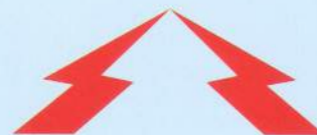


5th Annual Report

2009-2010



MAHAVITARAN
Maharashtra State Electricity Distribution Company Ltd.

5th ANNUAL REPORT

2009 - 2010



MAHAVITARAN

Maharashtra State Electricity Distribution Company Ltd.

संस्थान: अणु व. विद्युत, महाराष्ट्र शासन
उद्योग, उर्जा, व. कानकर मार्ग, पाने
पत्र. नं. २००९-१०/१००९/१००९-२
दि. ११.०९.२०१० अखेर दिवसाचे
२००९-१० चे वार्षिक अहवाल निवेदनद्वारे
दोन्ही सभाकालाहून दि. ०६.०६.२०१०
रोजी सादर परगनात पाठो घेतेत.

REGISTERED OFFICE

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

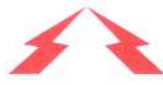
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MSEDCL



MAHA VITARAN

Maharashtra State Electricity Distribution Company Ltd.

BOARD OF DIRECTORS

Shri. Asoke Basak, IAS (Retd.)
Chairman

Shri. Ajoy Mehta, IAS
Managing Director

Shri. Subrat Ratho
Director

Shri. Arijit K. Ghosh
Director (Finance)
(w.e.f. 18/05/2007 to 31/05/2009)

Shri. G.J. Girase
Director (Finance) I/c
(w.e.f. 01/06/09 to 19/08/09)

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

Shri. S. K. Dabhade
Director (Operations)

Shri. V.L. Sonavane
Director (Project)
(w.e.f. 19/03/09 to 20/08/09)

Shri. M.K. Deore
Director (Project)
(w.e.f. 29/08/09)

Shri. P.V. Page
Director

Dr. Ashok Harane
Director

COMPANY SECRETARY

Shri. S.R. Tiwari

BANKERS

Canara Bank
Bank of Maharashtra
Bank of India

AUDITORS

M/s. Borkar & Muzumdar
Chartered Accountants,
Mumbai

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

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

REGISTERED OFFICE

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

DIRECTORS' REPORT-2009-10

To
The Members,

Your Directors present the 5th Annual Report on the performance of your Company for the financial year ended 31st March, 2010 along with Audited Statements of Accounts.

FINANCIAL HIGHLIGHTS:

Particulars	₹. in Lakhs)	
	2009-10	2008-09
Revenue from Sale of Power	2764231	2348306
Other Income	154628	131539
Profit before Depreciation and Interest & Finance Charges	108942	5808
Depreciation	81227	64677
Interest & Finance Charges	90013	78790
Profit/(Loss) before prior Period credits	(-)62298	(-)137659
Profit/(Loss) before Tax	(-)78277	(-) 135145
Less 1) Provision for Taxation	1	458
2) Deferred Tax Adjustment	30199	(-) 45392
Profit/(Loss) after Tax	(-)108477	(-)90211

DIVIDEND:

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

THE MAHARASHTRA ELECTRICITY REFORMS TRANSFER SCHEME, 2005:

The Maharashtra Electricity Reforms Transfer Scheme, 2005 (Transfer Scheme), notified by Government of Maharashtra (GoM) on 4th June, 2005, continues to remain provisional and the financial balances are carried forward based on the Transfer Scheme.

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

OPERATIONAL PERFORMANCE:

During the 5th year of operation, the Company had sold 63941 MUs of power, which has generated revenue of ₹. 27642.31 Crores.

However, after providing for Depreciation, Interest and Finance charges and other debits there was a loss of ₹.782.77 Crore.

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

LOAD SHEDDING PROTOCOL:

Your Company has been experiencing significant growth in power consumption during last few years in its area of operations due to buoyancy in economy. Despite various efforts put in by the Company to meet the growing power demand, the growth in supply has largely been insufficient to cater to the rising demand. As a result the demand-supply mismatch is widening, necessitating immediate drastic and emergent measures. In order to bridge this gap, your Company had purchased power from time to time and also tied up long term power purchases, wherever needed within the regulatory parameters and commercial prudence.

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

POWER PURCHASE:

Your company is committed to make Maharashtra load shedding free by 2012. Your company has taken lead in tie up of long term power procurement to meet future demand and be a power surplus state. Apart from 2000 MW PPA under competitive bidding process, your company has executed PPA for additional 300 MW with M/s JSW Energy Ratnagiri. The second stage of competitive bidding process is for procurement of 2000 MW Power (-20%, +30%) is initiated. Moreover, the PPA's have been executed with M/s Emco Energy Ltd (200 MW), M/s Adani Power Maharashtra Ltd (1200 MW), M/s Indiabulls Power Ltd (1200 MW).

To minimize load shedding, your company purchases 941.86 MUs from traders at ₹. 667.62 Crs. The company has also successfully implemented the Zero Load Shedding Program in the revenue Head quarters by purchasing 1396.88 MUs at 796.76 Crs and this cost has been recovered from the specified consumers in this area through Reliability Charges.

During the monsoon (off peak season of June 2009 to Sept 2009), the company banked 66.88 MUs with Punjab and availed the same in return from them during the peak season of Jan 10 to March 10.

SYSTEM IMPROVEMENT SCHEMES:

Restructured Accelerated Power Development Reform Programme (R-APDRP)

R-APDRP is Govt. of India's initiative with focus on establishment of baseline data and fixation of accountability and reduction of AT&C losses through strengthening & upgradation of sub transmission and distribution network and adoption of Information Technology during XI Plan. This Project is to be implemented in two parts Viz Part A and Part B. PFC has approved 130 towns amounting to 324.42 Crs for R APDRP under Part 'A' which involves Establishment of Baseline data through IT implementation. LOA for Part 'A' for 95 towns was awarded on 31.03.2010 and the work in Pilot towns is in progress.

Detailed project Reports for all 130 towns under Part B R-APDRP were sent to PFC for sanction, out of which PFC has sanctioned 66 nos of DPRs amounting to ₹. 1314 Crs. Remaining DPRS are under sanction with PFC .Part B involves strengthening & upgradation of sub transmission and distribution network to reduce the AT&C losses to 15 %.

Distribution Network

33 kV and 22 kV lines and sub-stations commissioned during the year 2009-2010:-

During the year 2009-2010 the M. S. E. D C. Ltd. commissioned 86 new (33/11kV, 22/11 kV) Sub-Stations. The transformer capacities have also been augmented at 202 existing 33 kV Sub-Stations during the year under system improvement scheme.

Sr. No.	Particulars	Achievement During 2009-2010
1.	Capacity added in S/Stn.33/11 kV,33/22 kV and 22/11 kV	1247.55 MVA
2.	Sub-transmission lines energized 33 kV, 22 kV	1179.98 Ckt-km

In order to reduce the distribution losses 86 nos. of new substations are added during year 2009 - 2010 as above.

Further to reduce the commercial losses, the static meters were installed in place of electro mechanical meters and for faulty meters replacement. This work has been especially taken up in the urban areas in year 2009 - 2010 and in Rural areas faulty meters were replaced by high precision meters.

Japan Bank for International Co-operation (JBIC) :

JBIC has sanctioned 9 Nos. of the schemes covering 9 Districts for System Improvement for loan assistance under phase - I. The 9 districts covered are namely Sangli, Jalgaon, Ahmednagar, Nandurbar, Wardha, Pune, Solapur, Nagpur & Nashik & the total cost of these schemes is ₹. 59.34 Cr. But out of these 9 Nos. of schemes, 1 No. of scheme i.e. Nagpur (MH-6) is dropped. Therefore, 8 Nos. of schemes are remaining under JBIC & the total cost of these schemes is ₹. 49.23 Cr. & total value of award of these schemes is ₹.55.93Cr.

Total 19 Nos. of New S/stn . are covered under these scheme, out of which 16 S/stn. are commissioned. Similarly, 17 Nos. of Aug. & Addl. T/f for 33 KV S/stn. are covered under these scheme, out of which 16 Nos. Additional T/f are Charged. The total 33 Kv line is 214.70 is covered under these schemes, out of which 146.3 km line is completed.

INFRASTRUCTURE PLAN:

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

The Expenditure for the year 2008-2009 is worth ₹. 380.15 Crores and for the year 2009-2010 is ₹. 847.40 Crores.

The achievements done are given as below:-

Sr. No.	Major Works	Unit	Departmental (Urgent 6 months work) Achievements as on 31.03.2009	Turnkey Achievements as on 31.08.2010
1	New Sub stations	Nos.	30	93
2	Augmentation of Power T/F	Nos.	84	148
3	Additional P/T	Nos.	46	162
4	HT Lines	Kms	1613	6704
5	LT Lines	Kms	871	1597
6	New DTCs	Nos.	2964	13145

LOAD MANAGEMENT:

In the Year 2009-10 there was no transmission constraint for power purchase from North Eastern Corridor. However during the month Nov 2009 due to collapsing of 3 nos of tower of 400 kV Chandrapur - Parli at Wani there was transmission constraint to take the power from outside.

In the year 2008-09 the load shedding to Ag Dominated area was carried out up to 14 Hrs and load shedding to other region area was carried out upto 8.00 -9.30 hrs respectively depending upon corresponding distribution collection loss group. However in the year 2009-10 the load shedding to Ag Dominated area was carried out up to 7.30 hrs to 10 hrs and load shedding to other region area was carried out up to 1.45 hrs to 5.30 hrs respectively depending upon corresponding distribution collection loss group.

Single Phasing Scheme:

Due to limitations of the available Generation capacity, the load shedding is required to be done especially during morning & evening peaks. In order to make supply available to domestic consumers during peak load hours especially in the evening and night, single phasing scheme is being implemented.

Single phasing is done in three stages i.e. Phase-I, Phase-II & Phase -III. Single phasing Phase-III is being implemented on the same feeders which were already covered in Single phasing Phase-I & II to cover the balance villages and wadies.

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

Under Single phasing Phase-III achievements till 31.03.2010 are as given below.

Sr. No.	Details	Target	Achievements as on 31.03.2010
1	No. of DPS	5154	3582
2	No. of villages covered	2309	1411
3	No. of Wadies covered	1840	1287
4	Expenditure upto March 2010 (₹. In Crores)	204.93	141.79

Gaothan Feeder Separation Scheme (GFSS):

The Gaothan Feeder Separation Scheme (GFSS) Phase –I is sanctioned for 20 districts & total feeders to be commissioned are 1498 nos. The scheme was 94% completed till March 2010. GFSS Phase –II is being implemented in 25 districts, the brief scope of this scheme covers 902 feeders, 5938 nos. of villages and load management envisaged is of 1646 MW. GFSS-III Scheme is being implemented on same feeders already covered under GFSS-I for giving benefit to previously uncovered villages.

The Brief Summary of progress GFSS Projects till 31.03.2010 is as follows:

Sr. No.	Particulars	GFSS-I		GFSS-II		GFSS-III	
		T	A	T	A	T	A
1	No. of DPS	9811	9264	13722	3072	2182	141
2	No. of villages covered	7437	6643	8491	2493	381	15
3	Expenditure upto March-2010 (₹. In Crores)	895	712.07	1446	402.17	231	18.17

T= Target, A=Achievement

Reactive Power Planning for Reducing T&D losses:

The capacitor banks totaling 4455.595 MVAR are installed as on 31-03-2010. This includes capacitor installed at HV level during 2009-10 is 60.665 MVAR. Similarly the capacitors provided on distribution transformer centers are totaling 2050.60 MVAR.

RURAL ELECTRIFICATION:

Village Electrification and Energisation of Agricultural Pumps:

As per revised definition of village electrification and as per 2001 census out of 41096 nos. of villages and 377 Nos. of towns as per 2001 Census, 36681 nos. of villages and 377 nos. of towns have been electrified as on 31.03.10 as per preliminary survey carried out. The company has energized 1,54,415 agricultural pumpsets during the year 2009-2010. With the implementation of this programme, total pumpsets energized in the State are 31,67,598 which is the highest achievement among all the States in the country.

Tribal Sub-Plan:

The M.S.E.D.C.Ltd. has also energized 1451 agricultural pumpsets in tribal sub-plan area during 2009-2010 bringing the total no. of pumpsets energized in tribal sub-plan area to 1,48,688.

Domestic Connections to Weaker Sections:

Since 1-10-1976, the Board is releasing domestic connections without charging normal service connection charges to Weaker Sections of Society, Viz. (1) Schedules Castes (2) Schedules Tribes (3) Nomadic Tribes (4) Vimukta Jatis and (5) Nav Buddhists. During 2009-2010 a total of 48430 such connections have been released, out of which 31028 pertains to Scheduled Castes and Nav Buddhists under Special Component Plan. So far a total of 16,49,348 connections have been released to these five categories, out of which 949652 pertains to Scheduled Castes and Nav Buddhists.

Rajeev Gandhi Gramin Vidyutikaran Yojana (RGGVY):

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

Under RGGVY, MSEDCL had prepared proposals for 34 schemes in 33 Districts of Maharashtra. The Schemes for the districts of Gondia, Nanded, Solapur & Dhule have been sanctioned in 10th Plan by Central Govt. Rest 30 schemes have been sanctioned in 11th Plan. The total award cost ₹. 829.44 Crs. Total funds received towards RGGVY Scheme in year 2009-10 are ₹. 200.77 Crs. Total expenditure incurred for RGGVY Scheme in the year 2009-10 is ₹. 163.09 Crs. Target of BPL Connections released in the year 2009-10 is 6,00,000 nos. BPL Connections released in the year 2009-10 is 4,11,587 nos.

NON CONVENTIONAL SOURCES OF ENERGY:

Wind Energy projects in Maharashtra:

Wind Mill generators are installed at Satara, Sangli, Ahmadnagar, Dhule, Nandurbar, Nashik etc. by the Private Agencies (Developers) and MEDA.

As per MERC Order 24.11.2003 and the Company's policy, the Wind farm developers have commissioned a total capacity of 1820.655 MW upto Dec.2009.

Group I Projects commissioned upto 27.12.1999 is 31.988 MW

Group II Projects commissioned after 28.12.1999 upto 31.03.2003 is 366.54 MW

Group III Projects commissioned after 1.04.2003 upto 31.03.2009 is 1422.13 MW

The Group III Projects commissioned in the F.Y. 2009-10 (upto Dec. 2009) are 40.075 MW.

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

Cogeneration Projects in Maharashtra:

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

As such forty EPA's were executed involving installed capacity generation to the tune of 464.36 MW. The installed generation capacity in operation for sale to MSEDCL upto 31.12.2009 is 240.36 MW and the projects commissioned in the F.Y. 2009 -10 (upto 31.12.2009) is 13 MW.

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

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

Biomass IPP Projects:

Seventeen EPA's were executed involving installed capacity generation to the tune of 181 MW. The installed generation capacity in operation for sale to MSEDCL upto 31.12.2009 is 87 MW and the projects commissioned in the F.Y. 2009 -10 (upto 31.12.2009) is 10 MW.

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

Small Hydro Projects:

Hydro projects upto 25 MW capacity are considered as Small Hydro projects and they are treated as NCE sources. MSEDCL is procuring power from MSPGCL small hydro projects (approx. 182 MW) and private small hydro projects also.

The commissioned capacity of private small hydro projects upto 31.12.2009 is 52 MW and the projects commissioned in F.Y. 2009-10 (upto 31.12.2009) are Nil.

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

Further, MSEDCL has also executed EPAs with Solar Power Projects. The Solar Projects commissioned upto 31.12.2009 are Nil.

INFORMATION TECHNOLOGY:

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

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

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

The scope of work of this project primarily consists of:

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

f) Development of custom application and its maintenance.

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

Intranet (WIKI) Application: - MSEDCL has setup an intranet application as a community portal for its employees, where the users can create their projects, manage their documents, create blogs etc.

CONSUMER SERVICES:

Consumer Facilitation Center (CFC):

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

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

Call Centers:

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

e-Billing and Online Bill Payment System:

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

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

- 1) Through Dot Com companies viz. Bill Desk, Bill Junction
- 2) ECS through HDFC Bank, Cosmos Bank, ICICI Bank
- 3) Payment through MSEDCL's website by Credit Cards and Net Banking from ABN

Amro Bank, Bank Of India, IDBI Bank, Indusland Bank, Punjab National Bank, State Bank of India, Union Bank of India and UTI Bank.

- 4) Through Mobile phone – An initiative has been taken to extend the e-payment facility through mobile phones by SMS.

New Connection Tracking System:

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

Transformer Tracking System:

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

IT Centers:

At present IT centers are functioning at 40 O&M Circles.

HT/LT-V Meter Readings through MRI:- Software has been developed for generating meter readings soft file required for billing from the downloaded data through MRI.

Consumer Grievance Redressal:

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

DISTRIBUTION FRANCHISE:

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

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

In addition of the above, the process of appointment of Distribution Franchisees in Nagpur and Aurangabad designated Distribution Franchises has been completed. However, the process for both areas got delayed over seven month due to Legal proceeding initiated by a aggrieved bidder M/s A2Z Maintenance and Engineering Services Ltd. in Hon'ble Bombay High Court and further process in Hon'ble Supreme Court. Although matter resolved and M/s A2Z Maintenance and Engineering Services Ltd. has finally voluntarily withdrawn from the process. M/s Spanco Ltd. is the highest bidder for Nagpur Distribution Franchise and M/s GTL Ltd. has been selected as Aurangabad Distribution Franchisee. MSEDCL has signed the Distribution Franchise Agreement with respective Distribution Franchisee on 23rd February 2011 and the designated Distribution Franchisee area of Nagpur and Aurangabad has been handed over on 01.05.2011.

DISTRIBUTION FRANCHISE UNDER SECOND PHASE

- | | | | |
|----|-----------------------|---|---|
| 1) | Jalgaon UCR Division | → | RFP/DFA document approved by Board of Directors and Selection of DF is in final stage. |
| 2) | Shil-Mumbra-Kalwa | → | RFP/DFA document approved by Board of Directors and Selection of DF is in progress as per milestone as decided by MSEDCL. |
| 3) | Malegaon UCR Division | → | Process to obtain data and information is in progress. |

THEFT DETECTION:

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

1. For detecting theft of energy presently there are 40 Nos of Flying Squads working under the Directorate of Vigilance & Security. In addition to this, about 120 Special Squads at O&M Divisional level are also established. Govt. of Maharashtra vide its GR

No.POS/3603/12/PK/Pol-3 dt. 31/10/2006 had created six dedicated police stations at Kalyan, Pune, Nashik, Jalna, Latur and Nagpur in theft prone areas to deal with the investigation of theft of energy cases. All these dedicated police stations are functioning since Sept-2006. As a positive impact of dedicated Police Stations, a total of 13648 FIRs have been lodged during the year 2009-10.

2. During the year 2009-10 the Flying Squads working under this directorate had checked 21709 Nos. of connections and detected, 7276 Nos. of assessment involved cases in which as assessment amounting to ₹. 9267.10/- lakhs were raised against which ₹. 4568.58/- lakhs was recovered. During the regular checking of consumers installations, total 1663 Nos. of theft cases were detected with an assessment of ₹. 386.49/- lakhs (including Special Drives.) During the period of the review, Flying Squads conducted 64 Nos. special drives, in which 439 Nos. of theft cases were detected with an assessment of ₹. 540.29/- lakhs. (including theft of energy)
3. To encourage the flow of information regarding illegal and unauthorized use of electricity and theft of power. Informer base was created. An incentive, up to 5% of the recovered amount from the assessment made out against theft of power is paid to informants.
4. During the period Special Drives were organized for checking of Highway Dhabas, Beer Bar & Restaurant, Hotels, lodges, Malls & other Commercial Complexes, Showroom, Ice factory, Oil Mills, Rice Mills, Educational Institutions, BSNL & MTNL's, Poultry Farms, Building Constructions etc.
5. Special checking during night hours were organized in some pockets.
6. MRI data sheet and Energy Audit are studied and analysed to find out suspicious consumers.
7. Check meters in series are installed for suspected consumers and kept under observations to find out whether the consumers indulge in theft of power or otherwise.
8. Appeal to general public regarding information about illegal and unauthorized use of electricity and theft of power.

