | More than 5 up-to 10 Years | 1,648 | More than 10 up-to 15 Years | 367 | More than 15 Years | 177 | <b>Total</b> | <b>8,465</b> |
| Ageing of Cases   | No. of Cases  |                 |              |               |       |                            |       |                             |     |                    |     |              |              |
| Up-to 5 Years   | 6,273   |                 |              |               |       |                            |       |                             |     |                    |     |              |              |
| More than 5 up-to 10 Years  | 1,648   |                 |              |               |       |                            |       |                             |     |                    |     |              |              |
| More than 10 up-to 15 Years   | 367   |                 |              |               |       |                            |       |                             |     |                    |     |              |              |
| More than 15 Years  | 177   |                 |              |               |       |                            |       |                             |     |                    |     |              |              |
| <b>Total</b>  | <b>8,465</b>  |                 |              |               |       |                            |       |                             |     |                    |     |              |              |
|   | <p>The reasons for pendency are as under:</p> <ol style="list-style-type: none"> <li>1) The legal procedure of trial pertaining to civil suit is complex and time consuming. The courts are generally overburdened and there seems huge pendency of the civil cases. The cases in which pleading is complete are taken on the Board for hearing according to its age and turn.</li> <li>2) The cases pending for more than five years, these cases are pending due the various reasons such as:- <ol style="list-style-type: none"> <li>a) Due to large backlog of pending cases before the various courts.</li> <li>b) On appeals against interim orders proceedings in main suit is stayed till decision of appeals.</li> <li>c) Summons/Warrants/Notice could not be served within the time limit due to change in address of parties/witness and factory premises being closed and whereabouts of the persons are untraceable.</li> <li>d) The execution petitions are filed and in which the warrant remain unserved due to closure of factory and change in director's address and non updation of new address in records of MSEDCL and their whereabouts being untraceable. The details of property of judgment debtor not being found etc. for execution of warrant.</li> </ol> </li> </ol> |                 |              |               |       |                            |       |                             |     |                    |     |              |              |



|  |   |
|--|---|
|  | <p>e) Writ petition (admitted) pending before High Court as a result of backlog pending cases. High court, admits the matter and after granting stay, delay in matters getting listed for final hearing, disposal of these matters is purely within the domain of Hon'ble High Court.</p> <p>As informed by the management, the payment of fees to advocates engaged for conducting cases on behalf of Company and its officers are made as per approved circular. As informed to us, there are no foreign legal cases.</p> <p>In the absence of adequate details for the purpose of verification, we have relied upon the disclosure given by the management.</p> <p>Further, details as specified hereunder could not be verified / disclosed:</p> <ol style="list-style-type: none"> <li>i. Amount of claims involved in respect of number of pending cases as stated above.</li> <li>ii. In the absence of quantification of the claims, we are unable to comment whether the same reconciles with disclosure of contingent liabilities/contingent assets as disclosed in the Standalone Financial Statements.</li> <li>iii. Segregation of pending cases as stated above between cases filed by and against the Company.</li> </ol> <p>In the absence of documented monitoring mechanism for expenditure on legal cases, we are unable to comment on the existence/ effectiveness of such mechanism.</p> |
| <p>4 If the Company has been selected for disinvestment, a complete status report in terms of valuation of Assets (including intangible assets and land) and Liabilities (including Committed &amp; General Reserves) may be examined,</p> | <p>According to the information and explanations given to us, the Company has not been selected for disinvestment. Hence, this clause is not applicable.</p>  |



|    |   |   |
|----|---|---|
|    | including the mode and present stage of disinvestment process.  |   |
|    | <b>B. Sub Directions</b>  | <b>Auditors' Comments</b>   |
| 1) | Has the company entered into agreement with franchisees for distribution of Electricity in selected areas and revenue sharing agreement adequately protect the financial interest of the Company? | <p>As per information and explanations provided to us, during the year, the Company was having transactions with 4 Franchisees based on terms of agreement and same are listed below:</p> <ol style="list-style-type: none"> <li>1. M/s Torrent Power Limited for Bhiwandi Circle – The agreement dated 20<sup>th</sup> December 2006 is effective for the period commencing from 25<sup>th</sup> January 2007 to 25<sup>th</sup> January 2027.</li> <li>2. M/s Spanco Nagpur Discom Limited for Nagpur Circle – The agreement dated 23<sup>rd</sup> February 2011 was effective for the period commencing from 1<sup>st</sup> May 2011 to 1<sup>st</sup> May 2026. However, the same has been terminated during the year w.e.f. 9<sup>th</sup> September 2019.</li> <li>3. M/s CESC Limited for Malegaon Circle – The agreement dated 29<sup>th</sup> May 2019 is effective for the period commencing from 1<sup>st</sup> March 2020 to 1<sup>st</sup> March 2040.</li> <li>4. M/s Torrent Power Limited for Thane Urban Circle – The agreement dated 11<sup>th</sup> February 2019 is effective for the period commencing from 1<sup>st</sup> March 2020 to 1<sup>st</sup> March 2040.</li> </ol> <p>The Company has supplied power to the above-mentioned franchises in selected areas. The rates charged to such franchises are not below the average cost of purchase paid by the company.</p> |
| 2) | Whether the reconciliation of receivables and payables between the generation, distribution and transmission companies has been completed. The reasons for difference may be examined.            | <p>Reconciliation of balances of receivables &amp; payables in respect of as on 31<sup>st</sup> March 2020 between the Company and Maharashtra State Power Generation Company Limited (MSPGCL) has been done.</p> <p>Reconciliation of balances of receivables &amp; payables in respect of as on 31<sup>st</sup> March 2020 between the Company and Maharashtra State Electricity Transmission Company Limited (MSETCL) is still in process.</p> <p>Reconciliation of the balances of vendors other than as mentioned above have not been made available to us.</p>  |



|  | <p>Also refer to clause 6(c) of basis of qualification of our audit report relating to differences of intercompany balances.</p> <p>As informed to us and as represented by the management, the main reasons for variation / the items in reconciliation include accounting of Delayed Payment Charges (DPC), Rebate, Charges related to change in law, Capacity Charges, Energy Bills, FAC Bills, Arrears of HT Consumer recovered by MSEDCL not transferred to MSPGCL.</p> <p>In the absence of detailed reconciliation, we are unable to comment on the reasons for differences, as listed above.</p>  |             |        |  |        |  |          |  |          |  |          |                                  |          |
|--|---|-------------|--------|--|--------|--|----------|--|----------|--|----------|----------------------------------|----------|
| <p>3) How much tariff roll back subsidies have been allowed and booked in the accounts during the year? Whether the same is being reimbursed regularly by the State Govt. shortfall if any may be commented?</p>                         | <p>The Government of Maharashtra (GOM) provides concession in rate towards sale of power to certain categories of consumers. During the year, the Company has been allowed the following subsidy against supply power at concessional rate to the specified category of consumers.</p> <p style="text-align: right;">(Rs. in Lakhs)</p> <table border="1" data-bbox="590 873 1370 1232"> <thead> <tr> <th>Particulars</th> <th>Amount</th> </tr> </thead> <tbody> <tr> <td>Opening Balance of Subsidy Receivable as on 01.04.2019</td> <td style="text-align: right;">78,604</td> </tr> <tr> <td><b>Add:</b> Subsidy given to Consumers in FY 2019-20</td> <td style="text-align: right;">8,00,781</td> </tr> <tr> <td></td> <td style="text-align: right;">8,79,345</td> </tr> <tr> <td><b>Less:</b> Subsidy Received / Adjusted up to FY 019-20</td> <td style="text-align: right;">5,69,962</td> </tr> <tr> <td>Closing Balance as on 31.03.2020</td> <td style="text-align: right;">3,09,423</td> </tr> </tbody> </table> | Particulars | Amount | Opening Balance of Subsidy Receivable as on 01.04.2019 | 78,604 | <b>Add:</b> Subsidy given to Consumers in FY 2019-20 | 8,00,781 |  | 8,79,345 | <b>Less:</b> Subsidy Received / Adjusted up to FY 019-20 | 5,69,962 | Closing Balance as on 31.03.2020 | 3,09,423 |
| Particulars  | Amount  |             |        |  |        |  |          |  |          |  |          |                                  |          |
| Opening Balance of Subsidy Receivable as on 01.04.2019   | 78,604  |             |        |  |        |  |          |  |          |  |          |                                  |          |
| <b>Add:</b> Subsidy given to Consumers in FY 2019-20   | 8,00,781  |             |        |  |        |  |          |  |          |  |          |                                  |          |
|  | 8,79,345  |             |        |  |        |  |          |  |          |  |          |                                  |          |
| <b>Less:</b> Subsidy Received / Adjusted up to FY 019-20   | 5,69,962  |             |        |  |        |  |          |  |          |  |          |                                  |          |
| Closing Balance as on 31.03.2020   | 3,09,423  |             |        |  |        |  |          |  |          |  |          |                                  |          |
| <p>4) Report on the efficacy of the system of billing and collection of Revenue in the Company. Further, Whether tamper proof meters have been installed for all consumers? If not then, examine how accuracy of billing is ensured.</p> | <p>As informed and represented to us (and relied upon by us being technical matter):</p> <p>The meters installed for both HT/LT consumers in MSEDCL are as per IS: 13779/199 &amp; 1514697 amended up to date and other relevant IS specifications including CBIP Tech report 104 amended up to date, IEC 62053-21 Specification for AC Static watt-hour meter for class 1&amp;2 IS: 15959/2011 amended up to date for Data Exchange for Electricity Meter Reading, Tariff &amp; Load control- common specification CEA regulations and MERCs guidelines with latest amendments. All the meters have all the anti-tamper features as:</p> <p>1 Accuracy test for Single Phase Meter for phase &amp; Neutral channel for same magnitude of current one by one.</p>   |             |        |  |        |  |          |  |          |  |          |                                  |          |



2. Accuracy test for Single Phase Meter in case of reverse power for phase & Neutral channel for same magnitude of current one by one.
3. Facility to disconnection neutral for all meters physically by connection.
4. CT open, Unbalance and reverse current test for Three Phase Meters
5. PT missing, voltage unbalance and reverse phase sequence, etc

Similarly for recovery of the arrears following actions are taken:

1. The Company prepares monthly collection reports and compares with billing and pursues with field offices for the recovery of outstanding. Special disconnection drives are undertaken for recovery of dues.
2. Various Schemes like PD Amnesty Scheme, Mukhyamantri Krishi Sanjivani Scheme have been launched for recovery of old dues.
3. Bill payment of all HT consumers is accepted through RTGS. All consumers are encouraged to make online payment and different avenues for digital payment like e-wallet, Paytm have been made available to consumers.
4. Company has installed advance technology meters like RF (Radio Frequency) & IR (Infrared) technology to consumers of high revenue pockets. Readings of all IP consumers above 20HP are taken through Meter Reading Instruments. Reading of all HT consumers are taken through AMR (Automatic Meter Reading)
5. Regarding installation of tamper proof meters, MS&DCL has approx.257 Lakhs consumers out which approx. 242 Lakhs consumers are metered and all meters are tamper proof. Only approx. 15 Lakhs consumers are under unmetered agriculture (AG) category.
6. The following method is adapted for billing of unmetered AG sale of Low Tension (LT) unmetered Ag consumer.
  - a) At the end of quarter, IT section computes quarterly Sub- division wise kwh/HP Indices units
  - b) While computing kwh/HP norm, only the consumers with NORMAL meter status having progressive reading (negative and zero consumption excluded) will be considered.



|   |  |
|---|--|
|   | <p>c) Consumption of consumers having consumption greater than 224 kWh/hp/month will be CAPPED to 224kWh/hp/month</p> <p>d) Rationale behind CAP of 224 kwh/HP/Month is Maximum 3000 Running hours per year and 300 days of operation = 3000 / 300 = 10 Hours per day 0.746 kw(1hp) X 10 Hrs X 30 days = 224 kWh / HP/Month</p> <p>e) This Subdivision wise kwh/HP Index computed will be used to compute quarterly consumption of unmetered agriculture consumers in subdivision. The method is approved by MERC.</p> <p>7. For arresting losses Distribution Transformer Centre wise, feeder wise energy audit is carried out at different level and necessary action is being taken to reduce energy losses and improve billing efficiency.</p> <p>8. Dashboard web page is created on which daily updates regarding the Demand/recovery arrears position can be division wise seen (Link:-<a href="http://www.mahadiscom.in/dashboard">www.mahadiscom.in/dashboard</a>).</p> <p>It was observed that in respect of tamper proof meters acquired and installed in earlier years, there were certain instances where meters installed were found defective. The Company has taken legal action against the suppliers for the defective supplies. In the absence of adequate information/details, we are unable to comment whether these defective meters have been replaced.</p> |
| 5) Whether Profit and Loss mentioned in Audit report is as per Profit and loss statement of the Company.  | Amount of Profit / Loss is not required to be mentioned in the audit report. However, our audit report is with reference to the Profit as per the Statement of Profit & Loss forming part of the Standalone Financial Statements.  |
| 6) Whether the Company recovers Fuel and Power Purchase Adjustment Cost (FPPCA) and accounts for as approved by the Maharashtra Electricity Regulatory Commission (MERC)? | As per information and explanations provided to us, the Company calculates monthly Fuel Adjustment Cost (FAC) and recovers the same from the consumers. The same is accounted as revenue from consumers. The quarterly statement of FAC to be recovered is sent to MERC for vetting and post facto approval.   |



|  |   |
|--|---|
| 7) Whether the Liabilities and other financial implications arising due to implementation of UDAY (Ujwal Discom Assurance Yojana) have been correctly accounted for may be examined. | As per the information and explanations provided to us, read together with our observations stated in the audit report, the liabilities and other financial implications arising due to implementation of UDAY Scheme have been correctly accounted for. Also refer Note No. 36(23) to Standalone Financial Statements regarding accounting of UDAY Scheme. |
| 8) Examine whether the provisions of the Companies Act were followed w.r.t to reporting and disclosures of CSR activities.   | As stated in Note 36(33), the amount required to be spent towards CSR activities during the FY 2019-20 as approved by the CSR Committee is Rs.1,726 Lakhs. The Company has not spent any amount towards CSR activities during the FY 2019-20.   |

For C N K & Associates LLP  
Chartered Accountants  
FRN-101961W/W-100036

For Shah & Taparia  
Chartered Accountants  
FRN-109463W

For Kalyaniwalla & Mistry LLP  
Chartered Accountants  
FRN - 104607W/W100166



*Diwakar Sapre*  
CA. Diwakar Sapre

Partner  
M. No. 040740  
UDIN:20040740AAAACH9254  
Place: Mumbai  
Date: 11<sup>th</sup> December, 2020

*Bharat Joshi*

CA. Bharat Joshi

Partner  
M. No. 130863  
UDIN:20130863AAAAIQ7355

*D. Sai*

CA. Sai Venkata Ramana  
Damarla  
Partner

M. No. 107017  
UDIN:20107017AAAEEJ3299





| PARTICULARS                                  | NOTE NO | AS AT 31-MAR-20      | AS AT 31-MAR-19      |
|--|---------|----------------------|----------------------|
| <b>1 ASSETS</b>                              |         |                      |                      |
| <b>1 NON-CURRENT ASSETS</b>                  |         |                      |                      |
| (a) Property, plant and equipment            | 3       | 6,240,772.41         | 6,103,790.87         |
| (b) Right to use of asset                    | 3       | 11,569.31            | -                    |
| (c) Capital work-in-progress                 |         | 473,388.67           | 327,629.16           |
| (d) Intangible assets                        | 3A      | 206.05               | 441.31               |
| (e) Intangible assets under development      |         | 1,153.86             | 1,153.86             |
| (f) Financial assets                         |         |                      |                      |
| (i) Investments                              | 4       | 31,369.80            | 18,572.57            |
| (ii) Loans                                   | 5       | -                    | -                    |
| (iii) Other financial assets                 | 6       | 83,367.69            | 72,985.30            |
| (g) Non-Current Tax Assets (Net)             | 7       | 5,132.85             | 5,114.52             |
| (h) Other non-current assets                 | 8       | 38,583.53            | 42,972.05            |
| <b>TOTAL NON-CURRENT ASSETS</b>              |         | <b>6,885,544.17</b>  | <b>6,572,559.64</b>  |
| <b>2 CURRENT ASSETS</b>                      |         |                      |                      |
| (a) Inventories                              | 9       | 51,059.39            | 37,096.72            |
| (b) Financial assets                         |         |                      |                      |
| (i) Trade receivables                        | 10      | 3,945,989.26         | 3,006,095.48         |
| (ii) Cash and Bank Balances                  | 11      | 237,629.95           | 122,609.17           |
| (iii) Loan                                   | 12      | 33,657.08            | 34,798.96            |
| (iv) Other financial assets                  | 13      | 788,560.26           | 986,097.19           |
| (c) Other current assets                     | 14      | 20,131.88            | 19,516.65            |
| <b>TOTAL CURRENT ASSETS</b>                  |         | <b>5,077,027.82</b>  | <b>4,206,214.17</b>  |
| <b>TOTAL ASSETS BEFORE REGULATORY ASSETS</b> |         | <b>11,962,571.99</b> | <b>10,778,773.81</b> |
| Regulatory Assets                            | 36(7)   | 1,743,034.63         | 898,373.63           |
| <b>TOTAL ASSETS AFTER REGULATORY ASSETS</b>  |         | <b>13,705,606.62</b> | <b>11,677,147.44</b> |
| <b>1 EQUITY &amp; LIABILITIES</b>            |         |                      |                      |
| <b>1 EQUITY</b>                              |         |                      |                      |
| (a) Equity Share Capital                     | 15      | 4,772,398.49         | 4,761,431.99         |
| (b) Other Equity                             | 16      | (2,559,177.12)       | (2,580,249.48)       |
| <b>TOTAL EQUITY</b>                          |         | <b>2,212,921.37</b>  | <b>2,181,182.51</b>  |
| <b>2 NON-CURRENT LIABILITIES</b>             |         |                      |                      |
| (a) Financial Liabilities                    |         |                      |                      |
| (i) Borrowings                               | 17      | 2,875,191.05         | 2,317,133.34         |
| (ii) Other financial liabilities             | 18      | 893,361.49           | 924,097.67           |
| (b) Provisions                               | 19      | 414,589.27           | 367,668.24           |
| (c) Other non-current liabilities            | 20      | 936,164.81           | 910,906.35           |
| <b>TOTAL NON-CURRENT LIABILITIES</b>         |         | <b>5,119,296.62</b>  | <b>4,527,805.60</b>  |
| <b>3 CURRENT LIABILITIES</b>                 |         |                      |                      |
| (a) Financial Liabilities                    |         |                      |                      |
| (i) Borrowings                               | 21      | 497,935.51           | 457,853.51           |
| (ii) Trade payables                          |         |                      |                      |
| Micro, Small and Medium Enterprises          | 36(13)  |                      |                      |
| Others                                       | 22      | 2,171,096.12         | 1,773,888.91         |
| (iii) Other financial liabilities            | 23      | 2,732,930.48         | 2,032,175.79         |
| (b) Provisions                               | 24      | 618,672.14           | 427,875.09           |
| (c) Other Current Liabilities                | 25      | 341,548.68           | 251,329.91           |
| (d) Current Tax Liabilities (Net)            | 26      | 11,205.70            | 24,936.12            |
| <b>TOTAL CURRENT LIABILITIES</b>             |         | <b>6,373,388.63</b>  | <b>4,968,159.33</b>  |
| <b>TOTAL LIABILITIES</b>                     |         | <b>11,492,685.25</b> | <b>9,495,964.93</b>  |
| <b>TOTAL EQUITY AND LIABILITIES</b>          |         | <b>13,705,606.62</b> | <b>11,677,147.44</b> |

See accompanying notes to the Financial Statement.

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As per our Report of even date

For and on behalf of the Board

For CNK & Associates LLP  
Chartered Accountants  
(FRN : 101961W/W100036)

(CA Dhwanir Sapre)  
Partner (ICAI M.No. 040740)

For Shah & Taparia  
Chartered Accountants  
(FRN : 109962W)

(CA Bharat Joshi)  
Partner (ICAI M.No. 180863)

For Kalyaniwale & Mistry LLP  
Chartered Accountants  
(FRN : 104607W/W100166)

(CA Sri Venkata Ramana Damarla)  
Partner (ICAI M.No. 107017)

Place : Mumbai  
Date : 11.12.2020



Ravindra Sawant  
Director (Finance)  
DIN No. 8778424

Swati Vyavahare  
Executive Director (F & A)

Neeta Vernekar  
Chief General Manager (CA) (In Charge)

Place : Mumbai  
Date : 11.12.2020

Er. Aseem Kumar Gupta  
Chairman and Managing Director  
DIN No. 02607016

Anjali Gudekar  
Company Secretary  
M.No. ACS19937

**MAHARASHTRA STATE ELECTRICITY DISTRIBUTION COMPANY LIMITED**  
**STANDALONE STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MAR 31, 2020**

(₹ in Lakhs)

| PARTICULARS  | NOTE NO       | FOR THE YEAR ENDED<br>31-MAR-20 | FOR THE YEAR ENDED<br>31-MAR-19 |
|--|---------------|---------------------------------|---------------------------------|
| <b>Revenue</b>   |               |                                 |                                 |
| Revenue from Operations  | 27            | 7,376,144.40                    | 7,321,056.61                    |
| Other Income   | 28            | 844,343.81                      | 1,238,484.01                    |
| <b>Total Revenue</b>   |               | <b>8,220,488.21</b>             | <b>8,559,550.62</b>             |
| <b>Expenses:</b>   |               |                                 |                                 |
| Purchase of Power  | 29            | 6,885,039.12                    | 6,342,583.91                    |
| Employee Benefit Expenses  | 30            | 518,614.31                      | 462,672.73                      |
| Repairs and maintenance  | 31            | 85,187.23                       | 76,489.33                       |
| Administration and General Expenses                                    | 32            | 65,970.63                       | 77,078.49                       |
| Finance Expenses   | 33            | 487,116.43                      | 483,256.90                      |
| Depreciation and Amortisation  | 34            | 307,035.73                      | 294,506.83                      |
| Other Expenses   | 35            | 672,283.48                      | 642,292.38                      |
| <b>Total Expenses</b>  |               | <b>9,021,246.93</b>             | <b>8,378,880.57</b>             |
| <b>Profit/(loss) Before Regulatory Income / (Expense) &amp; Tax</b>    |               | <b>(800,758.72)</b>             | <b>180,670.05</b>               |
| <b>Add / (Less): Regulatory Income / (Expense)</b>                     | <b>36 (7)</b> | <b>844,661.00</b>               | <b>(49,500.00)</b>              |
| <b>Profit/(loss) Before Tax</b>  |               | <b>43,902.28</b>                | <b>131,170.05</b>               |
| <b>Tax expense:</b>  |               |                                 |                                 |
| Current Tax  |               |                                 |                                 |
| Current Year   | 36(11)        | 13,180.42                       | -                               |
| Earlier Year   | 36(11)        | -                               | 21,507.63                       |
| Deferred Tax   | 36(11)        | -                               | -                               |
| <b>Total Tax Expenses</b>  |               | <b>13,180.42</b>                | <b>21,507.63</b>                |
| <b>Profit/(loss) for the year</b>                                      |               | <b>30,721.86</b>                | <b>109,662.42</b>               |
| <b>Other Comprehensive Income</b>                                      |               |                                 |                                 |
| i) Items that will not be reclassified to Profit and loss              |               |                                 |                                 |
| Remeasurement of defined benefit plans                                 | 36(10)        | (12,055.62)                     | (25,088.94)                     |
| Tax relating to Items that will not be reclassified to Profit and loss |               | 2,106.12                        | -                               |
| ii) Items that will be reclassified to Profit and loss                 |               |                                 |                                 |
| Tax relating to Items that will be reclassified to Profit and loss     |               | -                               | -                               |
| <b>Other Comprehensive Income for the year (net of tax)</b>            |               | <b>(9,949.50)</b>               | <b>(25,088.94)</b>              |
| <b>Total Comprehensive Income for the year</b>                         |               | <b>20,772.36</b>                | <b>84,573.48</b>                |


See accompanying notes to the Financial Statement

1-36

As per our Report of even date

For and on behalf of the Board

For C N K & Associates LLP  
Chartered Accountants  
(FRN : 101961W/W100036)


  
(CA Diwakar Sapre)  
Partner (ICAI M.No. 040740)



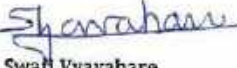
  
Ravindra Sawant  
Director (Finance)  
DIN No. 8778424

  
Er. Aseemkumar Gupta  
Chairman and Managing Director  
DIN No. 02607016

For Shah & Taparia  
Chartered Accountants  
(FRN : 109463W)

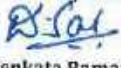
  
(CA Bharat Joshi)  
Partner (ICAI M.No.130863)



  
Swati Vyavahare  
Executive Director (F & A)

  
Anjali Gudekar  
Company Secretary  
M.No. ACS19937

For Kalyaniwala & Mistry LLP  
Chartered Accountants  
(FRN : 104607W/W100166)

  
(CA Sai Venkata Ramana Damaria)  
Partner (ICAI M.No.107017)



  
Neeta Vernekar  
Chief General Manager (CA) (In Charge)

Place : Mumbai  
Date : 11.12.2020

Place : Mumbai  
Date : 11.12.2020

**STATEMENT OF CHANGES IN EQUITY OF FOR THE YEAR ENDED MARCH 31, 2020**

**I. EQUITY SHARE CAPITAL**

| PARTICULARS                     | NO OF SHARES   | ₹ in Lakhs   |  |
|---------------------------------|----------------|--------------|--|
|                                 |                | Amount       |  |
| As at 31.03.2018                | 47,245,254,904 | 4,724,525.49 |  |
| Changes in Equity share capital | 369,065,000    | 36,906.50    |  |
| As at 31.03.2019                | 47,614,319,904 | 4,761,431.99 |  |
| Changes in Equity share capital | 109,665,000    | 10,966.50    |  |
| As at 31.03.2020                | 47,723,984,904 | 4,772,398.49 |  |

**II. OTHER EQUITY**

| PARTICULARS                             | RESERVES & SURPLUS                       |                   | ITEMS OF OTHER COMPREHENSIVE INCOME (OCI) | TOTAL OTHER EQUITY |
|---|--|-------------------|---|--------------------|
|   | STATUTORY RESERVE [REFER NOTE NO.36(26)] | RETAINED EARNINGS |   |                    |
| As at 31.03.2018                        | 57,700.00                                | (2,688,736.38)    | (33,786.60)                               | (2,664,822.98)     |
| Profit or loss for the year             |  | 109,662.42        |   | 109,662.42         |
| Other comprehensive income for the year |  |                   | (25,088.94)                               | (25,088.94)        |
| As at 31.03.2019                        | 57,700.00                                | (2,579,073.94)    | (58,875.54)                               | (2,580,249.48)     |
| Profit or loss for the year             |  | 30,721.86         |   | 30,721.86          |
| Other comprehensive income for the year |  |                   | (9,949.50)                                | (9,949.50)         |
| As at 31.03.2020                        | 57,700.00                                | (2,548,352.08)    | (68,825.04)                               | (2,559,477.12)     |

As per our Report of even date

For and on behalf of the Board

For CN K & Associates LLP

Chartered Accountants

(FRN : 101961W/W100036)

(CA Diwakar Sapre)

Partner (ICAI M.No. 040240)

For Shah & Taparia

Chartered Accountants

(FRN : 109463W)

(CA Bhadrachari)

Partner (ICAI M.No. 130863)

For Kalyaniwala & Mistry LLP

Chartered Accountants

(FRN : 104697W/W100166)

(CA Sai Venkata Ramana Damarla)

Partner (ICAI M.No. 107017)

Place : Mumbai

Date : 11.12.2020

For and on behalf of the Board

Er. Assekumar Gupta

Chairman and Managing Director

DIN No. 02607016

Er. Assekumar Gupta

Chairman and Managing Director

DIN No. 02607016

Anjali Gudekar

Company Secretary

M.No. ACS19937

Swati Vyavahare

Executive Director (F & A)

Neeta Vernekar

Chief General Manager (CA) (In Charge)