HUMAN RESOURCES MANAGEMENT:

Your Company realizes that Human Resource is most valuable asset of the organization. Therefore, due importance is paid to develop systems for rational management of this asset. All steps have been taken to nurture and develop the precious human asset. The initiatives taken are listed below.

Recruitment & Selection

To ensure right mix of talent & experience as per well defined quota of direct recruitment and promotion all selections were carried out in transparent, fair and unbiased manner. It is not only hiring and selection of right kind of talent but due care has been taken for the orientation and induction training.

Training & Safety

As we embark upon fresh challenges, it is imperative to take look at changing aspiration matrices of individuals and company. Accordingly training was focused on development of professional competencies, commercial acumen, team building and enhancing safety standards. This year over 30,000 employees have been put through various training capsules and our efforts have been recognized by WORLD HRD CONGRESS & M.S.E.D.C.L. has been awarded with GLOBAL HR EXCELLENCE AWARD for 2009-10.

Performance Management System (PMS)

To ensure fairness in evaluation, PMS based on specified targets/KRA is developed and will be implemented for evaluation of 2009-10

Consumer Relations

For improving relations with our consumers 10 Professional Consumer Facilitation Centre (PCFC) at selected cities and 40 small CFC's at towns have been established and they are functioning well. The network of CFC's is being further improved.

Administration

Human Resource Management System is developed and is in operation. This will improve efficiency of HR department.

Welfare

More than 1000 wards of deceased employees have been provided with jobs and those who are not qualified were provided assistance to qualify

Sports

Sports teams are performing well at national level (All India Electricity Sports Board). This year we have recruited 60 sports person in the company.

The various HR initiatives are certainly helping in harnessing human asset and helping company to emerge as progressive P.S.U.

Reservation Policy for scheduled castes and Scheduled Tribes in recruitment and promotion:

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

AUDITORS:

Pursuant to the provisions of Section 619 of the Companies Act 1956, the Comptroller & Auditor General of India, (CAG) New Delhi had appointed Borkar & Muzumdar Chartered Accountants, M.P.Chitale & Co. Chartered Accountants, and Jain Chowdhary & Co. Chartered Accountants, were the Statutory Auditors of the Company for the year 2009-2010. The report of the Statutory Auditors is appended to the Balance Sheet and Profit & Loss Account. The Auditors have submitted their reservations and qualifications. The replies of the Board to the reservations and qualifications of the Statutory Auditors are enclosed as an Annexure 'A' to the Directors' Report.

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

COST AUDIT:

The Central Government had ordered cost audit in respect of distribution and retail supply of electricity for the financial year ending 31.03.2006 and also for every financial year thereafter. In pursuance of Cost Audit Order, the Board of Directors of the Company had appointed M/s. Anikhindi & Company, Cost Accountants and M/s. M. R. Pandit & Co., Cost Accountants, as Cost Auditors for the year 2009-10 and the approval of Central Government has been obtained.

DIRECTORS:

Shri Asoke Basak and Shri V.L.Sonawane ceased to be Directors of the company w.e.f. 28/05/2010 and 21/08/2009 respectively Shri M.K.Deore and Shri D.D.Wavhal were appointed as Director (Projects) and Director (F) respectively in place of Shri V.L.Sonawane and Shri Arijit Ghosh.

DIRECTORS' RESPONSIBILITY STATEMENT:

As required under Section 217 (2AA) of the Companies Act, 1956, your Directors confirm that:

- I. In the preparation of the annual accounts, the applicable accounting standards have been followed by the Company along with proper explanation relating to material departures;
- II. The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year 2009-10 and the loss of the Company for that year.

- III. The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- IV. The Directors have prepared the annual accounts on a going concern basis.

CONSERVATION OF ENERGY, TECHNICAL ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:

As required under Section 217 (1) (e) of the Companies Act, 1956, read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, information regarding Conservation of Energy, Technology Absorption and Foreign Exchange Earnings & Outgo to the extent applicable is given in the Annexure 'B' to this report.

FIXED DEPOSITS:

The Company has not invited/received any Fixed Deposits from the Public during the year under report.

PARTICULARS OF EMPLOYEES:

None of the employees of the Company was in receipt of remuneration falling under the purview of the provisions of the Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 as amended. Hence no information pertaining to the same has been provided.

ACKNOWLEDGMENTS :

The Directors express their sincere thanks and gratitude to the Government of Maharashtra, Ministry of Power, Government of India, New Delhi, esteemed Consumers, Honourable Maharashtra Electricity Regulatory Commission, M/s Rural Electrification Corporation Ltd., M/s Power Finance Corporation Ltd., the Term Lenders, Bankers, Auditors, Suppliers and other Business Associates for their continued co-operation, support and patronage. The Board also places on record its appreciation for the understanding and support extended by the employees at all levels.

For and on behalf of the Board

Sd/-
Managing Director

Place: Mumbai

Date: 07/05/2011

**ANNEXURE-B TO DIRECTROS' REPORT
PARTICULARS UNDER COMPANIES (DISCLOSURE OF
PARTICULARS IN THE BOARD OF DIRECTORS)
RULES, 1988.**

A. CONSERVATION OF ENERGY

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

1) Wind Energy Projects in Maharashtra:

Wind Mill generators are installed at Satara, Sangli, Ahmednagar, Dhule, Nandurbar, Nashik and other places by the Private Agencies (Developers) and MEDA.

As per MERC Order 24.11.2003 and the Company's policy, the Wind farm developers have commissioned total capacity of 1820.655 MW up to Dec. 2009 Group I Projects commissioned upto 27.12.1999 was 31.988 MW Group II Projects commissioned after 27.12.1999 and up to 31.03.2003 was 366.54 MW.

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

2) Cogeneration Projects in Maharashtra:

Forty EPA's were executed involving installed capacity generation to the tune of 464.36 MW. The installed generation capacity in operation for sale to MSEDCL upto 31.12.2009 is 240.36 MW and the projects commissioned in the F.Y. 2009-10 (upto 31.12.2009) is 13 MW.

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

3) Biomass IPP Projects:

Seventeen EPA's were executed involving installed capacity generation to the tune of 181 MW. The installed generation capacity in operation for sale to MSEDCL up to 31.12.2009 is 81 MW and the projects commissioned in the F.Y. 2009-10 (up to 31.12.2009) are 10 Mw.

4) Solar Projects :

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

B. TECHNOLOGY ABORPTION	-	N.A.
C. EXPENDITURE ON R & D	-	NIL
D. FOREIGN EXCHANGE EARNINGS & OUTGO	-	NIL

AUDITORS' REPORT

TO,
THE MEMBERS OF
MAHARASHTRA STATE ELECTRICITY DISTRIBUTION CO. LTD.

1. We have audited the attached Balance Sheet of MAHARASHTRA STATE ELECTRICITY DISTRIBUTION CO. LTD., as at 31st March, 2010 and the Profit and Loss Account and Cash Flow Statement for the year ended on that date, annexed thereto.
2. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's Report) (Amendment) Order 2004, issued by the Government of India in terms of Sub-section (4A) of Section 227 of the Companies Act, 1956, and on the basis of such checks as we considered appropriate, and according to the information and explanations given to us, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said order to the extent applicable to the company.
4. We have obtained all information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
5. In our opinion, proper books of accounts as required by law have been kept by the Company in so far as it appears from our examination of such books.

6. The Balance Sheet, Profit and Loss Account and Cash Flow Statement referred to in this report are in agreement with the books of accounts.
7. In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement, comply with the Accounting Standards referred in sub-section 3C of Section 211 of the Companies Act, 1956.
8. Being a Government Company, pursuant to the notification number GSR 829 (E) dated 21st October, 2003 issued by the Government of India, the provisions of Section 274 (1) (g) of the Companies Act, 1956 are not applicable to the company.
9. We invite your attention to the following:
- (i) The Assets and liabilities of the company contain balances transferred under the transfer scheme as on 6th June, 2005 by the Maharashtra Electricity Reforms Transfer Scheme, 2005. As per the information given to us, these balances of Fixed Assets, Current Assets and Liabilities as approved by MSEB Holding Company Ltd. have been incorporated in the company's books of accounts.
- Final transfer scheme is yet to be notified by the Govt. of Maharashtra. Any changes in these figures if made, at the time of final notification may have an impact on Balance Sheet and Profit and Loss Account items.
- (ii) Balances of Sundry Debtors, Sundry Creditors, Loans and Advances and various other debit/credit balances including old bank balances in the books carried forward from erstwhile Maharashtra State Electricity Boards, MSEB Holding Company Ltd. and fellow subsidiaries are subject to confirmations and adjustments necessary upon reconciliations. The effect of the adjustments arising from reconciliations and settlement of old dues and possible loss that may arise on account of non recovery or partial recovery of such dues is not ascertained.
- (iii) In our opinion provision for doubtful debts in respect of Sundry Debtors is inadequate considering the long dues outstanding from M/s. Mula Pravara Electric Co-operative Society of ₹. 226464 lacs as at 31.03.2010 (Previous year ₹. 187657 lacs)
- (iv) Cash in transit being in the nature of Remittance to H.O. includes amount, which is outstanding prior to date of incorporation of company. The exact amount thereof is not ascertained in absence of complete details.
- (v) Provision has not been made on account of loss to fixed assets / materials pending investigation.
- (vi) Capital Work in Progress includes amounts pertaining to discarded projects, which need to be written-off and amounts pertaining to assets which are put to use, which need to be capitalized. The effect of such pending entries is not ascertained.

- (vii) Reconciliation in respect of some branches of the bank as well as of collecting post offices of the accounting units has not been made, to arrive at the correct balances. In some cases, reconciliation items are pending for further action during the year under audit. The effect of such pending entries is not ascertained.
- (viii) Reconciliation of Consumer Ledger Balances with the Financial Ledgers balances in respect of 'Sundry Debtors for energy sold' and 'Security Deposits from Consumers' has yet not been completed. The impact of such pending reconciliation process is not ascertainable on the accounts of the company as at 31.03.2010.
- (ix) Difference of ₹. 506.23 lacs (Previous year ₹. 506.23 lacs) between the balances of loan as per Rural Electrification Corporation (REC) as compared to balance as per books of accounts remains un-reconciled. The interest provision on the same is made on balance as per REC statement and not on balance as appearing in the books. The effect of the same is not ascertained.
- (x) Attention is drawn to Note no. 18 of the Notes to Accounts regarding non provision for interest payable to Micro, small and Medium Scale Enterprises. The liability on this account has not been quantified by the company. The effect of the same is not ascertained. Further, sundry creditors include the amount outstanding to such vendors/suppliers which have not been disclosed separately in the accounts.
10. Subject to our observations in para 9 above the overall effect of which on the results' for the year and the net assets as at 31st March, 2010 is unascertainable, in our opinion and to best of our information and according to the explanations given to us, the said accounts read with schedules and notes forming part of the accounts, gives the information required by the Companies Act, 1956, in the manner so required and give a true and fair view, in conformity with the Accounting Principles generally accepted in India:
- (i) In the case of Balance Sheet, of the state of affairs to the company as at 31st March, 2010,
- (ii) In the case of Profit and Loss Account, the loss for the year ended on that date and
- (iii) In the case of Cash Flow Statement, of the cash flow for the year ended on that date.

**For Borkar & Muzumdar
Chartered Accountants**

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

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

**S/d
(Ashutosh Pednekar)
Partner
ICAI M.No. 41037**

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

**S/d
(Siddharth Jain)
Partner
ICAI M.No. 104709**

**Place : Mumbai
Date : 29/09/ 2010**

**ANNEXURE TO THE AUDITORS' REPORT REFERRED
TO IN PARA 3 OF OUR REPORT OF EVEN DATE OF
MAHARASHTRA STATE ELECTRICITY
DISTRIBUTION COMPANY LIMITED
FOR THE YEAR ENDED ON 31-03.2010**

1. (a) The Records/Ledgers relating to fixed assets of the company (including their quantitative details and situation) are not updated and cannot be reconciled with financial ledgers, as such fixed assets records/ledgers are not maintained properly.
(b) The management has not undertaken physical verification of the Company's fixed assets. Also, there is no programme for conduct of such physical verification of fixed assets. In the absence of such record and verification we are unable to state whether there are any material discrepancies.
(c) There has been no disposal of substantial part of fixed assets to affect going concern.
2. (a) We are informed that inventory have been physically verified by the Management as at the year end.
(b) In our opinion, the procedure of physical verification of inventory followed by the management is adequate in relation to size of the company and the nature of its business.
(c) On the basis of our examination of records of inventory, in our opinion, the company has maintained proper records of inventory. The discrepancies noticed on such physical verification of inventories as compared to book records were not material in relation to the operations of the company.
3. As per the information furnished, the company has neither taken nor granted any loans to/from companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956 hence reporting under the clause (iii) (a) to (g) of the order is not applicable to the company.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures, commensurate with the size of the company and nature of its business with regard to purchase of inventory and fixed assets.

However, there is need for further strengthening of Internal Control with respect to billing for sale of power in so far its relates to maintenance of details of party wise receivable and recovery thereof.

5. (a) In our opinion and according to the information and explanations given to us the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 have been entered in the register required to maintained under that section.
- (b) In our opinion and according to the information and explanations given to us transactions made in pursuance of such contracts or arrangements have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time with regard to transactions exceeding the value of five lakh in respect of each party.
6. According to the information and explanations given to us, the Company has not accepted deposits from the public within the meaning of the provisions of section 58 A of the Companies Act, 1956 and rules framed there under.
7. The Company has an internal audit system, which in our opinion, is not commensurate with the size and nature of its business.
8. The Central Government has prescribed maintenance of cost records u/s. 209 (1) (d) of the Companies Act, 1956 in respect distribution of electricity. We have broadly reviewed such relevant records of the company and in our opinion and according to the information and explanation given to us, prima facie the Company has made and maintained the prescribed records. We have not, however, carried out a detailed examination of the same.
9. (a) According to the information & explanation given to us and according to the books & records, the company is generally regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Investor Education and Protection Fund, Income Tax, Sales Tax, Wealth Tax, Service tax, Custom Duty, Excise Duty, cess and any other statutory dues with the appropriate authorities. However, in respect of electricity duty, there is a due of Rs .43151.05 lacs (Previous year Rs. 31331.95 lacs) which is undisputed and is outstanding at the year end. The amount outstanding for a period of more than six months from the date is became payable is not being ascertained by the company.
- (b) According to the information and explanation given to us, there are no dues of income-tax, wealth-tax, sales tax, custom duty, excise duty and cess which have not been deposited on account of any dispute except the following:-

Name of Statute	Nature of dues	Amount (in lacs)	Period to which the amount relates	Forum where the dispute is pending
Income Tax Act	Tax dues along with interest	31556	Asstt year 2006-07	ITAT Mumbai
Income Tax Act	Tax dues along with interest	96587	Asstt year 2007-08	CIT (Appeals)
Income Tax Act	Tax deduction at source with interest	18431	Asstt year 2009-10	ITAT Mumbai

10. Since the Company has been incorporated on 31st May, 2005 clause (x) of the order regarding existence of accumulated losses in excess of fifty percent of its net worth and incurring of cash losses is not applicable.
11. In our opinion and according to the information and explanation given to us, the Company has not defaulted in repayment of dues to the banks and financial institutions. The Company has not borrowed any sum through debentures.
12. According to the information and explanation given to us, the Company has not granted any loans or advances against pledge of shares, debentures or other securities.
13. Clause (xiii) of the order is not applicable to the company as the Company is not a Chit Fund Company or Nidhi/Mutual Benefit Fund/Society.
14. In our opinion and according to the information and explanation given to us, the Company is not dealing in shares, securities, debentures and other investments.
15. According to the information and explanation given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
16. In our opinion and according to the information and explanation given to us and on overall examination of the Balance Sheet of the Company, the term loan raised during the period have prima facie been applied for the purpose for which they were raised.
17. According to the information and explanation given to us and on overall examination of the Balance Sheet of the Company, in our opinion there are no funds raised on short term basis which have been used for long term investment.
18. The Company has not made any preferential allotment of shares during the year.
19. Since the Company does not have any debentures, the question of creation of securities for debentures does not arise.
20. The Company has not raised any money by public issues during the period covered by our report.
21. To the best of our knowledge and belief and according to the information and explanation given to us, no fraud by the Company and no material fraud on the Company was noticed during the year, all though there have been few instances of power theft, the amount whereof, in the opinion of the management, are not material in the context of size of the Company and the nature of its business.

**For Borkar & Muzumdar
Chartered Accountants**

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

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

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

**S/d
(Ashutosh Pednekar)
Partner
ICAI M.No. 41037**

**S/d
(Siddharth Jain)
Partner
ICAI M.No. 104709**

Place : Mumbai

Date : 29/09/ 2010

**REPLIES TO STATUTORY AUDITORS' REPORT
FOR FINANCIAL YEAR 2009-2010**

Sr. No.	Auditors' Report	Management's Replies
1.	<p>We have audited the attached Balance Sheet of MAHARASHTRA STATE ELECTRICITY DISTRIBUTION CO. LTD., as at 31st March, 2010 and the Profit and Loss Account and Cash Flow Statement for the year ended on that date, annexed thereto.</p>	No Comments
2.	<p>These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.</p>	No Comments
3.	<p>As required by the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's Report) (Amendment) Order 2004, issued by the Government of India in terms of Sub-section (4A) of Section 227 of the Companies Act, 1956, and on the basis of such checks as we considered appropriate, and according to the information and explanations given to us, we enclose in</p>	No Comments

<p>the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said order to the extent applicable to the company.</p>	
<p>4. We have obtained all information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.</p>	No Comments
<p>5. In our opinion, proper books of accounts as required by law have been kept by the Company in so far as it appears from our examination of such books.</p>	No Comments.
<p>6. The Balance Sheet, Profit and Loss Account and Cash Flow Statement referred to in this report are in agreement with the books of accounts.</p>	No Comments
<p>7. In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement, comply with the Accounting Standards referred in sub-section 3C of Section 211 of the Companies Act, 1956.</p>	No Comments
<p>8. Being a Government Company, pursuant to the notification number GSR 829 (E) dated 21st October, 2003 issued by the Government of India, the provisions of Section 274 (1) (g) of the Companies Act, 1956 are not applicable to the company.</p>	No Comments
<p>9. We invite your attention to the following: (I) The Assets and liabilities of the company contain balances transferred under the transfer scheme as on 6th June, 2005 by the Maharashtra Electricity Reforms Transfer Scheme, 2005. As per the information given to us, these balances of Fixed Assets, Current Assets and Liabilities as approved by MSEB Holding Company Ltd. have been incorporated in the company's books of accounts.</p>	No Comments
<p>Final transfer scheme is yet to be notified by the Govt. of Maharashtra. Any changes in these figures if made, at the time of final notification may have an impact on</p>	The opening balance sheet of MSEDC as on 6.06.2005 has been approved by MSEB Holding

<p>Balance Sheet and Profit and Loss Account items.</p>	<p>Company Ltd. in its meeting held on 26.09.2006. The Approved final transfer scheme is yet to be notified by the GoM</p>
<p>(ii) Balances of Sundry Debtors, Sundry Creditors, Loans and Advances and various other debit/credit balances including old bank balances in the books carried forward from erstwhile Maharashtra State Electricity Boards, MSEB Holding Company Ltd. and fellow subsidiaries are subject to confirmations and adjustments necessary upon reconciliations. The effect of the adjustments arising from reconciliations and settlement of old dues and possible loss that may arise on account on non recovery or partial recovery of such dues is not ascertained.</p>	<p>In case of sundry debtors, the energy bills are served to all the consumers periodically and this serves the purpose of sufficient communication of the amounts receivable from them. In case of disagreement, the consumers are approaching to the respective offices by making complaints at various local levels. These complaints are attended by field offices and any wrong billing, if noticed after due scrutiny is rectified. Hence issue of bills in term is the confirmation of balance from the debtors. In case of creditors the confirmation of balance will be obtained in the phased manner based on ABC analysed and accounting entries arising out of reconciliation if any will be passed in the books of accounts.</p>
<p>(iii) In our opinion provision for doubtful debts in respect of Sundry Debtors is inadequate considering the long dues outstanding from M/s. Mula Pravara Electric Co-operative Society of Rs.226464 lacs as at 31.03.2010 (Previous year Rs.187657 lacs)</p>	<p>Provision for bad & Doubtful debts on sundry debtors (excluding Mulla Pravara Electric Co-operative Society) against sale of power is adequate. In case of Mulla Pravara Electric Co-operative Society the legal process has been initiated for recovery of outstanding amount. Cash in transit at the year end are the common transactions which</p>



MAHA VITARAN

Maharashtra State Electricity Distribution Company Ltd.