Place : Mumbai

Date : 11.12.2020



| PARTICULARS  | (₹ in Lakhs)                    |                                 |
|--|---------------------------------|---------------------------------|
|  | FOR THE YEAR ENDED<br>31-MAR-20 | FOR THE YEAR ENDED<br>31-MAR-19 |
| <b>A. Cash Flow From Operating Activities</b>  |                                 |                                 |
| Net Profit/(Loss) before Tax and before regulatory deferral account balance                  | (800,758.72)                    | 180,670.05                      |
| Add: Net movement in regulatory deferral account balance                                     | 944,661.00                      | (49,500.00)                     |
| Net Profit/(Loss) before Tax (including net movement in regulatory deferral account balance) | 143,902.28                      | 131,170.05                      |
| Adjustments for:   |                                 |                                 |
| Depreciation and amortisation expenses   | 297,035.73                      | 294,506.83                      |
| Finance Costs  | 483,127.09                      | 479,610.83                      |
| Expected Credit Loss (Trade Receivable)  | 325,842.88                      | 215,264.93                      |
| Expected Credit Loss (Loans & Advances)  | (414.19)                        | 3,796.66                        |
| Provision for Employee advances  | -                               | 1,980.51                        |
| Amortisation of premium on investment  | 10.66                           | 9.92                            |
| Interest Income  | (2,196.70)                      | (1,761.45)                      |
| Interest on Lease Liability  | 1,433.80                        | -                               |
| Regulatory Deferral Account Balance  | (844,661.00)                    | 49,500.00                       |
| Provision for Interest on Income Tax   | 2,555.54                        | 3,646.87                        |
| Profit on sale of asset  | (924.92)                        | -                               |
| <b>Operating Profit before Changes in Working Capital (Sub Total - (I))</b>                  | <b>315,709.17</b>               | <b>1,177,710.35</b>             |
| <b>Movements in Working Capital</b>  |                                 |                                 |
| (Increase) / Decrease in Other current assets  | 4,388.52                        | (3,458.25)                      |
| (Increase) / Decrease in Inventories   | (13,962.67)                     | 12,277.64                       |
| (Increase) / Decrease in Trade Receivables   | (1,265,736.66)                  | (378,449.43)                    |
| (Increase) / Decrease in Other long term financial assets                                    | (10,482.39)                     | (4,975.62)                      |
| (Increase) / Decrease in Other short term financial assets                                   | 198,275.55                      | (253,622.39)                    |
| (Increase) / Decrease in Other assets  | (615.23)                        | 4,425.30                        |
| Increase / (Decrease) in Trade Payables  | 397,207.21                      | (529,435.26)                    |
| Increase / (Decrease) in financial liabilities   | 626,588.88                      | (592,929.96)                    |
| Increase / (Decrease) in Other financial liabilities   | (30,716.18)                     | 203,580.11                      |
| Increase / (Decrease) in Provisions  | 225,532.46                      | 241,801.02                      |
| Increase / (Decrease) in Other long term liabilities   | 17,258.46                       | 88,972.02                       |
| Increase / (Decrease) in Other short term liabilities  | 90,218.77                       | 47,062.27                       |
| <b>Sub Total - (II)</b>  | <b>237,965.92</b>               | <b>(1,164,750.82)</b>           |
| <b>Total (I)+(II)</b>  | <b>553,675.09</b>               | <b>12,967.53</b>                |
| Less: Direct Taxes paid  | 27,379.59                       | 309.51                          |
| <b>Net Cash from Operating Activities (A)</b>  | <b>526,295.50</b>               | <b>12,658.02</b>                |
| <b>B. Cash Flow From Investing Activities</b>  |                                 |                                 |
| Purchase of Property, Plant & Equipment & Intangible Assets, CWIP                            | (585,752.16)                    | (948,090.10)                    |
| Right of use asset   | (15,425.74)                     | -                               |
| Purchase of Investment   | (12,807.89)                     | -                               |
| Sale of Property, Plant & Equipment  | 992.01                          | 1,721.90                        |
| Sale of Investment   | -                               | 650.00                          |
| Other bank Balances (Ear marked deposits)  | 18,509.48                       | (43,765.66)                     |
| Loan Given   | (1,198.38)                      | (306.16)                        |
| Receipt of Loans Given   | 2,754.45                        | 155.34                          |
| Interest received  | 1,460.08                        | 1,432.43                        |
| <b>Net Cash generated from / (used in) Investing Activities (B)</b>                          | <b>(599,468.18)</b>             | <b>(988,222.85)</b>             |
| <b>C. Cash Flow From Financing Activities</b>  |                                 |                                 |
| Proceeds from issue of shares  | 10,966.50                       | 36,066.50                       |
| Proceeds from long term Borrowings   | 1,074,009.81                    | 2,339,227.37                    |
| Repayment of long term Borrowings  | (516,752.89)                    | (1,791,797.26)                  |
| Proceeds from short Borrowings   | 3,412,000.00                    | 3,175,500.00                    |
| Repayment of short term Borrowings   | (3,371,918.00)                  | (3,166,958.67)                  |
| Finance Cost paid  | (405,674.51)                    | (354,194.06)                    |
| Repayment of lease liabilities   | (4,719.77)                      | -                               |
| <b>Net Cash from Financing Activities (C)</b>  | <b>198,711.94</b>               | <b>439,643.88</b>               |
| <b>Net Increase / (Decrease) in Cash and Cash Equivalents (A + B + C)</b>                    | <b>125,539.26</b>               | <b>(36,060.95)</b>              |
| Cash and cash equivalents at the beginning of the year                                       | 43,095.93                       | 79,095.88                       |
| <b>Cash and cash equivalents at the end of the year</b>                                      | <b>168,626.19</b>               | <b>43,095.93</b>                |

| Details of cash and cash equivalents at the end of the year: |  |                   |                  |
|--|--|-------------------|------------------|
| Cash and cash equivalents as on                              |  |                   |                  |
| Balances with Banks  |  |                   |                  |
| - on current accounts  |  | 168,478.00        | 42,504.46        |
| Cheques, drafts on hand                                      |  | 30.52             | 45.13            |
| Cash on hand   |  | 91.82             | 30.28            |
| Cash with collection Centres                                 |  | 25.95             | 526.09           |
| <b>Cash and cash equivalents at the end of the year</b>      |  | <b>168,626.19</b> | <b>43,095.93</b> |

| Particulars                       | For the year ended 31.03.2020 |                        |                   | For the year ended 31.03.2019 |                        |                   |
|-----------------------------------|-------------------------------|------------------------|-------------------|-------------------------------|------------------------|-------------------|
|                                   | Borrowings- Long term         | Borrowings- Short term | Lease Liabilities | Borrowings- Long term         | Borrowings- Short term | Lease Liabilities |
| Opening Balance as at 1st April   | 457,853.51                    | -                      | -                 | 1,569,703.75                  | 440,352.18             | -                 |
| Cash Flows during the year        | 558,057.72                    | 40,082.00              | 11,785.60         | 685,168.24                    | 9,501.33               | -                 |
| Non Cash change due to:           |                               |                        |                   |                               |                        |                   |
| Current/ Non Current Distinctions |                               |                        | 3240.14           | 62241.34                      |                        |                   |
| Closing Balance as at 31st March  | <b>1,015,911.23</b>           | <b>40,082.00</b>       | <b>18,025.74</b>  | <b>2,317,333.33</b>           | <b>45,783.51</b>       | <b>-</b>          |

Note: 1. Figures in negative are outflow/ deductions.  
 2. The above cash flows include Rs. Nil towards Corporate Social Responsibility (CSR) activities (refer Note no. 36 (33))

As per our Report of even date

For and on behalf of the Board

For CNR & Associates LLP  
Chartered Accountants  
(PIN: ID1961W/W100036)

*[Signature]*  
(CA Divakar Sapru)  
Partner (ICAI M.No. 040740)

For Shah & Taparia  
Chartered Accountants  
(PIN: 280631W)

*[Signature]*  
(CA Anand Sapru)  
Partner (ICAI M.No. 136808)

For Rajyan Wila & Nistry LLP  
Chartered Accountants  
(PIN: 104607W/W100166)

*[Signature]*  
(CA Sai Venkata Raghava Damarla)  
Partner (ICAI M.No. 107017)

Place: Mumbai  
Date: 11.12.2020

*[Signature]*  
Ravindra Swant  
Director (Finance)  
DIN No. 8778474

*[Signature]*  
Swati Vyavahare  
Executive Director (F&A)

*[Signature]*  
Neeta Vernekar  
Chief General Manager (CA) (In Charge)

Place: Mumbai  
Date: 11.12.2020

*[Signature]*  
Er. Aseem Kumar Gupta  
Chairman and Managing Director  
DIN No. 02607916

*[Signature]*  
Anjali Gudekar  
Company Secretary  
M.No. ACS19937

**NOTE NO 1****CORPORATE INFORMATION**

**Maharashtra State Electricity Distribution Company Limited** (CIN: U40109MH2005SGC153645)

Maharashtra State Electricity Distribution Company Limited (MSEDCL / the Company), 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 Company is a wholly owned subsidiary of MSEB Holding Company Limited (the Holding Company)

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 Mahavitran or Mahadiscom, is one of the largest public sector Company and is engaged in the business of electricity distribution. MSEDCL's distribution network is divided in 4 Regions, 16 zones, 52 circles, 186 divisions, 716 sub divisions and 34 IT Centres catering services to around 278 lakhs (P.Y. 266 Lakhs) consumers.

**NOTE NO 2****SIGNIFICANT ACCOUNTING POLICIES****1. Basis of preparation and Presentation:**

The Company's Financial Statements have been prepared in accordance with the provisions of the Companies Act, 2013, the Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 issued by Ministry of Corporate Affairs in respect of sections 133 read with section 469 of the Companies Act, 2013 (18 of 2013) and considering the principles determined / applied by the Maharashtra Electricity Regulatory Commission (MERC) while determining tariff, to the extent applicable for accounting.

These Financial Statements include the balance sheet, the statement of profit and loss, the statement of changes in equity and the statement of cash flows and notes, comprising a summary of significant accounting policies and other explanatory information and comparative information in respect of the preceding period.



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The Company's presentation currency and functional currency is Indian Rupees (Rs.). All figures appearing in the Financial Statements are rounded to the nearest lakhs (Rs. Lakhs), except where otherwise indicated.

**2. Classification of Assets and liabilities:**

The Company presents assets and liabilities in the balance sheet based on current / non-current classification. An asset is treated as current when it is:

- expected to be realised or intended to be sold or consumed in normal operating cycle,
- held primarily for the purpose of trading,
- expected to be realised within twelve months after the reporting period, or
- cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- it is expected to be settled in normal operating cycle,
- it is held primarily for the purpose of trading,
- it is due to be settled within twelve months after the reporting period, or
- there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

All assets and liabilities have been classified as current or non-current based on the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. Deferred tax assets and liabilities are classified as non-current on net basis.

The Company is governed by the Electricity Act, 2003. The provisions of the Electricity Act, 2003 read with the rules made there under prevails wherever the same are inconsistent with the provisions of Companies Act 2013 to the extent applicable, in terms of section 174 of the Electricity Act, 2003.

**3. Use of estimates and judgements:**

The preparation of the Company's Financial Statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenue, expenses, assets, liabilities and the accompanying disclosures along with contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require material adjustments to the carrying amount of assets or liabilities affected in future periods. The Company continually evaluates these estimates and assumptions based on the most recently available information.



In particular, information about significant areas of estimates and judgments in applying accounting policies that have the most significant effect on the amounts recognized in the Financial Statements are as below:

- Estimates of useful lives and residual value of Property, Plant and Equipment and intangible assets;
- Impairment of non-financial assets;
- Revenue recognition
- Fair value measurements of Financial Instruments;
- Valuation of inventories;
- Measurement of recoverable amounts of cash-generating units;
- Measurement of Defined Benefit Obligation, key actuarial assumptions;
- Provisions and Contingencies;
- Evaluation of recoverability of deferred tax assets;
- Operating lease commitments
- Regulatory Assets

Revisions to accounting estimates are recognized prospectively in the Financial Statements in the period in which the estimates are revised and in any future periods affected.

#### 4. Financial Instruments:

Financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

##### **Initial Recognition:**

The Company recognises financial assets and financial liabilities when it becomes a party to a contractual provision of the instruments. All financial assets and liabilities are recognised as fair value on initial recognition. Transaction costs that are directly attributable to the acquisition or issue of financial assets and liabilities that are not at fair value through profit or loss are added / deducted as appropriate to fair value on initial recognition. Transaction cost related to acquisition of financial assets and financial liabilities that are fair valued through profit and loss are recognised in Statement of profit and loss.



**a) Financial Assets:**

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

**i. Financial assets at amortised cost**

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

**ii. Financial assets at fair value through other comprehensive income**

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flow and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flow that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition, the Company makes an irrevocable election on an instrument-by-instrument basis to present the subsequent changes in fair value in other comprehensive income pertaining to investments in equity instruments, other than equity investment which are held for trading. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the 'Reserve for equity instruments through other comprehensive income'. The cumulative gain or loss is not reclassified to profit or loss on disposal of the investments.

**iii. Financial assets at fair value through profit or loss (FVTPL)**

Investments in equity instruments are classified as at FVTPL, unless the Company irrevocably elects on initial recognition to present subsequent changes in fair value in other comprehensive income for investments in equity instruments which are not held for trading.

Other financial assets are measured at fair value through profit or loss unless it is measured at amortized cost or at fair value through other comprehensive income on initial recognition. The transaction costs directly attributable to the acquisition of financial assets and liabilities at fair value through profit or loss are immediately recognised in profit or loss.





For Trade receivables and Other receivable maturing within one year from the Balance sheet date, the carrying amounts approximates the fair value to the short maturity of these instruments and are hence, stated at cost.

EIR is not calculated for interest bearing Financial Assets, which carry market rates bearing interest rates that are subject to reset / change on time to time basis.

**iv. Investment in Subsidiary, Joint Ventures and Associates:**

Investments in subsidiaries, joint ventures and associates are carried at cost in accordance with Ind AS 27 Separate Financial Statements. These are tested for impairment.

**v. Impairment of Financial Asset:**

The Company had recognised Expected Credit Loss (ECL) on Trade receivables and other financial assets.

Trade receivables are categorised into four categories for computing ECL viz. 1) Government authorities/bodies, 2) Permanent Disconnected consumers, 3) Agricultural consumers and 4) Regular. Based on past experience, practical expedient, segmentation of customers and their aging profile, credit loss is calculated on Trade Receivables including interest. Security deposit available with the Company is reduced on individual customer basis.

The ECL on other receivables and receivables from Group companies are provided to the extent of Time loss only.

**vi. De-recognition:**

A financial asset is primarily derecognized when the rights to receive cash flows from the asset have expired, or the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass-through arrangement; and with a) the Company has transferred substantially all the risks and rewards of the asset, or b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

**b) Financial liabilities:**

**i. Equity instruments**

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

**ii. Financial liabilities:**

**Subsequent measurement**



Financial liabilities are subsequently carried at amortised cost using the Effective Interest Rate (EIR) method, except for those which are measured at fair value through profit & loss. For Trade & other payables maturing within one year from the Balance sheet date, the carrying amounts approximates fair value due to the short maturity of these instruments and are hence, carried at cost. The Company classifies all Borrowings as subsequently measured at "Amortised Cost"

EIR is not calculated for interest bearing Financial Liabilities, which carry market rate bearing interest rates that are subject to reset/change on time to time basis.

### iii. De-recognition:

Financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

### c) Offsetting of financial instruments:

Financial assets and financial liabilities are offset and the net amount is reported in the Balance Sheet, if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

## 5. Revenue Recognition:

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services.

### a) Sale of Power:

- i. Revenue is recognised to the extent that it is probable that economic benefit will flow to the Company and that the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated rebates and other similar allowances.
- ii. Revenue from Sale of Power is accounted for on the basis of demand bills raised on consumers at Tariff rates approved by the Maharashtra Electricity Regulatory Commission (MERC), inclusive of Fuel Adjustment Cost, if any.
- iii. Unbilled revenue accrued up to the end of the financial year is accounted in the books of accounts on estimation basis and includes FAC (Fuel Adjustment Cost), if any.
- iv. Bills raised for theft of energy, under section 135 and for unauthorised use of power under section 126 of Electricity Act 2003, whether on consumer or outsiders are recognised in full as soon as assessment is received from the competent authority of the Company.



- v. Revenue on account of Delayed Payment Surcharge (DPS) is recognised on accrual basis. Interest from consumers is recognised on principal arrears amount pertaining to last 2 years only. Interest on arrears more than 2 years is recognised on receipt basis instead of accrual basis.

**b) Other Operating Income and Other Income:**

**i. Regulatory Income/Expenses:**

The tariff of the Company is regulated by MERC. The Regulatory Assets/Liabilities are being accounted based on principles laid down under Tariff Regulations / Tariff orders as notified by MERC. The recognition of Regulatory Assets/Liabilities is as per Ind AS 114 "Regulatory Deferral Accounts". Any adjustments that may arise on Annual Performance Review / Mid-Term Review by MERC under Multi-Year Tariff Regulations are made after completion of such review.

- ii. Sale of scrap is recognised on realisation except scrap sale at the time of transformer repairing, which is accounted on accrual basis.
- iii. Interest income on Non-current investments is accounted on accrual basis, using Effective Interest Rate (EIR) method. Interest Income other than Non-current Investments is accounted on accrual basis.
- iv. Dividend income is accounted for when the right to receive income is established.
- v. Interest Subsidy under National Electricity Fund (NEF) scheme on interest paid on long term loan is recognised in the year of approval.

**6. Government Grant and Consumer Contribution:**

Government grants are not recognised until there is reasonable assurance that the Company will comply with the conditions attaching to them and that the grant will be received.

Government grants relating to income are determined and recognised in the profit and loss over the period they are intended to compensate and presented within other income.

Government grants relating to the purchase of property, plant and equipment are presented as Capital Grant in financial statements and are credited to profit and loss in a systematic manner over the expected life of the related assets and presented within other income.

Consumer Contributions relating to the purchase/ construction of property, plant and equipment are credited to profit and loss in a systematic manner.



**7. Property, Plant and Equipment (PPE):**

- a) Freehold lands are carried at cost.
- b) PPE is recognized when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. PPE is stated at cost net of tax/duty credits availed, if any, less accumulated depreciation and cumulative impairment. Specific know-how fees paid, if any, relating to plant & equipment is treated as a part of cost thereof. Cost includes purchase price and any attributable cost of bringing the asset to its working condition for its intended use and for qualifying assets, borrowing costs capitalised in accordance with the Company's accounting policy.
- c) For transition to Ind AS, the carrying value of PPE under previous GAAP as on April 1, 2015 is regarded as its cost.
- d) Inventories with useful life for more than one year are accounted as PPE as per Ind AS 16.
- e) Derecognition

An item of Property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipments is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the statement of profit and loss.

**8. 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 on the addition to Work in Progress during the year based on the average interest rate applicable to the loan.
- c) Claims for Price Variation in case of contracts are accounted for on acceptance by the Company.

**9. Depreciation / Amortisation:**

**Property, Plant and Equipment:**

- a) The Company has estimated the useful life of an item of Property Plant and Equipment based on a techno-commercial evaluation. This estimation includes the pattern of usage of the Property Plant and Equipment item. Accordingly, the Company provides depreciation on straight line method to the extent of 90% of the cost of asset except for temporary erections which is provided at 100% in same year in which the assets are accounted for.



- b) The present estimation is similar to the method used by MERC to determine tariff through MERC (Multi Year Tariff) Regulations 2015.
- c) The rates of Depreciation applied are as under:

| Assets Group            | Rate (%) |
|-------------------------|----------|
| Leasehold Land          | 3.34     |
| Buildings               | 3.34     |
| Hydraulic Works         | 5.28     |
| Other Civil Works       | 3.34     |
| Plant & Machinery       | 5.28     |
| Lines & Cable Networks  | 5.28     |
| Communication Equipment | 6.33     |
| Vehicles                | 9.50     |
| Furniture & Fixtures    | 6.33     |
| Office Equipment        | 6.33     |
| IT Equipment            | 15.00    |
| Other Assets            | 5.28     |

- d) In case of Assets whose depreciation has not been charged upto 70% after its commissioning, Company charges depreciation at the rates prescribed above till the end of such year in which the accumulated depreciation reaches upto 70%. After attainment of 70% accumulated depreciation, the Company charges depreciation on the basis of remaining useful life upto 90% of the cost of asset in terms of the requirement of the MERC (Multi Year Tariff) Regulations 2015.
- e) Depreciation on addition/deletions of assets during the year is provided on pro-rata basis.
- f) The assets costing Rs.5000/- or less individually are depreciated at 100% in the year they are put to use.

#### 10. Intangible Assets:

Intangible assets are carried at cost net of accumulated amortization and accumulated impairment losses, if any. Internally generated intangibles, excluding development costs, are not capitalised and the related expenditure is reflected in Statement of Profit and Loss in the period in which the expenditure is incurred. Development costs are capitalised if technical and commercial feasibility of the project is demonstrated and future economic benefits are probable.

Intangible assets are amortised over the contract or warranty period whichever is longer and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation expense on intangible assets and impairment loss is recognised in the statement of Profit & Loss.

The Company has chosen the carrying value of Intangible Assets existing as per previous GAAP as on date of transition to Ind AS i.e. 1st April 2015 as deemed cost.



**11. Impairment of Non-Financial Assets:**

Non-financial assets are reviewed at each Balance Sheet date to determine whether there is any indication of impairment.

If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

**12. Inventories:**

Inventories having useful life upto one year are valued at lower of weighted average cost and net realisable value.

Loss towards obsolete stores and spares identified on review are provided in the accounts.

**13. Employee Benefits:****a) Short term employee benefits:**

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

**b) Defined contribution plans:**

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

**c) Defined benefits plans:**

For defined benefit retirement plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at



the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding net interest), is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. The retirement benefit obligation recognised in the balance sheet represents the actual deficit or surplus in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans. A liability for a termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

**d) Other long term employee benefits:**

Benefits under the Company's leave encashment constitute other long term employee benefits.

The Company's net obligation in respect of leave encashment is the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any related assets is deducted. The discount rate is based on the prevailing market yields of India government securities as at the reporting date that have maturity dates approximating the terms of the Company's obligations. The calculation is performed using the projected unit credit method. Any actuarial gains or losses are recognized in profit or loss in the period in which they arise.

**14. Provisions, Contingent Liabilities and Contingent Assets:**

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.

Contingent assets are disclosed where an inflow of economic benefits is probable. A brief description of the nature of the contingent assets, where an inflow of economic



benefits is probable, and, where practicable, an estimate of their financial effect will be disclosed.

Contingent Liabilities in respect of show cause notices received are considered only when they are converted into demands. Payment in respect of such demands, if any is shown as advances.

Contingent Liabilities under various fiscal laws includes those in respect of which the Company/department is in appeal.

**15. Accounting of Losses on account of flood, fire, cyclone etc.:**

The loss on account of flood, fire, cyclone, loss to fixed asset etc is recognized by making provision on the basis of available information. Excess/short provision, if any is recognized on approval from Competent Authority.

**16. Leases:**

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement. Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

**a) As a lessee**

The company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently amortised using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

**b) Short-term leases and leases of low-value assets**

The Company has elected not to apply the requirement of Ind AS 116 Leases to short-term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value and leases where rent is less than ₹ 10 lakh per





month. The lease payment associated with these leases is recognised as an expense over the lease term.

**c) As a lessor**

Lease income from operating leases where the Company is a lessor is recognised in income on a straight-line basis over the lease term unless the receipts are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increases. The respective leased assets are included in the balance sheet based on their nature.

**17. Taxation:**

Provision for Income Tax consists of current tax and deferred tax. Current Tax is calculated according to prevailing rates of Income Tax. Deferred income tax assets and liabilities are recognized for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets are recognised to the extent that it is probable that taxable income will be available. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized. MAT credit, if any, forms part of Deferred Tax Assets.

**18. Earnings per Share:**

Basic Earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

**19. Fair value measurement:**

Fair value is the price that would be received/ paid to sell an asset or to transfer a liability, as the case may be, in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Company has access at that date.

While measuring the fair value of an asset or liability, the Company uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation technique as follows:

**Level 1:** quoted prices (unadjusted) in active markets for identical assets or liabilities at measurement date.

**Level 2:** inputs other than quoted prices included in Level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)



**Level 3:** inputs for the assets or liability that are not based on observable market data (unobservable inputs)

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

**20. Cash and Bank Balance:**

Cash and Bank Balance includes cash on hand, balances with banks, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

**21. Cash flow statement:**

Cash flow statement is prepared in accordance with the indirect method prescribed in Indian Accounting Standard (Ind AS) 7 on 'Statement of Cash Flow'. For the purpose of the Statement of Cash Flows, cash and Bank Balance consist of cash, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

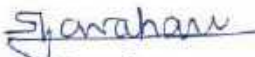
**22. Material Prior Period Errors:**


Material prior period errors are corrected retrospectively by restating the comparative amounts for the prior periods presented in which the error occurred. If the error occurred before the earliest period presented, the opening balances of assets, liabilities and equity for the earliest period presented, are restated.

No restatement of prior period is made where the prior period errors are below the threshold of 0.5% of the turnover (As defined under Section 2(91) of the Companies Act, 2013).

For and on behalf of the Board

  
**Ravindra Sawant**  
 Director Finance  
 DIN No. 8778424

  
**Swati Vyavahare**  
 Executive Director (F&A)

  
**Neeta Vernekar**  
 Chief General Manager (CA)(in charge)

Place: Mumbai  
 Date: 11.12.2020

  
**Er. Aseemkumar Gupta**  
 Chairman and Managing Director  
 DIN No. 02607016

  
**Anjali Gudekar**  
 Company Secretary  
 M.No. ACS19937

Place: Mumbai  
 Date: 11.12.2020





**NOTE: 3 PROPERTY PLANT AND EQUIPMENTS [refer Note no. 36(S)]**

| PARTICULARS                    | COST                        |                   |                        |                          | ACCUMULATED DEPRECIATION AND IMPAIRMENT |                      |                        |                          | CARRYING AMOUNT          |                          |
|--------------------------------|-----------------------------|-------------------|------------------------|--------------------------|---|----------------------|------------------------|--------------------------|--------------------------|--------------------------|
|                                | BALANCE AS AT APRIL 1, 2019 | ADDITION          | DEDUCTIONS/ADJUSTMENTS | BALANCE AS AT 31.03.2020 | BALANCE AS AT APRIL 1, 2019             | DEPRECIATION EXPENSE | DEDUCTIONS/ADJUSTMENTS | BALANCE AS AT 31.03.2020 | BALANCE AS AT 31.03.2020 | BALANCE AS AT 31.03.2020 |
|                                | <b>(A) Owned Assets</b>     |                   |                        |                          |   |                      |                        |                          |                          |                          |
| Land                           |                             |                   |                        |                          |   |                      |                        |                          |                          |                          |
| a) Free hold land              | 1,075,655.75                | 541.23            | 60.25                  | 1,076,136.73             | -                                       | -                    | -                      | -                        | 1,076,136.73             |                          |
| b) Lease hold land             | 2,587.50                    | 10.63             | 0.78                   | 2,597.34                 | 222.60                                  | 61.08                | -                      | 283.68                   | 2,313.66                 |                          |
| Building                       | 248,206.21                  | 1,211.39          | -                      | 249,507.60               | 27,850.33                               | 6,399.22             | -                      | 34,249.55                | 215,258.05               |                          |
| Hydraulic works                | 468.51                      | 26.70             | -                      | 495.21                   | 105.44                                  | 25.28                | -                      | 130.72                   | 364.49                   |                          |
| Other Civil works              | 20,004.54                   | 510.60            | -                      | 20,515.14                | 3,246.96                                | 2,386.79             | -                      | 5,633.75                 | 14,881.39                |                          |
| Plant and Equipments           | 1,640,845.33                | 185,145.92        | 29.66                  | 1,825,961.58             | 326,008.94                              | 88,144.74            | -                      | 414,153.68               | 1,411,807.90             |                          |
| Lines and Cables               | 4,219,597.04                | 252,314.04        | (36.21)                | 4,471,947.29             | 774,215.13                              | 203,266.95           | -                      | 977,482.08               | 3,494,465.21             |                          |
| Communication Equipment        | 3,926.06                    | 8.55              | -                      | 3,934.61                 | 1,096.38                                | 283.36               | -                      | 1,379.74                 | 2,554.87                 |                          |
| Vehicles                       | 830.69                      | 19.19             | 108.07                 | 741.80                   | 238.25                                  | 53.08                | 95.52                  | 195.81                   | 545.99                   |                          |
| Furniture and Fixture          | 7,213.55                    | 82.07             | (0.62)                 | 7,296.23                 | 1,201.27                                | 313.20               | -                      | 1,514.47                 | 5,781.76                 |                          |
| IT Equipment                   | 5,229.14                    | 2.39              | -                      | 5,231.53                 | 3,720.52                                | 826.17               | -                      | 4,546.69                 | 684.84                   |                          |
| Office Equipments              | 15,409.02                   | 111.79            | -                      | 15,520.81                | 3,134.02                                | 845.77               | -                      | 3,979.79                 | 11,541.02                |                          |
| Other Assets                   | 6,870.02                    | 7.54              | -                      | 6,877.56                 | 2,102.65                                | 336.41               | -                      | 2,441.06                 | 4,436.50                 |                          |
| <b>Sub-total</b>               | <b>7,246,933.36</b>         | <b>439,992.01</b> | <b>161.94</b>          | <b>7,686,763.43</b>      | <b>1,143,142.49</b>                     | <b>302,944.04</b>    | <b>95.52</b>           | <b>1,445,991.02</b>      | <b>6,240,772.41</b>      |                          |
| <b>(B) Right of Use Assets</b> |                             |                   |                        |                          |   |                      |                        |                          |                          |                          |
| (C) Capital work-in-progress*  |                             | 15425.74          |                        | 15,425.74                |   | 3,856.43             |                        | 3,856.43                 | 11,569.31                |                          |
|                                |                             |                   |                        |                          |   |                      |                        |                          |                          | 473,388.67               |

\*CWIP as at 31st March 2020 includes amount capitalised towards Employee cost Rs. 37,492.79 Lakhs, Admin Cost Rs. 5,665.95 Lakhs and Interest Cost Rs.239.07 Lakhs

**NOTE: 3A INTANGIBLE ASSETS**

| PARTICULARS                                     | COST                         |          |          |                          | ACCUMULATED DEPRECIATION AND IMPAIRMENT |                      |                        |                          | CARRYING AMOUNT          |                          |
|---|------------------------------|----------|----------|--------------------------|---|----------------------|------------------------|--------------------------|--------------------------|--------------------------|
|   | BALANCE AS AT APRIL 1, 2019  | ADDITION | Others   | BALANCE AS AT 31.03.2020 | BALANCE AS AT APRIL 1, 2019             | DEPRECIATION EXPENSE | DEDUCTIONS/ADJUSTMENTS | BALANCE AS AT 31.03.2020 | BALANCE AS AT 31.03.2020 | BALANCE AS AT 31.03.2020 |
|   | <b>(A) Computer Software</b> |          |          |                          |   |                      |                        |                          |                          |                          |
| (A) Computer Software                           | 7,628.18                     | -        | -        | 7,628.18                 | 7,186.87                                | 235.26               | -                      | 7,422.13                 | 206.05                   |                          |
| <b>Sub-total</b>                                | <b>7,628.18</b>              | <b>-</b> | <b>-</b> | <b>7,628.18</b>          | <b>7,186.87</b>                         | <b>235.26</b>        | <b>-</b>               | <b>7,422.13</b>          | <b>206.05</b>            |                          |
| <b>(B) Intangible Assets under developments</b> |                              |          |          |                          |   |                      |                        |                          |                          |                          |
| Total   | 7,628.18                     | -        | -        | 7,628.18                 | 7,186.87                                | 235.26               | -                      | 7,422.13                 | 1,153.86                 | 1,359.91                 |



(₹ In Lakhs)

| PARTICULARS                    | COST                        |            |                        | ACCUMULATED DEPRECIATION AND IMPAIRMENT |                             |                      |                        | CARRYING AMOUNT          |
|--------------------------------|-----------------------------|------------|------------------------|---|-----------------------------|----------------------|------------------------|--------------------------|
|                                | BALANCE AS AT APRIL 1, 2018 | ADDITION   | DEDUCTIONS/ADJUSTMENTS | BALANCE AS AT 31.03.2019                | BALANCE AS AT APRIL 1, 2018 | DEPRECIATION EXPENSE | DEDUCTIONS/ADJUSTMENTS | BALANCE AS AT 31.03.2019 |
| (A) Owned Assets               |                             |            |                        |   |                             |                      |                        |                          |
| Land                           |                             |            |                        |   |                             |                      |                        |                          |
| a) Free hold land              | 1,075,249.62                | 536.82     | 132.69                 | 1,075,655.75                            | -                           | -                    | -                      | 1,075,655.75             |
| b) Lease hold land             | 2,563.72                    | 23.78      | -                      | 2,587.50                                | 169.16                      | 53.44                | -                      | 2,264.90                 |
| Building                       | 246,285.15                  | 2023.80    | 12.74                  | 248,296.21                              | 21,710.26                   | 6,151.54             | 11.47                  | 220,445.88               |
| Hydraulic works                | 326.25                      | 142.26     | -                      | 468.51                                  | 69.43                       | 36.01                | -                      | 363.07                   |
| Other Civil works              | 17,988.20                   | 2016.34    | -                      | 20,004.54                               | 2,421.61                    | 825.35               | -                      | 16,757.58                |
| Plant and Equipments           | 1,423,277.49                | 219,143.71 | 1,575.87               | 1,640,845.33                            | 226,769.74                  | 99,575.57            | 336.37                 | 1,314,836.39             |
| Lines and Cables               | 3,914,673.91                | 304,923.13 | -                      | 4,219,597.04                            | 509,983.23                  | 184,231.90           | -                      | 3,445,381.91             |
| Communication Equipment        | 3,885.33                    | 40.73      | -                      | 3,926.06                                | 823.40                      | 272.98               | -                      | 2,829.68                 |
| Vehicles                       | 830.69                      | 0.00       | -                      | 830.69                                  | 181.42                      | 56.83                | -                      | 592.44                   |
| Furniture and Fixture          | 7,060.86                    | 152.69     | -                      | 7,213.55                                | 866.71                      | 334.56               | -                      | 6,012.28                 |
| IT Equipment                   | 5,033.48                    | 195.66     | -                      | 5,229.14                                | 2,764.59                    | 955.93               | -                      | 1,508.62                 |
| Office Equipments              | 12,417.23                   | 2991.79    | -                      | 15,409.02                               | 2,328.89                    | 805.13               | -                      | 12,275.00                |
| Other Assets                   | 5,617.60                    | 1252.42    | -                      | 6,870.02                                | 1,836.64                    | 266.01               | -                      | 4,767.37                 |
| Sub-total                      | 6,715,209.53                | 533,445.13 | 1,721.30               | 7,246,933.36                            | 949,925.08                  | 293,565.25           | 347.84                 | 6,103,790.87             |
| (B) Right of Use Assets        |                             |            |                        |   |                             |                      |                        |                          |
| (C.) Capital work-in-progress* |                             |            |                        |   |                             |                      |                        | 327,629.16               |

\*CWIP as at 31st March 2019 Includes amount capitalised towards Employee cost Rs. 41,998.11 Lakhs, Admin Cost Rs. 6,311.01 Lakhs and Interest Cost Rs. 755.63 Lakhs

(₹ in Lakhs)

| PARTICULARS                              | COST                        |          |        | ACCUMULATED DEPRECIATION AND IMPAIRMENT |                             |                      |                        | CARRYING AMOUNT          |
|--|-----------------------------|----------|--------|---|-----------------------------|----------------------|------------------------|--------------------------|
|  | BALANCE AS AT APRIL 1, 2018 | ADDITION | Others | BALANCE AS AT 31.03.2019                | BALANCE AS AT APRIL 1, 2018 | DEPRECIATION EXPENSE | DEDUCTIONS/ADJUSTMENTS | BALANCE AS AT 31.03.2019 |
| (A) Computer Software                    | 6,740.53                    | 887.65   | -      | 7,628.18                                | 6,075.21                    | 1,277.95             | 166.29                 | 441.31                   |
| Sub-total                                | 6,740.53                    | 887.65   | -      | 7,628.18                                | 6,075.21                    | 1,277.95             | 166.29                 | 441.31                   |
| (B) Intangible Assets under developments |                             |          |        |   |                             |                      |                        |                          |
| Total                                    | 6,740.53                    | 887.65   | -      | 7,628.18                                | 6,075.21                    | 1,277.95             | 166.29                 | 1,153.96                 |

**NOTE - 4**  
**NON-CURRENT INVESTMENTS**

(₹ in Lakhs)

| PARTICULARS  | AS AT 31-MAR-20  | AS AT 31-MAR-19  |
|--|------------------|------------------|
| <b>(I) Investment in Equity Instruments</b>  |                  |                  |
| <b>Unquoted - Fully paid up</b>  |                  |                  |
| <b>Subsidiaries measured at Cost</b>   |                  |                  |
| Aurangabad Power Company Limited   | 5.00             | 5.00             |
| [50,000( 50000) Equity Shares of Face Value of ₹ 10/- each]                        |                  |                  |
| Less:- Credit Impairment in value of Investment                                    | 5.00             | 5.00             |
| <b>(II) Investments in Bonds at Amortised Cost</b>                                 |                  |                  |
| <b>Quoted</b>  |                  |                  |
| <b>Bonds (Earmarked against Contingency Reserve)</b>                               |                  |                  |
| 8.15% Govt-Food Corporation of India Bonds 2022                                    | 1,048.95         | 1,048.60         |
| [1050000(1050000) Bonds of Face Value of ₹ 100/- each]                             |                  |                  |
| 8.01% Govt-Oil Bonds -2023   | 1,938.38         | 1,935.77         |
| [1950000 (1950000) Bonds of Face Value of ₹ 100/- each]                            |                  |                  |
| 8.03% Govt-Food Corporation of India Bonds -2024                                   | 993.37           | 992.26           |
| [1000000 (1000000) Bonds of Face Value of ₹ 100/- each]                            |                  |                  |
| 8.23% Govt-Food Corporation of India Special Bonds -2027                           | 997.26           | 996.98           |
| [1000000(1000000) Bonds of Face Value of ₹ 100/- each]                             |                  |                  |
| 8% Oil Bonds 2026  | 5,130.68         | 5,147.49         |
| [5000000(5000000) Bonds of Face Value of ₹ 100/- each]                             |                  |                  |
| 8.28% Govt of India Bonds 2032   | 2,684.68         | 2,683.95         |
| [2700000 (2700000) Bonds of Face Value of ₹ 100/- each]                            |                  |                  |
| 8.30% Govt Of India Bonds 2040   | 2,874.09         | 2,873.62         |
| [2900000 (29000000)Bonds of Face Value of ₹ 100/- each]                            |                  |                  |
| 9.45% Power Finance Corporation Bonds 2026 *                                       | 2,894.50         | 2,893.90         |
| [290(290) Bonds of Face Value of ₹ 1000000/- each]                                 |                  |                  |
| 8.56% Rural Electrification Corporation Limited Bonds 2028                         | 1,022.30         | -                |
| [100 Bonds of Face Value of ₹ 1000000/- each]                                      |                  |                  |
| 8.37% Rural Electrification Corporation Limited Bonds 2028                         | 8,914.18         | -                |
| [880 Bonds of Face Value of ₹ 1000000/- each]                                      |                  |                  |
| 8.25% Power Finance Corporation Bonds 2034   | 198.55           | -                |
| [20 Bonds of Face Value of ₹ 1000000/- each]                                       |                  |                  |
| 8.29% Rural Electrification Corporation Limited Bonds 2034                         | 99.61            | -                |
| [10 Bonds of Face Value of ₹ 1000000/- each]                                       |                  |                  |
| 8.80% Rural Electrification Corporation Limited Bonds 2029                         | 2,573.25         | -                |
| [250 Bonds of Face Value of ₹ 1000000/- each]                                      |                  |                  |
| <b>Total::::</b>   | <b>31,369.80</b> | <b>18,572.57</b> |
| Aggregate Cost of Unquoted Investments   | -                | -                |
| Aggregate Cost of Quoted Investments   | 31,369.80        | 18,572.57        |
| Aggregate Market Value of Quoted Investments*                                      | 33,419.55        | 19,086.51        |
| Aggregate Impairment Provision   | 5.00             | 5.00             |
| *(Market Value of Bonds not available and therefore the cost has been considered.) |                  |                  |



| NOTE - 5  |                 |                 |
|---|-----------------|-----------------|
| LOANS - NON CURRENT                                     |                 |                 |
| (₹ in Lakhs)  |                 |                 |
| PARTICULARS   | AS AT 31-MAR-20 | AS AT 31-MAR-19 |
| <b>Credit Impaired</b>                                  |                 |                 |
| (a) Loans to related parties [refer Note no.36(21)]     | 598.53          | 597.43          |
| Less: Allowances for Doubtful Advances                  | 598.53          | 597.43          |
|   | -               | -               |
| (b) Loans to others                                     |                 |                 |
| Loans & Advances to Licensees                           | 31.34           | 31.34           |
| Less: Allowances for Doubtful Advances                  | 31.34           | 31.34           |
|   | -               | -               |
| <b>Total (a+b) ::::</b>                                 | -               | -               |
| <b>Loans to related parties [refer Note no.36(21)]</b>  |                 |                 |
| (i) Dhopave Coastal Power Limited                       | 206.75          | 206.75          |
| (ii) Aurangabad Power Company Limited                   | 145.05          | 143.94          |
| (iii) Maharashtra Power Development Corporation Limited | 246.73          | 246.73          |
| <b>Total ::::</b>                                       | <b>598.53</b>   | <b>597.42</b>   |

| NOTE - 6   |                  |                  |
|--|------------------|------------------|
| OTHER FINANCIAL ASSETS   |                  |                  |
| (₹ in Lakhs)   |                  |                  |
| PARTICULARS  | AS AT 31-MAR-20  | AS AT 31-MAR-19  |
| <b>Security Deposits with:</b>   |                  |                  |
| (a) Considered Good - Unsecured  |                  |                  |
| (i) Maharashtra Electricity Regulatory Commission [refer Note no.36(1)(i)(a)(v)] | 48,551.00        | 45,709.00        |
| (ii) Court /other Authorities  | 27,061.18        | 19,931.91        |
| (iii) Others   | 110.86           | 159.68           |
| (b) Significant Increase in Credit Risk  |                  |                  |
| Others deposits  | 2,215.52         | 1,877.67         |
| Less Provision for Doubtful deposits   | 1,257.02         | 1,200.05         |
|  | 958.50           | 677.62           |
| Receivable from Government of Maharashtra [refer Note no.36 (21) (j)]            | 6,686.15         | 6,407.09         |
| <b>Total ::::</b>  | <b>83,367.69</b> | <b>72,885.30</b> |



| NOTE - 7<br>NON CURRENT TAX ASSET (NET) |                 |                 |
|---|-----------------|-----------------|
| (₹ in Lakhs)                            |                 |                 |
| PARTICULARS                             | AS AT 31-MAR-20 | AS AT 31-MAR-19 |
| Advance Income Tax                      | 40,188.93       | 13,000.18       |
| Less : Provision for taxes              | 35,056.08       | 7,885.66        |
| <b>Total ::::</b>                       | <b>5,132.85</b> | <b>5,114.52</b> |

| NOTE - 8<br>OTHER NON CURRENT ASSETS  |                  |                  |
|---|------------------|------------------|
| (₹ in Lakhs)  |                  |                  |
| PARTICULARS   | AS AT 31-MAR-20  | AS AT 31-MAR-19  |
| (a) Deposit with Ratnagiri Gas Power Private Limited<br>[refer Note no. 36(1)(I)(a)(iii)(A)(c)] | 18,101.07        | 18,101.07        |
| (b) Advances (Unsecured, Considered good)   |                  |                  |
| (i) Capital Advances  | 18,784.01        | 24,113.92        |
| (ii) Others   | 1,698.45         | 757.06           |
| <b>Total ::::</b>   | <b>38,583.53</b> | <b>42,972.05</b> |

| NOTE - 9<br>INVENTORIES                              |                  |                  |
|--|------------------|------------------|
| (₹ in Lakhs)   |                  |                  |
| PARTICULARS  | AS AT 31-MAR-20  | AS AT 31-MAR-19  |
| Inventories (lower of cost and net realisable value) |                  |                  |
| Stores and spares                                    | 53,504.18        | 39,686.94        |
| Less : Provision for non - moving & obsolete items   | 2,444.79         | 2,590.22         |
| <b>Total ::::</b>                                    | <b>51,059.39</b> | <b>37,096.72</b> |



**NOTE - 10**  
**TRADE RECEIVABLES**

(₹ in Lakhs)

| PARTICULARS   | AS AT 31-MAR-20     | AS AT 31-MAR-19     |
|---|---------------------|---------------------|
| <b>(a) Secured &amp; Considered good [refer Note No.36(6)(II)(i)(a)]</b>  | <b>452,228.56</b>   | <b>369,289.40</b>   |
| <b>(b) Considered Good - Unsecured</b>  |                     |                     |
| (i) Receivable from Government of Maharashtra towards subsidy /Grant etc<br>[refer Note no. 36(8) for subsidy receivable] | 309,422.72          | 78,604.37           |
| (ii) Other  | 1,856,785.99        | 1,852,588.30        |
| Less: Allowance for Expected Credit Loss [refer Note no. 36(6)(II)(i)(a)]   | 52,901.66           | 149,186.67          |
| <b>Sub total (ii)</b>   | <b>1,803,804.33</b> | <b>1,703,401.63</b> |
| <b>Sub total (b)</b>  | <b>2,113,307.09</b> | <b>1,782,006.00</b> |
| <b>(c) Significant increase in Credit Risk</b>  | <b>1,486,580.40</b> | <b>1,091,243.13</b> |
| Less: Allowance for Expected Credit Loss [refer Note no. 36(6)(II)(i)(a)]   | 106,126.79          | 236,443.05          |
| <b>Sub total (c)</b>  | <b>1,300,453.61</b> | <b>854,800.08</b>   |
| <b>(d) Credit Impaired</b>  | <b>336,093.08</b>   | <b>65,864.80</b>    |
| Less: Allowance for Expected Credit Loss [refer Note no. 36(6)(II)(i)(a)]   | 336,093.08          | 65,864.80           |
| <b>Sub total (d)</b>  | <b>-</b>            | <b>-</b>            |
| <b>Sub Total :::: (a+b+c+d)</b>   | <b>3,945,989.26</b> | <b>3,006,095.48</b> |
| <b>Total ::::</b>   | <b>3,945,989.26</b> | <b>3,006,095.48</b> |





| NOTE-11<br>CASH AND BANK BALANCES  |                   |                   |
|--|-------------------|-------------------|
| (₹ in Lakhs)   |                   |                   |
| PARTICULARS  | AS AT 31-MAR-20   | AS AT 31-MAR-19   |
| <b>(a) Cash &amp; Cash Equivalents</b>                                       |                   |                   |
| (i) Cash on hand   | 91.82             | 20.28             |
| (ii) Cheques/ Drafts on hand   | 30.52             | 45.13             |
| (iii) Balances with Banks in Current account                                 | 168,478.00        | 42,504.46         |
| (iv) Cash with collection Centres  | 25.85             | 526.06            |
| <b>Sub total (a)</b>   | <b>168,626.19</b> | <b>43,095.93</b>  |
| <b>(b) Other Bank Balances</b>   |                   |                   |
| - In earmarked Deposit accounts with original maturities less than 3 months* | 67,942.10         | 78,410.63         |
| - Other  | 1,061.66          | 1,102.61          |
| <b>Sub total (b)</b>   | <b>69,003.76</b>  | <b>79,513.24</b>  |
| <b>Total :::: (a)+(b)</b>  | <b>237,629.95</b> | <b>122,609.17</b> |

\* unutilised funds of Integrated Power Development Scheme (IPDS), DinDayal Upadhyay Gramin Jyoti Yojana (DDUGJY), RPO fund & Solar AG Pump, deposited with banks. [refer Note no. 36(24)]

| NOTE-12<br>LOANS - CURRENT                                |                  |                  |
|---|------------------|------------------|
| (₹ in Lakhs)  |                  |                  |
| PARTICULARS   | AS AT 31-MAR-20  | AS AT 31-MAR-19  |
| <b>Loans to related parties</b>                           |                  |                  |
| Considered Good - Unsecured                               |                  |                  |
| (a) Maharashtra State Electricity Transmission Co Limited | 7.42             | 1,572.01         |
| (b) Maharashtra State Power Generation Co Limited         | 47,015.54        | 47,008.12        |
| Less: Less Allowance [refer Note no. 36(6)(i) (i)(b)]     | 13,365.88        | 13,781.17        |
| <b>Total ::::</b>   | <b>33,657.08</b> | <b>34,798.96</b> |



| NOTE -13  |                   |                     |
|---|-------------------|---------------------|
| OTHER FINANCIAL ASSETS - CURRENT  |                   |                     |
| (₹ in Lakhs)  |                   |                     |
| PARTICULARS   | AS AT 31-MAR-20   | AS AT 31-MAR-19     |
| (a) Unbilled Revenue  | 118,369.61        | 219,612.80          |
| Less: Allowance for Expected Credit Loss [refer Note no. 36(6)(II)(i)(a)]     | 2,367.39          | 41,239.61           |
| <b>Sub Total (a)</b>  | <b>116,002.22</b> | <b>178,373.19</b>   |
| (b) Interest on Trade Receivables   |                   |                     |
| (i) Considered Good - Unsecured   | 58,714.60         | 48,627.10           |
| Less: Allowance for Expected Credit Loss [refer Note no. 36(6)(II)(i)(a)]     | 1,266.51          | 4,157.17            |
| <b>Sub Total (i)</b>  | <b>57,448.09</b>  | <b>44,469.93</b>    |
| (ii) Significant increase in Credit Risk                                      | 900,027.97        | 1,377,648.20        |
| Less: Allowance for Expected Credit Loss [refer Note no. 36(6)(II)(i)(a)]     | 21,247.89         | 125,681.33          |
| <b>Sub Total (ii)</b>   | <b>878,780.08</b> | <b>1,251,966.87</b> |
| (iii) Credit Impaired   | 179,068.77        | 78,941.33           |
| Less: Allowance for Expected Credit Loss [refer Note no. 36(6)(II)(i)(a)]     | 179,068.77        | 78,941.33           |
| <b>Sub Total (iii)</b>  | <b>-</b>          | <b>-</b>            |
| <b>sub total (b)</b>  | <b>936,228.17</b> | <b>1,296,436.80</b> |
| Less: Deferred Interest   | 281,493.44        | 587,749.95          |
| <b>Total (b)</b>  | <b>654,734.73</b> | <b>708,686.85</b>   |
| (c) Interest accrued  | 3,870.96          | 3,132.34            |
| (d) Subsidy & Grant Receivable  | 9,585.19          | 92,703.40           |
| (e) Advances to/ Amount recoverable from Employees and Collection Agencies    |                   |                     |
| (i) Considered Good   | 1,656.62          | 1,479.53            |
| (ii) Credit Impaired  | 1,036.99          | 1,055.79            |
| Less Provision for Doubtful Advance   | 1,036.99          | 1,055.79            |
| <b>Sub Total (e) (i) (ii)</b>   | <b>-</b>          | <b>-</b>            |
| <b>Sub Total (e)</b>  | <b>1,656.62</b>   | <b>1,479.53</b>     |
| (f) Other Receivables   | 2,710.54          | 1,662.96            |
| (g) Amounts receivables from other State Electricity Boards - Credit Impaired | 9,277.29          | 9,277.29            |
| Less: Provision for Doubtful Advances   | 9,277.29          | 9,218.37            |
| <b>Sub Total (g)</b>  | <b>-</b>          | <b>58.92</b>        |
| <b>Total ::::(a+b+c+d+e+f+g)</b>  | <b>788,560.26</b> | <b>986,097.19</b>   |

| NOTE - 14                 |                  |                  |
|---------------------------|------------------|------------------|
| OTHER CURRENT ASSETS      |                  |                  |
| (₹ in Lakhs)              |                  |                  |
| PARTICULARS               | AS AT 31-MAR-20  | AS AT 31-MAR-19  |
| Prepaid expenses          | 7,658.33         | 6,755.54         |
| MVAT receivable           | 12,472.05        | 12,760.78        |
| GST Receivable            | 1.50             | 0.33             |
| <b>Sub Total (a) ::::</b> | <b>20,131.88</b> | <b>19,516.65</b> |



NOTE - 15  
SHARE CAPITAL

| SR.NO | PARTICULARS  | AS AT 31.03.20        |                                      | AS AT 31.03.19        |                                      |
|-------|--|-----------------------|--------------------------------------|-----------------------|--------------------------------------|
|       |  | NO OF SHARES          | ₹ IN LAKHS                           | NO OF SHARES          | ₹ IN LAKHS                           |
| A]    | <b>AUTHORISED CAPITAL</b><br>60,00,00,000 Equity Shares of ₹10/- each Fully Paid Up<br>(Equity Shares :- 60,00,00,00,000 for 31.03.2019)   |                       |                                      | 6,000,000.00          | 6,000,000.00                         |
| B]    | <b>ISSUED, SUBSCRIBED AND PAID UP</b><br>47,723,984,904 Equity Shares of ₹10/- each fully paid<br>(Equity Shares Fully Paid :- 47,61,43,19,904 for 31.03.2019)   |                       |                                      | 4,772,398.49          | 4,761,431.99                         |
| C]    | <b>RECONCILIATION OF THE NUMBER OF SHARES AND AMOUNT OUTSTANDING AT THE BEGINNING AND AT THE END OF THE REPORTING YEAR :</b>   |                       |                                      |                       |                                      |
|       | <b>PARTICULARS</b>   | <b>AS AT 31.03.20</b> |                                      | <b>AS AT 31.03.19</b> |                                      |
|       |  | NO OF SHARES          | ₹ IN LAKHS                           | NO OF SHARES          | ₹ IN LAKHS                           |
|       | Opening Balance  | 47,614,319,904        | 4,761,431.99                         | 47,245,254,904        | 4,724,525.49                         |
|       | Fresh Issue  | 1,09,665,000          | 10,966.50                            | 369,065,000           | 36,906.50                            |
|       | Closing Balance  | 47,723,984,904        | 4,772,398.49                         | 47,614,319,904        | 4,761,431.99                         |
| D]    | <b>THE RIGHTS, PREFERENCES, RESTRICTIONS ON THE DISTRIBUTION OF DIVIDENDS AND REPAYMENT OF CAPITAL</b><br>(i) MSEDCILs having only one class of share i.e. Equity Shares, carrying the nominal value of ₹10/- per share.<br>(ii) Every Holder of the equity share of the company is entitled to one vote per share held.<br>(iii) Every share holder has a right to receive dividend in proportion to shares held by them whenever such dividend is approved.<br>(iv) In the event of liquidation of the company the equity share holder will be entitled to receive remaining assets of the company, after distribution of dues to all preferential right holders. The distribution will be in proportion to the number of equity shares held by the share holders. |                       |                                      |                       |                                      |
| E]    | <b>DETAILS OF NUMBER OF EQUITY SHARES HELD BY THE HOLDING COMPANY, THE ULTIMATE HOLDING COMPANY, THEIR SUBSIDIARIES AND ASSOCIATES :</b>   |                       |                                      |                       |                                      |
|       | <b>PARTICULARS</b>   | <b>AS AT 31.03.20</b> |                                      | <b>AS AT 31.03.19</b> |                                      |
|       | MSEB Holding Co. Ltd. (Nos.)   |                       |                                      | 47,723,984,844        | 47,614,319,864                       |
|       | MSEB Holding Co. Ltd. (Amount in ₹ in Lakhs)   |                       |                                      | 4,772,398.48          | 4,761,431.98                         |
| F]    | <b>DETAILS OF EQUITY SHARES HELD BY EACH SHAREHOLDER HOLDING MORE THAN 5 % SHARES :</b>  |                       |                                      |                       |                                      |
|       | <b>PARTICULARS</b>   | <b>AS AT 31.03.20</b> |                                      | <b>AS AT 31.03.19</b> |                                      |
|       |  | NO OF SHARES HELD     | % OF HOLDING IN THAT CLASS OF SHARES | NO OF SHARES HELD     | % OF HOLDING IN THAT CLASS OF SHARES |
|       | MSEB Holding Co. Ltd. & its nominees*  | 47,723,984,904        | 100                                  | 47,614,319,904        | 100                                  |
|       | * The beneficial owner of 60 shares held by the nominees, is MSEB Holding Co. Ltd  |                       |                                      |                       |                                      |
|       | The Company has issued 39,80,25,03,143 equity shares of ₹10/- each as fully paid shares for consideration other than cash during FY 2015-16 under Financial Restructuring Plan (FRP) of the erstwhile Maharashtra State Electricity Board (MSEB)   |                       |                                      |                       |                                      |



**Note -16  
OTHER EQUITY**

(₹ in Lakhs)

| <b>PARTICULARS</b>   | <b>AS AT 31-03-2020</b> | <b>AS AT 31-03-2019</b> |
|--|-------------------------|-------------------------|
| <b>Statutory Reserve (Contingency Reserve)</b>   |                         |                         |
| Opening Balance  | 57,700.00               | 57,700.00               |
| Add: Transfer from retained earnings   |                         |                         |
| <b>Closing Balance</b>   | <b>57,700.00</b>        | <b>57,700.00</b>        |
| <b>Retained Earning</b>  |                         |                         |
| Opening Balance  | (2,579,073.94)          | (2,688,736.36)          |
| Add/ (less) : Profit/ (Loss) for the year  | 30,721.86               | 109,662.42              |
| <b>Closing Balance</b>   | <b>(2,548,352.08)</b>   | <b>(2,579,073.94)</b>   |
| <b>Other Comprehensive Income (OCI)</b>  |                         |                         |
| Opening Balance  | (58,875.54)             | (33,786.60)             |
| Add/ (less) : Other Comprehensive Income or Expense arising from remeasurement of defined benefit obligation | (9,949.50)              | (25,088.94)             |
| <b>Closing Balance</b>   | <b>(68,825.04)</b>      | <b>(58,875.54)</b>      |
| <b>Total</b>   | <b>(2,559,477.12)</b>   | <b>(2,580,249.48)</b>   |