<p>(iv) Cash in transit being in the nature of Remittance to H.O. includes amount, which is outstanding prior to date of incorporation of company. The exact amount thereof is not ascertained in absence of complete details.</p>	<p>include the remittances to Head Offices by the field offices and vice versa not credited by the banks on and upto 31st March, at the receiving end. All the outstanding old remittances are being investigated and unresolved entries will be provided suitably.</p>
<p>(v) Provision has not been made on account of loss to fixed assets / materials pending investigation.</p>	<p>Against loss to fixed assets pending investigation amounting to ₹. 62.82 lacs, there was provision of Rs.46.53 lacs in the beginning of the year and during the year 2009-10 the provision for ₹. 12.32 lacs has been made. As such there is total provision of ₹. 58.85 lacs against ₹. 62.82 lacs and the said provision is adequate. This fact has been intimated to the statutory auditors.</p>
<p>(vi) Capital Work in Progress includes amounts pertaining to discarded projects, which need to be written-off and amounts pertaining to assets which are put to use, which need to be capitalized. The effect of such pending entries is not ascertained.</p>	<p>Work in progress does not include discarded projects. Out of ₹. 2344 crores work in progress amounting to ₹.139 crores pertain to old period i.e. 2003-04 to 2006-07. The necessary circular has been issued to capitalised old work in progress on priority basis.</p>
<p>(vii) Reconciliation in respect of some branches of the bank as well as of collecting post offices of the accounting units has not been made, to arrive at the correct balances. In some cases, reconciliation items are pending for further action during the year under audit. The effect of such pending entries is not ascertained.</p>	<p>The reconciliation work is in progress.</p>

<p>(viii) Reconciliation of Consumer Ledger Balances with the Financial Ledgers balances in respect of 'Sundry Debtors for energy sold' and 'Security Deposits from Consumers' has yet not been completed. The impact of such pending reconciliation process is not ascertainable on the accounts of the company as at 31.03.2010.</p>	<p>Since reconciliation of consumer ledger with sundry debtors as per Books of Accounts is a continuous process, the work of reconciliation is in progress and the fact has been disclosed by way of note at serial number 4 to the Balance Sheet.</p>
<p>(ix) Difference of ₹. 506.23 lacs (Previous year ₹. 506.23 lacs) between the balances of loan as per Rural Electrification Corporation (REC) as compared to balance as per books of accounts remains unreconciled. The interest provision on the same is made on balance as per REC statement and not on balance as appearing in the books. The effect of the same is not ascertained.</p>	<p>The issue is old. The constant follow up is being made on regular basis. Now, the follow up will be made at higher level.</p>
<p>(x) Attention is drawn to Note no. 18 of the Notes to Accounts regarding non provision for interest payable to Micro, small and Medium Scale Enterprises. The liability on this account has not been quantified by the company. The effect of the same is not ascertained. Further, sundry creditors include the amount outstanding to such vendors/suppliers which have not been disclosed separately in the accounts.</p>	<p>Note to this effect has already been indicated at sr. no. 18 of Schedule 22.</p>
<p>10. Subject to our observations in para 9 above the overall effect of which on the results' for the year and the net assets as at 31st March, 2010 is unascertainable, in our opinion and to best of our information and according to the explanations given to us , the said accounts read with schedules and notes forming part of the accounts, gives the information required by the Companies Act, 1956, in the manner so required and give a true and fair view, in conformity with the Accounting Principles</p>	<p>No Comments</p>



generally accepted in India:	
(I) In the case of Balance Sheet, of the state of affairs to the company as at 31st March, 2010,	No Comments
(ii) In the case of Profit and Loss Account, the loss for the year ended on that date and	No Comments
(iii) In the case of Cash Flow Statement, of the cash flows for the year ended on that date.	No Comments

MSEDCL

REPLY TO ANNEXURE -THE AUDITORS' REPORT REFERRED TO IN PARA 3 OF REPORT OF EVEN DATE OF MAHARASHTRA STATE ELECTRICITY DISTRIBUTION COMPANY LIMITED FOR THE YEAR ENDED ON 31-03.2010

Auditor's Report	Management's Replies
<p>1. (a) The Records/Ledgers relating to fixed assets of the company (including their quantitative details and situation) are not updated and cannot be reconciled with financial ledgers, as such fixed assets records/ledgers are not maintained properly.</p>	<p>The Program to maintain proper fixed assets has been designed under MIS Phase II. Data upto Dec.-08 for fixed asset has been uploaded. Uploading of further data is being in progress.</p>
<p>(b) The management has not undertaken physical verification of the Company's fixed assets. Also, there is no programme for conduct of such physical verification of fixed assets. In the absence of such record and verification we are unable to state whether there are any material discrepancies.</p>	<p>The Program of physical verification of fixed assets is under consideration.</p>
<p>(c) There has been no disposal of substantial part of fixed assets to affect going concern.</p>	<p>No Comments</p>
<p>2 (a) We are informed that inventory have been physically verified by the Management as at the year end.</p>	<p>No Comments</p>
<p>(b) In our opinion, the procedure of physical verification of inventory followed by the management is adequate in relation to size of the company and the nature of its business.</p>	<p>No Comments</p>
<p>(c) On the basis of our examination of records of inventory, in our opinion, the company has material proper records of inventory. The discrepancies noticed on such physical verification of inventories as compared to book records were not material in relation to the operations of the company.</p>	<p>No Comments</p>
<p>3. As per the information furnished, the company has</p>	<p>No Comments</p>

<p>neither taken nor granted any loans to/from companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956 hence reporting under the clause (iii) (a) to (g) of the order is not applicable to the company.</p>	
<p>4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures, commensurate with the size of the company and nature of its business with regard to purchase of inventory and fixed assets.</p> <p>However, there is need for further strengthening of Internal Control with respect to billing for sale of power in so far as it relates to maintenance of details of party wise receivable and recovery thereof.</p>	<p>No Comments</p> <p>The sale of power and related billing activities have been computerized and monitored at corporate level. This includes billing of new connection, faulty meters, etc. Meter reading work is outsourced and photometer reading system is in place. As suggested, there is need for further strengthening of internal control and for that purpose appointment of independent C.A. firms is under consideration.</p>
<p>5. (a) In our opinion and according to the information and explanations given to us the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 have been entered in the register required to be maintained under that section.</p>	<p>No Comments</p>
<p>(b) In our opinion and according to the information and explanations given to us transactions made in pursuance of such contracts or arrangements have been made at prices which are reasonable having</p>	<p>No Comments</p>

<p>regard to the prevailing market prices at the relevant time with regard to transactions exceeding the value of five lakh in respect of each party.</p>	
<p>6. According to the information and explanations given to us, the Company has not accepted deposits from the public within the meaning of the provisions of section 58A of the Companies Act, 1956 and rules framed there under.</p>	<p>No Comments</p>
<p>7. The Company has an internal audit system, which in our opinion, is not commensurate with the size and nature of its business.</p>	<p>The proposal for strengthening of Internal Audit System by creation of panel of independent firms for carrying out internal audit at circle level is under consideration. This will help to strengthen the Internal Audit System.</p>
<p>8. The Central Government has prescribed maintenance of cost records u/s. 209 (1) (d) of the Companies Act, 1956 in respect distribution of electricity. We have broadly reviewed such relevant records of the company and in our opinion and according to the information and explanation given to us, prima facie the Company has made and maintained the prescribed records. We have not, however, carried out a detailed examination of the same.</p>	<p>No Comments</p>
<p>9. (a) According to the information & explanation given to us and according to the books & records, the company is generally regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Investor Education and Protection Fund, Income Tax, Sales Tax, Wealth Tax, Service tax, Custom Duty, Excise Duty, cess and any other statutory dues with the appropriate authorities.</p>	<p>Average monthly billing of electricity duty is Rs. 15299 lacs. As such Electricity Duty outstanding as on 31.03.2010 is not more than six months.</p>

However, in respect of electricity duty, there is a due of Rs .43151.05 lacs (Previous year Rs .31331 .95 lacs) which is undisputed and is outstanding at the year end. The amount outstanding for a period of more than six months from the date is became payable is not being ascertained by the company.

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

Factual

Name of Statute	Nature of dues	Amount (in lacs)	Period to which the amount relates	Forum where the dispute is pending
Income Tax Act	Tax dues along with interest	31556	Asstt year 2006-07	ITAT Mumbai
Income Tax Act	Tax dues along with interest	96587	Asstt year 2007-08	CIT (Appeals)
Income Tax Act	Tax deduction at source with interest	18431	Asstt year 2009-10	ITAT Mumbai

No Comments

10. Since the Company has been incorporated on 31st May, 2005 clause (x) of the order regarding existence of accumulated losses in excess of fifty percent of its net worth and incurring of cash losses is not applicable.

No Comments

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

No Comments

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

No Comments

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

No Comments

14. In our opinion and according to the information and explanation given to us, the Company is not dealing

No Comments



	in shares, securities, debentures and other investments.	
15.	According to the information and explanation given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.	No Comments
16.	In our opinion and according to the information and explanation given to us and on overall examination of the Balance Sheet of the Company, the terms loan raised during the period have prima facie been applied for the purpose for which they were raised.	No Comments
17.	According to the information and explanation given to us and on overall examination of the Balance Sheet of the Company, in our opinion there are no funds raised on short term basis which have been used for long term investment.	No Comments
18.	The Company has not made any preferential allotment of shares during the year.	No Comments
19.	Since the Company does not have any debentures, the question of creation of securities for debentures does not arise.	No Comments
20.	The Company has not raised any money by public issues during the period covered by our report.	No Comments
21.	To the best of our knowledge and belief and according to the information and explanation given to us, no fraud by the Company and no material fraud on the Company was noticed during the year, all though there have been few instances of power theft, the amount thereof are not material in the context of size of the Company and the nature of its business.	Factual

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619 (4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF MAHARASHTRA STATE ELECTRICITY DISTRIBUTION COMPANY LIMITED, MUMBAI FOR THE YEAR ENDED 31 MARCH 2010

The preparation of financial statements of 'Maharashtra State Electricity Distribution Company Limited', Mumbai for the year ended 31 March 2010 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the company. The statutory auditors appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act 1956 are responsible for expressing opinion on these financial statements under Section 227 of the Companies Act, 1956 based on independent audit in accordance with the Auditing and Assurance Standards prescribed by their professional body - the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 29 September 2010.

I, on behalf of the Comptroller and Auditor General of India have conducted a supplementary audit under Section 619(3)(b) of the Companies Act, 1956 of the financial statements of '**Maharashtra State Electricity Distribution Company Limited**' Mumbai for the year ended 31 March 2010. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records. Based on my supplementary audit, I would like to highlight the following significant matters under Section 619(4) of the Companies Act, 1956 which have come to my attention and which in my view are necessary for enabling a better understanding of the financial statements and the related Audit Report:

COMMENTS

A. COMMENTS ON PROFITABILITY

**PROFIT & LOSS ACCOUNT
INCOME**

- 1. Revenue from Sale of Power- (Schedule 14): ₹ 27642.31 crore**

- a. The above is overstated due to by ₹ 725.12 lakh due to erroneous accounting of unbilled revenue (₹ 823.74 lakh instead of ₹ 462.79 lakh), double accounting of unbilled revenue (₹ 45.85 lakh and incorrect accounting of JV (₹ 318.32 lakh). This has resulted in understatement of loss and overstatement of debtors.
- b. The above is understated by ₹ 51.34 lakh due to non-accounting of dues recoverable from consumers on account of theft of power of ₹ 51.34 lakh. This has resulted in overstatement of loss and understatement of debtors.
- c. Revenue from sale of power as per IT statement and billed amount differed (in excess) to the extent of ₹ 326.00 lakh and hence pending reconciliation, the impact of the same on loss could not be ascertained.

EXPENDITURE

Purchase of Power -(Schedule -16): ₹ 23841.95 crore

2. a. The above is understated by ₹ 35.18 crore due to non-provision of energy charges payable to parties for power purchased upto 31-03-2010.
This has resulted in understatement of expenditure, loss and current liabilities to the extent of ₹ 35.18 Crores.
2. b. The above is overstated by ₹ 37.62 crore due to non-accountal of credits by M/S Ratnagiri Gas and Power Private Ltd. Consequently Current Liability and Loss have been overstated by 37.62 crores

Depreciation - ₹ 812.27 crore

3. a. The depreciation on the assets created from the consumer's contribution in respect Ahmednagar circle, Baramati circle and of five divisions of Thane O &M circle 'except Bhandup Division' has not been debited to capital Reserve. which could not be quantified.
In the absence of details, the overstatement of Capital Reserve and understatement of other income could not be quantified.
3. b. The Kedgaon Division has not charged the depreciation on the fixed assets put to use during the year 2009-10. In the absence of details, impact on fixed assets- Net Block, depreciation and loss could not be quantified.
4. The Baramati Division has charged depreciation on all the fixed assets without considering the life expired assets. In the absence of details, the amount of excess depreciation charged could not be quantified.

Interest & Finance Charges (Schedule -20)- ₹ 900.12 crore

- 5 a.** The above has been understated due to Wrong crediting of Interest on consumer Security deposit instead of debiting the same (₹ 364.42) and under provision of interest charges (₹ 14.43 lakh)
This has resulted in understatement of interest and finance charges, loss and provisions to the extent of ₹ 378.85 lakh.
- b.** Incorrect capitalisation of interest that has not been actually (since the loan sanction was in the year 2010-11 only) incurred in respect of loans from PFC and REC for Infra Project resulted in overstatement of CWIP and understatement of Interest expense and loss ₹ 219.64 lakhs.
- c.** The above has been overstated due to excess provision of interest on consumers security deposit at karjat division (₹ 4.52 lakh) and incorrect charging of interest on permanently Disconnected consumers at Baramati (₹ 8.39 lakh) resulting in overstatement of interest and provision and loss by ₹ 12.91 lakh.

B. COMMENTS ON FINANCIAL POSITION

BALANCE SHEET

Application of Funds

Fixed Assets (Schedule -5) : ₹ 7485.01 crore

Land & Land Rights

- 6.** This includes ₹10 lakh being the lease premium paid to MIDC for acquisition of land on lease basis for sub-station at MIDC, Ahmednagar. Inclusion of leasehold land in free hold land resulted in overstatement of free hold land and understatement of leasehold land by ₹ 10 lakh and non charging of depreciation thereagainst, the impact of which could not be quantified.

INTANGIBLE ASSETS

- 7.** The Gross amount of intangible assets is understated by ₹ 697.82 lakh due to incorrect booking of cost of acquisition of software from TCS Ltd. as under:

	₹ In lakh
i. Consultancy Charges (Accounted upto 2008-09 ₹ 57.90 lakh)	418.89
ii. Other deferred revenue expenditure	164.12
iii. Non-provision for outstanding bills of TCS	114.81
Total	<u><u>697.82</u></u>

This has resulted in

- I Overstatement of loans and advances (DRE) by ₹ 164.12 lakh.
- II Overstatement of current year expenses and loss by ₹ 361.99 lakh.
- III Understatement of provisions by ₹ 114.81 lakh.
- IV The consequent impact on depreciation (by the amount of Intangible Assets to the amortised), prior period charges, fixed assets – Net block and loss of the company could not be ascertained for want of details.

CAPITAL WORK IN PROGRESS (Schedule -6) ₹ 2343.74 crore

8. This includes ₹ 84.14 lakh being the works completed on or before 31.03.2010 but not capitalised by Saswad Division. Non-capitalization of completed works resulted in overstatement of capital expenditure in progress and understatement of fixed assets - gross block by ₹ 84.14 lakh. In the absence of asset group wise allocation of expenditure the depreciation to be charged on these assets could not be quantified.
9. This does not include ₹ 34.57 lakh being the payment made to M/s. Pearl Engineering for the works (JV No. 104 dated 31.03.2010 of Kedgaon Division). The Division debited the amount to capital reserve instead of capital expenditure in progress. Debiting the expenditure incurred on work to capital reserve instead of capital work in progress resulted in understatement of capital reserve and capital work in progress by ₹ 34.57 lakh.
10. This does not include an amount of ₹ 27.71 lakh being the partially completed work of Rajiv Gandhi Gramin Vidutikaran Yojana scheme up to 31/03/2010. This has resulted in understatement of W.I.P by ₹ 27.71 lakh.

ASSETS

Current Assets Loans & Advances

Sundry Debtors (Schedule-10)-11753.24 crore

11. The above includes

- i) ₹ 2.02 lakh recoverable from M/s Raja Bahadoor Motilal mill, which has actually been waived off in the approved O.T.S. Proposal and
- ii) ₹ 18.75 lakh at pune Rural division for which customer wise and age wise details are not available.

Thus retention of debts to be written off as good debts has resulted in understatement of bad debts, loss and overstatement of sundry debtors.

12. There exist a difference of ₹ 17.79 crore between I.T.records and financial accounting records relating to permanently disconnected customers which needs to be reconciled to reflect a factual position relating to debtors.
13. Due to netting of credit balance under 'Public lighting' (₹398.10 lakh) and in respect of permanently disconnected H.T. Consumers (₹ 24.78 lakh), sundry debtors and current liabilities are understated by ₹ 422.88 lakh.

CASH & BANK BALANCES (Schedule -11): ₹ 1373.86 crore

- 14 a. The above has been overstated by ₹ 52.78 lakh due to non reversal of dishonored cheques resulting in consequent understatement of sundry debtors.
 - b. Non reversal of time barred (Stale cheques) has resulted in understatement of bank balances and liability by ₹ 1.21 crore
 - c. **Above includes**
 - i. Cheques deposited into bank not credited by bank by ₹ 39.94 lakh
 - ii. Unreconciled creditable revenue collection of ₹ 1.94 lakh prior 10 July, 2002 of Ahmednagar Urban Division which has not been credited by the Bank, so far
 - iii. Twelve Remittances summing up to ₹ 19.17 lakh for the period from July 2006 to June 2007 not credited by the Banks in Ahmednagar urban division. Pending reconciliation the corresponding impact could not be ascertained
 - d. The detail of transactions relating to remittances to H.O accounts in transit to the extent of ₹ 2379.58 lakh relating to Ways & Means section and details of frozen accounts of balance of Ahmednagar urban division amounting to ₹ 4.43 lakh were not provided to Govt. Audit. In the absence of details, the correctness of above account cannot be ensured in audit.

LOANS & ADVANCES (Schedule -12) - ₹ 1430.09 crore

Other Receivable: ₹ 1029.65 crore

15. The above includes ₹ 63.14 lakh being claim towards failed meters remaining unrecovered in respect of three major stores for over three years. Non-provision for the above has resulted in overstatement of loans and advances and understatement of loss by ₹ 63.14 Lakh crore.

CURRENT LIABILITIES & PROVISION (Schedule-13)- ₹ 13091.01 crore

Other Liabilities & Provisions

16. Provisions for retention money repayable ₹ 2.70 lakh, security deposit repayable ₹ 36.02 lakh and liability provisions for stale cheques ₹ 13.07 lakh were not required. This has resulted in overstatement of other current liabilities and loss by ₹ 52.42 lakh.
17. As per directives of MERC the Company has to refund the Regulatory Liability Charges (RLC) exactly in the same proportion as that has contributed by the consumers during December 2003 to September 2006. However Ahmednagar circle has not provided for RLC refundable amounting to ₹ 3103.54 lakh resulting in understatement of current liability and loss to that extent.
18. In the absence of details of RLC collected from the consumers and due to be refunded to the consumers as on 31.03.2010 in respect of Thane circle, the correctness of liability on account of RLC refundable to the consumers could not be certified
19. This does not include ₹ 13.98 lakh towards service tax on the provision of supervision charges payable to The Maharashtra State Co-op. Bank Ltd. This has resulted in understatement of liability (provision) under statement of loss to the extent of ₹ 13.98 Lakh.

C. COMMENTS ON DISCLOSURE

(a) Significant Accounting Policies

20. Reference is invited to Accounting policy No.16 relating to taxation which reads as 'Provision for Income-tax consists of Current tax and Deferred tax. Current Tax is calculated according to prevailing rate of Income Tax. Deferred tax is calculated in accordance with mandatory Accounting Standard 22, (Accounting for taxes on income) and whereas provision for income-tax consist of current years as well as earlier years provisions which have not yet been assessed. Hence, the accounting policy of company needs to be modified to reflect the factual position & practice regarding retention of provisions for taxation
21. The Accounting Policy and the nature and extent of Government grants recognized in the financial statement of 2009-10 in respect of Revenue grant received from Government of Maharashtra to compensate for cost of purchase of costly power from private parties, has not been disclosed as stipulated in Accounting Standard 12, paragraph no. 23 (i) and (ii) relating to Accounting of Government Grants. This has resulted in non-compliance to Accounting Standard -12 which is mandatory.

22. Assets created from consumer's contribution, grant & subsidy are being treated as other income by debiting Capital Reserve account. Schedule VI of Companies Act, 1956 stipulates that such additions and deductions since last balance sheet should be shown separately under each specified heads of Reserves and surplus. However no such deduction from Capital Reserve during the year have been shown separately, despite assurance given by the management during audit of previous year's accounts.

(b) Notes to Account (Note No. 11)

23. i. Other defined benefits offered by the company include "settlement allowance on retirement to employees" and "LTC". However the company has not made a mention and details of the scheme as warranted by paragraph 120 (b) of Accounting Standard 15 (2005).

ii. Company has not disclosed whether the defined benefit plans are funded or not.

iii. Principal actuarial assumptions relating to discount rate, future salary increase, method used etc. have not been disclosed as required by Accounting Standard 15 (2005) (paragraph 120 (l)).

iv. Note no.11 relating to employee benefits does not indicate the denomination of amounts mentioned therein.

24. A reference is invited to note no.13(c) containing related party disclosure, which is incomplete, as this does not contain the details of transaction with MSEB HOLDING COMPANY LIMITED during the year 2009-10, as the Company has during the year 2009-10 recovered ₹ 30.30 crores from sundry debtors on behalf of MSEB HOLDING COMPANY LIMITED. This has resulted in non-compliance to Accounting Standard-18, paragraph-24.

25. Section 212 (1) (a) to (d) stipulated attaching audited financial statements of subsidiary companies and if the same is not attached the reasons for the same has to be stated in the financial statement of Holding company. However the company has neither attached the financial statement of subsidiary nor stated the reasons for not attaching the same resulting in non-compliance with the above section.

26. Accounting Standard 28 stipulates identification of cash generation units at the Balance Sheet date with respect to carrying amount vis-à-vis recoverable amount thereof and impairment loss if any is to be recognized in the Profit and Loss Account for the year.

i. However no such detailed specific exercise with reference to each of the cash generating units has been produced to Audit / carried out by the company resulting in non compliance with AS-28 which is mandatory.

- ii. Further, the statutory auditors have not reported about the non-compliance and thus the certificate given by statutory auditors on the accounts of MSEDCL for the year 2009-10 is deficient and factually incorrect to that extent.

OTHER COMMENTS

27. The following account head bears the adverse balances:

Other current liabilities

(Schedule 28) Tax on
sale of electricity payable

(A/c Head 46.302)

(-) 3,22,43,376/- cr.

Receivable against supply of power
[Schedule 26(B)]

Sundry debtors for sale of power –
Industrial High Voltage

(A/c Head 23.104)

Sundry debtors for sale of power –

(-) 1,91,99,255/- dr.

Traction (A/c Head 230.106)

(-) 1,70,73,973/- dr.

For and on the behalf of

The Comptroller and Auditor General of India

Sd/-

**ACCOUNTANT GENERAL
(COMMERCIAL AUDIT)**

Date : 15/02/2011

Place : Mumbai

**Management Reply to comments on
Accounts of Maharashtra State Electricity
Distribution Company Limited for the year 2009-2010**

ANNEXURE - A

CAG COMMENTS	Management's Replies
A. COMMENTS OF PROFITABILITY	
PROFIT & LOSS ACCOUNT	
INCOME	
Revenue from Sale of Power (Schedule - 14) ₹. 27642.31 crore	
a. The above is overstated due to by ₹. 725.12 lakh due to erroneous accounting of unbilled revenue (₹. 823.74 lakh instead of ₹. 462.79 lakh), double accounting of unbilled revenue (₹. 45.85 lakh and incorrect accounting of JV (₹. 318.32 lakh). This has resulted in understatement of loss and overstatement of debtors.	The necessary entries have been passed during the financial year 2010-11.
b. The above is understated by ₹. 51.34 lakh due to non-accounting of dues recoverable from consumers on account of theft of power of ₹. 51.34 lakh. This has resulted in overstatement of loss and understatement of debtors.	₹. 51.34 lacs is cumulative amount as per the theft of energy register. An amount entered in this register is provisional and the register is maintained for internal records. Actual assessment was done and bills amounting to ₹. 49.30 lacs (cumulative) were issued . The amount of thefts has been accounted in the respective financial years properly in the books of divisions consistently as per our accounting policy no. 2 (a)(iii).
c. Revenue from sale of power as per IT statement and billed amount differed (in excess) to the extent of ₹. 326.00 lakh and hence pending reconciliation, the impact of the same on loss could not be ascertained.	Reconciliation of revenue from sale of power as per IT statement and billed amount has been prepared and difference is reconciled. After reconciliation, no further accounting entries were required. Hence, there is no unaccounted loss.

EXPENDITURE	
Purchase of Power -(Schedule -16): ₹. 23841.95 crore	
<p>2. a. The above is understated by ₹. 35.18 crore due to non-provision of energy charges payable to parties for power purchased upto 31-03-2010.</p> <p>This has resulted in understatement of expenditure, loss and current liabilities to the extent of. ₹. 35.18 Crores.</p>	Necessary entry has been passed during the financial year 2010-11.
<p>b. The above is overstated by ₹. 37.62 crore due to non-accountal of credits by M/S Ratnagiri Gas and Power Private Ltd. Consequently Current Liability and Loss have been overstated by ₹. 37.62 crores Depreciation - ₹. 812.27 crore</p>	The necessary entry has been passed during the Financial Year 2010-11.
<p>3a. The depreciation on the assets created from the consumer's contribution in respect Ahmednagar circle, Baramati circle and of five divisions of Thane O &M circle 'except Bhandup Division' has not been debited to capital Reserve. which could not be quantified.</p> <p>In the absence of details, the overstatement of Capital Reserve and understatement of other income could not be quantified.</p>	Necessary entry has been passed during the financial year 2010-11.
<p>3. b. The Kedgaon Division has not charged the depreciation on the fixed assets put to use during the year 2009-10. In the absence of details, impact on fixed assets- Net Block, depreciation and loss could not be quantified.</p>	Necessary entries have been passed during the financial year 2010-11.

<p>4. The Baramati Division has charged depreciation on all the fixed assets without considering the life expired assets. In the absence of details, the amount of excess depreciation charged could not be quantified.</p>	<p>It has been verified from the record that no depreciation has been charged on the life expired asset. Hence, no excess depreciation has been charged. Details are available for verification.</p>
<p>Interest & Finance Charges (Schedule -20)- ₹. 900.12 crore</p> <p>5 a. The above has been understated due to Wrong crediting of Interest on consumer Security deposit instead of debiting the same (₹. 364.42) and under provision of interest charges (₹. 14.43 lakh)</p> <p>This has resulted in understatement of interest and finance charges, loss and provisions to the extent of ₹. 378.85 lakh.</p>	<p>(i) Thane A.E. no 8- Necessary entry has been passed during the financial year 2010-11 for ₹. 364.42 lakhs and with reference to ₹. 14.43 lakhs, the audit party has calculated the interest on pro rata basis for 76 days on total amount of loan. However, provision has been made for 76 days on each loan applying respective interest rates. Hence, the provision made in the financial year is correct.</p>
<p>b. Incorrect capitalisation of interest that has not been actually (since the loan sanction was in the year 2010-11 only) incurred in respect of loans from PFC and REC for Infra Project resulted in overstatement of CWIP and understatement of Interest expense and loss ₹. 219.64 lakhs.</p>	<p>There are various schemes and it is difficult to correlate the interest payment to each scheme. Further, each scheme is implemented at various divisions scattered in Maharashtra on different period. Hence, the interest is calculated on addition of work in progress if the loan is availed for that scheme. In few cases there may be spill over of interest. For example, work has been completed in March, so interest will be calculated in March being last month of financial year and if actual payment is directly released to the contractor by REC / PFC in April, no interest will be capitalized in April as there will be no addition to work in progress. This practice has been consistently followed.</p>

<p>c. The above has been overstated due to excess provision of interest on consumers security deposit at Karjat division (₹. 4.52 lakh) and incorrect charging of interest on permanently Disconnected consumers at Baramati (₹.8.39 lakh) resulting in overstatement of interest and provision and loss by ₹. 12.91 lakh.</p>	<p>Necessary entries have been passed during the financial year 2010-11.</p>
<p>B. COMMENTS ON FINANCIAL POSITION</p>	
<p>BALANCE SHEET</p> <p>Application of Funds Fixed Assets (Schedule -5) : ₹.7485.01 crore Land & Land Rights</p>	
<p>6. This includes ₹. 10 lakh being the lease premium paid to MIDC for acquisition of land on lease basis for sub-station at MIDC, Ahmednagar. Inclusion of leasehold land in free hold land resulted in overstatement of free hold land and understatement of leasehold land by ₹. 10 lakh and non charging of depreciation thereagainst, the impact of which could not be quantified.</p>	<p>Necessary entry has been passed in the financial year 2010-11.</p>
<p>Intangible Assets</p>	
<p>7. The Gross amount of intangible assets is understated by ₹. 697.82 lakh due to incorrect booking of cost of acquisition of software from TCS Ltd. as under:</p>	<p>Necessary entries have been passed during the financial year 2010-2011</p>

(₹. In lakhs)	
I.	Consultancy Charges 418.89 (Accounted upto 2008-09 ₹. 57.90 lakh)
ii.	Other deferred revenue expenditure 164.12
iii.	Non-provision for outstanding bills of TCS 114.81
Total 697.82	
This has resulted in	
I	Overstatement of loans and advances (DRE) by ₹. 164.12 lakh.
II	Overstatement of current year expenses and loss by ₹. 361.99 lakh.
III	Understatement of provisions by ₹. 114.81 lakh.
IV	The consequent impact on depreciation (by the amount of Intangible Assets to the amortised), prior period charges, fixed assets – Net block and loss of the company could not be ascertained for want of details.
Capital Work in Progress (Schedule -6) ₹. 2343.74 crore	
8.	This includes ₹. 84.14 lakh being the works completed on or before 31.03.2010 but not capitalised by Saswad Division. Non - capitalization of completed works resulted in overstatement of capital expenditure in progress and understatement of fixed assets - gross block by ₹. 84.14 lakh. In the absence of asset group wise
	Necessary entries have been passed during the financial year 2010-11.

<p>allocation of expenditure the depreciation to be charged on these assets could not be quantified.</p>	
<p>9. This does not include ₹. 34.57 lakh being the payment made to M/s. Pearl Engineering for the works (JV No. 104 dated 31.03.2010 of Kedgaon Division). The Division debited the amount to capital reserve instead of capital expenditure in progress. Debiting the expenditure incurred on work to capital reserve instead of capital work in progress resulted in understatement of capital reserve and capital work in progress by ₹. 34.57 lakh.</p>	<p>Necessary entries have been passed during the financial year 2010-11.</p>
<p>10. This does not includes an amount of ₹. 27.71 lakh being the partially completed work of Rajiv Gandhi Gramin Vidute Yojana scheme up to 31/03/2010. This has resulted in understatement of W.I.P by ₹. 27.71 lakh.</p>	<p>Necessary entry has been passed during the financial year 2010-11.</p>
<p>ASSETS</p>	
<p>Current Assets Loans & Advances Sundry Debtors (Schedule-10)- 11753.24 crore</p> <p>11. The above includes</p> <p>i.) ₹. 2.02 lakh recoverable from M/s Raja Bahadoor Motilal mill, which has actually been waived off in the approved O.T.S. Proposal and</p> <p>ii) ₹. 18.75 lakh at pune Rural division for which customer wise and age wise details are not available.</p>	<p>Necessary entry has been passed during the financial year 2010-11.</p> <p>Necessary entry has been passed during the financial year 2010-11.</p>

<p>Thus retention of debts to be written off as good debts has resulted in understatement of bad debts, loss and overstatement of sundry debtors.</p>													
<p>12. There exist a difference of ₹. 17.79 crore between I.T. records and financial accounting records relating to permanently disconnected customers which needs to be reconciled to reflect a factual position relating to debtors.</p>	<p>This is a disclosure requirement and the same will be complied in the next financial year.</p>												
<p>13. Due to netting of credit balance under 'Public lighting' (₹. 398.10 lakh) and in respect of permanently disconnected H.T. Consumers (₹. 24.78 lakh), sundry debtors and current liabilities are understated by ₹. 422.88 lakh.</p>	<p>This is a disclosure requirement and the same will be complied in the next financial year.</p>												
<p>Cash & Bank Balances (Schedule -11) : ₹. 1373.86 crore</p>													
<p>14 a. The above has been overstated by ₹. 52.78 lakh due to non reversal of dishonored cheques resulting in consequent understatement of sundry debtors.</p>	<p>In this regard necessary accounting is being undertaken and will be completed.</p>												
<p>b. Non reversal of time barred (Stale cheques) has resulted in understatement of bank balances and liability by ₹.1.21 crore</p>	<p>Following cheques are cleared as given below</p> <table border="1" data-bbox="690 1368 1279 1485"> <thead> <tr> <th>Chq date</th> <th>Amount</th> <th>Clearing date</th> </tr> </thead> <tbody> <tr> <td>26.12.08</td> <td>2.73 lacs</td> <td>29.12.08</td> </tr> <tr> <td>19.01.09</td> <td>0.55 lacs</td> <td>23.01.09</td> </tr> <tr> <td>24.04.09</td> <td>0.03 lacs</td> <td>04.05.09</td> </tr> </tbody> </table> <p>Necessary entry has been passed during financial year 2010-11</p>	Chq date	Amount	Clearing date	26.12.08	2.73 lacs	29.12.08	19.01.09	0.55 lacs	23.01.09	24.04.09	0.03 lacs	04.05.09
Chq date	Amount	Clearing date											
26.12.08	2.73 lacs	29.12.08											
19.01.09	0.55 lacs	23.01.09											
24.04.09	0.03 lacs	04.05.09											
<p>c. Above includes</p> <p>I. Cheques deposited into bank not credited by bank by ₹. 39.94 lakh</p>	<p>(I) Necessary entry has been passed for ₹. 87130/- (ii) For balance amount of ₹. 39.07 lacs necessary accounting will be done after due verification</p>												

<p>iii. Unreconciled creditable revenue collection of ₹. 1.94 lakh prior 10 July, 2002 of Ahmednagar Urban Division which has not been credited by the Bank, so far</p>	<p>This is an old amount lying in reconciliation since July 2002. No details are traceable Hence procedure for write off of the amount is under process.</p>
<p>iv. Twelve Remittances summing up to ₹.19.17 lakh for the period from July 2006 to June 2007 not credited by the Banks in Ahmednagar urban division. Pending reconciliation the corresponding impact could not be ascertained</p>	<p>12 remittances for the period July 06 to June 07 are not credited in Bank of Baroda. Follow up is going on with a bank and will be cleared at the earliest.</p>
<p>d. The detail of transactions relating to remittances to H.O accounts in transit to the extent of ₹. 2379.58 lakh relating to Ways & Means section and details of frozen accounts of balance of Ahmednagar urban division amounting to ₹. 4.43 lakh were not provided to Govt. Audit. In the absence of details, the correctness of above account cannot be ensured in audit.</p>	<p>i) It is observed that, for the financial year 2009-10 the cash in transit is having credit balance of ₹. 2379.58 lakhs against actual cash in transit (transfer from field offices before 31.03.10 received at WM section after 01.04.10) of ₹. 718.58 lakhs. The details of this old balance are not traceable due to insufficient data and unlimited past period. However, the detailed scrutiny is being done to reconcile the same.</p> <p>ii) The difference of ₹. 4.43 lacs between financial ledger and cash-book is being reconciled.</p>
<p>Loans & Advances (Schedule -12) ₹. 1430.09 crore Other Receivable: ₹. 1029.65 crore</p> <p>15. The above includes ₹. 63.14 lakh being claim towards failed meters remaining unrecovered in respect of three major stores for over three years. Non-provision for the above has resulted in overstatement of loans and advances and understatement of loss by ₹. 63.14 Lakh crore.</p>	<p>MSEDCL is an organization which is spread over a large geographical area throughout Maharashtra. Sometimes same contractors are operating at various locations and are given different order at different locations.</p> <p>Therefore, the list of the contractors enclosed with the AE will be scrutinized to find out</p>



MAHAVITARAN

Maharashtra State Electricity Distribution Company Ltd.