**NOTE - 17**  
**BORROWINGS - NON CURRENT**

(₹ in Lakhs)

| PARTICULARS  | AS AT 31-MAR-20     | AS AT 31-MAR-19     |
|--|---------------------|---------------------|
| <b>A) Secured - at amortized cost</b>                  |                     |                     |
| <b>Term loans</b>                                      |                     |                     |
| <b>(I) from banks</b>                                  |                     |                     |
| State Bank of India                                    | 870,699.32          | 454,973.42          |
| <b>(II) From Financial Institutions *</b>              |                     |                     |
| (i) Rural Electrification Corporation                  | 2,157,419.56        | 1,926,300.05        |
| (ii) Power Finance Corporation [refer Note no. 36(25)] | 249,626.00          | 435,739.53          |
| * (Includes loan against Regulatory Asset)             |                     |                     |
| <b>Sub Total (A):::</b>                                | <b>3,277,744.88</b> | <b>2,817,013.00</b> |
| <b>B) Unsecured - at amortized cost</b>                |                     |                     |
| <b>(I) from banks</b>                                  |                     |                     |
| District Central Cooperative Banks Limited             | 32,277.78           | 44,388.89           |
| <b>(II) From other parties</b>                         |                     |                     |
| State Government Loans - Government of Maharashtra     | 1,443.35            | 1,999.39            |
| <b>Sub Total (B):::</b>                                | <b>33,721.13</b>    | <b>46,388.28</b>    |
| <b>C) Current Maturities (Refer Note No. 23)</b>       |                     |                     |
| Rural Electrification Corporation (REC)                | 246,260.98          | 241,093.76          |
| Power Finance Corporation (PFC)                        | 53,309.26           | 227,479.00          |
| District Central Cooperative Banks Limited             | 15,055.56           | -                   |
| State Bank of India                                    | 121,456.00          | 77,139.14           |
| State Govt. Loans - Government of Maharashtra          | 193.16              | 556.04              |
| <b>Sub Total (C):::</b>                                | <b>436,274.96</b>   | <b>546,267.94</b>   |
| <b>Gross Total (A+B-C):::</b>                          | <b>2,875,191.05</b> | <b>2,317,133.34</b> |





NOTE - 17  
BORROWINGS - NON CURRENT

D] DETAILS OF TERMS OF REPAYMENT FOR THE LONG TERM BORROWINGS AND SECURITY PROVIDED IN RESPECT OF THE SECURED AND OTHER LONG TERM BORROWINGS :

| Particulars  | Outstanding amount<br>(₹ in Lakhs) as on<br>31.03.20 | Rate of Interest (%)   | Repayment<br>Period from the<br>start date | Moratorium period included in the<br>period of maturity at (4) | Security offered  |
|--|--|--|--|--|---|
| 1  | 2  | 3  | 4  | 5  | 6   |
| A) Secured - at amortized cost<br>Term Loans<br>(I) From Banks<br>State Bank of India<br>State Bank of India * | 397,528.42<br>473,170.90<br>870,699.32               | 1 Year MCLR + 90 bps<br>1 Year MCLR + 55 bps   | 2 Years<br>5 Years                         | 3 Months<br>6 months   | (Secured against first & exclusive charge on Trade Receivables (only HT Consumers) of Designated 10 Circles)  |
| (II) From Financial Institutions *   |  |  |  |  |   |
| (i) Rural Electrification Corporation<br>(ii) Power Finance Corporation  | 2,157,419.56<br>249,626.00                           | Loans taken from REC and PFC carry an interest rate ranging from 8.64% to 11.25% p.a. alongwith rebate thereon ranging from 25 bps to 155 bps as applicable for the respective loans approved for various schemes. | 3 to 15 Years<br>10 to 20 Years            | 6 Months to 5 Years<br>2 to 5 Years                            | In case of Long Term Loan, Hypothecation of asset created out of these loans/existing assets and escrow coverage. In case of Medium Term Loan, Corporate Guarantee of MSEB Holding Co. and escrow coverage. |
| * (Includes loan against Regulatory Asset)   |  |  |  |  |   |
|  | 2,407,045.56   |  |  |  |   |
| B) Unsecured - at amortized cost<br>(I) from banks<br>District Central Cooperative Banks Limited               | 3,277,744.88   |  |  |  |   |
| (II) From other parties<br>(a) State Government loans - GoM  | 32,277.78<br>1,443.35                                | 8.00-9.00<br>10.50   | 1.5 years<br>10 to 20 Years                | 6 Months<br>NIL  | Post Dated Cheques and Promissory Note  |
| Sub-total (B)  | 33,721.13  |  |  |  |   |
| TOTAL (A+B)  | 3,311,466.01   |  |  |  |   |

NOTE : Outstanding amount includes the current maturities of long term loans



| Particulars                                | Outstanding amount<br>(₹ in Lakhs) as on<br>31.03.19 | Rate of Interest (%)   | Repayment<br>period from the<br>start date | Moratorium period included in the<br>period of maturity at (4) | Security offered   |
|--|--|--|--|--|--|
| <b>I</b>                                   | <b>2</b>   | <b>3</b>   | <b>4</b>                                   | <b>5</b>   | <b>6</b>   |
| <b>A) Secured - at amortized cost</b>      |  |  |  |  |  |
| <b>Term Loans</b>                          |  |  |  |  |  |
| <b>(I) From Banks</b>                      |  |  |  |  |  |
| State Bank of India                        | 54,973.42  | 1 Year MCLR + 90 bps   | 2 Years                                    | 3 Months   | (Secured against first & exclusive charge on Trade Receivables (only HT Consumers) of Designated 10 Circles) |
| State Bank of India *                      | 400,000.00   | 1 Year MCLR + 55 bps   | 5 Years                                    | 6 months   |  |
| <b>Sub-total</b>                           | <b>454,973.42</b>                                    |  |  |  |  |
| <b>(II) From Financial Institutions</b>    |  |  |  |  |  |
| (a) Rural Electrification Corporation      | 1,926,300.05   | Loans taken from REC and PPC carry an interest rate ranging from 10.50% to 11.5% p.a. along with rebate thereon ranging from 75 bps to 2.55 bps as applicable for the respective loans approved for various schemes. | 3 to 15 Years                              | 6 Months to 5 Years  | Hypothecation of asset created out of these loans and escrow coverage.                                       |
| (b) Power Finance Corporation              | 435,739.53   |  | 3 to 20 Years                              | 1 to 5 Years   |  |
| <b>Sub-total</b>                           | <b>2,362,039.58</b>                                  |  |  |  |  |
| <b>Sub-total (A)</b>                       | <b>2,817,013.00</b>                                  |  |  |  |  |
| <b>B) Unsecured - at amortized cost</b>    |  |  |  |  |  |
| <b>(I) from banks</b>                      |  |  |  |  |  |
| District Central Cooperative Banks Limited | 44,388.89  | 8.00-9.00  | 1.5 years                                  | 6 Months   | Post Dated Cheques and Promissory Note   |
| <b>(II) From Others</b>                    |  |  |  |  |  |
| State Government loans - GoM               | 1,999.39   | 10.50 to 11.50   | 10 to 20 Years                             | NIL  |  |
| <b>Sub-total (B)</b>                       | <b>46,388.28</b>                                     |  |  |  |  |
| <b>TOTAL (A+B)</b>                         | <b>2,863,401.28</b>                                  |  |  |  |  |

NOTE: Outstanding amount includes the current maturities of long term loans

| NOTE - 1B<br>OTHER FINANCIAL LIABILITIES - NON CURRENT               |                   |                   |
|--|-------------------|-------------------|
| (₹ in Lakhs)   |                   |                   |
| PARTICULARS  | AS AT 31-MAR-20   | AS AT 31-MAR-19   |
| <b>Deposits</b>  |                   |                   |
| Security deposits from consumers [refer Note no. 36(6)(II)(i)(a)(c)] | 810,679.84        | 754,347.92        |
| Deposits for Electrification, service connections, etc.              | 274.76            | 182.65            |
| Deposit From Supplier & Contractors                                  | 1,624.00          | 11,656.77         |
| From collection agencies   | 3,107.48          | 4,429.67          |
| <b>Other Payable</b>   |                   |                   |
| Retention money Payable for capital Supplies & services              | 41,470.61         | 128,836.13        |
| Amount payable to REC on behalf of GoM under RGGVY                   | 2,247.30          | 2,797.01          |
| <b>Lease Liabilities</b>   | 8,499.63          | -                 |
| <b>Other</b>   | 25,477.87         | 21,847.52         |
| <b>Total :::</b>   | <b>893,381.49</b> | <b>924,097.67</b> |

| NOTE - 19<br>PROVISIONS - NON CURRENT                          |                   |                   |
|--|-------------------|-------------------|
| (₹ in Lakhs)   |                   |                   |
| PARTICULARS  | AS AT 31-MAR-20   | AS AT 31-MAR-19   |
| <b>Provision for Employee Benefits:</b>                        |                   |                   |
| Provision for Gratuity [refer Note no. 36(10)(A)(ii)]          | 200,635.62        | 187,966.79        |
| Provision for Leave Encashment [refer Note no. 36(10)(A)(iii)] | 213,569.96        | 179,701.45        |
| Provision for Pension  | 353.69            | -                 |
| <b>Total :::</b>   | <b>414,559.27</b> | <b>367,668.24</b> |

| NOTE - 20<br>OTHER NON CURRENT LIABILITIES   |                   |                   |
|--|-------------------|-------------------|
| (₹ in Lakhs)   |                   |                   |
| PARTICULARS  | AS AT 31-MAR-20   | AS AT 31-MAR-19   |
| Consumer Contribution including Contributions from GoM for RGGVY [refer Note no. 36(20)] | 235,576.490       | 261,171.83        |
| Grants [refer Note no. 36(20)]   | 700,588.32        | 558,534.52        |
| Uday Loan [refer Note no. 36(23)]  | -                 | 99,200.00         |
| <b>Total :::</b>   | <b>936,164.81</b> | <b>918,906.35</b> |





**NOTE - 21**  
**BORROWINGS - CURRENT**

| (₹ in Lakhs)   |                   |                   |
|--|-------------------|-------------------|
| PARTICULARS  | AS AT 31-MAR-20   | AS AT 31-MAR-19   |
| <b>(a) Secured - at amortized cost</b>   |                   |                   |
| <b>(Secured against first pari passu charge on Trade Receivables of Non Escrowed Circles)</b>                      |                   |                   |
| <b>Loans repayable on demand</b>   |                   |                   |
| <b>from banks (Working Capital Demand Loan)</b>  |                   |                   |
| <b>[refer Note no. 36(6)(II)(ii)(b)]</b>   |                   |                   |
| (i) Canara Bank  | 144,000.00        | 141,500.00        |
| (ii) United Bank of India  | 49,000.00         | 49,000.00         |
| (iii) Syndicate Bank   | 23,250.00         | 38,250.00         |
| (iv) Bank of Maharashtra   | 62,000.00         | 61,750.00         |
| (v) State Bank of India  | 30,000.00         | -                 |
| (vi) Bank of India   | 34,000.00         | -                 |
| <b>(b) Unsecured - at amortized cost</b>   |                   |                   |
| <b>(I) Loans from banks (Short term Loan)</b>  |                   |                   |
| (i) Maharashtra State Co-op. Bank  | 143,333.33        | 83,333.33         |
| (ii) Ratnagiri District Co Op Bank   | -                 | 30,000.00         |
| (iii) Thane District Co Op Bank  | -                 | 16,668.00         |
| <b>(II) Loan from Others</b>   |                   |                   |
| (i) Interest free Loan from Maharashtra Industrial Development Corporation (MIDC) [refer Note no. 36(1)(I)(a)(iv)] | 12,352.18         | 12,352.18         |
| (ii) Energy Development Agency Ltd   | -                 | 25,000.00         |
| <b>Total :::</b>   | <b>497,935.51</b> | <b>457,853.51</b> |

**NOTE - 22**  
**TRADE PAYABLES - CURRENT**

| (₹ in Lakhs)                       |                     |                     |
|------------------------------------|---------------------|---------------------|
| PARTICULARS                        | AS AT 31-MAR-20     | AS AT 31-MAR-19     |
| <b>Trade Payables:</b>             |                     |                     |
| Liability for purchase of Power    | 1,666,571.81        | 1,334,339.25        |
| Liability for transmission charges | 243,682.44          | 246,597.65          |
| Other Payable                      | 260,841.87          | 192,952.01          |
| <b>Total :::</b>                   | <b>2,171,096.12</b> | <b>1,773,888.91</b> |



**NOTE- 23**  
**OTHER FINANCIAL LIABILITIES - CURRENT**

(₹ in Lakhs)

| PARTICULARS  | AS AT 31-MAR-20     | AS AT 31-MAR-19     |
|--|---------------------|---------------------|
| <b>Current Maturities of Long-Term Debt (Refer Note No. 17)</b>                              |                     |                     |
| (i) Secured - at amortised Cost  |                     |                     |
| From Financial Institutions  | 299,570.24          | 468,572.76          |
| From Banks   | 136,511.56          | 77,139.14           |
| (ii) Unsecured - at amortised Cost   |                     |                     |
| From Government of Maharashtra   | 193.16              | 556.04              |
| <b>Deposits</b>  |                     |                     |
| From Consumers   | 9,053.73            | 8,237.72            |
| From Others  | 2,309.70            | 2,411.14            |
| From Supplier & Contractors  | 16,924.62           | 7,478.23            |
| From collection agencies   | 4,982.59            | 3,239.39            |
| <b>Other Payable</b>   |                     |                     |
| Retention money Payable for capital Supplies & services                                      | 161,501.68          | 71,035.45           |
| Interest Accrued but not due   |                     |                     |
| (i) On loans   | 27,120.23           | 39,844.58           |
| (ii) On Deposit  | 70,614.50           | 60,267.05           |
| (iii) Others   | 5,509.47            | 2,834.07            |
| Interest Accrued & due- on loans   | -                   | -                   |
| Payable to Government of Maharashtra towards Electricity Duty and Tax on sale of Electricity | 757,031.32          | 113,179.23          |
| MSEB Holding Co Limited  | 409,811.37          | 407,964.69          |
| Interest on Trade Payable for purchase of Power  | 592,880.18          | 528,021.32          |
| Interest on Trade Payable for Transmission Charges   | 102,544.22          | 90,249.00           |
| Lease Liability  | 3,640.14            | -                   |
| Others [refer Note no. 36(22)]   | 132,731.77          | 151,145.98          |
| <b>Total :::</b>   | <b>2,732,930.48</b> | <b>2,032,175.79</b> |



| NOTE - 24<br>PROVISIONS - CURRENT                                  |                   |                   |
|--|-------------------|-------------------|
| (₹ in Lakhs)   |                   |                   |
| PARTICULARS  | AS AT 31-MAR-20   | AS AT 31-MAR-19   |
| <b>Provision for employee benefits</b>                             |                   |                   |
| (a) Provision for Gratuity [refer Note no. 36(10)(A)(ii)]          | 27,008.61         | 36,789.09         |
| (b) Provision for Leave encashment [refer Note no. 36(10)(A)(iii)] | 22,406.38         | 26,545.00         |
| (c) Provision for Pay Fixation arrears                             | 57,947.00         | 53,751.00         |
| (d) Provision for Pension  | 60.15             | -                 |
| Provision for Renewable Power Obligation [refer Note no. 36(3)]    | 511,250.00        | 310,890.00        |
| <b>Total :::</b>   | <b>618,672.14</b> | <b>427,975.09</b> |

| NOTE - 25<br>OTHER CURRENT LIABILITIES   |                   |                   |
|--|-------------------|-------------------|
| (₹ in Lakhs)   |                   |                   |
| PARTICULARS  | AS AT 31-MAR-20   | AS AT 31-MAR-19   |
| Liability for Grant towards Energisation of Agriculture Pump under Employment Guarantee Scheme | 141.51            | 160.33            |
| Duties & Taxes   | 12,754.31         | 8,859.59          |
| Contributions from Consumers [refer note no. 36 (20)]  | 35,658.55         | 33,567.31         |
| Grants [refer note no. 36 (20)]  | 59,083.08         | 49,023.18         |
| Contingency Reserve [refer Note no 36(26)]   | 52,276.00         | 38,000.00         |
| Current Maturity of Uday Loan [refer Note no.36 (23)]  | 99,200.00         | 99,200.00         |
| Other Current Liabilities  | 82,435.23         | 22,519.50         |
| <b>Total :::</b>   | <b>341,548.68</b> | <b>251,329.91</b> |

| NOTE - 26<br>CURRENT TAX LIABILITIES (NET) |                  |                  |
|--|------------------|------------------|
| (₹ in Lakhs)                               |                  |                  |
| PARTICULARS                                | AS AT 31-MAR-20  | AS AT 31-MAR-19  |
| <b>Provision for taxes</b>                 | 11,614.07        | 25,154.65        |
| Less : Advance Income Tax                  | 408.37           | 218.53           |
| <b>Provision for Tax (Net)</b>             | 11,205.70        | 24,936.12        |
| <b>Total :::</b>                           | <b>11,205.70</b> | <b>24,936.12</b> |



| NOTE - 27<br>REVENUE FROM OPERATIONS |                                 |                                 |
|--------------------------------------|---------------------------------|---------------------------------|
| (₹ in Lakhs)                         |                                 |                                 |
| PARTICULARS                          | FOR THE YEAR ENDED<br>31-MAR-20 | FOR THE YEAR ENDED<br>31-MAR-19 |
| (a) Revenue from Sale of Power :     | 7,318,020.97                    | 7,303,632.47                    |
| Less : Prompt Payment Discount       | 33,724.93                       | 28,747.95                       |
| <b>Sub Total (a) ::::</b>            | <b>7,314,296.04</b>             | <b>7,274,884.52</b>             |
| (b) Other Operating Revenue          |                                 |                                 |
| Standby charges                      | 39,926.09                       | 39,605.00                       |
| Miscellaneous charges from consumers | 21,922.27                       | 6,577.09                        |
| <b>Sub Total (b) ::::</b>            | <b>61,848.36</b>                | <b>46,182.09</b>                |
| <b>Total :::: (a+b)</b>              | <b>7,376,144.40</b>             | <b>7,321,066.61</b>             |

| NOTE - 28<br>OTHER INCOME   |                                 |                                 |
|---|---------------------------------|---------------------------------|
| (₹ in Lakhs)  |                                 |                                 |
| PARTICULARS   | FOR THE YEAR ENDED<br>31-MAR-20 | FOR THE YEAR ENDED<br>31-MAR-19 |
| <b>Interest Income</b>  |                                 |                                 |
| (a) Interest from non current financial investment valued at Amortised Cost               | 2,198.70                        | 1,761.45                        |
| (b) Interest from Consumers   | 242,857.81                      | 187,502.04                      |
| (c) Other   | 3,387.04                        | 3,634.27                        |
| Contribution, Grants and Subsidies towards cost of Capital Assets [refer Note no. 36(20)] | 99,387.15                       | 82,590.49                       |
| Grant under Ujwal Discom Assurance Yojna UDAY Scheme [refer Note No 36(23)]               | 99,200.00                       | 99,200.00                       |
| Revenue from subsidy & grant  | 3,500.00                        | 8,181.54                        |
| Delayed Payment Charges   | 31,207.75                       | 29,849.03                       |
| Withdrawal of Excess delay payment Surcharge  | -                               | 377,631.37                      |
| Provision for Bad & doubtful debts written back   | 328,225.73                      | 401,934.27                      |
| Miscellaneous Income  | 34,379.63                       | 45,896.55                       |
| <b>Total ::::</b>   | <b>844,343.81</b>               | <b>1,238,484.01</b>             |

| NOTE - 29<br>PURCHASE OF POWER |                                 |                                 |
|--------------------------------|---------------------------------|---------------------------------|
| (₹ in Lakhs)                   |                                 |                                 |
| PARTICULARS                    | FOR THE YEAR ENDED<br>31-MAR-20 | FOR THE YEAR ENDED<br>31-MAR-19 |
| <b>Power Purchase Cost</b>     |                                 |                                 |
| (a) Conventional Power         | 5,132,750.87                    | 4,624,377.80                    |
| (b) Non Conventional Sources   | 875,574.36                      | 961,818.49                      |
| <b>Sub Total (a+b) ::::</b>    | <b>6,008,325.23</b>             | <b>5,589,226.29</b>             |
| (c) Less : Rebate              | 644.61                          | 5,068.17                        |
| <b>Sub Total (a+b-c) ::::</b>  | <b>6,007,680.62</b>             | <b>5,584,158.12</b>             |
| (d) Transmission Charges       | 877,358.50                      | 758,425.79                      |
| <b>Total (a+b-c+d) ::::</b>    | <b>6,885,039.12</b>             | <b>6,342,583.91</b>             |



| NOTE - 30<br>EMPLOYEE BENEFITS EXPENSES   |                                 |                                 |
|---|---------------------------------|---------------------------------|
| (₹ in Lakhs)                              |                                 |                                 |
| PARTICULARS                               | FOR THE YEAR ENDED<br>31-MAR-20 | FOR THE YEAR ENDED<br>31-MAR-19 |
| Salaries, Wages and Allowances            | 409,170.96                      | 395,970.39                      |
| Contribution to Provident and Other Funds | 126,134.43                      | 90,337.95                       |
| Staff Welfare Expenses                    | 20,801.71                       | 18,362.50                       |
| Less: Employee Cost Capitalised           | 37,492.79                       | 41,998.11                       |
| <b>Total</b>                              | <b>518,614.31</b>               | <b>462,672.73</b>               |

| NOTE - 31<br>REPAIRS & MAINTENANCE EXPENSES |                                 |                                 |
|---|---------------------------------|---------------------------------|
| (₹ in Lakhs)                                |                                 |                                 |
| PARTICULARS                                 | FOR THE YEAR ENDED<br>31-MAR-20 | FOR THE YEAR ENDED<br>31-MAR-19 |
| Plant & Equipment                           | 76,006.89                       | 72,995.11                       |
| Building                                    | 2,114.62                        | 1,255.77                        |
| Others                                      | 7,065.72                        | 2,238.45                        |
| <b>Total</b>                                | <b>85,187.23</b>                | <b>76,489.33</b>                |

| NOTE - 32<br>ADMINISTRATION AND GENERAL EXPENSES    |                                 |                                 |
|---|---------------------------------|---------------------------------|
| (₹ in Lakhs)  |                                 |                                 |
| PARTICULARS   | FOR THE YEAR ENDED<br>31-MAR-20 | FOR THE YEAR ENDED<br>31-MAR-19 |
| Administrative Expenses                             | 5,301.60                        | 13,908.44                       |
| Legal & Professional Fees                           | 3,874.05                        | 5,146.28                        |
| Statutory Auditors fees [refer Note no. 36(19)]     | 124.18                          | 102.66                          |
| Expenses towards Consumer Grievance Redressal Forum | 99.53                           | 105.93                          |
| Conveyance and Travel                               | 5,508.72                        | 5,938.27                        |
| Commission/Collection charges                       | 6,863.39                        | 9,127.23                        |
| Fees & Subscription                                 | 1,514.84                        | 1,126.48                        |
| Printing & stationery                               | 1,475.86                        | 1,281.75                        |
| Advertisement Expenses                              | 755.65                          | 2,501.73                        |
| Security Measures for Safety & Protection           | 13,684.95                       | 11,714.69                       |
| Expenditure on Computer Billing                     | 27,405.39                       | 29,641.60                       |
| Vehicle running Expenses                            | 135.21                          | 350.13                          |
| Advt. of Tenders/Notices etc.                       | 100.51                          | 252.30                          |
| Others  | 4,792.70                        | 3,192.01                        |
| Less: Administrative Charges Capitalised            | 5,665.95                        | 6,311.01                        |
| <b>Total</b>  | <b>65,970.63</b>                | <b>77,070.49</b>                |



| NOTE - 33<br>FINANCE EXPENSES            |                                 |                                 |
|--|---------------------------------|---------------------------------|
| (₹ in Lakhs)                             |                                 |                                 |
| PARTICULARS                              | FOR THE YEAR ENDED<br>31-MAR-20 | FOR THE YEAR ENDED<br>31-MAR-19 |
| <b>(A) Interest Expenses</b>             |                                 |                                 |
| (a) On Loan from                         |                                 |                                 |
| Banks                                    | 32.37                           | 123.16                          |
| Others- Financial Institutions           | 327,627.58                      | 289,589.83                      |
| Less: Interest Cost Capitalised*         | 239.07                          | 755.63                          |
|  | 327,420.88                      | 288,957.35                      |
| (b) On Security Deposits from Customers  | 74,091.72                       | 66,528.02                       |
| (c) Payable to Suppliers and Contractors | 77,820.19                       | 119,291.12                      |
| (d) Interest on Lease Liability          | 1,433.80                        | -                               |
| (e) Other                                | 2,555.54                        | 3,646.87                        |
| <b>(B) Other Borrowing Costs</b>         |                                 |                                 |
| Financial Charges                        | 892.76                          | 2,381.37                        |
| Bank Charges                             | 2,101.54                        | 2,452.17                        |
| <b>Total :::: (A+B)</b>                  | <b>487,116.43</b>               | <b>483,256.90</b>               |

\*Note: Interest Cost is capitalised at 9.92 % p.a. (P.Y. 10.15 %)

| NOTE - 34<br>DEPRECIATION AND AMORTISATION |                                 |                                 |
|--|---------------------------------|---------------------------------|
| (₹ in Lakhs)                               |                                 |                                 |
| PARTICULARS                                | FOR THE YEAR ENDED<br>31-MAR-20 | FOR THE YEAR ENDED<br>31-MAR-19 |
| Depreciation on tangible fixed assets      | 302,944.04                      | 293,228.88                      |
| Depreciation on Right of Use Assets        | 3,856.43                        | -                               |
| Amortisation on intangible fixed assets    | 235.26                          | 1,277.95                        |
| <b>Total ::::</b>                          | <b>307,035.73</b>               | <b>294,506.83</b>               |

| NOTE - 35<br>OTHERS EXPENSES   |                                 |                                 |
|--|---------------------------------|---------------------------------|
| (₹ in Lakhs)   |                                 |                                 |
| PARTICULARS  | FOR THE YEAR ENDED<br>31-MAR-20 | FOR THE YEAR ENDED<br>31-MAR-19 |
| Miscellaneous Losses   | 142.71                          | 1,877.74                        |
| Sundry Expenses  | 4,032.98                        | 2,976.20                        |
| Refund of Regulatory Liability Charges (RLC) as per MERC Order [refer Note no. 36(27)] | 177.37                          | 167.13                          |
| Contribution to Contingency Reserve as per MERC Regulation [refer Note no. 36(26)]     | 14,276.00                       | 14,300.00                       |
| Bad debts [refer Note no. 36(6)(H) (i) (a)]  | 328,225.73                      | 401,934.27                      |
| Expected Credit Loss   | 325,428.69                      | 221,037.04                      |
| <b>Total ::::</b>  | <b>672,283.48</b>               | <b>642,292.38</b>               |



**NOTE NO. 36**  
**ADDITIONAL NOTES TO ACCOUNTS**

**1. Contingent Liabilities, Contingent Assets and Commitments :**

|         |  | (₹ in Lakhs)     |                  |
|---------|--|------------------|------------------|
| Sr. No. | Particulars  | As at 31.03.2020 | As at 31.03.2019 |
| I.      | Contingent Liabilities   |                  |                  |
| (a)     | Claims against the MSEDCL not acknowledged as debts-               |                  |                  |
|         | (i) Datar Switchgear Ltd. (refer para i below)                     | 74,657           | 70,344           |
|         | (ii) Asian Electronics Ltd. (refer para ii below)                  | 15,712           | 15,712           |
|         | (iii) Power Purchase (refer para iii below)                        | 23,71,126        | 9,27,054         |
|         | (iv) MIDC Interest free Loan (refer para iv below)                 | 6,940            | 6,940            |
|         | (v) Mula-Pravara Electric Co-op. Society Ltd. (refer para v below) | 48,551           | 45,709           |
|         | (vi) Others (refer para vi below)                                  | 64,426           | 51,678           |
|         | <b>Total of (a)</b>  | <b>25,81,412</b> | <b>11,17,437</b> |
| (b)     | Disputed Duties / Tax Demands                                      |                  |                  |
|         | (i) Income Tax   | 3,21,481         | 3,21,481         |
|         | (ii) TDS   | 1,080            | 3,615            |
|         | (iii) Excise Duty  | 140              | 133              |
|         | (iv) MVAT  | 4,19,217         | 1,88,266         |
|         | (v) Service Tax  | 44,951           | 44,949           |
|         | <b>Total of (b)</b>  | <b>7,86,869</b>  | <b>5,58,444</b>  |
|         | <b>Total of (a+b)</b>  | <b>33,68,281</b> | <b>16,75,881</b> |
| II.     | Contingent Assets (Refer para II below)                            | 43,634           | 35,250           |
| III.    | Other Commitments  | -                | -                |
| IV.     | Capital Commitments  |                  |                  |
|         | Liability against capital commitments (net of advances given)      | 2,32,651         | 5,47,443         |

**I. 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 has filed the suit for damages of panels & cost of possession before Hon. Bombay High Court (BHC), Mumbai. The matter is pending before Hon. BHC. The claim amount is ₹ 74,657 Lakhs - including accumulated interest of ₹ 67,239 Lakhs (PY ₹ 70,344 Lakhs- including accumulated interest of ₹ 62,926 Lakhs).

**(ii) Asian Electronics:**

The lease rent payment to Asian Electronics towards Low Tension Load Management System (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 Asian Electronics & a claim of ₹ 15,712 Lakhs (PY ₹ 15,712) has been lodged against the company.

MSEDCL has lodged counter claim of ₹ 50,231 Lakhs against Asian Electronics. The matter is pending before The Arbitral Tribunal for hearing. Asian Electronics is under process of liquidation, hence the counter claim is not considered as a part of contingent assets.



(iii) Power purchase Liabilities :

(A) Dispute in Energy Bill:

- a) The monthly bill of Sardar Sarovar Projects (SSP) is admitted by MSEDCL @ 2.05 Rs/KWH as decided in the meeting of Government of Maharashtra, whereas the bill is raised by SSP @ 3.00 Rs/KWH without showing any arrears. In case, it is decided to pay @ Rs 3 p/u, MSEDCL will have an additional liability of ₹ 35,034 Lakhs (PY ₹ 24,783 Lakhs).
- b) There is difference in energy/ supplementary bills raised by vendor and accepted by MSEDCL and such billing difference is considered as contingent liabilities and details as under:

(₹ in Lakhs)

| Generator    | Contingent Liability |
|--------------|----------------------|
| MSPGCL       | 25,677               |
| MSETCL       | 22,697               |
| NPCIL        | 9                    |
| APML 1320    | 27,500               |
| APML 1200    |                      |
| APML 125     |                      |
| APML 440     |                      |
| RIPL 450     | 24,700               |
| RIPL 750     |                      |
| CGPL         | 595                  |
| GMR          | 3,915                |
| <b>Total</b> | <b>1,05,093</b>      |

- c) Power Purchase Agreement (PPA) was executed between Ratnagiri Gas & Power Pvt. Ltd (RGPPL) and MSEDCL on 10.04.2007. Gas supply from Krishna-Godavari D6 (KG D6) Basin was continuously reducing from September 2011 and subsequently was completely stopped from January 2014 onwards. Due to high cost of alternate fuel and to avoid any financial burden on its consumers, MSEDCL has not accepted the power in accordance with clause 5.9 of PPA and did not pay capacity charges from May 2013 onwards.

CERC vide order dt. 30.7.2013 has allowed RGPPL to declare availability on R-LNG to recover capacity charges. MSEDCL filed an appeal in APTEL against the said CERC Order. APTEL vide its order dated 22.04.2015, dismissed the appeal filed by MSEDCL. Subsequently MSEDCL filed an Appeal in the Supreme Court of India against the APTEL Order. Supreme Court of India has declined to entertain the appeal. However, Supreme Court of India gave liberty to the appellant to move the Supreme Court once again in the event it becomes so necessary.

Presently, RGPPL is supplying 540 MW power to Indian Railway on short term basis. RGPPL is declaring @ 87 MW capacities for MSEDCL and is raising corresponding capacity charges bill to MSEDCL which has not been accounted.

As per RGPPL Letter dated 07.06.2019, earlier due amount of around ₹ 1,80,000 Lakhs (excluding surcharges) is kept in abeyance as per minutes of meeting held on 17.08.2015 at Prime Minister Office (PMO). RGPPL has claimed ₹ 4,22,856 Lakhs (upto March 2020) (PY ₹ 3,51,004 Lakhs). MSEDCL has paid an amount of ₹ 18,101 Lakhs as advance





against the amount due. The amount paid has been shown as part of deposit. The entire amount of ₹ 4,22,856 Lakhs (PY ₹ 3,51,004 Lakhs) is considered as contingent liability.

**(B) Dispute Due to Rise in Coal Cost:**

- a) Disputed liability for compensatory tariff on account of New Coal Distribution Policy (NCDP):

The Government of India declared New Coal Distribution Policy (NCDP) on 23.07.2013. As per this new policy, Fuel Supply Agreement is allowed to be signed up to 65% to 75% of Aggregate Contract Quantity only. The balance coal is to be arranged by way of import by Coal India Ltd. / respective generator. As per directions of Ministry of Power, vide letter dated 31st July 2013, to all the States as well as State Commissions, higher cost of imported coal is to be considered for pass through as per modalities suggested by Central Electricity Regulatory Commission (CERC).

Adani Power Maharashtra Ltd (APML) and others had filed petition before Hon'ble MERC for compensation of incremental coal cost pass through due to NCDP seeking compensation over and above the tariff determined through Competitive bidding.

MERC passed an order on 07.03.2018 and allowed compensation to APML. Accordingly, APML raised a claim of ₹ 2,82,100 Lakhs, vide their invoice dated. 06.10.2018. MSEDCL has paid the amount equivalent to approximately 50% of claim i.e. ₹ 1,40,000 Lakhs. In the absence of clarity over the method of calculation of the balance amount payable (since the matters relating to the technical parameters considered for calculation of amount payable are under litigation), MSEDCL has not made provision for the balance amount and has considered the same as contingent liability. Further, MERC has also allowed carrying cost on claim of NCDP to APML vide its order in case no 295 of 2018. The approximate amount of carrying cost till 31<sup>st</sup> March 2020 comes to the tune of ₹ 38,600 Lakhs. Hence, total amount of ₹ 1,80,700 Lakhs considered as contingent liability.

- b) MERC has held that, the coal distribution policy viz. SHAKTI policy (Scheme for Harnessing and Allocating Koyala Transparently in India) is as a Change in Law event and has allowed compensation to APML from April 2017 onwards. APML has raised claim of ₹ 3,07,753 lakhs (PY ₹ 2,32,000 Lakhs) for the period from April 2017 to March 2020. However, MSEDCL has filed an appeal in APTEL against the order of MERC.

MSEDCL may also be required to pay the carrying cost on the claim amount of APML. The approximate impact of carrying cost comes to ₹ 19,600 Lakhs (PY ₹19,600 Lakhs). MSEDCL has made an ad hoc payment of ₹ 168000 Lakhs towards principal liability. Hence, the total amount of ₹ 1,59,353 Lakhs (PY ₹ 2,51,600 Lakhs) has been considered as contingent liability under SHAKTI policy.

- c) CERC has allowed compensation to GMR Warora Energy Ltd., (GWEL) towards domestic coal shortfall viz. SHAKTI policy under the provisions of Change in law in PPAs vide its order in case no. 284 of 2018. Moreover, CERC, by another order, has also allowed compensation to GWEL and directed to consider the technical parameters such as Station Heat Rate (SHR) of plant on actual basis and Gross Calorific Value (GCV) of coal on receipt basis instead of considering the parameters on standard basis. Accordingly, based on the directions of CERC, GWEL has submitted its claim of ₹ 7,805 Lakhs (PY ₹ 9,300 Lakhs).

MSEDCL may also be required to pay the carrying cost on the claim amount of GWEL. The approximate impact of carrying cost comes to the tune of ₹ 637 Lakhs (PY ₹ 1,129 Lakhs). However, MSEDCL has filed an Appeal in APTEL against both the orders of CERC.



MSEDCL has paid an amount of ₹ 3,742 Lakhs. Hence, the total amount of ₹ 4,701 Lakhs (PY ₹ 10,429 Lakhs) is considered as contingent liability under SHAKTI policy.

- d) MERC has passed an order in case no. 68 of 2012 on 06.09.2019. In its order MERC held that, the de-allocation of LOAHRA coal block which was earlier allocated to APLM for its 800 MW capacity plant at Tiroda constitutes as change in law event. Hence, APLM has raised an invoice of ₹ 5,79,931 Lakhs (including ₹ 2,40,685 Lakhs carrying cost). MSEDCL has paid ₹ 1,66,300 Lakhs. However, MSEDCL has filed an appeal No. 340 in APTEL against the decision of MERC. Hence, the entire amount claimed by APLM is shown as contingent liability of ₹ 4,13,631 Lakhs.
- e) MERC had passed an order allowing compensation to JSW Energy Ltd. (JSWEL) towards various changes in law events vide its order in case no. 123 of 2017. JSWEL raised a bill including the compensation towards auxiliary consumption on power supplied through alternate sources. MERC disallowed this claim vide its order in case no 289 of 2018. JSWEL has filed an appeal in APTEL against the order of MERC. The matter is pending before APTEL. The amount of ₹ 2,147 Lakhs (PY ₹ 1,000 Lakhs) is considered as contingent liability.

**(C) Dispute in DPS:**

a) DPS of MSPGCL:

There is difference in DPS claimed by MSPGCL as compared to DPS worked out by MSEDCL. The major reason for such variation is due to different methodology adopted by MSPGCL and MSEDCL i.e., appropriation of payment towards Interest 1st & balance if any, will be adjusted towards principle by MSPGCL whereas MSEDCL appropriates payments towards principle 1st and then interest. However, there are no clear terms in the PPA regarding methodology for appropriation of payment. MSEDCL Holding Co. Ltd vide BR 450 dtd.27.08.2015 has directed MSPGCL to waive off DPS claimed against MSEDCL on the outstanding principal amount frozen as on 31st July, 2015. However, MSPGCL has not considered waiver of DPS till date, and continued to claim DPS on such frozen amount. Besides there are some billing differences. Hence, difference in DPS claimed by MSPGCL and DPS liability worked out by MSEDCL is considered as Contingent Liability. Therefore, ₹ 6,80,617 Lakhs is shown as Contingent Liability due to such difference in DPS claimed by MSPGCL (₹12,35,059 Lakhs) & booked by MSEDCL (₹ 5,54,442 Lakhs) as on 31.03.2020.

b) DPS of MSETCL:

MSEDCL Holding Co. Ltd vide BR 450 dtd.27.08.2015 has directed MSETCL to waive off DPS claimed against MSEDCL on the outstanding principal amount frozen as on 31st July, 2015. However, MSETCL has not considered waiver of DPS till date. Further, there is a difference in DPS on amounts adjusted by MSEDCL and not adjusted by MSETCL. Hence difference of DPS claimed by MSETCL & recognised by MSEDCL as on 31.03.2020 is shown as Contingent Liability i.e., ₹ 79,364 Lakhs against MSETCL.

c) DPS of IPPs:

Power Purchase Agreement (PPA) with IPPs provides for delayed payment surcharge at SBI Prime Lending Rate plus 2%. Accordingly, MSEDCL has provided for DPS at this rate till March 2016. However, RBI has introduced Base Rate system in place of PLR system w.e.f. 01.07.2010. MSEDCL has filed an appeal in Hon. APTEL vide appeal No. 77 of 2018. The matter is being pleaded in APTEL and next hearing is scheduled on 02.03.2021. MSEDCL has recalculated DPS liability of IPPs on the basis of applicable Base Rate/MCLR from time to time and accordingly, MSEDCL has booked surcharge as per MCLR in place of PLR. However, IPPs are continuing to claim DPS as per PLR rate. Hence, there is



difference of ₹ 2,84,428 Lakhs in the amount of DPS claim which is considered as contingent liability as detailed below.

(₹ in Lakhs)

| Particulars                         | Contingent Liability on account of DPS |                  |
|-------------------------------------|--|------------------|
|                                     | As at 31.03.2020                       | As at 31.03.2019 |
| Adani Power Maharashtra Ltd 1320 MW | 97,186                                 | 36,077           |
| Adani Power Maharashtra Ltd 1200 MW | 1,15,422                               | 35,861           |
| Adani Power Maharashtra Ltd 125 MW  | 12,304                                 | 2,267            |
| Adani Power Maharashtra Ltd 440 MW  | 14,328                                 | 2,862            |
| Rattan India Power Ltd 450 MW       | 16,592                                 | 6,979            |
| Rattan India Power Ltd 750 MW       | 11,735                                 | 4,443            |
| JSW Energy Limited                  | 10,890                                 | 9,417            |
| GMR Warora Energy Ltd               | 5,971                                  | 2,880            |
| <b>TOTAL</b>                        | <b>2,84,428</b>                        | <b>1,00,786</b>  |

**(D) Dispute in Encashment of CPG:**

MSEDCL had PPA with Lanco Vidarbh (the Generator) towards supply of power of 680 MW. Lanco Vidarbh failed to achieve the Schedule Commercial Operation Date (SCOD) as stipulated. As per terms of the PPA, MSEDCL has encashed the Contract Performance Guarantee (CPG) amounting to ₹ 5,100 Lakhs and recognised as income in the year of encashment.

However, the Generator approached the State Commission. Accordingly, MERC has directed to return the Bank Guarantee (BG) amount vide order in case no. 85 of 2016 & 135 of 2015. MSEDCL has filed an appeal before APTEL. The amount ₹ 5,100 Lakhs (PY ₹ 5,100 Lakhs) is considered as contingent liability.

(E) Most of the above mentioned amounts [covered by paragraphs (A) to (D) above] considered as Contingent Liability, if crystallised, would be allowed to be recovered through Aggregate Revenue Requirement (ARR) as per MERC Regulations, and are potential contingent assets. However, the amount of contingent asset, if any, that may arise on this account is not considered as such.

**(iv) Interest Free Loan from Maharashtra Industrial Development Corporation (MIDC)**  
(Refer Note 21):

The various electrical infrastructures up gradation and system improvement work at MIDC areas are carried out by MSEDCL. Considering the urgency, necessity and financial condition of MSEDCL, MIDC itself executes the work or provides funds to 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 Lakhs, out of which based on details available, MSEDCL based on available records has accepted claims amounting to ₹ 4,729 Lakhs and accounted for the same as interest free loan.

On the basis of Work Completion Report (WCR) and Handing Over Taking Over document received from field offices matched with the details provided by MIDC, MSEDCL has repaid ₹ 2,224 Lakhs to MIDC Out of ₹ 4,729 Lakhs. ₹ 2,505 Lakhs are still unpaid due to non-availability of WCR and Handing Over Taking Over document. The amount not accounted of ₹ 6,940 Lakhs (₹ 11,669 Lakhs - ₹ 4,729 Lakhs) has been considered as Contingent Liability. The amount ₹ 6,940 lakhs when accounted would be capitalised.

Further, MIDC has sanctioned ₹ 9,848 Lakhs vide letter dated 23.01.2017, and the same is received by MSEDCL on 24.01.2017. 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, 26.02.2018, 29.08.2018, 28.01.2019 and 02.04.2020 requested MIDC to provide the Work Completion Report (WCR) and Handing Over Taking Over document against ₹ 9,271 Lakhs (Total Claim of MIDC ₹ 11,669 Lakhs - Refunded amount to MIDC ₹ 2,224 Lakhs - ₹ 174 Lakhs unpaid) and repayment schedule of the interest free loan of ₹ 9,848 Lakhs.

Hence the total outstanding balance against MIDC Interest Free Loan is ₹ 12,352 Lakhs as on 31<sup>st</sup> March 2020 (₹ 2,505 Lakhs + ₹ 9,848 Lakhs).

**(v) Deposits made by MSEDCL with MERC against user charges for use of assets of Mula-Pravara Electric Co-op. Society Ltd. (Refer Note 6):**

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 MSEDCL 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 APTEL 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.

MERC decided that MSEDCL being a deemed licensee, does not require fresh license after expiry of license of MPECS. MPECS challenged MERC order before APTEL. These appeals are still pending before Hon'ble APTEL.

In the MPECS petition for user charges, 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 matter of determination of user charges 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 thereafter filed 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 Hon'ble Supreme Court has directed to deposit ₹ 100 Lakhs per month to MERC instead of paying it to MPECS.

Accordingly, based on consultant's 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 ₹ 6,364 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, MSEDCL has made payment as under:

| Particulars  | (₹ in Lakhs)             |                           |                          |
|--|--------------------------|---------------------------|--------------------------|
|  | Paid up to<br>31.03.2019 | Paid during<br>FY 2019-20 | Paid up to<br>31.03.2020 |
| MPECS<br>(charged to statement of profit and loss) | 9,864                    | 1,200                     | 11,064                   |
| MERC (Deposit)                                     | 45,709                   | 2,842                     | 48,551                   |
| <b>Total</b>                                       | <b>55,573</b>            | <b>4,042</b>              | <b>59,615</b>            |

As such, the amount of ₹ 48,551 Lakhs (PY ₹ 45,709 Lakhs) deposited with MERC is considered as a contingent liability.

**(vi) Others:**

These claims relate to various cases filed against MSEDCL mainly for matters related with tariff levied in the energy bill, unauthorised use of power, compensation claim in case of fatal & non-fatal accidents and interest on outstanding payment to the vendors. These claims have been disputed by MSEDCL.

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.

**II. Contingent Asset includes:**

Contingent Asset includes following billing dispute Cases.

| Sr. No. | Particular  | (₹ in Lakhs)        |                     |
|---------|---|---------------------|---------------------|
|         |   | As at<br>31.03.2020 | As at<br>31.03.2019 |
| 1       | Vodafone India Ltd. (since merged with and post merger w.e.f. 31.08.2018 known as Vodafone Idea Ltd.) | 1,284               | 1,167               |
| 2       | Idea Cellular Ltd (since merged with and post merger w.e.f. 31.08.2018 known as Vodafone Idea Ltd.)   | 2,481               | 2,275               |
| 3       | Various Suppliers of Materials  | 31,808              | 31,808              |
| 4       | Others  | 8,060               | -                   |
|         | <b>Total</b>  | <b>43,634</b>       | <b>35,250</b>       |



Vodafone India Ltd. and Idea Cellular Ltd. (both have merged with effect from 31<sup>st</sup> August 2018 and post merger known as Vodafone Idea Ltd.) are High Tension (HT) consumers who were initially billed at industrial tariff. However, it has been observed that no industrial activity is carried out by these consumers and as such it would be appropriate to levy commercial tariff to them. Hence, the tariff category is changed and the differential amount was charged to the consumers. Aggrieved by this demand, these consumers filed writ petition in High Court for continuation of industrial tariff. The order in these matters is awaited. Since the revenue is booked as per industrial tariff, the differential amount is shown as contingent asset.

### III. Other Commitments:

The Company has executed PPAs for purchase of power up to capacity of around 38,216 MW for FY 2019-2020 (PY 36,589 MW) with various Individual Power Plants (IPPs) and is committed to procuring power as per the requirement and on Merit Order Dispatch (MOD) principle as directed by MERC, at the rate as applicable from time to time.

#### 2. Going Concern Assumption (Refer Note 16):

The accumulated losses of the Company as at 31<sup>st</sup> March 2020 are ₹ 26,17,177 Lakhs. (PY ₹ 26,37,949 Lakhs). The current liabilities as at 31<sup>st</sup> March 2020 (PY 31<sup>st</sup> March 2019) are in excess of its current assets.

MSEDCL is the only power distribution licensee which caters to the requirements of all consumers in the state of Maharashtra except certain areas of Mumbai. Electricity, being essential service, needs to be supplied to the consumers on continuous (24 X 7) basis.

The Company has entered into long term power purchase agreements with various power generators for a period from 15 - 35 years and has been procuring power as per requirements from time to time. Recently, in order to tide over the liquidity crunch and ensure operational efficiency, GoM has taken over the debt of MSEDCL which is being converted into grant in phased manner under UDAY scheme, launched by Government of India. Under the said Scheme, the GoM has also agreed to take over part of the losses incurred by the Company till FY 2020-21.

The Company has been consistent in meeting its day-to-day liabilities. The Company has also been regular in debt servicing of long term & short-term loans and there is no default in debt servicing.

Further, MSEDCL is fully owned by GoM and various projects/ schemes are being implemented by GoM for improvement in distribution network & consumer service, considering the interest of the public at large. Such projects are funded by the GoM either in the form of equity or grant.

Considering the above and the fact that Government of Maharashtra is expected to infuse additional funds, as and when required, the financial statements have been drawn up on going concern basis and no adjustment is considered necessary to the carrying value of assets and liabilities.

#### 3. Accounting of Renewable Purchase Obligation (RPO) (Refer Note 24 & 29):

As per MERC RPO Regulations 2016, every Obligation Entity shall procure electricity generated from eligible RE sources to the extent of the percentages specified in Regulation, out of its total procurement of electricity from all sources in a year. MSEDCL in FY 2019-20 has not fulfilled the RPO as per MERC specification. Hence MSEDCL has provided ₹ 2,00,360 Lakhs (PY ₹ 2,39,000 Lakhs) towards the shortfall.



**4. Balance Confirmation :**

Balances of Trade Payables, Loans & Advances, Other Current as well as Non- Current Assets/Liabilities are subject to reconciliation / confirmation and necessary adjustments, if any, from the respective parties. Balance confirmations of various post offices and few banks are not available. Hence these balances are subject to reconciliation/confirmation and necessary adjustments, if any. The management does not expect any material difference affecting the current year financial statement due to the same.

**5. Capital Work in Progress and Property Plant Equipment (Refer Note 3 & 3A):**

An asset is created based on the Work Completion Report (WCR) generated in the SAP-ERP system. Wherever the date of capitalisation in the system is later than actual capitalisation, the depreciation for the differential period is calculated and accounted for. In few cases, work has been completed but not capitalised. This has resulted in non-charging of depreciation in such cases. The amount of depreciation not provided for, however, is unascertainable.

**6. Financial Instruments:**

The classification of assets and liabilities has been given as below (Refer Balance Sheet):



NOTE 36 (6) :

Classification of Financial Assets and Financial Liabilities:

The following table shows the carrying amount

(₹ in Lakhs)

|  | As at 31.03.2020 |        |                  |   | As at 31.03.2019 |        |                  |   |
|--|------------------|--------|------------------|---|------------------|--------|------------------|---|
|  | FVTPL            | FVTOCI | Amortised Cost   | Fair Value of items carried at Amortised cost | FVTPL            | FVTOCI | Amortised Cost   | Fair Value of items carried at Amortised cost |
| <b>Financial assets</b>                                    |                  |        |                  |   |                  |        |                  |   |
| (i) Investments in Equity                                  | -                | -      | 31,370           | 33,420  | -                | -      | 18,573           | 19,087  |
| (ii) Investments in Bonds                                  | -                | -      | 3,945,989        | 3,945,989                                     | -                | -      | 3,006,095        | 3,006,095                                     |
| (iii) Trade Receivables                                    | -                | -      | 168,626          | 168,626                                       | -                | -      | 43,096           | 43,096  |
| (iv) Cash and Cash Equivalents                             | -                | -      | 69,004           | 69,004  | -                | -      | 79,513           | 79,513  |
| (v) Other Bank Balances                                    | -                | -      | 33,657           | 33,657  | -                | -      | 34,799           | 34,799  |
| (vi) Loans   | -                | -      | 871,928          | 871,928                                       | -                | -      | 1,058,982        | 1,058,982                                     |
| (vii) Other Financial Assets                               | -                | -      | -                | -   | -                | -      | -                | -   |
| <b>Total</b>   | -                | -      | <b>5,120,574</b> | <b>5,122,624</b>                              | -                | -      | <b>4,241,059</b> | <b>4,241,573</b>                              |
| <b>Financial liabilities</b>                               |                  |        |                  |   |                  |        |                  |   |
| (i) Borrowings including Current Maturities                | -                | -      | 3,809,402        | 3,809,402                                     | -                | -      | 3,321,255        | 3,321,255                                     |
| (ii) Trade Payables  | -                | -      | 2,171,096        | 2,171,096                                     | -                | -      | 1,773,889        | 1,773,889                                     |
| (iii) Other Financial Liabilities excl. Current Maturities | -                | -      | 3,190,037        | 3,190,037                                     | -                | -      | 2,410,006        | 2,410,006                                     |
| <b>Total</b>   | -                | -      | <b>9,170,535</b> | <b>9,170,535</b>                              | -                | -      | <b>7,505,149</b> | <b>7,505,149</b>                              |





**Financial Risk Management:**

**Risk management framework**

In its ordinary operations, MSEDCL's activities expose it to various types of risks, which are associated with the financial instruments and markets in which it operates. MSEDCL has its risk management process which has been carried out at regular interval. The following is the summary of the main risks:

**I. Regulatory Risk**

MSEDCL submits the Annual Revenue Requirement (ARR) to Maharashtra Electricity Regulatory Commission (MERC). The MERC after due diligence & prudence check determine the tariff to be charged to consumer. The tariff so determined by MERC is based on the MERC (Multi Year Tariff) Regulations which get revised periodically. The tariff is determined based on normative parameters as set out in the said Regulations. Any change in the normative parameters or guiding Regulatory provisions or perception will have impact on the income from sale of the power of the company.

**II. MSEDCL has identified financial risk and categorized them in three parts Viz. (i) Credit Risk, (ii) Liquidity Risk & (iii) Market Risk. Details regarding sources of risk in each such category are as below.**

**(i) Credit Risk :**

Credit risk is the risk of financial loss to the Company if a customer or counter party to a financial instrument fails to meet its contractual obligations and arises principally from customers and investment securities. MSEDCL establishes the policy for allowance for expected credit loss and impairment that represents its estimate of losses in respect of trade, other receivables and investments. The maximum exposure to credit risk in case of all the financial instruments covered below is restricted to their respective carrying amounts.

**a) Trade Receivables including interest (Refer Note 10 & 13):**

As per the accounting policy MSEDCL has determined the allowance of expected credit loss on trade receivables taking into consideration its widespread base of customers as well as the social obligations that the Company has to fulfill as the primary electricity distributor in the state of Maharashtra.

Trade receivables being short term in nature, lifetime expected credit losses are measured, considering the asset as credit impaired, in case the customer does not pay on due dates. Following Ind AS 109, MSEDCL has opted to exercise the practical expedient of determining the loss allowance on a provision matrix. This matrix takes into consideration appropriate grouping or segmentation of Customers and their ageing profile. MSEDCL has determined forward looking information on the behavior pattern of the customer.

Further, while making the provision for expected credit loss:

- (a) The Company has considered trade receivables from customers against whom legal proceedings have been initiated except MPECS.
- (b) The Company has considered trade receivables due from distribution franchisees except Global Tower Limited (GTL) as the legal proceedings have been initiated for recovery of receivable amount.
- (c) The Company has considered trade receivables after deducting security deposits received from consumers on individual basis. The trade receivables to the extent of



security deposit amount, is considered as secured receivables and the ECL are provided on such remaining unsecured receivables.

The total security deposit from consumers as per books of account and Information Technology (IT) data base are ₹ 8,10,680 (PY ₹ 7,54,348 Lakhs) (Refer Note 18) and ₹ 8,08,783 (PY ₹ 7,54,775) Lakhs respectively. There is difference of ₹ 1,897 Lakhs (PY ₹ 427 Lakhs) between the security deposit from consumers as per books of accounts and IT. However, provision for interest on Security Deposit is made as per IT report.

The movement in allowance for expected credit losses on trade receivable is as under (Refer Note 10, 13 & 35).

| (₹ in Lakhs)                              |                 |
|---|-----------------|
| Particulars                               | Amount          |
| <b>ECL Allowance as on March 31, 2018</b> | <b>8,88,183</b> |
| Addition during the FY 2018-19            | 2,15,265        |
| Write-off during FY 2018-19               | 4,01,934        |
| <b>ECL Allowance as on March 31, 2019</b> | <b>7,01,514</b> |
| Addition during the FY 2019-20            | 3,25,784        |
| Write-off during FY 2019-20               | 3,28,226        |
| <b>ECL Allowance as on March 31, 2020</b> | <b>6,99,072</b> |

**b) Other Receivables** (Refer Note 5, 6, 12, 13 & 35) :

Besides Trade Receivables, the Company has recognised an allowance for expected credit losses on other financial assets.

The movement in allowance for expected credit losses (including provision for doubtful debts) on other receivables is as under.

| (₹ in Lakhs)                              |                |
|---|----------------|
| Particulars                               | Amount         |
| <b>ECL Allowance as on March 31, 2018</b> | <b>20,090</b>  |
| Movement during FY 2018-19                | 5,800          |
| <b>ECL Allowance as on March 31, 2019</b> | <b>*25,889</b> |
| Movement during FY 2019-20                | (317)          |
| <b>ECL Allowance as on March 31, 2020</b> | <b>*25,572</b> |

\*It includes provision of bad and doubtful debts of ₹ 599 Lakhs (PY ₹ 2,169 Lakhs) on other receivables from related parties.