	<p>whether any live order or pending claims of the said contractors are lying in any other location so that the recovery of these dues can be made from these bills. Accordingly amount of ₹. 31.09 lacs has been adjusted against the liability of the same supplier. For balance, the amount will be provided after due verification during the financial year 2010-11.</p>
<p>Current Liabilities & Provision (Schedule-13)- ₹. 13091.01 crore Other Liabilities & Provisions</p>	
<p>16. Provisions for retention money repayable ₹. 2.70 lakh, security deposit repayable ₹. 36.02 lakh and liability provisions for stale cheques ₹. 13.07 lakh were not required. This has resulted in overstatement of other current liabilities and loss by ₹. 52.42 lakh.</p>	<p>Necessary entries have been passed during the financial year 2010-11</p>
<p>17. As per directives of MERC the Company has to refund the Regulatory Liability Charges (RLC) exactly in the same proportion as that has contributed by the consumers during December 2003 to September 2006. However Ahmednagar circle has not provided for RLC refundable amounting to ₹. 3103.54 lakh resulting in understatement of current liability and loss to that extent.</p>	<p>RLC is not liability of the company as the same is refunded to the consumers only if the amount of refund of RLC is provided in the tariff order. Hence, the company has not provided for any liability towards refund of RLC.</p>
<p>18. In the absence of details of RLC collected from the consumers and due to be refunded to the consumers as on 31.03.2010 in respect of Thane circle, the correctness of liability on account of RLC refundable to the consumers could not be certified.</p>	<p>The details of RLC collected are not available as the separate element of RLC Collection has not been indicated separately in the tariff order. The details of consumer wise refund of RLC are available.</p>

<p>19. This does not include ₹. 13.98 lakh towards service tax on the provision of supervision charges payable to The Maharashtra State Co-op. Bank Ltd. This has resulted in understatement of liability (provision) under statement of loss to the extent of ₹. 13.98 Lakh.</p>	<p>As far as the liability towards refund of RLC is concerned, reply is given in the para no.17.</p> <p>Necessary entry has been passed during the financial year 2010-11</p>
<p>C. COMMENTS ON DISCLOSURE</p> <p>(a) Significant Accounting Policies</p> <p>20. Reference is invited to Accounting policy No.16 relating to taxation which reads as 'Provision for Income-tax consists of Current tax and Deferred tax. Current Tax is calculated according to prevailing rate of Income Tax. Deferred tax is calculated in accordance with mandatory Accounting Standard 22, (Accounting for taxes on income) and whereas provision for income- tax consist of current years as well as earlier years provisions which have not yet been assessed. Hence, the accounting policy of company needs to be modified to reflect the factual position & practice regarding retention of provisions for taxation</p>	<p>Accounting policy no. 16 relating to taxation, is with reference to the amount recognized in the Profit & Loss Account. For the provisions of tax liabilities that are retained / carried forward Accounting Policy no. 11 on Provisions & Contingent Liabilities applies.</p>
<p>21. The Accounting Policy and the nature and extent of Government grants recognized in the financial statement of 2009-10 in respect of Revenue grant received from Government of Maharashtra to compensate for cost of purchase of costly power from private parties, has not been disclosed as stipulated in Accounting Standard 12, paragraph no.</p>	<p>The point has been noted for future and disclosure required as per Accounting Standard -12 will be made in the next financial year.</p>

<p>23 (i) and (ii) relating to Accounting of Government Grants. This has resulted in non-compliance to Accounting Standard -12 which is mandatory.</p>	
<p>22. Assets created from consumer's contribution, grant & subsidy are being treated as other income by debiting Capital Reserve account. Schedule VI of Companies Act, 1956 stipulates that such additions and deductions since last balance sheet should be shown separately under each specified heads of Reserves and surplus. However no such deduction from Capital Reserve during the year have been shown separately, despite assurance given by the management during audit of previous year's accounts.</p>	<p>During the year an attempt was made to identify such amounts. However, considering the limitations of our computer systems which is in COBOL and for which no support is available, the various numbers of schemes and complexities involved therein, it was not possible to determine these figures. Hence, a footnote was inserted to indicate this limitation.</p>
<p>(b) Notes to Account (Note No. 11)</p>	
<p>23.i. Other defined benefits offered by the company include "settlement allowance on retirement to employees" and "LTC". However the company has not made a mention and details of the scheme as warranted by paragraph 120 (b) of Accounting Standard 15 (2005).</p> <p>ii. Company has not disclosed whether the defined benefit plans are funded or not.</p> <p>iii. Principal actuarial assumptions relating to discount rate, future salary increase, method used etc. have not been disclosed as required by Accounting Standard 15 (2005) (paragraph 120 (I)).</p> <p>iv. Note no.11 relating to employee benefits</p>	<p>The comment is noted for future and the necessary disclosures as indicated in paragraph 120 (b) and (1) of Accounting Standard 15 will be incorporated from next financial year.</p>

<p>does not indicate the denomination of amounts mentioned therein.</p>	
<p>24. A reference is invited to note no.13(c) containing related party disclosure, which is incomplete, as this does not contain the details of transaction with MSEB HOLDING COMPANY LIMITED during the year 2009-10, as the Company has during the year 2009-10 recovered ₹. 30.30 crores from sundry debtors on behalf of MSEB HOLDING COMPANY LIMITED. This has resulted in non-compliance to Accounting Standard-18, paragraph-24.</p>	<p>The disclosure as per Accounting Standard-18, Paragraph-24 will be incorporated from the next financial year.</p>
<p>25. Section 212 (1) (a) to (d) stipulated attaching audited financial statements of subsidiary companies and if the same is not attached the reasons for the same has to be stated in the financial statement of Holding company. However the company has neither attached the financial statement of subsidiary nor stated the reasons for not attaching the same resulting in non-compliance with the above section.</p>	<p>AS 21 does not apply to MSEDCL as we are not required to prepare consolidated financial statements.</p> <p>Balance Sheet, Profit and Loss Account, Board of Director's Report and Auditor's Report of subsidiaries companies could not be attached with the Annual Accounts of the Company as the Statutory Audit of the Dhopave Coastal Power Ltd., and Aurangabad Power Co. Ltd. could not be completed till that date. Statutory audit of Dhopave Coastal Power Ltd. For financial year 2010-11 is now completed.</p>
<p>26. Accounting Standard 28 stipulates identification of cash generation units at the Balance Sheet date with respect to carrying amount vis-à-vis recoverable amount thereof and impairment loss if any is to be recognized in the Profit and Loss Account for the year.</p>	<p>MSEDCL has been purchasing power from bulk suppliers and sells to the consumers. Thus the company does trading activities and not power generation. Hence, the company does not have any cash generating assets/units. The assets of the company are utilized to distribute the power.</p> <p>Taking these facts into consideration:-</p>

- i. However no such detailed specific exercise with reference to each of the cash generating units has been produced to Audit / carried out by the company resulting in non compliance with AS- 28 which is mandatory.
- ii. Further, the statutory auditors have not reported about the non-compliance and thus the certificate given by statutory auditors on the accounts of MSEDCL for the year 2009-10 is deficient and factually incorrect to that extent.

- i) Management has reviewed its assets with respect to economic performance. Based on the review, the management has opined that the economic performance of the Fixed Assets of the company is not worse than expected and therefore there is no impairment as on the date of the Balance Sheet.
- Hence Accounting Standard – 28 has been duly complied with.
- ii) Statutory Auditors has relied on the management opinion and have not qualified the audit report as the Accounting Standard-28 has been duly complied .

Other Comments

27. The following account head bears the adverse balances:

Other current liabilities
(Schedule 28) Tax on
sale of electricity (-) 3,22,43,376/- cr.
payable
(A/c Head 46.302)

Receivable against supply of power
[Schedule 26(B)]

Sundry debtors for
sale of power-Industrial
High Voltage (-) 1,91,99,255/- dr.
(A/c Head 23.104) (-) 1,70,73,973/- dr.
Sundry debtors for
sale of power –
Traction (A/c Head 230.106)

- (I) The account is being reconciled.
- (ii) Necessary entry has been passed during the financial year 2010-11

MAHARSHTRA STATE ELECTRICITY DISTRIBUTION COMPANY LIMITED
BALANCE SHEET AS AT 31st MARCH, 2010

(₹ in Lacs)

PARTICULARS	SCHEDULE No.	As at 31.03.2010	As at 31.03.2009
SOURCES OF FUNDS			
(1) Shareholder's Funds			
a) Share Capital	1	5.00	5.00
b) Contribution from GoM / MSEB Holding Company Ltd.		326301.25	323271.03
c) Equity from GoM towards Projects		48423.00	20780.00
Reserve and Surplus	2	171267.13	197395.66
(2) Loan Funds			
(a) Secured Loans	3	598976.04	383441.28
(b) Unsecured Loans	4	62951.87	61133.37
TOTAL		1207924.29	986026.34
APPLICATION OF FUNDS			
(1) Fixed Assets			
(a) Gross Block	5	1574999.68	1349357.30
(b) Less : Acumulated Depreciation		826498.24	747807.39
(c) Net Block		748501.44	601549.91
(d) Capital Work in Progress	6	234373.85	197556.20
(2) Investments	7	13674.15	6845.02
(3) Deferred Tax Assets		35739.38	65938.50
(4) Current Assets Loans & Advances			
(a) Interest accrued on Investments	8	228.06	875.00
(b) Inventories	9	28789.37	18094.75
(c) Sundry Debtors	10	1175324.21	1062712.90
(e) Cash and Bank Balances	11	137386.48	51776.21
(f) Loans and Advances	12	143008.60	195672.18
		1484736.72	1329131.04
Less: Current Liabilities and Provisions	13	1309101.25	1214994.33
NET CURRENT ASSETS		175635.47	114136.71
TOTAL		1207924.29	986026.34
Significant Accounting Policies and Notes to Accounts	22		

Sd/-
S.R.Sawant
General Manager (CA)

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

Sd/-
S.R.Tiwari
Company Secretary

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

Sd/-
Ajoy Mehta
Chairman & Managing Director

As per our report of even date attached hereto

For Borkar & Muzumdar
Chartered Accountants

For M.P.Chitale & Co.
Chartered Accountants

For Jain Chowdhary & Co.
Chartered Accountants

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

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

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

MAHARASHTRA STATE ELECTRICITY DISTRIBUTION COMPANY LIMITED

Profit and Loss Account for year ended 31st March, 2010

(₹ in Lacs)			
PARTICULARS	SCH. No.	Year Ended 31st March, 2010	Year Ended 31st March, 2009
INCOME			
Revenue from Sale of Power	14	2764231.29	2348306.03
Other Income	15	114628.05	131538.71
Revenue subsidy and grants from GoM		40000.00	0.00
TOTAL INCOME		2918859.34	2479844.74
EXPENDITURE			
Purchase of Power	16	2384195.20	2060629.95
Employee Costs	17	183806.58	239839.07
Administration and General Expenses	18	89898.68	91627.34
Other Expenses	19	152017.07	81941.37
Depreciation		81227.01	64675.67
Interest and Finance Charges	20	90012.79	78790.18
TOTAL EXPENDITURE		2981157.33	2617503.58
Net Profit / (Loss) before prior period adjustments		(62297.99)	(137658.84)
Net Prior Period Credits / (Charges)	21	(15979.16)	2514.32
Profit / (Loss) before Tax		(78277.15)	(135144.52)
Less : Provision for Taxation			
a) Fringe Benefit Tax		0.00	456.58
b) Wealth Tax		1.00	1.50
c) Deferred Tax		30199.12	(45391.86)
Profit / (Loss) after Tax		(108477.27)	(90210.74)
Less : Contingency Reserve		2900.00	2700.00
Profit after Contingency Reserve		(111377.27)	(92910.74)
Profit / (Loss) brought forward from previous year		(114578.09)	(42213.99)
Add : Deferred Tax adjustment of previous period		0.00	20546.64
Balance carried to Balance Sheet		(225955.36)	(114578.09)
Basic Earning Per Share in ₹.		(222755)	(185821)
Diluted Earning Per Share in ₹.		(3)	(3)

Sd/-
S.R.Sawant
General Manager (CA)

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

Sd/-
S.R.Tiwari
Company Secretary

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

Sd/-
Ajoy Mehta
Chairman & Managing Director

As per our report of even date attached hereto

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For Jain Chowdhary & Co.
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Sd/-
(Devang Vaghani)
Partner
ICAI M.No.109386

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

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

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2010

(₹ In Lacs)

Particulars	2009-10	2008-09
A. Cash flows from operating activities		
Net profit before tax	(78,277)	(135,145)
Adjustment for :		
Depreciation	81,227	64,676
Provision for Doubtful Debts	41,463	35,550
Deferred Cost & Intangibles written off	94	504
Depreciation (Prior Period Excess provided) (Net)	(2,536)	(1,540)
Interest Income	(1,158)	(3,398)
Interest Expenses	90,013	78,790
Operating profit before working capital changes	130,825	39,438
Changes in Working Capital		
(Increase) / Decrease in Inventories	(10,695)	(7,397)
(Increase) / Decrease in Interest accrued on Investments	647	139
(Increase) / Decrease in Debtors	(154,075)	(277,440)
(Increase) / Decrease in Loans & Advances	52,876	36,736
Increase / (Decrease) in Trade Payables	94,107	291,574
Cash generated from operations	113,685	83,049
Less: Direct taxes paid		
- Income Tax	(212)	(1,095)
- Fringe Benefit Tax	0	(391)
Net cash from operating activities	113,473	81,563
B. Cash flows from investing activities		
Sale of fixed assets	608	205
Purchase of fixed assets	(226,344)	(164,112)
Purchase of Capital WIP	(36,818)	(29,065)
Purchase of Investments	(6,829)	(7)
Interest received	1,158	3,398
Net cash from investing activities	(268,224)	(189,580)
C. Cash flows from financing activities		
Repayment of long term borrowings	(117,414)	(96,171)
Proceeds from long term borrowings	334,767	111,931
Subsidies received	82,349	82,088
Contribution from GoM / MSEB Holding Company Ltd.	3,030	2,135
Equity from GoM towards Projects	27,643	20,780
Interest paid	(90,013)	(78,790)
Net cash flow from financing activities	240,362	41,973
Net increase/(decrease) in cash and cash equivalents (A+B+C)	85,611	(66,044)
Opening Balance of Cash and Cash Equivalents	51,776	117,821
Closing Balance of Cash and Cash Equivalents	137,387	51,776



MAHAVITARAN
Maharashtra State Electricity Distribution Company Ltd.

Sd/-
S.R.Sawant
General Manager (CA)

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

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As per our report of even date attached hereto

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

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

SCHEDULE -1

SHARE CAPITAL

		(₹ in Lacs)	
Sr.No.	Particulars	As at 31.03.2010	As at 31.03.2009
1	Authorised Capital 750,00,00,000 Shares of ₹.10 each (Previous year 250,00,00,000 Shares of ₹.10/- each)	750000.00	250000.00
2	Subscribed and Paid up 50,000 Shares of ₹.10 each fully paid (Previous year 50,000 shares of ₹.10 each)	5.00	5.00
	TOTAL	5.00	5.00

**SCHEDULE -2
RESERVE AND SURPLUS**

Sr.No.	Particulars	(₹. in Lacs)	
		As at 31.03.2010	As at 31.03.2009
A]	CAPITAL RESERVE		
1	CONTRIBUTION, GRANTS AND SUBSIDIES TOWARDS COST OF CAPITAL ASSETS		
a)	Consumers' contribution towards cost of Capital Assets (CRA) (Service Connection)		
	As per last Balance Sheet	53766.85	44821.66
	Add : Received during current year *	16669.02	8945.19
		70435.87	53766.85
b)	Consumers' contribution towards cost of Capital Assets (CRB)		
	As per last Balance Sheet	2670.33	2453.63
	Add : Received during current year *	413.83	216.70
		3084.16	2670.33
c)	Consumers' Contribution towards cost of Capital Assets (Outright Contribution)		
	i) For L.T. Consumers		
	As per last Balance Sheet	68833.25	54228.37
	Add : Received during current year *	16100.63	14604.87
		84933.88	68833.24
	ii) For H.T. Consumers		
	As per last Balance Sheet	9732.91	7086.16
	Add : Received during current year *	3082.67	2646.74
		12815.58	9732.90
d)	Consumers' Contribution towards cost of Capital Assets (TESCO) As per last Balance Sheet	86.51	91.03
	Add : Received during current year *	-86.40	-4.52
		0.11	86.51
e)	Consumers' Contribution towards cost of Pole under Krishisanjavini As per last Balance Sheet	889.63	555.86
	Add : Received during current year *	5.63	333.77
		895.26	889.63
f)	Contribution from GOM through REC for RGGVY (Subsidy)		
	As per last Balance Sheet	13930.95	2133.88
	Add : Received during current year *	17885.76	11797.07
		31816.71	13930.95
g)	Contribution from GOM through REC for RGGVY (Loan)		
	As per last Balance Sheet	2727.08	528.89
	Add : Received during current year *	1971.09	2198.19
		4698.17	2727.08
h)	Grants from GoM towards RE DIS-DPDC-TSP-OTPS		
	As per last Balance Sheet	3415.16	0.00
	Add : Received during current year *	11379.13	3415.16
		14794.29	3415.16
i)	Subsidies towards cost of Capital Assets		
	As per last Balance Sheet	789.69	0.94
	Add : Received during current year *	1650.26	788.75
		2439.95	789.69
j)	Grants towards cost of Capital Assets		
	As per last Balance Sheet	142231.41	105085.66
	Add : Received during current year *	13277.11	37145.75
		155508.52	142231.41
	TOTAL A	381422.49	299073.74

B] OTHER RESERVE

1 Contingency Reserve as per MERC		
As per last Balance Sheet	12900.00	10200.00
Add : Transfer from profit and loss account	2900.00	2700.00
TOTAL B	15800.00	12900.00
TOTAL RESERVE AND SURPLUS	397222.49	311973.74
LESS: Debit balance of Profit and Loss Account	225955.36	114578.08
	171267.13	197395.66

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

SCHEDULE -3
SECURED LOANS

		(₹. in Lacs)	
Sr.No.	Particulars	As at 31.03.2010	As at 31.03.2009
A]	Loans and Advances from banks		
1	Bill discounting facility from I.D.B.I. Bank Ltd. (Secured by way of hypothecation of book debts) (Repayable within one year NIL- Previous Year ₹.1170.64 lacs)	0.00	1170.64
2	Term Loan from Raigad DCC.Bank (Secured by existing fixed assets and escrow of revenue) (Repayable within one year ₹. 2600 Lacs- Previous Year ` .2625 lacs)	15750.00	18375.00
3	Term Loan from Ratnagiri DCC Bank Ltd (Secured by existing fixed assets and escrow of revenue) (Repayable within one year NIL)	10000.00	0.00
4	Overdrafts from Banks for working capital (Secured by Book Debts)	140000.00	30000.00
T	ALA 165	750.00495	45.64
B]	Other Loans and Advances		
1	Loan from Rural Electrification Corp. (Secured by GoM guarantee, escrow of revenue and 1st charge of future assets) (Repayable within one year ₹.24100 Lacs- Previous year ₹. 22246 lacs)	312761.25	242099.98
2	Power Finance Corporation (Secured by GoM guarantee, escrow of revenue and 1st charge of future assets) (Repayable within one year ₹..35600 Lacs - Previous year ₹. 10291 lacs)	120464.79	91795.66
	TOTAL B	433226.04	333895.64
	TOTAL A+ B	598976.04	383441.28

SCHEDULE - 4

UNSECURED LOANS

		(₹. in Lacs)	
Sr. No.	Particulars	As at 31.03.2010	As at 31.03.2009
A]	SHORT TERM LOANS & ADVANCES	0.00	0.00
	a) From Bank		
	b) From Others		
B]	OTHER LOANS & ADVANCES		
	a) From Bank	0.00	0.00
	b) From Others		
	1) State Govt. Loans	50730.05	49046.65
	(Repayable within one year ₹.6500 Lacs- Previous year ₹. 6685 lacs)		
	2) Interest Accrued & due on Govt.Loans	10020.90	10020.90
3	Interest free Loan from MIDC for Elec Work	1651.26	1443.86
4	Financial Participation by Consumers' (Interest Bearing)	11.18	11.18
5	Refundable Capital Cost Deposits	32.81	32.81
6	Deposits collected to be refunded after eight years(without interest)	72.39	72.39
7	Financial Participation by consumers' (Interst Free)	409.85	480.79
8	Capital Cost Deposits	0.00	1.33
9	Interest accrued and due on Financial participation by consumers'	23.43	23.45
	Total	62951.87	61133.37

SCHEDULE 5 : FIXED ASSETS

(₹. in Lacs)

Sr. No.	Assets Group	GROSS BLOCK					DEPRECIATION RESERVE				NET BLOCK	
		Account Code	As at 01.04.2009	Additions During the Year 2009-10	Deductions During the Year 2009-10	Balance As at 31.03.2010	As at 01.04.2009	Depreciation During the Year 2009-10	Dep/Adjustment During the Year 2009-10	Depreciation As at 31.03.2010	As at 31.03.2010	As at 31.03.2009
		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1	2	3	4	5	6	7	8	9	10	11	12	
1	Land & Land Rights	10.1	8214.38	1678.63	0.00	9893.01	65.14	5.22	(1.60)	68.77	9824.24	8149.24
2	Buildings	10.2	30774.43	764.15	39.93	31498.65	15143.64	1310.99	(65.22)	16389.41	15109.24	15630.79
3	Hydraulic Works	10.3	709.45	4.95	0.00	714.41	284.27	19.04	0.09	303.40	411.01	425.18
4	Other Civil Works	10.4	10959.02	3166.93	111.37	14014.58	3097.68	359.24	4.81	3461.73	10552.85	7861.34
5	Plant & Machinery	10.5	388397.54	79889.64	3.09	468284.10	204734.93	25896.75	(82.72)	230548.96	237735.13	183662.61
6	Lines & Cable Networks	10.6	887280.88	139929.64	424.23	1026786.29	514661.41	52519.61	(2381.66)	564799.36	461986.94	372619.48
7	Vehicles	10.7	2481.21	97.20	1.53	2576.88	2133.00	80.41	(3.35)	2210.06	366.82	348.20
8	Furniture & Fixtures	10.8	3173.58	209.11	15.16	3367.52	2280.11	165.87	(35.57)	2410.42	957.10	893.47
9	Office Equipment	10.9	9847.51	1579.90	12.71	11414.70	5204.40	937.24	29.06	6170.70	5244.00	4643.11
A	SUB TOTAL											
	Current Year		1341838.00	227320.17	608.03	1568550.13	747604.58	81294.38	(2536.16)	826362.80	742187.33	594233.42
10	Capital Expenditure resulting in											
	Assets not belonging to Company	11.1	1885.96	(1875.96)	0.00	10.00	80.01	(71.01)	0.00	9.00	1.00	1805.95
11	Assets Taken over from Licensees											
	Pending final valuation	11.5	144.30	0.00	0.00	144.30	122.80	3.64	0.00	126.45	17.85	21.49
B	TOTAL Current Year		1343868.26	225444.20	608.03	1568704.43	747807.39	81227.01	(2536.16)	826498.24	742206.18	596060.86
12	Assets not in use		19.83	1.13	8.13	12.84	0.00	0.00	0.00	0.00	12.84	19.83
13	Fixed Assets Pending Investigation		5417.69	898.73	34.00	6282.42	0.00	0.00	0.00	0.00	6282.42	5417.69
14	Expenditure on Survey / Feasibility											
	Studies of Project Not Yet Sanctioned		2.75	0.00	2.75	0.00						
15	Intangible Assets		48.77	0.00	48.77	0.00	0.00	0.00	0.00	0.00	0.00	48.77
C	TOTAL Current Year		1349357.30	226344.07	701.68	1574999.68	747807.39	81227.01	(2536.16)	826498.24	748501.44	601549.90