The details of computation of ECL on trade receivables & other receivables are as follows:



NOTE 36(6)(U)(i)(a) :

| Customer Category                             | ECL on Trade Receivables including interest                 |                |  |   |                |  | Percentage of Allowance to Net Outstanding |
|---|---|----------------|--|---|----------------|--|--|
|   | As on 31 March 2020   |                |  | As on 31 March 2019   |                |  |  |
|   | Net Trade Receivables (Gross Outstanding after adjustments) | ECL Allowance  | Percentage of Allowance to Net Outstanding | Net Trade Receivables (Gross Outstanding after adjustments) | ECL Allowance  | Percentage of Allowance to Net Outstanding |  |
| Government Customers                          | 541,261   | 121,790        | 22.50%                                     | 476,871   | 99,874         | 12.56%                                     |  |
| *Regular Good                                 | 526,067   | 12,280         | 2.33%                                      | 450,717   | 27,928         | 5.69%                                      |  |
| *Regular Residual                             | 3,010,929   | 333,402        | 11.05%                                     | 2,660,838   | 454            | 19.70%                                     |  |
| Permanently disconnected                      | 465,707   | 430,244        | 92.41%                                     | 683,876   | 454,448        | 17.08%                                     |  |
| Sundry Debtors for Sale of Power to Fra       | 16,221  | 216            | 1.33%                                      | 12,485  | 14             | 0.11%                                      |  |
| <b>Total</b>                                  | <b>4,567,285</b>  | <b>898,031</b> | <b>19.66%</b>                              | <b>4,327,080</b>  | <b>957,261</b> | <b>22.12%</b>                              |  |
| Provision for bad and doubtful debts          | 129,267   | 129,267        | -  | 129,267   | 129,267        | -  |  |
| PD including amnesty & Abhay Yojana write off | -   | (22)           | -  | -   | (401,934)      | -  |  |
| LT AG int write off                           | -   | (220,410)      | -  | -   | -              | -  |  |
| Government Consumers Int W/DH                 | -   | (107,794)      | -  | -   | -              | -  |  |
| <b>Total of above</b>                         | <b>4,696,552</b>  | <b>699,072</b> | <b>14.88%</b>                              | <b>4,456,346</b>  | <b>701,514</b> | <b>15.74%</b>                              |  |

NOTE 36(6)(U)(i)(b) :

| Particulars                                      | ECL on Other Receivables |               |                     |               | Percentage of Allowance to Outstanding |
|--|--------------------------|---------------|---------------------|---------------|--|
|  | As on 31 March 2020      |               | As on 31 March 2019 |               |  |
|  | Other Receivables        | ECL Allowance | Other Receivables   | ECL Allowance |  |
| MSPCL  | 47,016                   | 13,366        | 47,008              | 12,209        | 25.97%                                 |
| MSETCL   | 7                        | -             | -                   | -             | -                                      |
| Other State Electricity Boards                   | -                        | -             | 9,277               | 9,218         | 99.39%                                 |
| Others deposits                                  | 2,216                    | 1,257         | 1,878               | 1,200         | 63.91%                                 |
| <b>Total</b>                                     | <b>49,238</b>            | <b>14,623</b> | <b>58,163</b>       | <b>22,628</b> | <b>38.90%</b>                          |
| Provision for bad and doubtful other receivables | -                        | -             | -                   | -             | -                                      |
| MSETCL   | -                        | -             | 1,572               | 1,572         | 100.00%                                |
| MPDCL  | 247                      | 247           | 247                 | 247           | 100.00%                                |
| APCL   | 145                      | 145           | 144                 | 144           | 100.00%                                |
| DPCL   | 207                      | 207           | 207                 | 207           | 100.00%                                |
| Other State Electricity Boards                   | 9,277                    | 9,277         | -                   | -             | -                                      |
| Loan & advances to licensee                      | 31                       | 31            | 31                  | 31            | 100.00%                                |
| Advances/ amounts recoverables from employees    | 1,037                    | 1,037         | 1,056               | 1,056         | 100.00%                                |
| Investment in Equity Instruments: APCL           | 5                        | 5             | 5                   | 5             | 100.00%                                |
| <b>Total of provision</b>                        | <b>10,949</b>            | <b>10,949</b> | <b>3,262</b>        | <b>3,262</b>  | <b>100.00%</b>                         |
| <b>Grand total</b>                               | <b>60,188</b>            | <b>25,572</b> | <b>61,425</b>       | <b>25,890</b> | <b>42.15%</b>                          |



**Note on Credit Risk Concentration**

MSEDCL does not have any credit risk concentration. It has more than 278 Lakhs (PY 266 Lakhs) consumers in various categories with diverse patterns of consumption of electricity.

**c) Cash and Bank Balances:** (Refer Note 11)

(₹ in Lakhs)

| Particulars               | As at 31.03.2020 | As at 31.03.2019 |
|---------------------------|------------------|------------------|
| Cash and Cash Equivalents | 1,68,626         | 43,096           |
| Other Bank Balances       | 69,004           | 79,513           |

Credit loss is not provided for cash and Bank Balances as they are held with the banks, having good reputation.

**d) Investments** (Refer Note 4) :-

Investments made are for specific purposes and is also made in a subsidiary Company. Provision for diminution in the value of investments made in subsidiary Company has been created for a value of ₹ 5 Lakhs (PY ₹ 5 Lakhs). Fair value of bonds are derived from quoted market near the reporting date (Level 1).

**(ii) Liquidity Risk :**

Liquidity risk is the risk that MSEDCL will not be able to meet its financial obligations as they become due. MSEDCL has a strong focus on effective management of its liquidity to ensure that all business and financial commitments are met on time. MSEDCL has adequate borrowing limits in place duly approved by its Board. MSEDCL sources of liquidity include operating cash flows, cash and Bank Balances, fund and non-fund based lines from banks. Cash and fund flow management is monitored daily in order to have smooth and continuous business operations.

**a) Financing arrangements :**

MSEDCL has adequate fund and non-fund based limits from various banks. MSEDCL has sufficient borrowing limits in place duly approved by its Board. It's diversified source of funds and strong operating cash flows enable it to maintain requisite capital structure discipline. The financing products include buyer's credit loan clean & secured domestic term loan.

**b) Arrangement for working capital facilities & securities given** (Refer Note 21):

An arrangement for working capital facilities (fund based and non-fund based ) including cash credit facility and Working Capital Demand Loan (WC DL) aggregating to ₹ 7,00,000 Lakhs (PY ₹ 7,00,000 Lakhs) has been made with the various banks, details of which are as under:



Arrangement for working capital facilities (fund based and non-fund based) for FY 2019-20

(₹ in Lakhs)

| Particulars          | Fund Based Limits (Cash Credit Facility/WCDL) | Fund Based Limits utilized as at 31.03.2020 | Fund Based balance as on 31.03.2020 | Non Fund Based Limits | Non Fund Based Limits utilized as at 31.03.2020 | Non Fund Based balances as on 31.03.2020 |
|----------------------|---|---|-------------------------------------|-----------------------|---|--|
| Canara Bank          | 1,50,000                                      | 1,44,000                                    | 6,000                               | 2,00,000              | 1,99,385  | 615                                      |
| Bank of India        | 34,000  | 34,000                                      | -                                   | 95,000                | 79,726  | 15,274                                   |
| United Bank of India | 49,000  | 49,000                                      | -                                   | -                     | -   | -  |
| Syndicate Bank       | 23,250  | 23,250                                      | -                                   | 3,300                 | -   | 3,300                                    |
| Bank of Maharashtra  | 63,750  | 62,000                                      | 1,750                               | 11,700                | 4,604   | 7,096                                    |
| State Bank of India  | 30,000  | 30,000                                      | -                                   | 40,000                | -   | 40,000                                   |
| <b>Total</b>         | <b>3,50,000</b>                               | <b>3,42,250</b>                             | <b>7,750</b>                        | <b>3,50,000</b>       | <b>*2,83,715</b>                                | <b>66,285</b>                            |

\* It includes Bank Guarantee of ₹ 4,614 Lakhs and Letter of Credit of ₹ 2,79,101 Lakhs.

Arrangement for working capital facilities (fund based and non-fund based) for FY 2018-19.

(₹ in Lakhs)

| Particulars          | Fund Based Limits (Cash Credit Facility/WCDL) | Fund Based Limits utilized as at 31.03.2019 | Fund Based balance as on 31.03.2019 | Non Fund Based Limits | Non Fund Based Limits utilized as at 31.03.2019 | Non Fund Based balances as on 31.03.2019 |
|----------------------|---|---|-------------------------------------|-----------------------|---|--|
| Canara Bank          | 1,50,000                                      | 1,41,500                                    | 8,500                               | 2,00,000              | 1,93,248  | 6,752                                    |
| Bank of India        | 34,000  | -   | 34,000                              | 95,000                | 69,823  | 25,177                                   |
| United Bank of India | 49,000  | 49,000                                      | -                                   | -                     | -   | -  |
| Syndicate Bank       | 38,250  | 38,250                                      | -                                   | 3,300                 | -   | 3,300                                    |
| Bank of Maharashtra  | 63,750  | 61,750                                      | 2,000                               | 11,700                | 3,362   | 8,338                                    |
| Untied GAP           | 15,000  | -   | 15,000                              | 40,000                | -   | 40,000                                   |
| <b>Total</b>         | <b>3,50,000</b>                               | <b>2,90,500</b>                             | <b>59,500</b>                       | <b>3,50,000</b>       | <b>*2,66,433</b>                                | <b>83,567</b>                            |

\* It includes Bank Guarantee of ₹ 3,892 Lakhs and Letter of Credit of ₹ 2,62,541 Lakhs.

The above working facilities are secured by hypothecation of present & future book debts of the Company of the non-escrow circles.

The details of Unsecured short term loans- bank & others are as under:

(₹ in Lakhs)

| Particulars   | As at 31 March 20 | As at 31 March 19 |
|---|-------------------|-------------------|
| <b>(I) Loans from banks (Short term Loan)</b>                                     |                   |                   |
| (i) Maharashtra State Co-op. Bank   | 1,43,333          | 83,333            |
| (ii) Ratnagiri District Co Op Bank  | -                 | 30,000            |
| (iii) Thane District Co Op Bank   | -                 | 16,668            |
| <b>(II) Loan from Others</b>  |                   |                   |
| (i) Interest free Loan from Maharashtra Industrial Development Corporation (MIDC) | 12,352            | 12,352            |
| (ii) Energy Development Agency Ltd  | -                 | 25,000            |
| <b>Total</b>  | <b>1,55,685</b>   | <b>1,67,354</b>   |

**c) Maturities of financial liabilities :**

The amounts disclosed in the table are the contractual undiscounted cash flows (Refer Note 17, 18, 21, 22 & 23).



(ii) Maturities of financial liabilities

The amounts disclosed in the table are the contractual undiscounted cash flows.

(₹ in Lakhs)

|   | Contractual cash flows |                  |                   |                  |                  |                   |
|---|------------------------|------------------|-------------------|------------------|------------------|-------------------|
|   | As at 31.03.2020       |                  |                   | As at 31.03.2019 |                  |                   |
|   | Upto 1 year            | 1-3 years        | more than 3 years | Upto 1 year      | 1-3 years        | more than 3 years |
| <b>Non-derivative financial liabilities</b> |                        |                  |                   |                  |                  |                   |
| Borrowings                                  | 921,861                | 2,065,853        | 812,548           | 457,854          | 1,828,944        | 1,034,457         |
| Trade payables                              | 2,171,096              | -                | -                 | 1,773,889        | -                | -                 |
| Other financial liabilities                 | 2,732,930              | 36,225           | 857,157           | 1,485,908        | 24,645           | 899,453           |
| <b>Total</b>                                | <b>5,825,887</b>       | <b>2,102,078</b> | <b>1,669,705</b>  | <b>3,717,650</b> | <b>1,853,589</b> | <b>1,933,910</b>  |



(iii) **Market Risk - Market Risk is further categorized as (a) Currency Risk, (b) Interest Rate Risk**

**a) Currency Risk:**

MSEDCL does not have any currency risk as it does not have any exposure to foreign currency loans.

**b) Interest Rate Risk** [Refer Note 17 & 21]:

MSEDCL's interest rate risk arises from the potential changes in interest rates on borrowings. The interest rate profile of the MSEDCL's interest bearing financial instruments is as follows.

|                                   | (₹ in Lakhs)     |                  |
|-----------------------------------|------------------|------------------|
|                                   | Carrying amounts |                  |
|                                   | As At 31.03.2020 | As At 31.03.2019 |
| <b>Fixed-rate instruments</b>     |                  |                  |
| Financial liabilities- Borrowings | 12,70,563        | 14,50,015        |
| <b>Variable-rate instruments</b>  |                  |                  |
| Financial liabilities- Borrowings | 25,30,282        | 18,58,888        |

**c) Cash flow sensitivity analysis for variable-rate instruments** (Refer Note 33)

A reasonably possible change of 25 basis points in interest rates at the reporting date would have increased / (decreased) profit or loss by the amounts shown below. The indicative 25 basis point (0.25%) movement is directional and does not reflect management forecast on interest rate movement.

|                             | (₹ in Lakhs)      |                   |                   |                   |
|-----------------------------|-------------------|-------------------|-------------------|-------------------|
|                             | 25 bp<br>increase | 25 bp<br>decrease | 25 bp<br>increase | 25 bp<br>decrease |
|                             | 31.03.2020        |                   | 31.03.2019        |                   |
| Floating rate borrowings    | (6,326)           | 6,326             | (4,647)           | 4,647             |
| Cash flow sensitivity (net) | (6,326)           | 6,326             | (4,647)           | 4,647             |

**7. Regulatory Assets** (Refer Balance sheet and Profit and loss):

**i) Nature of rate regulated activities**

As per Ind AS 114 Regulatory Deferral Accounts, the business of electricity distribution is a rate regulated activity wherein Maharashtra Electricity Regulatory Commission (MERC), the Regulator determines tariff to be charged by the Company to its consumers based on prevailing Regulations.

**ii) Recognition and measurement**

MSEDCL submits the Annual Revenue Requirement (ARR) to Maharashtra Electricity Regulatory Commission (MERC). The MERC after due diligence & prudence check determine the tariff to be charged to consumer. The tariff so determined by MERC is based on the MERC (Multi Year Tariff) Regulations which get revised periodically.

MERC vide order dated 30.03.2020 has approved the final truing up of Aggregate Revenue Requirement (ARR) FY 2017-18 & FY 2018-19, provisional truing up of FY 2019-20 and approved tariff for control period from FY 2020-21 to FY 2024-25.



Accordingly, Regulatory Asset of MSEDCL as at 31<sup>st</sup> March 2020 is accounted for and the details are as follows:

(₹ in Lakhs)

| Sr. No. | Particulars   | As at 31.03.2020 | As at 31.03.2019 |
|---------|---|------------------|------------------|
| A       | Opening Regulatory Asset  | 8,98,373         | 9,47,873         |
| B       | Regulatory income during the year:  |                  |                  |
|         | i) Power purchase cost [PY excluding provision of ₹ 2,39,000 Lakhs towards shortfall of Renewable Power Obligation (RPO)] | 68,85,039        | 61,03,584        |
|         | ii) Other expenses as per the terms of Tariff Regulations including ROE   | 12,19,568        | 10,91,849        |
|         | iii) Revenue billed during the year   | 73,48,021        | 73,03,632        |
|         | iv) Carrying Cost Allowed   | 88,075           | 58,700           |
|         | Regulatory income / (expenses) (i+ii-iii+iv)  | 8,44,661         | (49,500)         |
| C       | Allowance/(disallowance) of income of previous year(s)  | -                | -                |
| D       | Closing Regulatory Asset/(Liability) (A+B+C)  | 17,43,034        | 8,98,373         |

**iii) Risk associated with future recovery/ reversal of regulatory asset balance**

**a) Regulatory risk**

The tariff is determined after considering PP cost, Operation and Maintenance cost, finance cost, depreciation, other expenses, Return on Equity (ROE) and non-tariff income and after applying prescribed norms. The tariff so determined by MERC is based on the MERC (Multi Year Tariff) Regulations which get revised periodically. The tariff is determined based on normative parameters as set out in the said Regulations. Any change in the normative parameters or guiding Regulatory provisions or perception will have impact on the income from sale of the power of the company.

- b) Demand Risk** - Change in consumer mix, shifting of existing consumers to alternative sources of supply and vice n versa, etc.
- c) Other risk including other market risk** – Short generation of power due to shortage of fuel, social and economic obligations etc.

These may have an impact on the recovery of regulatory asset balance.

**8. Subsidy from GoM towards concession in Tariff** (Refer Note 10);

Maharashtra Electricity Regulatory Commission (MERC) has powers to determine electricity tariff under section 61 & 62 of Electricity Act, 2003. The State Government has powers under section 65 of Electricity Act, 2003 to give concession in electricity tariff to any consumer or class of consumers. The State Government reimburses to the Company to the extent of subsidy granted to the consumers. As it is subsidy to consumers and not the Company, the Company accounts for the same in the books of account as "Receivable from Government of Maharashtra" under Trade Receivable and the 'Revenue From Sale of power' is booked at the MERC Tariff rate.

MERC, while determining the electricity tariff does not consider the concession/ subsidy given by the State Government in electricity tariff to any consumer or class of consumers. The electricity tariff determined by MERC is full tariff and not subsidised/concessional tariff. Thus the revenue from sale of power is not booked at the concessional tariff rate, but at MERC Tariff Rate i.e. rate without the concession/ subsidy in electricity tariff to any consumer or class of consumers given by the State





Government. The subsidy given by the Government of Maharashtra is just like partial payment (to the extent of concession/subsidy) on behalf of concerned consumers / categories of consumers.

(₹ in Lakhs)

| Year    | Opening Balance Receivable from GoM. | Subsidy Accounted | Subsidy Received/Adjusted | Balance Receivable from GoM. |
|---------|--------------------------------------|-------------------|---------------------------|------------------------------|
| 2018-19 | 2,10,254                             | 10,34,557         | 11,66,207                 | *78,604                      |
| 2019-20 | *78,604                              | 8,00,781          | **5,69,962                | 3,09,423                     |

\*After considering the adjustment of subsidy of ₹ 4,32,220 Lakhs against Electricity Duty/ Tax on sale of Electricity payable to GoM.

\*\* It does not include subsidy of ₹ 4,32,220 Lakhs adjusted against Electricity Duty/ Tax on sale of Electricity in FY 2018-19.

**9. Termination of Distribution Franchisee Agreement (Refer Note 10):**

**a) Global Tower Ltd. (GTL):**

A Distribution Franchisee Agreement (DFA) was signed with Global Tower Ltd. (GTL) on 23.02.2011 for the designated Distribution Franchisee (DF) area of Aurangabad and it was handed over to GTL on 01.05.2011. As per provisions of DFA, GTL was to pay the invoice amount towards energy supplied by MSEDCL at the input points of Aurangabad DF area within stipulated time. GTL failed to pay the full amount of invoice raised by MSEDCL in time and the outstanding piled up.

The DFA with GTL was terminated with effect from 10th November, 2014 and the designated Distribution Franchisee (DF) area was taken over by MSEDCL for further operations. The final dues from GTL are yet to be settled with due deliberation by the Board. Legal proceedings are initiated for recovery of receivable amount ₹ 37,506 Lakhs - including accumulated interest of ₹ 35,972 Lakhs (PY ₹ 31,451 Lakhs - including accumulated interest of ₹ 29,928 Lakhs).

**b) Spanco Nagpur Discom (SND) Limited:**

SND Ltd (formerly Spanco Nagpur Discom Limited) was appointed as Distribution Franchisee (DF) of MSEDCL for three divisions of Nagpur Zone and was operational since 01st May 2011.

However, SND Ltd has informed MSEDCL about precarious financial position of the company and its inability to continue the DF operations in Nagpur area. Considering the deteriorating performance & financial crunch of SND Ltd, MSEDCL decided to take over the operations of the Nagpur DF Area as per the request of SND Ltd. Thereafter, as per the provisions of DFA, Final Termination Notice was issued to SND Ltd on 07.09.2019 and designated area was taken over by MSEDCL on 09.09.2019. Final termination account in respect of SND Ltd is in progress and provisional amount payable to SND Ltd is ₹ 5,096 Lakhs (PY receivable ₹ 11,435 Lakhs). No effect to the said termination has been given in the financial statements as at 31<sup>st</sup> March 2020.

**10. Ind AS 19- Employee Benefits (Refer Note 19, 24 & 30):**

**Post-Employment Benefits:**

**A) Defined Benefit Plan:**

**(i) Provident Fund :**

The Company makes separate contribution towards provident fund to a defined benefit retirement plan. The provident fund is administered 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 Ind AS 19 Employee Benefits, 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. However, there is no further liability which remained to be provided as at the end of the year, on account of shortfall in interest payable to the beneficiaries.

Deficit, if any, having regard to the position of the fund as compared to aggregate liability is additionally contributed by the Company and recognized as expenses. 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.

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

(₹ in Lakhs)

| Sr.No. | Particulars  | As at<br>31.03.2020 | As at<br>31.03.2019 |
|--------|--|---------------------|---------------------|
| 1.     | Liability for subscriptions and interest payable to employees at the end of year | 6,08,383            | 6,07,553            |
| 2.     | Fair Value of Plan Assets at the end of year                                     | 6,41,427            | 6,13,456            |
| 3.     | Surplus  | 33,090              | *5,903              |

\*Above mentioned figures as at 31.03.2019 does not include the additional impact of provident fund of ₹ 4,460 Lakhs arising on account of pay revision, which took place on 11<sup>th</sup> Sept, 2019 w.e.f. 01<sup>st</sup> April, 2018.

(b) Description of Plan Assets :

| Sr. No. | Particulars                   | For the year ended<br>31 <sup>st</sup> March, 2020<br>(in %) | For the year ended<br>31 <sup>st</sup> March, 2019<br>(in %) |
|---------|-------------------------------|--|--|
| 1.      | Central Government Securities | 8.19   | 8.37   |
| 2.      | Other Securities              | 28.98  | 27.89  |
| 3.      | Listed Debt Securities        | 6.99   | 4.81   |
| 4.      | Basel III Tier-I Bonds        | 29.77  | 32.27  |
| 5.      | Exchange Traded Funds (EFT's) | 2.37   | 1.66   |
| 6.      | Special Deposit Scheme        | 23.70  | 24.99  |

(ii) Gratuity (Unfunded Defined Benefit Plan) :

Gratuity payable to all employees of MSEDCL is as per the provisions of the Payment of the Gratuity (Amendment) Act, 2018 or MSEB Gratuity Regulations 1960, whichever is beneficial to the employees.

Gratuity and Long Term Compensated Absences - as per actuarial valuations by independent actuaries at the year-end by using projected unit credit method as on 31<sup>st</sup> March, 2020 are recognized in the financial statements in respect of Employees Benefits Schemes.



Details of Gratuity disclosure as required by Ind AS -19 are given hereunder:

**Table 1. Change in Defined Benefit Obligation during the period**

(₹ in Lakhs)

| Particular                                      | Gratuity                    |                             |
|---|-----------------------------|-----------------------------|
|   | 01.04.2019 to<br>31.03.2020 | 01.04.2018 to<br>31.03.2019 |
| Opening Defined Benefit Obligation              | 2,24,756                    | 2,09,905                    |
| Current Service Cost                            | 13,748                      | 12,495                      |
| Past Service Cost                               | -                           | -                           |
| Interest Cost                                   | 15,786                      | 14,904                      |
| Actual Plan Participants' Contributions         | -                           | -                           |
| Acquisition/Business<br>Combination/Divestiture | -                           | -                           |
| Benefits Paid                                   | (38,702)                    | (37,638)                    |
| Past Service Cost                               | -                           | -                           |
| Curtailments/Settlements                        | -                           | -                           |
| Actuarial (Gains)/Losses                        | 12,056                      | 25,089                      |
| Closing Defined Benefit Obligation              | 2,27,644                    | 2,24,756                    |

**Table 2. Net Defined Benefit Asset/ (Liability)**

(₹ in Lakhs)

| Particular                            | Gratuity                    |                             |
|---------------------------------------|-----------------------------|-----------------------------|
|                                       | 01.04.2019 to<br>31.03.2020 | 01.04.2018 to<br>31.03.2019 |
| Defined Benefit Obligation            | 2,27,644                    | 2,24,756                    |
| Fair Value of plan Assets             | -                           | -                           |
| (Surplus)/Deficit                     | 2,27,644                    | 2,24,756                    |
| Effect of Asset Ceiling               | -                           | -                           |
| Net Defined Benefit Liability/(Asset) | 2,27,644                    | 2,24,756                    |

**Table 3: Major Actuarial Assumptions**

(₹ in Lakhs)

| Description                     | 31 March 2020  | 31 March 2019  |
|---------------------------------|--|--|
| Discount rate                   | 6.78%  | 7.65%  |
| Future Basic salary<br>increase | 3%<br>(with 18% increase in every<br>5th year)         | 3%<br>(with 18% increases in every<br>5th year)        |
| Withdrawal rate                 | Age based :<br>Upto 50 years - 0.5%<br>Thereafter - 2% | Age based :<br>Upto 50 years - 0.5%<br>Thereafter - 2% |
| Mortality rate                  | IALM (2012-14) Ultimate                                | IALM (2006-08) ultimate                                |
| Retirement age                  | Class I, II, III -58 years<br>Class IV- 60 years       | Class I, II, III -58 years<br>Class IV- 60 years       |



**Table 4: Sensitivity Analysis**

The sensitivity of the overall plan liabilities to changes in the weighted key assumptions are:

(₹ in Lakhs)

| Description of Discount Rate                   | Gratuity      |               |
|--|---------------|---------------|
|  | 31 March 2020 | 31 March 2019 |
| a. Discount rate - 100 basis points            | 2,46,840      | 2,43,900      |
| b. Discount rate - 100 basis points impact (%) | 8.43%         | 8.52%         |
| c. Discount rate + 100 basis points            | 2,10,996      | 2,08,482      |
| d. Discount rate - 100 basis points impact (%) | (7.31%)       | (7.24%)       |
| <b>Salary increase rate</b>                    |               |               |
| e. Rate - 100 basis points                     | 2,11,125      | 2,08,282      |
| f. Rate - 100 basis points impact (%)          | (7.26%)       | (7.33%)       |
| g. Rate + 100 basis points                     | 2,46,983      | 2,43,793      |
| h. Rate + 100 basis points impact (%)          | 8.50%         | 8.47%         |

The sensitivity analyses above have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period and may not be representative of the actual change. It is based on a change in the key assumptions while holding all other assumptions constant. When calculating the sensitivity to the assumptions, the same method used to calculate the liability recognized in the balance sheet has been applied. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared with the previous period.

**Table 5: Expected future cash flows :**

(₹ in Lakhs)

| Period                               | Gratuity      |               |
|--------------------------------------|---------------|---------------|
|                                      | 31 March 2020 | 31 March 2019 |
| Year 1                               | 27,009        | 36,789        |
| Year 2                               | 19,322        | 27,667        |
| Year 3                               | 15,953        | 20,230        |
| Year 4                               | 14,453        | 16,505        |
| Year 5                               | 15,884        | 14,753        |
| Year 6 to 10                         | 80,644        | 80,555        |
| Average Expected Future Working life | 18.18         | 18.12         |

**Table 6: Investment in Planned Assets:**

The Company has not made investments in planned assets. Hence, disclosure of investment of planned assets is not given.

**(iii) Leave Encashment Benefit (Other Long-Term employee benefits) :**

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.



Details of Leave Encashment disclosure as required by Ind AS -19 are detailed hereunder:

**Table1. Change in Defined Benefit Obligation during the period**

(₹ in Lakhs)

| Particular                                      | Leave Encashment            |                             |
|---|-----------------------------|-----------------------------|
|   | 01.04.2019 to<br>31.03.2020 | 01.04.2018 to<br>31.03.2019 |
| Opening Defined Benefit Obligation              | 2,06,246                    | 2,13,958                    |
| Current Service Cost                            | 15,625                      | 16,770                      |
| Past Service Cost                               | -                           | -                           |
| Interest Cost                                   | 14,763                      | 15,446                      |
| Actual Plan Participants' Contributions         | -                           | -                           |
| Acquisition/Business<br>Combination/Divestiture | -                           | -                           |
| Benefits Paid                                   | (27,632)                    | (33,005)                    |
| Past Service Cost                               | -                           | -                           |
| Curtailments/Settlements                        | -                           | -                           |
| Actuarial (Gains)/Losses                        | 26,974                      | (6,924)                     |
| Closing Defined Benefit Obligation              | 2,35,976                    | 2,06,246                    |

**Table2. Net Defined Benefit Asset/ (Liability)**

(₹ in Lakhs)

| Particular                            | Leave Encashment            |                             |
|---------------------------------------|-----------------------------|-----------------------------|
|                                       | 01.04.2019 to<br>31.03.2020 | 01.04.2018 to<br>31.03.2019 |
| Defined Benefit Obligation            | 2,35,976                    | 2,06,246                    |
| Fair Value of plan Assets             | -                           | -                           |
| (Surplus)/Deficit                     | 2,35,976                    | 2,06,246                    |
| Effect of Asset Ceiling               | -                           | -                           |
| Net Defined Benefit Liability/(Asset) | 2,35,976                    | 2,06,246                    |

**Table 3: Major Actuarial Assumptions**

(₹ in Lakhs)

| Description                     | 31 March 2020                                    | 31 March 2019  |
|---------------------------------|--|--|
| Discount rate                   | 6.78%  | 7.65%  |
| Future Basic salary<br>increase | 3%<br>(with 18% increase in every<br>5th year)   | 3%<br>(with 18% increases in every<br>5th year)        |
| Withdrawal rate                 | Upto 50 years - 0.5%,<br>Thereafter - 2%         | Age based :<br>Upto 50 years - 0.5%<br>Thereafter - 2% |
| Mortality rate                  | IALM (2012-14) Ultimate                          | IALM (2006-08) ultimate                                |
| Retirement age                  | Class I, II, III -58 years<br>Class IV- 60 years | Class I, II, III -58 years<br>Class IV- 60 years       |



**Table 4: Sensitivity Analysis**

The sensitivity of the overall plan liabilities to changes in the weighted key assumptions are:

(₹ in Lakhs)

| Description of Discount Rate                   | Leave Encashment |               |
|--|------------------|---------------|
|  | 31 March 2020    | 31 March 2019 |
| a. Discount rate - 100 basis points            | 2,60,313         | 2,27,732      |
| b. Discount rate - 100 basis points impact (%) | 10.31%           | 10.42%        |
| c. Discount rate + 100 basis points            | 2,15,171         | 1,88,243      |
| d. Discount rate - 100 basis points impact (%) | (8.82%)          | (8.73%)       |
| <b>Salary increase rate</b>                    |                  |               |
| e. Rate - 100 basis points                     | 2,14,905         | 1,88,013      |
| f. Rate - 100 basis points impact (%)          | (8.93%)          | (8.84%)       |
| g. Rate + 100 basis points                     | 2,60,186         | 2,27,620      |
| h. Rate + 100 basis points impact (%)          | 10.26%           | 10.36%        |

The sensitivity analyses above have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period and may not be representative of the actual change. It is based on a change in the key assumptions while holding all other assumptions constant. When calculating the sensitivity to the assumptions, the same method used to calculate the liability recognized in the balance sheet has been applied. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared with the previous period.