Note : 1) Gross Land and Land Rights includes leasehold land amounting ₹.556.57 lacs



SCHEDULE - 6
CAPITAL WORK IN PROGRESS

		(₹. in Lacs)	
Sr.No.	Particulars	As at 31.03.2010	As at 31.03.2009
1	Capital Work-in-Progress	219163.80	182164.77
2	Advances to Suppliers (Capital)	2383.77	2490.12
3	Contracts-in-Progress	0.00	9.30
4	SUB-TOTAL (1 TO 3)	221547.57	184664.19
5	Provision for Completed Works	170.30	297.47
6	ASSETS AT CONST. STAGE (4 TO 5)	221717.87	184961.67
7	Advances to Suppliers/Contractors (Capital)	11992.42	11895.37
8	SUB-TOTAL 6 to 7	233710.30	196857.04
9	Material at Construction Stores	663.55	699.16
10	TOTAL 8 to 9	234373.85	197556.20

SCHEDULE - 7
INVESTMENTS

Sr.No. Particulars	(₹. in Lacs)	
	As at 31.03.2010	As at 31.03.2009
A] Investment in Government Securities		
Central Govt.Bonds (Earmarked against Contingency Reserve)		
a) 8.15% Central Govt-FCI Bonds - 2022 (1050000 bonds of FV of ₹. 100 each)	1046.01	1046.01
b) 8.01% Central Govt-Oil Bond-2023 (1950000 bonds of FV of ₹.100 each)	1917.24	1917.24
c) 8.03% Central Govt - Food Bond -2024(1000000 bonds of FV of ₹.100 each)	984.30	984.30
d) 8.23% Central Govt - Food Bond -2027(1000000 bonds of FV of ₹.100 each)	994.90	994.90
e) 8% Oil Bond 2026	5262.50	0.00
h) 8.28% GOI 2032	2679.20	0.00
	12884.15	4942.45
B] Investments in Shares , Debentures and Bonds		
Other Investments		
a) 7.9 % NEEPCO (41 bonds of FV ₹.10 lacs each)	0.00	410.00
b) 5.15 % HUDCO-2014 (15 bonds of FV ₹.10 lacs each)	150.00	150.00
c) 4.75% NPCIL-2019 (43 bonds of FV ₹.10 lacs each)	430.00	430.00
d) 8.20% NPCIL (23 bonds of FV of ₹.1 lac each)	0.00	23.00
e) 6.6 % UTI ARS (6,84,570 bonds of FV of ₹.100 each)	0.00	684.57
f) Raigad District Central Co-op Bank Shares (1000 fully paid up equity shares of ₹.500/-each)	5.00	5.00
(390001 fully paid up equity shares of ₹.50/- each)	195.00	195.00
C] Investment in Subsidiaries		
Investment in Equity Shares of Dhopave Coastal Power Co.Ltd. (50,000 fully paid up equity shares of ₹.10/- each)	5.00	5.00
e Investment in Equity Shares of Aurangabad Power Co. Ltd. 500 (50,000 fully paid up equity shares of ₹.10/- each)	790.00	1902.57
TOTAL	13674.15	6845.02

Note : All the above investments except 8.28% GoI securities 2032 are unquoted and valued at cost. The market value of the quoted investment is ₹.2694.33 lacs

SCHEDULE - 8
INTEREST ACCRUED ON INVESTMENTS

		(₹. in Lacs)	
Sr .No.	Particulars	As at 31.03.2010	As at 31.03.2009
1	Income accrued but not due on Investments	181.71	773.24
2	Income accrued and due on Investment	46.34	101.75
		228.06	875.00

MSEDCL

SCHEDULE - 9
INVENTORIES

		(₹. in Lacs)	
Sr. No.	Particulars	As at 31.03.2010	As at 31.03.2009
1	Stock of Materials at Stores	6722.64	13080.12
2	Material at Site - O & M	17206.43	897.49
3	Materials pending Inspection	2668.08	1452.30
4	Other Materials Accounts	2326.67	2734.66
5	Material Stock Excess/ Shortage pending Investigation	97.97	102.11
6	TOTAL (1 to 5)	29021.78	18266.67
7	Provision for non - moving & obsolete items	232.41	171.92
8	TOTAL (6-7)	28789.37	18094.75

SCHEDULE - 10

SUNDRY DEBTORS

		(₹. in Lacs)	
Sr.No.	Particulars	As at 31.03.2010	As at 31.03.2009
A]	Debts outstanding for more than six months		
	Unsecured considered good	818277.92	724529.05
	Considered doubtful	137663.65	96200.18
	Total	955941.57	820729.23
B]	Other Debts		
	Unsecured considered good	357046.30	338183.85
C]	Less : Provision for Bad and Doubtful Debts	137663.65	96200.18
	TOTAL (A+B-C)	1175324.21	1062712.90

SCHEDULE - 11

CASH AND BANK BALANCES

		(₹. in Lacs)	
Sr.No.	Particulars	As at 31.03.2010	As at 31.03.2009
A]	Cash in hand	3964.81	3217.75
B]	Cash in Transit	9106.60	9140.08
C]	Balances with Banks *		
	a) Current Account	124153.99	28533.80
	b) Term deposit	0.00	10723.51
	c) Balances with others	161.08	161.08
	TOTAL	137386.48	51776.21

* **Note :** Balances with Banks includes balances with Scheduled banks and balances with other than Scheduled banks like District Co-op. Bank, etc. Since the Company has 3262 accounts with non scheduled banks the disclosure of name, closing balance as on 31.03.10 and maximum amount outstanding at any time during the year required by schedule VI is not given.

SCHEDULE - 12
LOANS AND ADVANCES

		(₹.in Lacs)	
Sr. No.	Particulars	As at 31.03.2010	As at 31.03.2009
A]	LOANS		
1	Loans to Staff (Secured)	7103.76	8359.70
2	Loan to MPDCL (Unsecured considered good)	252.71	130.00
	Total	7356.47	8489.70
B]	ADVANCES		
1	Advances for O & M Supplies / Works (Secured)	17591.62	16756.58
2	Loans & Advances to Licensees		
	Unsecured considered good	22.22	22.22
	Considered doubtful	9.13	9.13
3	Advance Income Tax /Deductions at source	5954.86	5482.69
4	Loans & Advances-Others (Unsecured considered good)	4450.55	3832.21
	Total	28028.38	26102.83
C]	Total (A + B)	35384.84	34592.53
	Less:		
D]	Provision for Doubtful Loans & Advances	9.13	9.13
	Total (C - D)	35375.72	34583.40
E]	OTHER RECEIVABLES (Unsecured and Considered Good)		
1	Sundry Receivables -Others	1529.12	940.33
2	Income accrued and due on others	166.47	43.92
3	Income accrued but not due - other than investments	533.75	576.42
4	Amount recoverable from Employees/Ex-Employees,etc	240.23	165.71
5	Other Claims & Receivables	102964.78	157558.83
6	Deposits	1789.98	1622.11
7	Other Deferred Revenue Expenditure	408.55	581.22
8	Inter Unit Accounts	0.00	-74.02
	Less : Provision against embezzlement and loss	0.00	325.73
F]	TOTAL	143008.60	195672.18

SCHEDULE - 13
CURRENT LIABILITIES

Sr.No.	Particulars	(₹. in Lacs)	
		As at 31.03.2010	As at 31.03.2009
A]	Sundry Creditors		
1	Sundry Creditors		
	for purchase of Power	410381.42	370721.76
	for Capital Supplies/ Works	32568.44	6375.85
	for O & M Supplies/ Works	18952.69	33328.82
2	Advance payments and unexpired discounts		
	Deposits and Retentions from Suppliers and Contractors	37215.00	22367.79
	Deposits for Electrification, Service Connection etc.	12544.56	10310.57
3	Other Liabilities		
	Electricity Duty and Other Levies payable to GoM	43151.05	31331.95
	Liability for Expenses	27377.94	46207.15
	Amount owing to Licensees	464.27	452.78
	Accrued /Unclaimed amounts relating to Borrowings	12548.95	11824.29
	Security Deposits from Consumers (in cash)	354565.44	316480.63
	Security Deposits from Consumers (other than in cash)	749.86	579.79
	Interest payable on Consumers' Deposits	18188.99	14931.97
	Other Liabilities	143431.30	126607.88
	TOTAL A	1112139.92	991521.24
B]	Provisions		
	Provisions for taxation		
	Provision for Income Tax	1386.73	1386.73
	Provision for Fringe Benefit Tax	1537.23	1537.23
	Provision for Wealth Tax	5.40	5.02
	Staff related Liabilities & Provisions		
	Provision for Gratuity	115506.00	129260.00
	Provision for Leave Encashment	77400.00	85953.00
	Total	195835.37	218141.99
C]	Advances		
	Advances from Debtors - Public lighting	1122.81	5291.58
	Advances from Debtors - Poultry H.T.	0.00	36.37
	Unposted receipt account	3.15	3.15
	Total	1125.96	5331.10
	TOTAL B + C	196961.33	223473.09
	Total A+B+C	1309101.25	1214994.33

SCHEDULE -14

REVENUE FROM SALE OF POWER

		(₹.in Lacs)	
Sr.No.	Particulars	Year ended 31st	Year ended 31st
		March, 2010	March, 2009
1	Inter State	25.33	16.24
2	Domestic	443964.55	367950.53
3	Commercial	206447.70	169598.41
4	Industrial Low & Medium Voltage	206204.15	175117.62
5	Industrial High Voltage	1178105.25	1008648.72
6	Public Lighting LT VI	26842.37	23274.63
7	Traction	70127.96	63099.76
8	Irrigation & Agricultural H.T.	9003.41	11543.45
9	Irrigation & Agricultural L.T.	265292.19	235554.87
10	Public water works & Sewerage Pumping H.T.	44520.24	37270.44
11	Public water works & Sewerage Pumping L.T.	11053.53	10693.42
12	HT II Commercial	110834.42	43004.17
13	Tata	31.79	12507.42
14	Mula Pravara Co.-operative Society	22553.13	19251.56
15	LT Cremetorium & Burial Gr	90.33	307.21
16	Residential/Commercial complex HT VI	32778.34	42664.24
17	ADVT & Hordiing	219.01	52.81
18	Temporary Connections	11352.37	11245.47
19	Supplies in bulk to others	67941.49	53741.70
20	LT- IV(A) Grampanchhayat Street Light	841.99	0.00
	SUB TOTAL	2708229.53	2285542.68
21	Electricity Duty Recovery	183586.32	142935.63
22	Recoveries from Theft of Power/Malpractice	4589.08	3730.51
	SUB TOTAL	188175.40	146666.13
23	Wheeling Charges Recoveries	1752.53	1468.90
24	Standby charges	39521.50	39680.00
25	Miscellaneous charges from Consumers	10138.64	17883.95
	GROSS REVENUE FROM SALE OF POWER	2947817.62	2491241.66
	Less : Electricity Duty payable (Contra)	183586.32	142935.63
		2764231.29	2348306.03

SCHEDULE -15

OTHER INCOME

		(₹.in Lacs)	
Sr.No.	Particulars	Year ended 31st March, 2010	Year ended 31st March, 2009
1	Interest on Staff Loans and Advances	48.36	45.04
2	Income from Investments in Bank Deposits	246.81	2884.19
3	Interest on Securities	0.00	0.17
4	Interest on Other Investments	911.52	511.62
5	Interest on Loans and Advances to Licensees	0.00	69.39
6	Delayed Payment Charges from Consumers	17254.22	13955.54
7	Interest from Consumers	70694.41	74451.99
8	Interest on advance to suppliers/ Contranctors	0.03	588.23
9	Interest from Banks (other than Fixed Deposits)	0.17	2.39
10	Sale of Scrap	456.12	2873.53
11	Depreciation transferred on assets created from Consumer contribution Grants,subsidy	2174.00	3119.48
12	Income transferred from deferred income	139.07	31.33
13	Miscellaneous Receipts	22703.33	33005.81
	TOTAL	114628.05	131538.71

SCHEDULE -16
PURCHASE OF POWER

		(₹.in Lacs)	
Sr.No.	Particulars	Year ended 31st March, 2010	Year ended 31st March, 2009
1	Power Purchase from MSPGCL	1077665.68	908336.59
2	Tata Electric Power Company	700.41	12358.68
3	Power Purchase from RGPPL	384174.51	161822.45
4	DODSON	2091.92	2250.12
5	Oil & Natural Gas Commission	3998.57	4648.76
6	Congen/Captive power project	15220.45	8617.13
7	Gen.Bagasse/Biomass/Ag.Waste	19152.81	10320.21
8	Power Purchased from Goa	0.00	0.77
9	Power Purchase from Central Sector		
	- NTPC	372367.47	436562.01
	- NPCIL	63362.81	56702.19
	- Sardar Sarovar Project	13548.46	12555.34
	- Pench	2659.52	1201.75
10	U I Charges	7606.00	1690.13
11	Non Conventional Sources	94553.56	78935.72
12	Traders	142455.64	155513.85
	Total Power Purchased	2199557.81	1851515.70
13	Wheeling Charges	213.39	18.03
14	Transmission Charges MSETCL	149446.07	173923.64
15	Wheeling Charges PGCIL	34977.93	35172.58
	TOTAL	2384195.20	2060629.95

SCHEDULE -17
EMPLOYEE COST

		(₹.in Lacs)	
Sr.No.	Particulars	Year ended 31st March, 2010	Year ended 31st March, 2009
1	Salaries	105350.54	123138.22
2	Overtime	1924.35	1688.07
3	Dearness Allowance	39112.76	27917.11
4	Other Allowance	19684.92	13850.64
5	Ex.Gratia payment	3042.92	4422.86
	SUB TOTAL	169115.50	171016.90
6	Medical Expenses Reimbursement	540.57	526.96
7	Leave Travel Assistance	114.12	183.92
8	Earned Leave Encashment	3814.93	43137.18
9	Honorarium	78.49	46.05
10	Expenditure on paper setting etc.	162.82	216.94
11	Payment under Workmen's Compensation Act	355.75	84.26
12	Company's Contribution under Welfare Act.	39.79	28.86
13	Administration charges (Employees Deposit Linked Insurance Scheme)	6.05	9.51
14	Company's Contribution to ESI Fund	1.01	0.61
15	Medical Expenses Reimbursement (others)	36.72	20.15
16	Income Tax on Perquisites	61.25	0.00
	SUB TOTAL	5211.50	44254.43
17	Staff Welfare Expenses	1394.31	1240.06
18	Terminal Benefits	31934.25	45029.98
	TOTAL	207655.56	261541.37
19	Less : Employee cost capitalised	23848.97	21702.29
	TOTAL EMPLOYEE COST	183806.58	239839.07

SCHEDULE -18

ADMINISTRATION AND GENERAL EXPENSES

		(₹.in Lacs)	
Sr.No.	Particulars	Year ended 31st March, 2010	Year ended 31st March, 2009
1	Rent, Rates and Taxes		
	Rent	2408.61	2544.46
	Rates and Taxes	1163.55	1485.19
2	Insurance		
	Insurance on Fixed Assets	18.99	14.45
3	REPAIRS AND MAINTENANCE TO		
	Plant and Machinery	7839.58	7128.35
	Building	1050.77	1340.51
	Civil Works	3323.03	3512.05
	Lines, Cable Network etc.	46678.49	47197.52
	Vehicles	173.05	180.49
	Furniture and Fixtures	23.29	37.49
	Office Equipments	531.44	481.97
4	Telephone Charges, Postage, Telegrams and Telex Charges	1877.61	1728.42
5	Legal Charges	1917.43	859.24
6	Statutory Auditors fees	26.00	26.75
7	Consultancy Charges	666.07	449.42
8	Technical Fees	154.00	37.51
9	Other Professional Charges	240.47	537.07
10	Remuneration to Chairperson/ Member (Consumer Grievance Redressal Forum)	109.52	71.06
11	Conveyance and Travel		
	Conveyance Expenses	80.09	140.59
	Travelling Expenses	1805.35	1854.96
	Travelling Expenses for foreign tour	27.36	0.00
	Vehicle running Exp. Petrol & Oil (Other than for trucks/delivery vans)	796.66	821.47
	Vehicles Licence and Registration Fees	31.11	35.08
	Expenses on hire of Taxi	2098.32	1936.30
12	Other Expenses		
	Fees and Subscriptions	1837.46	1137.39
	Books and Periodicals	13.50	13.97
	Printing and Stationary	1749.23	1535.98
	Advertisement Expenses	388.16	327.36
	Contributions	0.07	0.00
	Electricity Charges	1315.19	1299.51
	Water Charges	280.81	286.36
	Entertainment	63.19	60.65
	Expenditure on Meetings, Conferences, etc.	103.76	61.20
	Up-keep of office	666.77	840.48
	Expenditure on Computer Billing & EDP Charges	4430.44	4978.58
	Expenditure on Consumers billing	5661.99	4688.66
	Bank Commission for Collections from Consumers	4739.98	3299.52
	Security Measures for Safety & protection contract basis	2994.13	2527.57
	Remuneration to Recovery Officer / Inspector	63.51	71.05
	Miscellaneous Expenses	0.22	0.19
	Government Guarantee Fee	0.17	0.05
	fees for Board's Installations	1237.21	1218.92
	Freight	108.14	57.38
	Total (1 to 12)	98694.74	94825.16
14	Less : Administration and General Expenses Capitalised	8796.06	3197.82
	TOTAL	89898.68	91627.34

SCHEDULE -19
OTHER EXPENSES

		(₹.in Lacs)	
Sr.No.	Particulars	Year ended 31st March, 2010	Year ended 31st March, 2009
1	Bad & Doubtful Debts written off / provided for		
	Bad Debts Written off Dues from Consumers	105.44	192.15
	Bad & Doubtful Debts Provided for dues from Consumers	41463.47	35224.59
	Bad & Doubtful Debts Provided for others	0.00	325.77
2	Miscellaneous Losses & Write-off		
	Compensation for injuries, death and damages to staff	464.17	104.55
	Compensation for injuries, death and damages to outsiders	445.10	269.15
	SUB TOTAL	42478.17	36116.20
3	Sundry Expenses		
	Intangible Assets Written off	48.77	47.47
	Non moving items written off	130.43	171.92
	Write-off of Deferred Revenue Expenditure	4.71	67.95
	Difference due to rounding off to	0.00	0.10
	Small and Low value items written off	9.88	1.45
	Expd. Of Refund of RLC as per MERC order	63324.56	45536.28
	Expd. On refund of ASC	46020.55	0.00
	SUB TOTAL	109538.90	45825.16
	TOTAL	152017.07	81941.37

SCHEDULE -20

INTEREST AND FINANCE CHARGES

		(₹. Lacs)	
Sr.No.	Particulars	Year ended 31st March, 2010	Year ended 31st March, 2009
1	Interest on State Govt. Loans	5301.37	5456.01
2	Interest on other Loans/Deferred Credits		
	Interest on Loans from REC	30236.25	25904.64
	Interest on Loans from IDBI	49.08	231.54
	Interest on Loan from Power Finance Corporation	10473.25	9610.49
	Interest on other Loans	1592.87	1757.37
3	Interest to Consumers	1.60	0.51
	Total Interest on Capital Liabilities	47654.43	42960.56
4	Interest on Borrowings for Working Capital	10816.66	4779.63
5	Discount to Consumers for Timely Payment of Bills	12040.34	14797.59
6	Incentive to distribution Franchisee	16.74	27.53
7	Interest to Suppliers/Contractors (Capital)	57.26	130.55
8	Interest to Suppliers/Contractors (O&M)	165.58	136.25
9	Interest on Consumers' Security Deposits	18362.31	15485.91
10	Cost of Raising Finance		
	Stamp Duty	1021.14	226.66
	Commitment Charges	20.44	6.54
11	Other Charges		
	Bank Charges for Remittances between Company's Office	553.25	428.34
	Other Bank Charges	1748.81	802.90
	Guarantee Charges	1766.28	2191.22
	Int. on sums paid by Government under Guarantee	468.74	409.52
	Total	94691.98	82383.21
12	Less : Interest and finance charges capitalised	4679.19	3593.03
	TOTAL	90012.79	78790.18

SCHEDULE -21

NET PRIOR PERIOD CREDITS/(CHARGES)

		(₹. Lacs)	
Sr. No.	Particulars	Year ended 31st March, 2010	Year ended 31st March, 2009
1	Income relating to Previous Year		
	Receipts from Consumers relating to prior period	3487.04	8356.79
	Interest Income for Prior Periods	68.38	10474.16
	Excess Provision for Taxation	2.75	300.84
	Excess Provision for Depreciation in prior periods	5074.95	2441.88
	Excess Provn for Interest and Finance Charged in P.P	734.48	967.75
	Other Excess Provision in prior periods	359.12	599.29
	Other Income Relating to Prior Periods	779.35	1520.56
	SUB TOTAL	10506.06	24661.28
2	Prior Periods Expenses/Losses		
	Short Provision for Power Purchased in previous year	4723.15	56.48
	Operating Expenses of previous years	2942.26	5.68
	Employees Costs Relating to previous years	455.44	21.64
	Depreciation under provided in pervious years	2595.31	889.97
	Interest and Other Charges relating to previous years	195.57	112.43
	Short Provision for Taxation	3.83	1700.90
	Administration Expenses in previous years	731.52	1646.79
	Adjustment due to concession granted to powerloom consumers	1.36	120.96
	Material Related Expenses relating to previous years	419.30	2080.28
	Adjustment to Past Billing relating to pervious years	14417.47	15511.82
	SUB TOTAL	26485.22	22146.96
	NET PRIOR PERIOD CREDITS/(CHARGES)	-15979.16	2514.32

SCHEDULE NO 22

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS AS AT 31ST MARCH, 2010.

(A) SIGNIFICANT ACCOUNTING POLICIES

1. Basis of preparation of financial statements:

- a) The financial statements are prepared under historical cost convention on accrual basis of accounting and in accordance with the provisions of the Companies Act, 1956 and comply in all material aspects, with mandatory accounting standards as notified by the Companies (Accounting Standard) Rules 2006, relevant provisions of the Companies Act 1956 and statements issued by the Institute of Chartered Accountants of India.
- b) **Use of estimates:**
The preparation of the financial statements in conformity with the generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities on the date of the financial statements, disclosure of contingent liabilities and reported amounts of revenue and expenses for the year. Estimates are based on historical experience, where applicable and other assumptions that the management believes are reasonable under the circumstances. Actual results could vary from these estimates and any such differences are dealt with in the period in which the results are known / materialise.

2. Revenue Recognition:

- a) **Sale of Power:**
 - i) Revenue from Sale of Power is accounted for on the basis of demand bills raised on consumers. Tariff rates for sale of power are as per Tariff Order of the Maharashtra State Electricity Regulatory Commission.
 - ii) Unbilled revenue at the end of the financial year is provided in the books of account on 'estimation basis.'
 - iii) Bills raised for theft of energy, whether on consumer or outsiders are recognised in full as soon as assessment order is received from the competent authority of the Company.
- b) **Others:**
 - i) Sale of scrap is recognised on realisation
 - ii) Interest income is accounted on accrual basis.
 - iii) Dividend income is accounted for when the right to receive income is established.

3. Fixed Assets:

- a) Fixed Assets are shown at historical cost less accumulated depreciation. Gross block of Fixed Assets is stated at cost of acquisition or construction, including all cost attributable to bring the asset to their working condition for their intended use.
- b) Intangible assets are recorded at their cost of acquisition.
- c) Amount received as Government Grant towards cost of fixed asset is credited to capital reserve and an amount equal to the depreciation on the assets created out of such grants is transferred from Reserve to Profit and Loss Account based on the principles stated in Accounting Standard-12, i.e. accounting for Government Grants. Grants received conditionally are treated as deferred income and amount is transferred to income over the period of fifteen years equally from the year of receipt of such grant.

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

4. Capital Work in Progress:

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

5. Depreciation :

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

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

* Leasehold land is amortised over the period of lease.

- a) Considering the above, the depreciation so provided is not less than the depreciation which would have been recognised in the profit & loss account had the rates and the manner prescribed under Schedule XIV to the Companies Act 1956, been applied.
- b) Depreciation on addition/deletions of assets during the year is provided on pro-rata basis.

6. Investments:

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

7. Inventories:

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

8. Employee Benefits:

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

9. Borrowing Costs:

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

10. Provisions and Contingent Liabilities:

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

at each balance sheet date and adjusted to reflect the current management estimate.

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

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

12. Valuation of Scrap:

Company does not value scrap on hand.

13. Provision for doubtful dues from Consumers:

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

14. Leases:

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

15. Taxation:

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

B) NOTES TO ACCOUNTS AS AT 31ST MARCH, 2010:

1. Contingent Liabilities :

(₹. In Lacs)

Sr. No.	Particulars	As at 31.03.2010	As at 31.3.2009
(a)	Bank Guarantees and Letters of Credit issued by bankers in favour of third parties	20,000	20,000
(b)	Corporate Guarantee issued by the Company in favour of Banks/ Financial Institutions for finance raised by Companies under the same management.	Nil	Nil

(c)	Claims against the Company not acknowledged as debts.	43,171	35,058
(d)	Liability against capital commitments outstanding (net of advances)	40,829	29,084
(e)	Disputed Duties / Tax Demands	146,575	90,198

CONTINGENT LIABILITIES INCLUDE:-

- (i) The payment released to M/s. Datar Switchgear Ltd. from September 1998 is booked under head of account. "Amount recoverable from the contractors" (A/c Code 28.811) amounting to ₹. 899.82 lacs up to 31st March 2000 being matter under dispute. Further, M/s. Datar Switchgear Ltd., has moved the matter before arbitration for their claims. As per the orders passed by arbitration, the erstwhile Maharashtra State Electricity Board (Hereinafter referred to as The Board) released some adhoc payment during 1999-2000. Similarly, claim of excess payment made by the Board was admitted by arbitration for hearing. However, an amount of ₹. 189.99 lacs was received from M/s. Datar Switchgear Ltd. towards refund against various O&M Circles. The interim award was passed by arbitration directing the Board to pay ₹. 913 lacs to M/s. Datar Switchgear Ltd. against a Bank Guarantee (BG) of ₹. 681 lacs. Accordingly, payment was released by the Board. But, M/s. Datar Switchgear Ltd. and their Banker have failed to renew B.G. and hence, the Board preferred an appeal in the High Court for contempt of Court due to non-renewal of B.G. and also asked for suspension of arbitration proceedings for having violated the arbitration award. Out of total B.G. amount of ₹. 681 lakh, ₹. 113 lacs was appropriated and for the balance amount of ₹. 568 lacs, B.G. was required. M/s. Datar Switchgear Ltd. filed a civil suit bearing no. 858 of 2002 in the Pune Court against IDBI for obtaining this B.G. Arbitration awards was passed on 18th June, 2004 against the Board for Damages of ₹. 18598 lacs with interest @10% p.a. on ₹. 17900 lakh and ₹. 100 lakh towards Cost of Proceedings. An appeal bearing case no. 374/2004 was filed against the Arbitration Award dt. 18th June, 2004 of Arbitration Tribunal in Bombay High Court (Single Bench). Further, Bombay High Court Single Bench passed the judgment on 3rd August, 2005 & set aside the Arbitration award. Further, M/s. Datar Switchgears Ltd. filed an Appeal bearing No.672/2005 on 26th August, 2005 against the order of Bombay High Court (Single Bench) dated 3rd August, 2005. Division Bench on 22nd October 2008 has set aside the order passed by single bench and the case was remanded back again to Single Bench of Bombay High Court for adjudication in the arbitration petition No.374/2004. The Single Bench passed the judgment on 10th March, 2009 against MSEDCL. Subsequently, Hon. Justice passed the order on 31st March, 2009 directing MSEDCL to submit Bank Guarantee for ₹. 7500 lacs on or before 6th April, 2009 to the prothonotary and Senior Master Bombay High Court. Accordingly, MSEDCL has submitted Bank Guarantee of ₹. 7500 lacs on 4th April, 2009 to the Bombay High Court, Mumbai through Canara Bank, Fort, Mumbai.

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

The case is under process before Division Bench of Bombay High Court, Mumbai. Further, in the same matter the application No.9 and SLP No. 32916 of 2009 is listed at Hon. Supreme Court for starting new arbitration matter.

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

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

2. Balances of Sundry Debtors, Loans & Advances and Other Assets as well as current liabilities are subject to reconciliation/confirmation from respective parties.
3. No liability for refund of service line charges and outright contribution amounting to ₹. 1197 lacs and ₹. 1460 lacs respectively (approx.) for the period from 8.9.06 to 30.4.07 has been provided pending decision of the Supreme Court in the appeal preferred by the Company against the order dated 8th September 2006 of the MERC
4. Reconciliation of the balances under 'Receivable against supply of power' is appearing in the Financial Ledger and those appearing under the Consumers' General Ledger are in progress.
5. A loss of Company's properties to the extent of ₹. 1470.16 Lacs (Previous year ₹. 299 lacs) has been incurred due to storm, theft, accident, etc. which is yet to be accounted for want of formal approval.

6. No Provision for income tax is made, due to loss incurred during the year.
7. An arrangement for working capital facilities (fund based) including cash credit facility and working capital demand Loan totalling to ₹. 350000 lacs (Previous year ₹. 262314 lacs) has been made with the Consortium Banks, secured by hypothecation of book debts. The Company has availed loans from Financial Institutions viz. Rural Electrification Corporation Ltd., Power Finance Corporation and Banks by offering security coverage of Government of Maharashtra Guarantee, future assets to be acquired under respective scheme and escrow account
8. Upto financial year 2008-09, the company was consistently following the procedure of carrying out the physical inventory of Distribution, Civil, etc. materials in the custody of Major Stores, Stores Centres throughout the State in the month of September/October of the year. During the financial year 2009-10, the physical verification was conducted during March/April 2010.
9. During the year 2009-10, ₹. 27643 lacs (previous ₹. 20780 lacs) has been received from Government of Maharashtra towards equity for Gaonthan Feeder Separation Scheme and Infrastructure Plan. As the shares have not yet been issued, the said amount has been shown as "Equity from Government of Maharashtra towards Projects" in the Balance Sheet as at 31st March, 2010.

10. Quantitative details for Electricity units purchased and sold:

Particulars	Current Year	(In MKWH)	
		Previous Year	
Total Power Purchase	85474	79871	
Grid and Transmission Losses	4948	5311	
Power available for sale	80526	74559	
Power sold	63941	58171	
Distribution Loss	16585	16388	
Distribution loss %	20.60%	21.98%	

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

11. AS 15 – Employee Benefit – Gratuity and Leave Encashment

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

Table-1

(₹. in Crores)

Reconciliation of PBO	Leave Encashment		Gratuity	
	31-Mar-09 to 31-Mar-10	31-Mar-08 to 31-Mar-09	31-Mar-09 to 31-Mar-10	31-Mar-08 to 31-Mar-09
Projected Benefit Obligation at Beginning of year	859.53	530.09	1292.60	1135.63
Current Service Cost	64.58	36.21	26.28	51.42
Interest Cost	69.66	41.23	92.79	90.56
Contributions by plan participation	-	-	-	-
Actuarial (Gain)/Loss due to change in assumptions	(113.02)	353.81	61.47	125.05
Foreign currency exchange rate changes on plan measured in a currency different from the enterprise's reporting currency	-	-	-	-
Benefits Paid	(106.74)	(101.81)	(318.08)	(110.06)
Past service cost	-	-	-	-
Amalgamations	-	-	-	-
Curtailments	-	-	-	-
Settlements	-	-	-	-
Projected benefit obligation at the end or year	774.00	859.53	1155.06	1292.60

Table - 2

(₹. in Crores)

Plan Asset at fair value	Leave Encashment		Gratuity	
	31-Mar-09 to 31-Mar-10	31-Mar-08 to 31-Mar-09	31-Mar-09 to 31-Mar-10	31-Mar-08 to 31-Mar-09
Plan asset at the beginning of year	-	-	-	-
Foreign currency exchange rates changes on plans measured in a currency different from the enterprise's reporting currency				
Expected return on plan asset	-	-	-	-
Employer contribution	-	-	-	-
Employee contribution	-	-	-	-
Benefit payments	-	-	-	-
Asset gain/(Loss)	-	-	-	-
Amalgamations	-	-	-	-
Settlements	-	-	-	-
Ending asset	-	-	-	-
Total actuarial gain /(Loss) to be recognised immediately	113.02	(353.81)	(61.47)	(125.05)

Table - 3

(₹. in Crores)

Amount be recognised in the balance sheet	Leave Encashment		Gratuity	
	31-Mar-09 to 31-Mar-10	31-Mar-08 to 31-Mar-09	31-Mar-09 to 31-Mar-10	31-Mar-08 to 31-Mar-09
Projected benefits obligation at End of year	774.00	859.53	1155.06	1292.60
Ending Asset	-	-		
Funded status asset /(Liability)	(774.00)	(859.53)	(1155.06)	(1292.60)
Unrecognised past service cost – non vested benefits Liability (-) / Asset (+) recognised in balance sheet	(774.00)	(859.53)	(1155.06)	(1292.60)

Table - 4

(₹. in Crores)

Settlement of Profit and Loss	Leave Encashment		Gratuity	
	31-Mar-09 to 31-Mar-10	31-Mar-08 to 31-Mar-09	31-Mar-09 to 31-Mar-10	31-Mar-08 to 31-Mar-09
Current service cost	64.58	36.21	26.28	51.42
Interest cost	69.66	41.23	92.79	90.56
Expected return on plan asset	-	-		
Net actuarial (gain)/loss to be recognised in year	(113.02)	353.81	61.47	125.05
Past service cost				
Effect of curtailments				
Income (-)/Expense(+) recognised in the statement of Profit and Loss	21.22	431.25	180.53	267.03

(₹. in Crores)

	Leave Encasement	Gratuity
Reconciliation		
Incremental liability [Asset (+)/Liability(-)]	85.52	137.54
P&L Charge	21.22	180.53
Less Benefits Paid	106.74	318.08
Balance(Income(-)/ Expense(+))	(85.52)	(137.54)

12. AS 17- Segment Reporting:

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

13. AS 18 - Related Party transaction:

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

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

HOLDING COMPANY

MSEB Holding Company Limited

CO-SUBSIDIARIES

Maharashtra State Power Generation Company Limited

Maharashtra State Electricity Transmission Company Limited

SUBSIDIARIES

Dhopave Coastal Power Limited

Aurangabad Power Company Limited

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

Key management personnel:

- Shri Ajoy Mehta, Chairman & Managing Director : (From 02/02/09)
- Shri Arjit Ghosh (Director Finance) : (18-05-07 to 31-05-09)
- Shri G.J.Girase Director(Finance) : (From 1-6-09 to 19-8-09)
- Shri D.D.Wavhal (Director Finance) : (From 20-08-09)
- Shri V.L.Sonawane, Director (Operations) : (23-10-07 to 18/03/2009)
- Shri Sharad Dabhade, Director (Operations) : (From 19/03/09)
- Shri M.K.Deore Director (Projects) : (From 29-08-09)

c) Details regarding parties referred to in item at 'a' above : (₹. in Lacs)

Purchase of Power	Transactions during the year		Outstanding Payable against as at	
	F.Y. 2009-10	F.Y. 2008-09	31-03-2010	31-03-2009
Maharashtra State Power Generation Company Ltd.	1,077,666	908,337	241,024	219,824
Transmission Charges				
Maharashtra State Electricity Transmission Company Ltd.	149,446	173,924	27,536	35,525

Note : The details of sale of energy to related parties have not been given, as the data is not readily available.

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

(₹. in Lacs)

Particulars	Current Year	Previous Year
Remuneration	55.73	39.73
Sitting fee	3.35	1.69

14. AS-19 Accounting For Operating Lease:

The Company has various operating leases for office and residential premises for employees that are renewable on periodic basis and cancellable at its option. An expense for operating leases recognised in Profit and Loss Account for the year is ₹. 2408 lacs (previous year ₹. 2544 lacs). The Company does not have any non-cancellable operating leases as on that date. Lease Rent of ₹. 2408 Lacs (Previous year ₹. 2544 Lacs) has been included under rent, rates and taxes (Schedule 18 - Administration and General Expenses).

15. AS 20 - Earning Per Share:

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

Particulars	As on 31-03-2010	As on 31-03-2009
Net profit after tax (₹.in Lacs)	(111377)	(92910)
Weighted average number of equity shares for basic earning per share	50000	50000
Earning per share (Rupees) Basic	(222755)	(185821)
Weighted average number of equity shares for diluted earning per share	3747292452	3440560324
Diluted Earning per share	(3)	(3)
Face value per share (Rupees)	10	10

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

16. Deferred Tax:

Deferred Tax consists of the following items:

		(₹. In Lacs)	
Sr. No.	Particulars	2009-10	2008-09
	Deferred Tax Liability		
1.	Difference in Depreciation	(55971)	(56623)
2.	Assets Written off /disallowed under Income Tax Act	(6805)	-
	Deferred Tax Asset		
1.	Expenses Allowable on payment basis	-	73384
2.	Assets Written off /disallowed under Income Tax Act	22	69
3.	Unabsorbed Depreciation / loss	84400	16410
4.	Provision for Bad Debts -	14093	32698
	Net Deferred Tax Asset	35739	65938

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

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

17. In accordance with AS-28 issued by the ICAI on 'Impairment of Assets' the Management has carried out a review of its assets with respect to economic performance. On the basis of review, the Management is of the opinion that economic performance of the Fixed Assets of the Company is not worse than expected and therefore there is no impairment as on the date of the Balance Sheet.

18. In view of multiplicity and difficulty in identification of accounts relating to Micro, Small and Medium Enterprises, information with regard to amount unpaid at the year end together with the interest paid/payable under the MSMED Act, 2006 as required under Schedule VI to the Companies Act, 1956 is not disclosed

19. Auditors' Remuneration:

(₹ in Lacs)

Sr. No	Particulars	Current Year	Previous Year
1.	Audit Fees	26.00	23.00
3.	Out of Pocket Expenses	Nil	3.00

Expenditure in foreign Currency

Travelling expenses amounting to ₹. 27 lacs (previous year ₹. -NIL) has been incurred in foreign currency:

21. The previous year figures have been regrouped and/or rearranged where necessary
22. Schedules 1 to 22 are forming part of Annual Accounts for the year ended on 31st March, 2010.