**Table 5: Expected future cash flows :**

(₹ in Lakhs)

| Period                                       | Leave Encashment |               |
|--|------------------|---------------|
|  | 31 March 2020    | 31 March 2019 |
| Year 1                                       | 22,406           | 26,545        |
| Year 2                                       | 16,329           | 20,346        |
| Year 3                                       | 13,810           | 15,123        |
| Year 4                                       | 12,681           | 12,592        |
| Year 5                                       | 14,459           | 11,453        |
| Year 6 to 10                                 | 77,977           | 67,590        |
| Average Expected Future Working life (Years) | 18.18            | 18.13         |

**Table 6: Investment in Planned Assets :**

The Company has not made investments in planned assets. Hence, disclosure of investment of planned assets is not given.

**(iv) Pension to Ex-Employees:**

Employees working in other State Electricity Boards were absorbed in erstwhile MSEB during 1960's. Before absorption the employees were entitled for pension and the same is continued in erstwhile MSEB and thereafter in MSEDCL as well. All the employees are retired from the services of MSEDCL. The actuarial valuation of pension to such employees is done for the first time in FY 2019-20. As on 31<sup>st</sup> March, 2020 there are 25 ex-employees whose actuarial valuation is done as under:



| Particulars                                  | (₹ in Lakhs)             |
|--|--------------------------|
|  | 01.04.2019 to 31.03.2020 |
| Defined Benefit Cost: P&L (Income)/Loss      | 414                      |
| Other Comprehensive (Income)/Loss            | 57                       |
| Defined Benefit Obligation                   | 414                      |
| Fair Value of Plan Assets                    | -                        |
| Unrecognised Actuarial (Gains)/Losses        | -                        |
| Effect of Asset Ceiling                      | -                        |
| Net Liability (Asset) at the end of the year | 414                      |
| Discount Rate at Year - end                  | 7.50%                    |

Current/ Non-Current Liability is as under:

| Particulars           | (₹ in Lakhs) |
|-----------------------|--------------|
|                       | 31.03.2020   |
| Current Liability     | 60           |
| Non-Current Liability | 354          |
| Non-Current Asset     | -            |
| Total                 | 414          |

**B) Defined Contribution Plan:**

**(i) Staff Welfare Fund (SWF):**

This fund is setup as per the requirement of regulation 104(a) of MSEB/MSEDCL Employees Service Regulation. Hence, the Board under its Resolution No. 8575 dated 23<sup>rd</sup> April, 1973 has accorded its approval to the setting up of Staff Welfare Fund and its administration in terms of the Staff Welfare Fund Regulations and Procedure.

The income sources of this fund are as follows:

- ₹ 10 per month is recovered from the salary of each employee,
- Recovery of Notice Pay from employees,
- Recovery of Fines from employees,
- Amount equal to interest @ 18% p.a. on the balance in deposit amount is credited to this account as contribution from MSEDCL (charged under the head Staff Welfare)

The expenditure incurred from this SWF is as follows:

- Scholarship to the children of employees,
- Medical aid to the employee and their families,
- First girl Child welfare, etc.

MSEDCL has credited to the SWF and booked as an expense the interest of ₹ 1,973 Lakhs (PY ₹ 1,573 Lakhs). Unspent amount as on 31.03.2020 is ₹ 12,758 Lakhs (PY ₹ 10,531 Lakhs).

**(ii) Monthly Monetary Benefit Scheme (MMBS):**

This scheme is set up with a view to pay Monthly Monetary Benefit in lieu of employment to the dependents of employees, i.e., employees who have died while in the service of the Board or employees who have retired prematurely on medical grounds before attaining the age of 50 years.

In pursuance of the approval of the Government of Maharashtra, The MSEB Employees' Dependents Welfare Trust Regulations has been approved w.e.f. 01<sup>st</sup> Nov, 1998.



For this purpose ₹ 30 per month per employee as employee contribution and ₹ 40 per month per employee as a company contribution is credited to MMBS account and paid to the MSED Employees Dependent Welfare Trust.

MSEDCL's contribution to MMBS is booked as an expense of ₹ 273 Lakhs (PY ₹ 285 Lakhs).

**11. Taxation** (Refer Note 26 & Profit & Loss Account):

**(I) Current Tax -**

There is tax liability as per Minimum Alternate Tax (MAT) under section 115-JB of the Income Tax Act, 1961, as shown below:

**Income tax expense**

**(i) Income tax recognised in statement of profit and loss**

| (₹ in Lakhs) |                                  |                     |                    |
|--------------|----------------------------------|---------------------|--------------------|
| Sr. No.      | Particulars                      | As At<br>31.03.2020 | As At<br>31.3.2019 |
| A            | <b>Current tax expense</b>       |                     |                    |
|              | Current year                     | 13,180              | -                  |
|              | Adjustment for earlier years     | -                   | 21,508             |
|              | <b>Total current tax expense</b> | <b>13,180</b>       | <b>21,508</b>      |
| B            | <b>Deferred tax expense</b>      | -                   | -                  |
| C            | <b>Total tax expense (A+B)</b>   | <b>13,180</b>       | <b>21,508</b>      |

**(ii) Income tax recognised in other comprehensive income**

| (₹ in Lakhs) |  |                     |                     |
|--------------|--|---------------------|---------------------|
| Sr. No.      | Particulars  | As At<br>31.03.2020 | As At<br>31.03.2019 |
| A            | <b>Current tax expense</b>                             |                     |                     |
| B            | Net actuarial (gains)/ losses on defined benefit plans | (2,106)             | -                   |
| C            | Deferred tax expense                                   | -                   | -                   |
|              | <b>Total tax expense (A+B)</b>                         | <b>(2,106)</b>      | <b>-</b>            |

**(iii) Reconciliation of tax expense and the accounting profit multiplied by applicable rate**

| (₹ in Lakhs) |   |                     |                     |
|--------------|---|---------------------|---------------------|
| Sr. No.      | Particulars   | As At<br>31.03.2020 | As At<br>31.03.2019 |
| A            | <b>Profit before tax including movement in regulatory deferral account balances</b> | 43,902              | 1,31,170            |
| B            | <b>Tax at the applicable tax rate of 17.47% (PY 21.54%)</b>                         | 7,670               | 28,266              |
| C            | <b>Tax effect of:</b>   |                     |                     |
|              | Non-deductible tax expenses   | 447                 | -                   |
|              | Provisions for doubtful debts and advances  | 56,852              | 47,631              |
|              | Provisions for non-moving items   | -                   | 331                 |





|          |  |          |          |
|----------|--|----------|----------|
|          | Adjustment   | 5,548    | 6,848    |
|          | Re measurement of defined benefit plans                            | (2,106)  | (5,406)  |
|          | Bad debts written off  | (57,337) | (86,612) |
|          | Lower of the book loss/unabsorbed depreciation                     | -        | -        |
| <b>D</b> | <b>Current Year tax liability</b>                                  | 11,074   | -        |
|          | <b>Earlier Year tax liability</b>                                  | -        | 21,508   |
| <b>E</b> | <b>Tax expense recognised in the statement of profit and loss*</b> | 13,180   | -        |
| <b>F</b> | <b>Tax expense recognised in the Other Comprehensive Income</b>    | (2,106)  | -        |

\*Provision for Income tax for F.Y. 2017-18 is made in F.Y. 2018-19

**a) Deferred Tax -**

Deferred Tax consists of the following items:

| (₹ in Lakhs) |   |                  |                  |
|--------------|---|------------------|------------------|
| Sr. No       | Particulars                                       | As At 31.03.2020 | As At 31.03.2019 |
| 1.           | Difference in WDV as per books and Income Tax Act | 4,56,384         | 3,69,348         |
| 2.           | Regulatory Asset                                  | 2,95,124         | 2,80,293         |
| 3.           | <b>Deferred Tax Liability (1+2)</b>               | <b>7,51,508</b>  | <b>6,49,641</b>  |
| 4.           | Expenses Allowable on payment basis               | 1,61,989         | 1,58,993         |
| 5.           | Unabsorbed Depreciation/Loss                      | 8,73,829         | 1,81,224         |
| 6.           | Provision for Doubtful Debts                      | 2,52,389         | 2,26,246         |
| 7.           | MAT credit entitlement                            | 32,582           | 21,508           |
| 8.           | <b>Deferred Tax Asset (4 to 7)</b>                | <b>13,20,789</b> | <b>9,34,997</b>  |
| 9.           | <b>Net Deferred Tax Asset / (Liability) (8-3)</b> | <b>5,69,281</b>  | <b>2,85,356</b>  |

In view of the uncertainty regarding generation of sufficient future taxable income, deferred tax assets have not been recognised.

**12. Impairment of Assets:**

In accordance with Ind AS 36 on 'Impairment of Assets' the Management of MSEDCL has carried out a review of its assets with respect to economic performance. On the basis of the review, the Management is of the opinion that economic performance of the assets of the Company is reasonable and therefore there is no impairment as on the date of the Balance Sheet.

**13. Micro, Small and Medium Enterprises information:**

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 yearend together with the interest paid/payable as required by MSMED Act, 2006 is not disclosed. However, due care has been taken to release the payment within due date.

**14. Foreign Currency Contracts:**

The Company has not given any contracts to out of India entities and therefore nothing is done or receivable on account of foreign currency contracts.

**15. Segment Reporting (Ind AS 108):**

Board of Directors are collectively acting as the Company's "Chief Operating Decision maker" (CODM) within the meaning of Ind AS 108. The CODM evaluates MSEDCL's performance and allocates resources based on an analysis of various performance indicators. There is only one primary segment



i.e. sale of power. Therefore, further disclosure as per IND AS 108 regarding Operating Segments is not required. The Company, however, discloses its operations under more than one segments as required by MERC while submitting its Annual Revenue Requirement for the purpose of Truing Up.

**16. Earnings per Share** (Refer Note 15 and Profit and Loss Account):

EPS is calculated by dividing the profit/(loss) for the year attributable to equity holders by the weighted average number of equity shares outstanding during the year.

**Profit Attributable to Equity Holders**

**A) Earnings per share (including regulatory income):**

| Particulars   | For the year ended<br>31.03.2020 | For the year ended<br>31.03.2019 |
|---|----------------------------------|----------------------------------|
| Net Profit/ (net loss) after Tax (₹ in Lakhs)                       | 30,721                           | 1,09,662                         |
| Weighted average No. of equity shares for basic Earnings per shares | 47,71,79,75,863                  | 47,44,54,46,562                  |
| Earnings per share ₹ Basic  | 0.07                             | 0.23                             |
| Weighted average No of equity shares for diluted Earnings per share | -                                | 47,48,42,06,822                  |
| Diluted Earnings Per Share ₹  | -                                | 0.23                             |

**B) Earnings per share (excluding regulatory income):**

| Particulars  | For the year ended<br>31.03.2020 | For the year ended<br>31.03.2019 |
|--|----------------------------------|----------------------------------|
| Net Profit/ (net loss) after Tax (₹ in Lakhs)                                      | (8,13,939)                       | 1,59,162                         |
| Diluted earnings per equity share-Weighted average no of equity shares outstanding | -                                | 47,48,42,06,822                  |
| Earnings per share ₹ Basic   | (1.71)                           | 0.34                             |
| Diluted Earnings Per Share ₹   | -                                | 0.34                             |

**C) Reconciliation of Number of shares:**

| Particulars   | For the year ended<br>31.03.2020 | For the year ended<br>31.03.2019 |
|---|----------------------------------|----------------------------------|
| Basic earnings per equity share-Weighted average no of equity shares outstanding      | 47,71,79,75,863                  | 47,44,54,46,562                  |
| Effect of dilutive common equivalent shares-Share application money pending allotment | -                                | 3,87,60,260                      |
| Diluted earnings per equity share-Weighted average no of equity shares outstanding    | -                                | 47,48,42,06,822                  |

**17. Technical Parameters and Subsidy related information:**

| Sr.No. | Particular                                   | Unit | FY 2019-20 | FY 2018-19 |
|--------|--|------|------------|------------|
| A      | Gross Energy Generated                       | MU   | NA         | NA         |
| B      | Less: Auxiliary Consumption                  | MU   | NA         | NA         |
| C      | Energy Purchased (Gross)                     | MU   | 1,32,020   | 1,36,253   |
| D      | Input Open Access                            | MU   | 4,543      | 5,322      |
| E      | Total Input Energy (A-B+C+D)                 | MU   | 1,36,563   | 1,41,575   |
| F      | Less: Energy Traded/ Inter-state sales (Net) | MU   | 841        | 1,134      |



|   |   |         |           |           |
|---|---|---------|-----------|-----------|
| G | Less: Transmission Loss   | MU      | 7,449     | 7,905     |
|   | Transmission Losses (%) (G/E)   |         | 5.45      | 5.58      |
| H | Net Input Energy (E-F-G)  | MU      | 1,28,273  | 1,32,536  |
| I | Energy sold   | MU      | 1,07,866  | 1,09,605  |
| J | Open Access Sale  | MU      | 4,156     | 4,822     |
| K | Total Energy Sold (I+J)   | MU      | 1,12,022  | 1,14,427  |
|   | Distribution Loss   | MU      | 20,407    | 18,109    |
|   | Distribution Loss (%) (Dist loss/net input energy)                              |         | 15.91     | 13.66     |
| L | Revenue from energy traded/inter-state sales (with respect to units of F above) | ₹ Lakhs | 32,959    | 39,732    |
| M | Subsidy Booked/ Built in the Revenue  | ₹ Lakhs | *8,00,781 | 10,34,557 |
| N | Subsidy received  | ₹ Lakhs | *5,69,962 | 11,66,207 |

\*Refer to Note 36(8)

**18. Incentive Earned on REC repayment loan (Refer Note 33):**

Ministry of Power (MOP), Government of India has introduced the concept of National Electricity Fund (NEF) Interest Subsidy scheme to provide interest on loans disbursed to State Power Distribution Utilities, in order to improve the infrastructure in Distribution Sector. The projects sanctioned by Rural Electrification Corporation (REC) during the FY 2012-13 and FY 2013-14 are eligible for NEF schemes.

Based on the parameters mentioned in the scheme, MSEDCL has submitted the relevant details for claim of interest subsidy for the FY 2015-16 towards the interest paid by MSEDCL amounting to ₹ 19,474 Lakhs. REC vide letter dated 27.05.2019 informed that NEF Steering Committee has approved interest subsidy of 4% i.e. ₹ 6,452 Lakhs under NEF for FY 2015-16 (PY ₹ 2,935 Lakhs for FY 2014-15) based on the evaluation carried out by the Independent Evaluator in accordance with NEF Guidelines. REC has adjusted interest subsidy amount of ₹ 4,064 Lakhs against the interest demand due on 20<sup>th</sup> September 2019. MSEDCL has reduced the interest cost to that extent so that the benefits can be passed on to the consumers.

**19. Auditors' Remuneration (Refer Note 32):**

| Sr.No | Particulars               | (₹ in Lakhs) |            |
|-------|---------------------------|--------------|------------|
|       |                           | FY 2019-20   | FY 2018-19 |
| 1.    | Statutory Audit           | 96           | 81         |
| 2.    | Reimbursement of Expenses | 6            | 7          |
| 3.    | GST on Audit Fees         | 17           | 15         |

**20. Government Grants and Consumers Contributions (Refer Note 20, 25 & 28):**

Government Grants, Subsidies and Consumer contributions have been received for the cost of distribution network. The same have been accounted for as government grant/consumer contribution and amortised over the useful life of such assets. There are no other unfulfilled conditions or contingencies attached to these receipts.



(₹ in Lakhs)

| Particulars   | Grant           |                 | Consumer Contribution |                  |
|---|-----------------|-----------------|-----------------------|------------------|
|   | 31.03.2020      | 31.03.2019      | 31.03.2020            | 31.03.2019       |
| As at 1st April                                     | 6,07,558        | 4,19,092        | *3,01,208             | 2,98,182         |
| Less: Adjustments                                   |                 |                 | **9,519               |                  |
| Add: Received during the year                       | 1,94,795        | 2,37,488        | 42,794                | 365,93           |
| Less: Amortised to the statement of profit and loss | 42,682          | 49,023          | 56,706                | 33,567           |
| <b>As at 31<sup>st</sup> March</b>                  | <b>7,59,671</b> | <b>6,07,558</b> | <b>*2,77,778</b>      | <b>*3,01,208</b> |
| Current   | 59,083          | 49,023          | 35,659                | 33,567           |
| Non-current   | 7,00,588        | 5,58,535        | 2,42,119              | 2,67,641         |

\* i) It includes Contribution from GoM through REC for RGGVY (Refer Note 18)

ii) Reclassification of SLC/ORC to other financial liabilities – current [Refer Note 36(31)(4)]

\*\* [Refer Note 36(30)(C)]

## 21. Related Party :

As per the definition of 'Related Party' under Ind AS 24, following are the list of related parties:

### a) Ultimate Controller :

Government of Maharashtra

### b) Holding Company:

MSEB Holding Company Ltd (MSEBHCL)

### c) Fellow Subsidiaries:

- Maharashtra State Power Generation Company Limited (MSPGCL)
- Maharashtra State Electricity Transmission Company Limited (MSETCL)
- Maharashtra Power Development Corporation Limited (MPDCL)

MSEDCL, MSPGCL, MSETCL and MPDCL are State Govt Companies and are subsidiaries of MSEB Holding Company Limited and thus fellow subsidiaries of MSEDCL.

### d) Subsidiaries:

- Aurangabad Power Company Limited (APCL)

### e) Subsidiary of Fellow Subsidiaries

- Dhopave Coastal Power Limited (DCPL)

### f) Key Management Persons (KMP):

- Shri. Sanjeev Kumar, Chairman and Managing Director, MSEDCL (w.e.f. 21.12.2015 to 17.01.2020)
- Shri. Aseemkumar Gupta, Chairman and Managing Director, MSEDCL (w.e.f. 18.01.2020)
- Shri. Jaikumar Srinivasan, Director (Finance), MSEDCL (w.e.f. 02.02.2018 to 03.02.2020)
- Shri. Abhijeet Deshpande, Director (Operations) (w.e.f. 15.06.2017 to 31.07.2018)
- Shri Dinesh R. Saboo, Director (Project) (w.e.f. 20.09.2016 to 31.10.2018)



- Shri Dinesh R. Saboo, Director (Operation) (w.e.f 01.11.2018 till 06.10.2020)
- Shri Bhalchandra Khandait, Director (Project) (w.e.f 15.01.2019)
- Shri. Satish Chavan, Director (Commercial) (w.e.f. 22.01.2018)
- Shri. Pavan Kumar Ganjoo, Director (HR) (w.e.f. 10.04.2019)
- Shri. Arvind Haribhau Salve, Director (Vigilance & Security) (w.e.f. 01.04.2018 to 26.02.2019)
- Mrs Anjali Gudekar Company Secretary, MSEDCL.

**g) Independent Directors :**

- Shri. Vishwas Pathak, Independent Director (from 14.08.2015 to 08.01.2020)
- Shri. Ashok Harane, Independent Director (from 02.01.2009 to 03.06.2019)
- Mrs. Julee Wagh, Independent Director (from 04.06.2014)
- Shri. Anil Palamwar, Independent Director (from 03.08.2019 to 25.06.2020)

Key Managerial Personnel are entitled to post-employment benefits and other long term employee benefits recognised as per Ind AS 19- 'Employee Benefits' in the financial statements. As these employee benefits are lump sum amounts provided on the basis of actuarial valuation, the same is not included above.

**h) Summary of significant transactions along with outstanding balances with related parties:**



Summary of significant transactions along with outstanding balances with related parties:

(₹ in Lakhs)

| Sr. No. | Particulars  | Transactions during the year |            | Closing Balance              |                              |
|---------|--|------------------------------|------------|------------------------------|------------------------------|
|         |  | FY 2019-20                   | FY 2018-19 | Outstanding as on 31.03.2020 | Outstanding as on 31.03.2019 |
| 1       | <b>Transactions with key Management Personnel of MSEDCL</b>                |                              |            |                              |                              |
|         | Remuneration   | 202                          | 225        | -                            | -                            |
|         | <b>Transactions with Independent directors</b>                             |                              |            |                              |                              |
|         | Sitting Fees   | 2                            | 3          | -                            | -                            |
| 2       | <b>Transactions with Holding Company</b>                                   |                              |            |                              |                              |
|         | MSEBHCL - Inter Co. Adj. for Other Expenses                                | 1,847                        | 2,365      | 409,811                      | 407,965                      |
| 3       | <b>Transactions with Fellow Subsidiaries:</b>                              | -                            |            |                              |                              |
|         | MSPGCL - Purchase of Power   | 250,256                      | (368,300)  | 1,334,594                    | 1,084,338                    |
|         | MSETCL - Transmission Charges  | 13,740                       | (11,528)   | 276,560                      | 262,820                      |
|         | MSPGCL - Inter Co. Adj. for Other Expenses                                 | 7                            | 158        | 47,016                       | 47,008                       |
|         | MSETCL - Inter Co. Adj. for Other Expenses                                 | (1,565)                      | (7)        | 7                            | 1,572                        |
|         | MPDCL  | -                            | -          | 247                          | 247                          |
| 4       | <b>Transactions with Subsidiaries:</b>                                     | -                            |            |                              |                              |
|         | APCL - Loans & Advances  | 1                            | 1          | 145                          | 144                          |
| 5       | <b>Transactions with Subsidiaries of Fellow Subsidiaries:</b>              | -                            |            |                              |                              |
|         | DCPL - Loans & Advances  | -                            | -          | 207                          | 207                          |
| 6       | <b>Amount recognise in P &amp; L as allowance for Expected Credit Loss</b> | -                            |            |                              |                              |
|         | MSPGCL   | 1,157                        | 2,547      | 13,366                       | 12,209                       |
|         | MSETCL   | (1,572)                      | 1,244      | -                            | 1,572                        |

MSEB Holding Company Ltd. has provided corporate guarantee of ₹ 9,60,000 lakhs (P.Y. ₹ 9,60,000 lakhs) at no fee against loan of ₹ 8,50,000 lakhs (P.Y. ₹ 8,50,000 lakhs) availed by MSEDCL from REC during FY 2017-18 & FY 2018-19.



**Summary of significant transactions along with outstanding balances with related parties:**

(₹ in Lakhs)

| Sr. No.   | Name of Party   | Nature of Transaction  | Transactions during the year |               |
|---|---|--|------------------------------|---------------|
|   |   |  | FY 2019-20                   | FY 2018-19    |
| <b>Transactions with key Management Personnel of MSEDCL</b> |   |  |                              |               |
| 1   | Shri Sanjeev Kumar  | Remuneration   | 25.00                        | 28.60         |
|   | Shri Jalkumar Shrinivasan                                     | Remuneration   | 37.00                        | 33.64         |
|   | Shri Abhijit Jayant Deshpande                                 | Remuneration   | -                            | 9.75          |
|   | Shri Dineshchandra Rambilas Saboo                             | Remuneration   | 47.00                        | 32.13         |
|   | Shri Dineshchandra Rambilas Saboo                             | Retirement benefits  | -                            | 79.19         |
|   | Shri. Satish Vitthalrao Chavan                                | Remuneration   | 31.00                        | 18.08         |
|   | Shri Bhalchandra Khandait                                     | Remuneration   | 35.00                        | 4.41          |
|   | Mrs.Anjali Gudekar  | Remuneration   | 27.00                        | 19.43         |
|   | <b>Total</b>  |  | <b>202.00</b>                | <b>225.23</b> |
|   | Shri Vishwas Pathak   | Sitting Fees   | 0.85                         | 0.95          |
|   | Shri Ashok Harane   | Sitting Fees   | 0.10                         | 0.85          |
|   | Mrs.Juelee Wagh   | Sitting Fees   | 0.50                         | 0.50          |
|   | Shri Anil Palamwar  | Sitting Fees   | 0.50                         | -             |
|   | <b>Total</b>  |  | <b>1.95</b>                  | <b>3.30</b>   |
| 2   | <b>Transactions with Holding Company</b>                      |  |                              |               |
|   | MSEBHCL   | Other Financial Liabilities - Current                            | 1,047                        | 2,365         |
| 3   | <b>Transactions with Fellow Subsidiaries:</b>                 |  |                              |               |
|   | MSPGCL  | Purchase of Power  | 250,256                      | (368,300)     |
|   | MSETCL  | Transmission Charges   | 13,740                       | (11,528)      |
|   | MSPGCL  | Loans-Current  | 7                            | 158           |
|   | MSETCL  | Loans-Current (Unsecured, Considered good)                       | (1,565)                      | (7)           |
| 4   | <b>Transactions with Subsidiaries:</b>                        |  |                              |               |
|   | APCL  | Loan given   | 1                            | 1             |
| 5   | <b>Transactions with Subsidiaries of Fellow Subsidiaries:</b> |  |                              |               |
|   | MSPGCL  | Amount recognized in P & L as allowance for Expected Credit Loss | 1,157                        | 2,547         |
|   | MSETCL  | Amount recognized in P & L as allowance for Expected Credit Loss | (1,572)                      | 1,244         |

Note: Remuneration disclosed above excludes the impact of pay revision, which has been decided subsequent to the balance sheet date w.e.f. 01.04.2018.

(₹ in Lakhs)

| Sr. No. | Name of Party   | Receivable / Payable                               | Closing Balance              |                              |
|---------|---|--|------------------------------|------------------------------|
|         |   |  | Outstanding as on 31.03.2020 | Outstanding as on 31.03.2019 |
| 1       | <b>Balances with Holding Company</b>                      |  |                              |                              |
|         | MSEBHCL   | Other Financial Liabilities - Current              | 409,811                      | 407,965                      |
| 2       | <b>Balances with Subsidiaries:</b>                        |  |                              |                              |
|         | APCL  | Loans- Non Current (Unsecured, Considered good)    | 145                          | 144                          |
|         | APCL  | Provision for bad and doubtful Other Receivable    | 145                          | 144                          |
| 3       | <b>Balances with Fellow Subsidiaries:</b>                 |  |                              |                              |
|         | MSPGCL  | Trade Payable - Purchase of Power                  | 1,334,594                    | 1,084,338                    |
|         | MSETCL  | Trade Payable - Transmission Charges               | 276,560                      | 262,820                      |
|         | MSPGCL  | Loans-Current                                      | 47,016                       | 47,008                       |
|         | MSETCL  | Loans-Current                                      | 7                            | 1,572                        |
|         | MSPGCL  | Allowance for Expected Credit Loss                 | 13,366                       | 12,209                       |
|         | MSETCL  | Provision for bad and doubtful Other Receivable    | -                            | 1,572                        |
| 4       | <b>Balances with Subsidiaries of Fellow Subsidiaries:</b> |  |                              |                              |
|         | DCPL  | Loans-Non Current (Unsecured, Considered doubtful) | 207                          | 207                          |
|         | MPDCL   | Loans-Non Current (Unsecured, Considered doubtful) | 247                          | 247                          |
|         | DCPL  | Provision for bad and doubtful Other Receivable    | 207                          | 207                          |
|         | MPDCL   | Provision for bad and doubtful Other Receivable    | 247                          | 247                          |



i) **Difference between balances of the MSEDCL and Related Parties** (Refer Note 12, 22 & 23):

There is a difference in outstanding balances as on 31.03.2020, as appearing in the books of accounts of the Company and the related parties details of which are as under.

(₹ in Lakhs)

| Name of Company                    | Maharashtra State Power Generation Co Ltd. (MSPGCL) |         | Maharashtra State Electricity Transmission Co Ltd. (MSETCL) |         | Maharashtra State Electricity Board Holding Co Ltd. (MSEBCL) |          |
|------------------------------------|---|---------|---|---------|--|----------|
|                                    | Loans and Advances                                  |         | Loans and Advances  |         | Other Current Liabilities                                    |          |
| Nature Of transaction              | 2019-20   | 2018-19 | 2019-20   | 2018-19 | 2019-20  | 2018-19  |
| Balance as per MSEDCL              | 47,016  | 47,008  | 7   | 1,572   | 4,09,811   | 4,07,965 |
| Balance as per other Group Company | 54,422  | 47,008  | -   | -       | 3,89,106   | 3,87,264 |
| Difference                         | (7,406)   | -       | 7   | 1,572   | 20,705   | 20,701   |

(₹ in Lakhs)

| Name of Company                    | Maharashtra State Power Generation Co Ltd. (MSPGCL) |            | Maharashtra State Electricity Transmission Co Ltd. (MSETCL) |         |
|------------------------------------|---|------------|---|---------|
|                                    | Trade Payables                                      |            | Trade Payables  |         |
| Nature Of transaction              | 2019-20   | 2018-19    | 2019-20   | 2018-19 |
| Balance as per MSEDCL              | 13,34,586   | 10,81,758  | 2,76,560  | NA      |
| Balance as per other Group Company | 17,60,801   | 13,29,535  | 2,91,267  | NA      |
| Difference                         | (4,26,215)  | (2,47,777) | 14,707  | NA      |

j) **Amount Payable to/Receivable from Government of Maharashtra :**

(₹ in

Lakhs)

| Sr. No. | Particulars                                | As at 31.03.2020 | As at 31.03.2019 |
|---------|--|------------------|------------------|
| 1       | Inspection Fees Payable (Refer Note 23)    | 498              | 498              |
| 2       | Electricity Duty Payable (Refer Note 23)   | 5,90,053         | 93,795           |
| 3       | Tax on Sale - Payable (Refer Note 23)      | 16,199           | 18,886           |
| 4       | Subsidy Receivable (36(8)) (Refer Note 10) | 3,09,423         | 78,604           |
| 5.      | Grant Receivable (Refer Note 13)           | 9,585            | 92,703           |
| 6.      | Equity Share Capital (Refer Note 15)       | 47,72,398        | 47,61,432        |
| 7.      | RGVY Loan (Refer Note 6)                   | 6,686            | 6,407            |

All transactions with the related parties have been done at arm's length.

22. **Refund of Service Line Charges (SLC), Out Right Contribution (ORC) and Meter Cost** (Refer Note 23):

MSEDCL had recovered the service line charges, Out Right Contribution (ORC) & Meter Cost from consumers while releasing new connections. MERC passed an order dated 08.09.2006 and directed MSEDCL that the cost towards infrastructure from delivery point of transmission system to distributing mains should be borne by MSEDCL.





After receipt of verdict from Hon'ble Supreme Court of India on 10<sup>th</sup> Nov 2016, MERC vide letter dated 20<sup>th</sup> July 2017 has further directed to comply with the Commission's Order to refund the collected amount to the consumers. Therefore after verification the eligible amount along with interest @ 6% is being refunded to respective consumers as per MERC's order. The SLC and ORC refundable to consumers is ₹ 14,297 Lakhs (PY ₹ 15,722 Lakhs).

**23. Ujjwal Discom Assurance Yojana (UDAY)** (Refer Note 20, 25 & 28):

The Scheme UDAY was launched by the Government of India on 20<sup>th</sup> November, 2015 to ensure a permanent and sustainable solution to the debt ridden Distribution utilities to achieve financial stability and growth.

As per the Tripartite MOU, signed by Ministry of Power, Govt. of India, Govt. of Maharashtra (GoM) and MSEDCL on 07/10/2016, Government of Maharashtra shall take over Medium Term and Short Term debt of ₹ 4,95,975 Lakhs (Being 75% of ₹ 6,61,300 Lakhs, the debt of MSEDCL as on 30<sup>th</sup> September 2015. The debt is taken over by GOM and shall be transferred to MSEDCL as Grant/loan as shown in the following table:

| (₹ in Lakhs) |                        |  |  |                                    |                                  |
|--------------|------------------------|--|--|------------------------------------|----------------------------------|
| Year         | Total Debt taken over  | Transfer to MSEDCL in the form of Loan | Transfer to MSEDCL in the form of Grants | Date of Government Resolution (GR) | Outstanding State loan of MSEDCL |
| 16-17        | 20% of debt taken Over | 4,95,975                               | 99,175                                   | 31/03/2017                         | 3,96,800                         |
| 17-18        | 20% of debt taken Over |  | 99,200                                   | 13/02/2018                         | 2,97,600                         |
| 18-19        | 20% of debt taken Over |  | 99,200                                   | 13/02/2019                         | 1,98,400                         |
| 19-20        | 20% of debt taken Over |  | 99,200                                   | 31/03/2020                         | 99,200                           |
| 20-21        | 20% of debt taken Over |  | 99,200                                   |                                    |                                  |
|              | <b>Total</b>           |  | <b>4,95,975</b>                          |                                    |                                  |

The grant received from GoM under UDAY scheme is treated as Revenue Grant for accounting purpose and interest on outstanding loan is paid to GOM and booked accordingly.

MSEDCL is paying interest on the outstanding loan of GoM at the rate at which GoM issued non SLR Bonds.

GoM issued Bonds through RBI and transferred ₹ 4,95,975 Lakhs (₹ 2,95,975 Lakhs @7.38 % p.a. and ₹ 2,00,000 Lakhs @7.33 % p.a.) to MSEDCL on 13/02/2017.

As per MOU, Government of Maharashtra shall take over the future losses of the MSEDCLs in a graded manner as follows:

| Year  | 2015-16                   | 2016-17                   | 2017-18                   | 2018-19                    | 2019-20                    | 2020-21                       |
|---|---------------------------|---------------------------|---------------------------|----------------------------|----------------------------|-------------------------------|
| Previous Year's DISCOM loss to be taken over by State | 0% of the loss of 2014-15 | 0% of the loss of 2015-16 | 5% of the loss of 2016-17 | 10% of the loss of 2017-18 | 25% of the loss of 2018-19 | 50% of the loss of FY 2019-20 |

**24. DDUGJY, IPDS & Smart Grid** (Refer Note 11):

Government of India has launched "Deendayal Upadhyaya Gram Jyoti Yojna" (DDUGJY) and "Integrated Power Development Scheme" (IPDS) for strengthening of network in rural and urban area respectively.

MSEDCL participated in DDUGJY and IPDS projects under these Schemes which are implemented on Turnkey basis. The amount received under these schemes is deposited in separate bank accounts and as per the directives of Ministry of Power (MoP), the interest earned on utilized subsidy component is



to be remitted to Govt. of India's account on regular basis.

The details of Grant received utilised, balance to be utilized and fixed deposit amount as on 31.03.2020 are as under:

| (₹ in Lakhs)              |                           |        |             |        |
|---------------------------|---------------------------|--------|-------------|--------|
| Particulars               | DDUGJY & Saubhagya Scheme | IPDS   | *Smart Grid | TOTAL  |
| Opening Balance           | 18,934                    | 530    | 270         | 19,734 |
| Grant Received            | 21,980                    | 70,215 | -           | 92,195 |
| Interest Received         | 53                        | 922    | -           | 975    |
| Grant Utilized            | 28,973                    | 50,485 | -           | 79,458 |
| Interest Paid to MoP      | 324                       | 965    | -           | 1,289  |
| Remitted to MoP           | -                         | -      | 270         | 270    |
| Balance to be Utilized    | 11,669                    | 20,217 | -           | 31,886 |
| **FD Amount (Canara Bank) | -                         | -      | -           | -      |

\*Since Smart Grid is not being implemented, the FD is withdrawn and remitted to MoP

\*\*PFC vide letter dated 24.09.2019 requested to operate Saving bank account (without CLTD facility) under Central Sector (CS) Schemes instead of CLTD Account linked with Fixed Deposits (FD).

The details of Grant received utilised, balance to be utilized and fixed deposit amount as on 31.03.2019 are as under:

| (₹ in Lakhs)            |                           |        |            |        |
|-------------------------|---------------------------|--------|------------|--------|
| Particulars             | DDUGJY & Saubhagya Scheme | IPDS   | Smart Grid | TOTAL  |
| Opening Balance         | 19,318                    | 13,554 | 279        | 33,151 |
| Grant Received          | 60,756                    | 6,868  | -          | 67,624 |
| Interest Received       | 522                       | 106    | 15         | 643    |
| Grant Utilized          | 61,211                    | 19,753 | -          | 80,964 |
| Interest Paid to MoP    | 451                       | 245    | 24         | 720    |
| Balance to be Utilized  | 18,934                    | 530    | 270        | 19,734 |
| FD Amount (Canara Bank) | 18,934                    | 530    | 270        | 19,734 |

**25. Conversion of Loan into Grant under RAPDRP Scheme (Part 'A' and Part 'B') (Refer Note 17 & 21):**

Ministry of Power, Government of India, had launched the Restructured Accelerated Power Development and Reforms Programme (RAPDRP) in July 2008 with focus on establishment of base line data, fixation of accountability, reduction of Aggregate Technical & Commercial losses (AT & C losses) upto 15% level. Projects under the scheme were taken up in two parts.

**RAPDRP Part A**

RAPDRP Part A is implemented in 128 towns where the Company undertakes distribution, with population of more than 30,000 as per Census 2001 and RAPDRP Part A SCADA (Supervisory Control And Data Acquisition) is implemented in 8 towns where population is more than 4 Lakhs as per Census 2001 and Annual Energy input greater than 350 Million Units.

Initially 100% funds for the approved projects are provided through loan from the Government of India on the terms decided by Ministry of Finance. The loan is to be converted into grant on completion of project duly verified by an independent agency.



**RAPDRP Part B**

RAPDRP Part B is implemented in 123 towns (120 Part Band 3 towns SCADA enabling component) of MSEDCL with Population more than 30,000 as per Census 2001 and AT&C loss greater than 15 %.

50% of the loan amount of Part B projects is to be converted into grant on reduction of Aggregate Technical and Commercial (AT&C) losses of each town below 15 % and as per stipulated conditions.

| (₹ in Lakhs)                              |   |
|---|---|
| Particulars                               | RAPDRP Part B   |
| Sanctioned Amount                         | 3,11,164  |
| Final Project Cost                        | 2,23,476  |
| Eligible amount for conversion into grant | I.e. 50 % of the Project Cost in proportion to the reduction in the AT&C losses |

The Status of Sanctioned Loan Amount and Disbursed is as under (Refer Note 17):

| (₹ in Lakhs)      |                        |                  |                |                 |                        |
|-------------------|------------------------|------------------|----------------|-----------------|------------------------|
| Particulars       | Sanctioned Loan Amount | Disbursed Amount | Undrawn Amount | Total Repayment | Total Loan Outstanding |
| R-APDRP(A)        | 26,009                 | 22,618           | 3,391          | 13,480          | 9,138                  |
| R-APDRP SCADA (A) | 11,657                 | 7,384            | 4,273          | 5,538           | 1,846                  |
| R-APDRP (B)       | 76,931                 | 55,606           | 21,325         | 6,717           | 48,889                 |
| R-APDRP SCADA (B) | 867                    | 592              | 275            | 46              | 546                    |
| <b>TOTAL</b>      | <b>1,15,464</b>        | <b>86,200</b>    | <b>29,264</b>  | <b>25,780</b>   | <b>60,419</b>          |

Final RAPDRP Closure amounting to ₹ 22,618 Lakhs has been approved by PFC/MOP. The conversion of Loan amount into grant is recommended in 13th Monitoring Committee Meeting Dt. 18.10.2018. In this context, PFC has not been sending the Demand against R-APDRP (Part-A) Loans to MSEDCL and as such presently no repayment is made since Sept 2017. Further, no interest on this loan has been accounted since Sept 2017 and the interest amount already paid till that date is adjusted against the loan repayment. The necessary adjustment and consequential impact will be taken in the financial year in which conversion of loan into grant is approved. The eligible amount of ₹ 22,618 Lakhs under R-APDRP Part A is expected to be converted into grant after acceptance of the reports submitted to Third Party independent Agency appointed by PFC.

**26. Contribution to Contingency Reserve** (Refer Note 25 & 35):

As per MYT Regulation No 34.1, MSEDCL is required to make contribution to the Contingency Reserve, a sum not less than 0.25 per cent of the original cost of fixed assets annually. Such contribution is also required to be invested in securities permitted under the Indian Trusts Act, 1882 within a period of six months of the close of the year.

MSEDCL has created Contingency Reserve amounting to ₹ 1,09,976 Lakhs (including ₹ 14,276 Lakhs during the current year). Out of this ₹ 57,700 Lakhs (PY ₹ 57,700 Lakhs) is included under Other Equity and ₹ 52,276 Lakhs (PY ₹ 38,000 Lakhs) is included under Other Current Liabilities. MSEDCL has invested ₹ 31,370 Lakhs up to March 2020 (PY ₹ 18,573 Lakhs) in the permitted securities.

**27. Refund of Regulatory Liability Charges** (Refer Note 35):

In F.Y. 2003-04 to 2006-07 Regulatory Liability charges were collected from the consumers, MERC had passed an order to refund an amount of ₹ 3,22,700 Lakhs to the consumers. The Company has refunded ₹ 3,12,394 Lakhs upto 31.03.2020 (PY ₹ 3,12,217 Lakhs). No provision has been made for the balance amount.



**28. Capital Management** (Refer Note 15 & 17):

The Company's objective of capital management is to safeguard its ability to continue as a going concern and to maintain an appropriate capital structure. The company endeavours to maintain a strong capital base and reduce the cost of capital through prudent management in deployment of funds and availing loans at reasonable rates from financial institutions.

For the purpose of the company's capital management, equity capital includes issued equity capital and all other reserves attributable to the equity holders of the company. The company manages its capital structure and makes adjustments in light of changes in economic conditions, regulatory framework and requirements of financial covenants with lenders.

The company monitors capital using gearing ratio, which is the ratio of long term debt to total net worth. The company includes within long term debt, interest bearing loans and borrowings and current maturities of long term debt.

The Capital Gearing Ratio is as under;

| Particulars         | (₹ in Lakhs)     |                  |
|---------------------|------------------|------------------|
|                     | As at 31.03.2020 | As at 31.03.2019 |
| (a) Debt            | 33,11,466        | 28,63,401        |
| (b) Total Equity    | 22,12,921        | 21,81,182        |
| Gearing Ratio (a/b) | 1.50             | 1.31             |

**29. Disclosure as per Ind AS 115. "Revenue from contracts with customers"** (Refer Note 27):

Ind AS 115 applies with limited exceptions, to all revenue arising from contracts with its customers. Ind AS 115 establishes a five step model to account for revenue arising from contracts with customers and requires that revenue be recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The major revenue of the Company comes from energy sales. The Company sells electricity to customers. The Company recognizes revenue from contracts for energy sales over time as the customers simultaneously receive and consume the benefits provided by the Company. Revenue from sale of energy is accounted for based on tariff rates approved by the MERC. Revenue from sale of energy is recognized once the electricity has been delivered to the beneficiary. Beneficiaries are billed on a periodic and regular basis. Therefore, transaction price to be allocated to remaining performance obligation cannot be determined reliably for the entire duration of the contract.

**Disaggregation of revenue**

| Particulars                          | (₹ in Lakhs)       |               |
|--------------------------------------|--------------------|---------------|
|                                      | For the year ended |               |
|                                      | 31 March 2020      | 31 March 2019 |
| Sale of Energy transferred over time | 73,14,296          | 72,74,884     |

**Reconciliation of revenue recognized with contract price:**

| Particulars                          | (₹ in Lakhs)       |               |
|--------------------------------------|--------------------|---------------|
|                                      | For the year ended |               |
|                                      | 31 March 2020      | 31 March 2019 |
| Revenue from Contract with consumers | 73,48,020          | 73,03,632     |
| Adjustments for:                     |                    |               |
| Prompt Payment Discount              | 33,725             | 28,748        |
| Revenue recognized                   | 73,14,296          | 72,74,884     |



**Contract balance** (Refer Note 10 & 13)

Contract assets are recognized when there is excess of revenue earned over billings on contracts. Contract assets are transferred to unbilled revenue when there is unconditional right to receive cash, and only passage of time is required, as per contractual terms. The contract liabilities primarily relate to the advance consideration received from the customers who are referred as "advance from customers".

The following table provides information about trade receivables and unbilled revenue :

| Particulars       | As at 31 <sup>st</sup> March 2020 |            | As at 1 <sup>st</sup> April 2019 |            |
|-------------------|-----------------------------------|------------|----------------------------------|------------|
|                   | Current                           | Noncurrent | Current                          | Noncurrent |
| Trade receivables | 39,45,989                         | -          | 30,06,095                        | -          |
| Unbilled revenue  | 1,18,370                          | -          | 2,19,613                         | -          |

(₹ in Lakhs)

**Practical expedients applied as per Ind AS 115:**

The Company does not have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year.

**30. Prior Period Items, Changes in Accounting Policy & Accounting Estimates:**

**(A) Prior Period Items**

Under Ind AS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' material prior period errors shall be corrected by retrospective effect. MSEDCL has not income / expenditure (Net) pertaining to previous year, more than the threshold limit.

**(B) New and Amended Standards**

**Accounting For Lease (Ind AS 116 Lease) :**

**(i) Ascertainment of Lease in the Power Purchase Arrangement:**

MSEDCL has entered into the power purchase agreements with MSPGCL and other generators. The significant output of power generated from MSPGCL and other generators is purchased by MSEDCL. Hence MSEDCL has tested the said power purchase arrangements so as to determine whether the arrangement contains an element of lease. It is identified that the arrangement conveys that MSEDCL has "right" to use of the assets of MSPGCL and other generators. However, MSEDCL has no obligation over the losses arising out of non-availability of power plant for power generation due to non-maintenance and the costs are borne by them. Accordingly, there is no transfer of risks & rewards to the Company from MSPGCL and other generators to this extent. Consequently, the arrangement does not satisfy the criteria of financial lease.

**(ii) Leases Arrangements in Other Assets** (Refer Note 23 & 18)

The Company has applied Ind AS 116 with a date of initial application of 1st April, 2019 using modified retrospective approach, under which the cumulative effect of initial application is recognized as at 1st April, 2019. Under Ind AS 116, the Company recognizes the right-of-use assets and lease liabilities as stated in the Note 3B, 18 and 23. The Company recognised right-of-use assets and lease liabilities for those leases which were previously classified as operating leases, (except for leases amounting to ₹ 11 Lakhs, where rent is less than ₹ 10 lakh per month, recognised as an expense during FY 2019-20). The Company recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate at the date of initial application and right of use asset at an amount equal to the lease liability adjusted for any prepayments/accruals recognised in the balance sheet as



on 31st March, 2019. There is no impact on retained earnings as at 1st April, 2019. The Company has applied Ind AS 116 only to the contracts that were previously identified as leases.

The following is the carrying amounts of Company's Right of use assets and the movement in lease liabilities during the year ended 31st March, 2020:

| (₹ in Lakhs)  |                       |
|---|-----------------------|
| Particulars   | Amount for FY 2019-20 |
| Right of use assets (Property, Plant and Equipment)                 |                       |
| Additions on account of adoption of Ind AS 116 (on 1st April, 2019) | 15,426                |
| Depreciation and Amortisation Expenses                              | 3,856                 |
| As at 31st March, 2020  | 11,569                |
| Lease Liability as at 1 <sup>st</sup> April, 2019                   | 15,426                |
| Lease Interest  | 1,433                 |
| Repayment of Lease Liabilities                                      | 4,719                 |
| Lease Liability as at 31 <sup>st</sup> March, 2020                  | 12,140                |
| Lease Liability - Non Current                                       | 8,500                 |
| Lease Liability - Current   | 3,640                 |

• Impact on the Statement of Profit and Loss for year ended 31st March, 2020

| (₹ in Lakhs)                                      |  |
|---|--|
| Particulars                                       | Right of use assets<br>(Property, Plant and Equipment) |
| Depreciation expense of right-of-use assets       | 3,856  |
| Interest on Leases (included in Finance expenses) | 1,434  |
| Total amount recognised in profit or loss         | 5,290  |

The Company has been supplying electricity in the areas previously being serviced by Mula Pravara Electric Co-operative Society (MPECS) and has been using its infrastructure for the said purpose. The matter relating to payment of user charges is under dispute as mentioned above in Note 36(1)(i)(a)(v). Pending resolution of the dispute and in the absence of necessary contract, assessment as to applicability of Ind AS 116 has not been made.

### (C) Change in Accounting Policy

#### Supervision Charges (Refer Note 27)

In case MSEDCL permits the consumer to carry out the works on Dedicated Distribution Facility (DDF) basis, through a Licensed Electrical Contractor, the supervision charges are recovered at a rate of 1.3% of the normative service connection charges.

As per the prevailing accounting Policy 1.3% Supervision charges are credited to Consumer Contribution towards cost of Capital assets and it is credited to profit and loss in systematic manner over the expected life of the related assets and presented within other income. The Company has credited supervision charges of ₹ 15,204 Lakhs to Consumer contribution under other Current/ Non-current Liability and credited ₹ 5,685 Lakhs to Profit and Loss account in Other Income till 31st Mar 2019.

Considering Supervision of construction of Assets as service provided by the Company, the same should have been recognised as Revenue instead of Crediting to Consumer Contribution towards Cost of Capital Assets. It is error in applying Accounting Policy.

Therefore, the Company has recognised supervision charges as Revenue in other Operating Revenue from FY 2019-20.



As per the Company policy, the prior period errors below threshold of 0.5% of the turnover of company are accounted for in the current year under the Materiality concept.

Accordingly, in FY 2019-20, Supervision Charges of ₹ 9,519 Lakhs till 31.3.2019 and ₹ 2,757 Lakhs for FY 2019-20 are recognised as Revenue in Other Operating Revenue. The Consumer Contribution towards cost of Assets is reduced by the ₹ 12,272 Lakhs in FY 2019-2020.

**(D) Change in Accounting Estimates**

In accordance with, Ind AS 8 'Accounting Policies, Changes in Accounting Estimates and Errors', the company has prospectively stated its balance sheet as at 31<sup>st</sup> March, 2020 and statement of profit & loss account and statement of cash flow for the year ended 31<sup>st</sup> March 2020 for the Change in Estimates in respect of Expected Credit Loss (ECL) on Trade Receivables including interest. Based on past experience and practical expedient, segmentation of customers and their ageing profile, company has revised ECL Matrix for determining for credit loss on trade receivable and interest on trade receivable.

If ECL had been recognised as per methodology adopted till the preceding year, profit for the year would have been lower by ₹ 1,94,342 Lakhs.

The effect of Change in Accounting Estimates in future is impracticable.

**31. Disclosure as per Ind AS 1 'Presentation of financial statements':**

Reclassifications and Comparative figures:

Certain reclassifications have been made to the comparative period's financial statements to:

- Enhance comparability with current year's financial statements
- Ensure compliance with the Guidance Note on Division II - Ind AS Schedule III to the Companies Act, 2013"

As a result, certain line items have been reclassified in the Balance Sheet, Statement of Profit and Loss, the details of which are as under:





Note 36 (31)

Reclassification of Balance sheet as at 31st Mar 2019

| Sr. No. | Particulars   | Note No. | Reported Amount as at 1st April 2019 | Reclassification                                      | After Reclassification |
|---------|---|----------|--------------------------------------|---|------------------------|
| 1       | PROPERTY, PLANT & EQUIPMENT<br>(-) Deposit with court authority-Baramati  | 3        | 6,104,007                            | 216   | 6,103,791              |
| 2       | OTHER FINANCIAL ASSETS - NON CURRENT<br>(+) Deposit with court authority-Baramati<br>(-) Provision for doubtful deposits  | 6        | 73,859                               | 216<br>1,200  | 72,885                 |
| 3       | OTHER FINANCIAL ASSETS - CURRENT<br>(-) Provision for Doubtful Advance  | 13       | 986,878                              | 780   | 986,097                |
| 4       | OTHER NON-CURRENT LIABILITIES-NON CURRENT<br>(-) Consu Contribution for cost of Capital Asset -CRB  | 20       | 934,628                              | 15,722  | 918,906                |
|         | OTHER FINANCIAL LIABILITIES - CURRENT<br>(-) Provision for doubtful deposits  |          | 1,911,043                            |   | 2,032,176              |
| 5       | (+) Consu Contribution for cost of Capital Asset -CRB<br>(+) Liability for expenses<br>(+) Provision for Expenses O&M<br>(+) Provision for Expenses Capital<br>(+) Provision for liability for expenses incurred by staff | 23       |                                      | 1,981<br>15,722<br>82,016<br>20,778<br>1,363<br>3,235 |                        |
| 6       | Provision (Current)<br>(-) Liability for expenses<br>(-) Provision for Expenses O&M<br>(-) Provision for Expenses Capital<br>(-) Provision for liability for expenses incurred by staff                                   | 24       | 535,367                              | 82,016<br>20,778<br>1,363<br>3,235                    | 427,975                |

Reclassification of Profit & Loss for FY 2018-2019

| Sr. No. | Particulars   | Note No. | Reported Amount as at 1st April 2019 | Reclassification | After Reclassification |
|---------|---|----------|--------------------------------------|------------------|------------------------|
|         | Revenue from Operations   |          | 7,321,076                            |                  | 7,321,067              |
| 1       | (-) Incentive to prepaid Consumers<br>(-) Go Green Discount to Consumers                          | 27       |                                      | 1<br>9           |                        |
| 2       | Repairs & Maintenance<br>(+) Job Work Charges   | 31       | 76,449                               | 41               | 76,489                 |
| 3       | Admin and General Exp<br>(-) Incentive to prepaid Consumers<br>(-) Go Green Discount to Consumers | 32       | 77,088                               | 1<br>9           | 77,078                 |
| 4       | Finance Expenses<br>(-) Job Work Charges  | 33       | 483,298                              | 41               | 483,257                |



### 32. Recent Accounting Developments

Ministry of Corporate Affairs (MCA) notifies new standards or amendments to existing standards. There is no such notification which would have been applicable from 1st April 2020.

### 33. Corporate Social Responsibility (CSR)

MSEDCL, in the past 3 successive years has been able to generate a book profit and in pursuance to CSR policy provisions mandated in section 135(5) the Companies Act, 2013 is required to spend at least 2% of the average net profit of the Company made during the three immediately preceding financial years.

As such Company is required to spend ₹ 1,726 Lakhs towards CSR. The amount spent towards CSR till 31<sup>st</sup> March 2020 is NIL.

### 34. LMC/LMR Fund (Refer Note 16):

Considering the critical situations arising an account of demand supply gap and submissions made by authorized consumer representatives, the MERC decided to take emergent measures to curb electricity demand and vide order dated 26 April 2005 directed to levy Load Management Charges (LMC) and Load Management Rebate (LMR) to consumers.

As per the order a 'Load Management Charges' shall levied on all electricity consumers in Maharashtra (including Mumbai) whose consumption exceeds 500 units per month in the billing months of May and June, 2005. These charges will be levied at the rate of ₹ 1 per unit for the electricity consumed in excess of 80% of the consumption recorded in the corresponding billing months of 2004. Similarly, those whose consumption is less than 80% as compared to the corresponding period in 2004 will be given a 'Load Management Rebate' of 50 paise per unit. This Charge and Rebate will be applicable to all metered consumers. The net amount recovered from the Charge/Rebate will be kept separately by the Licensees to be used for energy conservation and other programmes, for which separate instructions will be issued.

Accordingly MSEDCL levied LMC/LMR to the consumers in the bills for the month May and June-2005. MSEDCL thus collected ₹ 2,430 Lakhs, which is net of LMC/LMR this fund will be utilized for energy conservation or any other such program as per the instruction of MERC in due course.

### 35. COVID 19 :

Considering power supply being an essentials service, the Company has continued to supply power during the period of lockdown imposed by the Government to combat COVID-19. Power demand was affected significantly due to the lockdown, as industrial and commercial establishment were shut down across the nation. This reduction in demand had an impact on revenue of the Company, during the last week of March 2020. The company also faced cash flow shortages due to its inability to collect dues from customers during the lockdown period. However, the Government has ensured through proactive steps that the liquidity of power distribution companies does not get affected adversely. The recently announced financial packages, which aim to provide liquidity to DISCOMs by lending against their receivables, are also expected to ease the transmission of cash flow in the power sector. The company is also taking necessary steps to ensure adequate liquidity through the period of lockdown and for the rest of FY 2020-21.

Further, the Reserve Bank of India has granted relief to borrowers by way of moratorium of interest and principal instalments payable to banks and financial institution till May 2020. This has mitigated the stress on cash flows to some extent during the period of COVID-19. On long term basis also, the Company does not anticipate any major challenge in meeting its financial obligations. Basis above, the management has estimated its future cash flows for the Company which indicates no major change in



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financial performance as estimated prior to COVID-19 impact and hence, the company believes that there is no impact on its ability to continue as a going concern and meeting its liabilities as and when they fall due.

In view of Covid 19 pandemic and restrictions on fund disbursement, The GoM vide GR No. Budget2020/Pra.Kra.36(5)/Urja3 dt 31.03.2020 has deferred the disbursement of grant earlier approved for CM solar ₹ 5,262 Lakhs and HVDS ₹ 7,920 Lakhs and as such the same is not accounted for as receivable from GoM.

The Company every year carries out physical verification of inventory at the end of financial year and effect of any excess or shortage observed in the verification is appropriately taken in the accounts. However, in the current year due to imposition of lockdown & restriction on mobility, the physical verification of only 354 locations could be done before March 2020 and of 375 locations could be done in June & July 2020. The physical verification of inventory of 82 locations could not be done. Considering less movement during lockdown period, the entire effect of excess/ shortage has been considered in FY 2019-20.

36. The standalone financial statement were authorised for issue in accordance with a resolution passed by the Board of Directors on 11<sup>th</sup> Dec, 2020.

As per our Report of even date for and on behalf of the Board

**For C N K & Associates LLP**

(FRN: 101961W/W100036)

Chartered Accountants





**(CA Diwakar Sapre)**

Partner

(ICAI M.No. 040740)



  
Ravindra Sawant  
Director (Finance)  
DIN No. 8778424

  
Er. Aseemkumar Gupta  
Chairman and Managing Director  
DIN No. 02607016

**For Shah & Taparia**

Chartered Accountants

(FRN : 109463W)





**(CA Bharat Joshi)**

Partner

(ICAI M.No.130863)



  
Swati Vyavahare  
Executive Director (F & A)

  
Anjali Gudekar  
Company Secretary  
M.No. ACS19937

**For Kalyaniwala & Mistry LLP**

Chartered Accountants

(FRN : 104607W/100166W)




**(CA Sai Venkata Ramana Damarla)**

Partner

(ICAI M.No.107017)



  
Neeta Vernekar  
Chief General Manager(CA)  
(in charge)

Place : Mumbai

Date : 11.12.2020

Place : Mumbai

Date : 11.12.2020