MSEDCL

Sd/-
S.R.Sawant
General Manager (CA)

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

Sd/-
S.R.Tiwari
Company Secretary

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

Sd/-
Ajay Mehta
Chairman & Managing Director

As per our report of even date attached hereto

For Borkar & Muzumdar
Chartered Accountants

For M.P.Chitale & Co.
Chartered Accountants

For Jain Chowdhary & Co.
Chartered Accountants

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

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

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

Maharashtra State Electricity Distribution Co. Ltd.
BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I	Registration Details:		State Code:	11
	Registration No:	U 40109 MH 2005 SGC 153645		
	Balance Sheet Date:	31	3	2010
		Date	Month	Year
ii	Capital Raised during the year (Amount in ₹. Thousands)			
		Public Issue		Right Issue
		NIL		NIL
		Bonus Issue		Private Placement
		NIL		NIL
iii	Position of Mobilisation and Deployment of Funds (Amount in ₹.Thousands)			
		Total Liabilities		Total Assets
		120792429		120792429
	Source of Funds			
		Paid - up Capital		Reserve & Surplus
		500		17126713
		Secured Loans		Unsecured Loans
		59897604		6295187
		Contribution From		Equity Towards Projects
		GOM / MSEB Holding Co Ltd		4842300
		32630125		
	Application of Funds			
		Net Fixed Assets		Investment
		98287529		1367415
		Net Current Assets		Deferred Tax Assets
		17563547		3573938
iv	Performance of Company (Amount in ₹.Thousands)			
		Turnover		Total Expenditure
		291885934		299713649
		Profit / Loss Before Tax		Profit / Loss After Tax
		-7827715		-10847727
		Basic EPS in ₹.		Dividend rate %
		-222755		NIL
		Diluted EPS in ₹.		
		-3		
v	Generic Names of Three Principal Products / Services of Company			Not Applicable
	Item Code			
	ITC Code			
	Product Description:	Distribution of Electricity		

Sd/-
S.R.Sawant
General Manager (CA)

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

Sd/-
S.R.Tiwari
Company Secretary

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

Sd/-
Ajoy Mehta
Chairman & Managing Director

As per our report of even date attached hereto

For Borkar & Muzumdar
Chartered Accountants

For M.P.Chitale & Co.
Chartered Accountants

For Jain Chowdhary & Co.
Chartered Accountants

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

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

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

MAHARASHTRA STATE ELECTRICITY DISTRIBUTION COMPANY LIMITED

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

Name of the Subsidiary Company	Dhopave Coastal Power Ltd	Aurangabad Power Company Ltd
The financial year of the Subsidiary ended on	31st March 2010	31st March 2010
Number of shares in the Subsidiary Company held by Maharashtra State Electricity Distribution Company Limited as on above date		
50,000 Equity Shares of ₹. 10/- each	₹. 5,00,000/-	₹. 5,00,000/-
Percentage of holding	100%	100%
The net aggregate of profits or losses of the Subsidiary Company so far as they concerned the members of MSEDCL		
Dealt with in the accounts of MSEDCL amounted to		
(a) For the Subsidiaries' financial year	NIL	NIL
(b) For previous financial years of the Subsidiary since it became Subsidiary of MSEDCL	NIL	NIL
Not dealt with in the accounts of MSEDCL amounted to		
(a) For the Subsidiaries' financial year	NIL	NIL
(b) For previous financial years of the Subsidiary since it became Subsidiary of MSEDCL	NIL	NIL
Changes in the interest of MSEDCL between the end of the Subsidiaries' financial year and 31st March,2009	Not applicable	Not applicable
Material changes between end of the Subsidiaries' financial year and 31st March,2010		
(i) Fixed Assets	} Not applicable	Not applicable
(ii) Investments		
(iii) Moneys lent by the Subsidiary		
(iv) Moneys borrowed by the Subsidiary other than for meeting current liabilities		

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

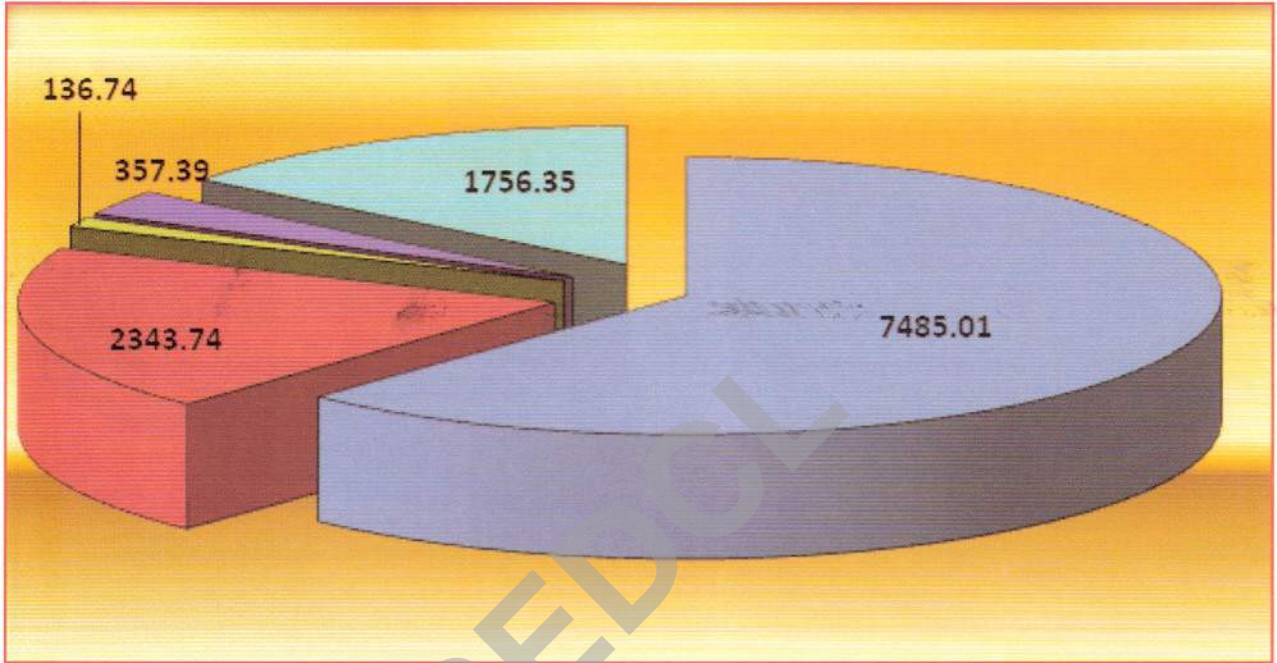
Sd/-
S.R.Tiwari
Company Secretary

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

Sd/-
Ajoy Mehta
Chairman & Managing Director

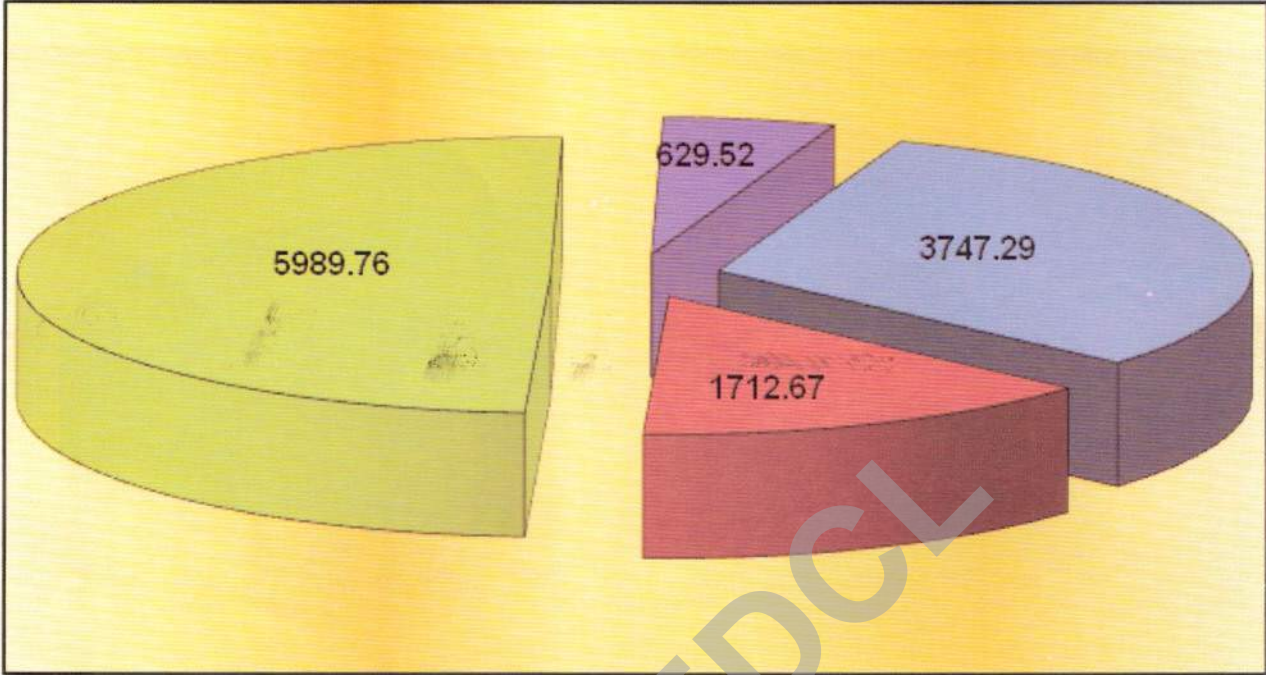
TOTAL ASSETS

(₹. in Crores)



TOTAL ASSETS		(₹ IN. CRORES)
	NET FIXED ASSETS	7485.01
	CAPITAL EXPENDITURE IN PROGRESS	2343.74
	INVESTMENT	136.74
	OTHER ASSETS	357.39
	NET CURRENT ASSETS	1756.35
	TOTAL ASSETS	12079.24

FINANCED BY
 (₹. in Crores)



FINANCED BY		
		(₹ in Crores)
	SHARE CAPITAL, CONTRIBUTION FROM GOM/HOLDING COMPANY, EQUITY FROM GOM TOWARDS PROJECTS CAPITAL	3747.29
	RESERVE & RESERVE FUND	1712.67
	SECURED LOANS	5989.76
	UNSCURED LOANS	629.52
	TOTAL FUNDS	12079.24



GROSS FIXED ASSETS
(₹. in Crores)

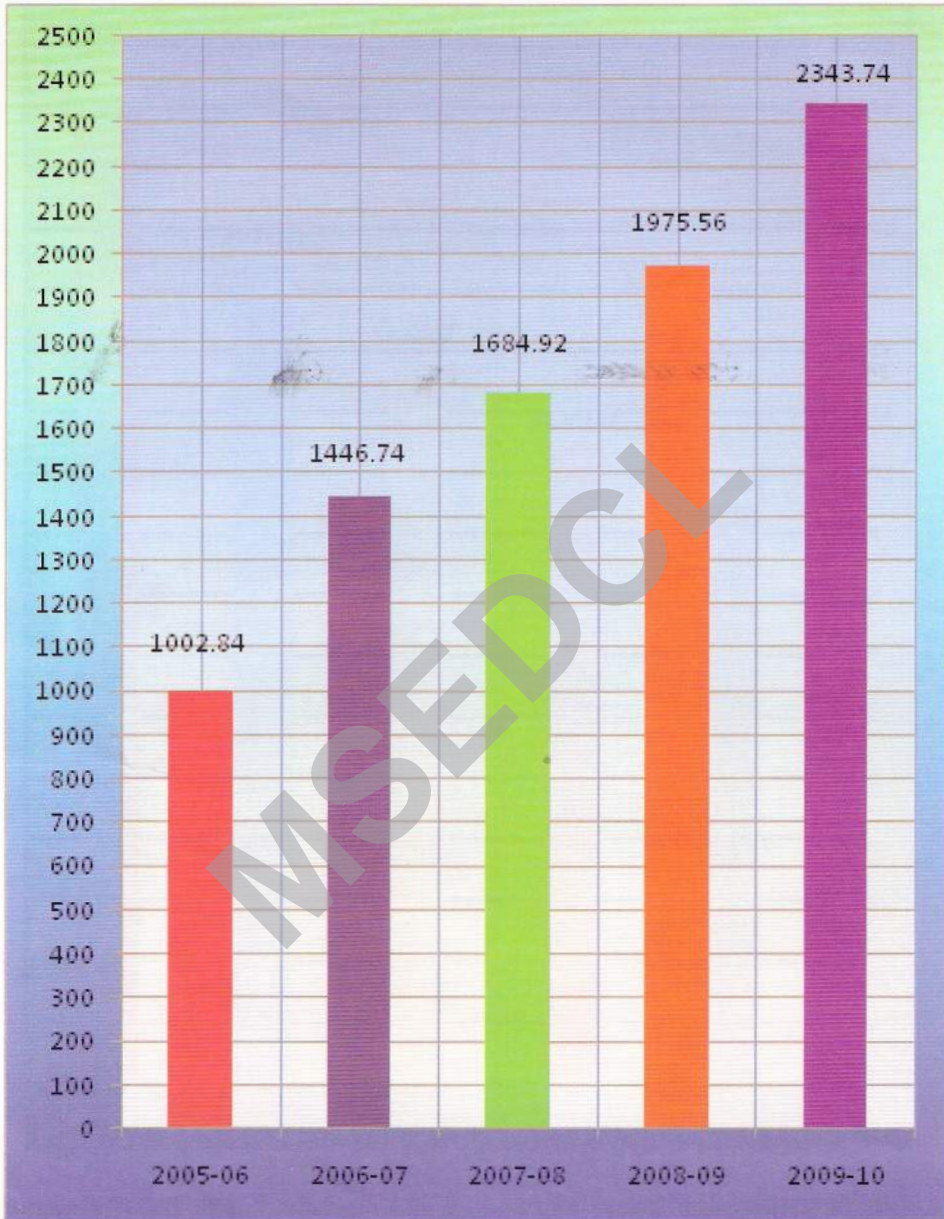


(₹ in Crores)

	YEAR	Gross Fixed Assets
	2005-06	9508.01
	2006-07	10530.79
	2007-08	11805.97
	2008-09	13438.68
	2009-10	15687.04



CAPITAL WORK IN PROGRESS
(₹. in Crores)

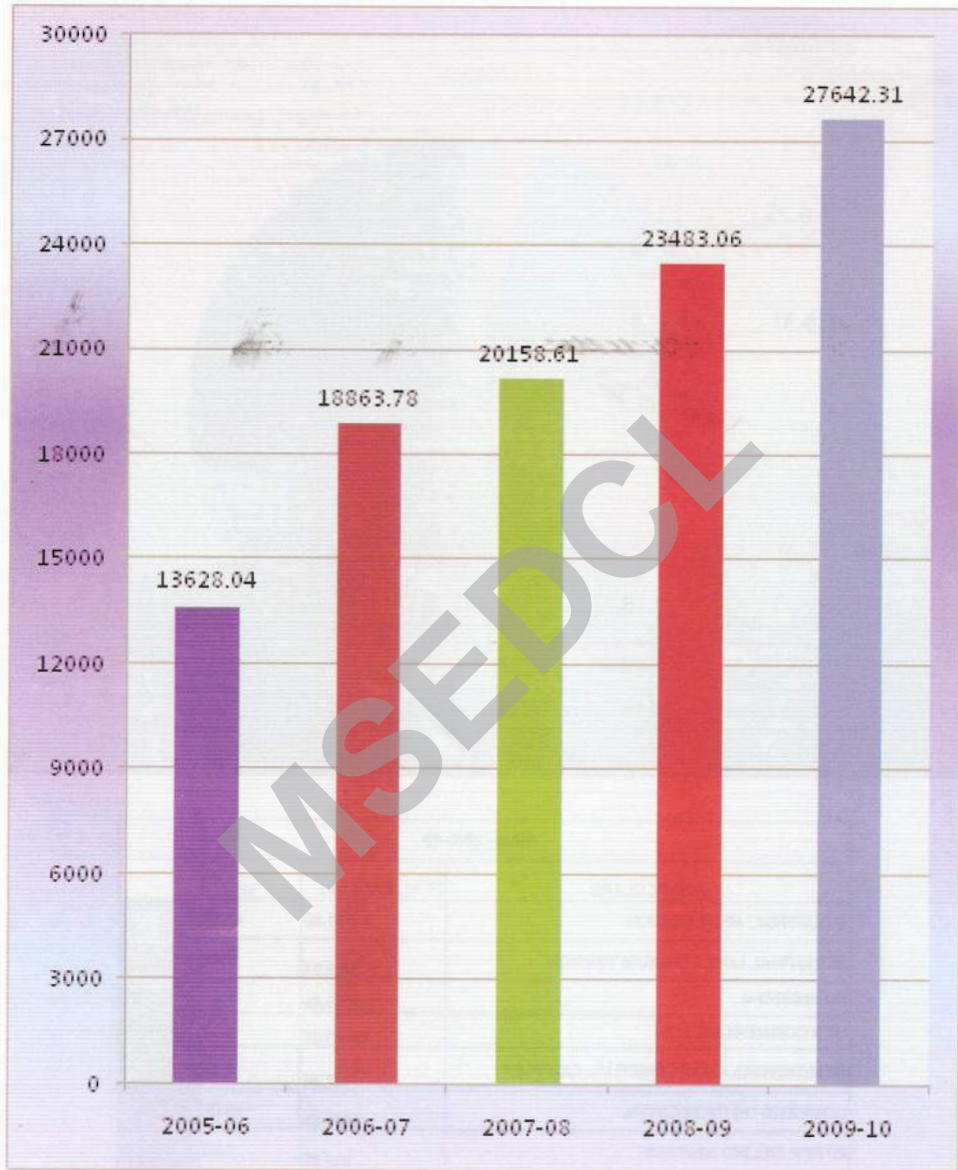


		(₹ IN. CRORES)
	Year	Work in Progress
	2005-06	1002.84
	2006-07	1446.74
	2007-08	1684.92
	2008-09	1975.56
	2009-10	2343.74



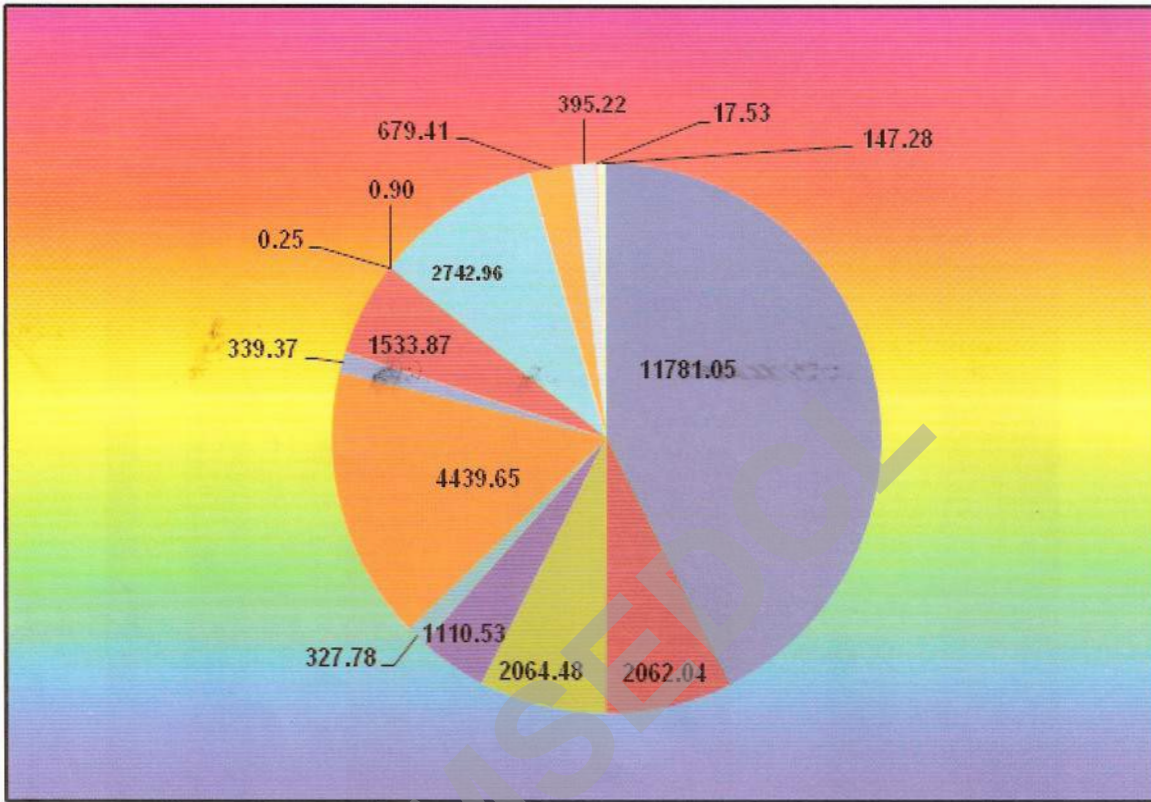
YEAR WISE REVENUE FROM SALE OF POWER

(₹. in Crores)



		(₹ IN. CRORES)
	Year	Revenue from sale of Power
	2005-06	13628.04
	2006-07	18863.78
	2007-08	20158.61
	2008-09	23483.06
	2009-10	27642.31

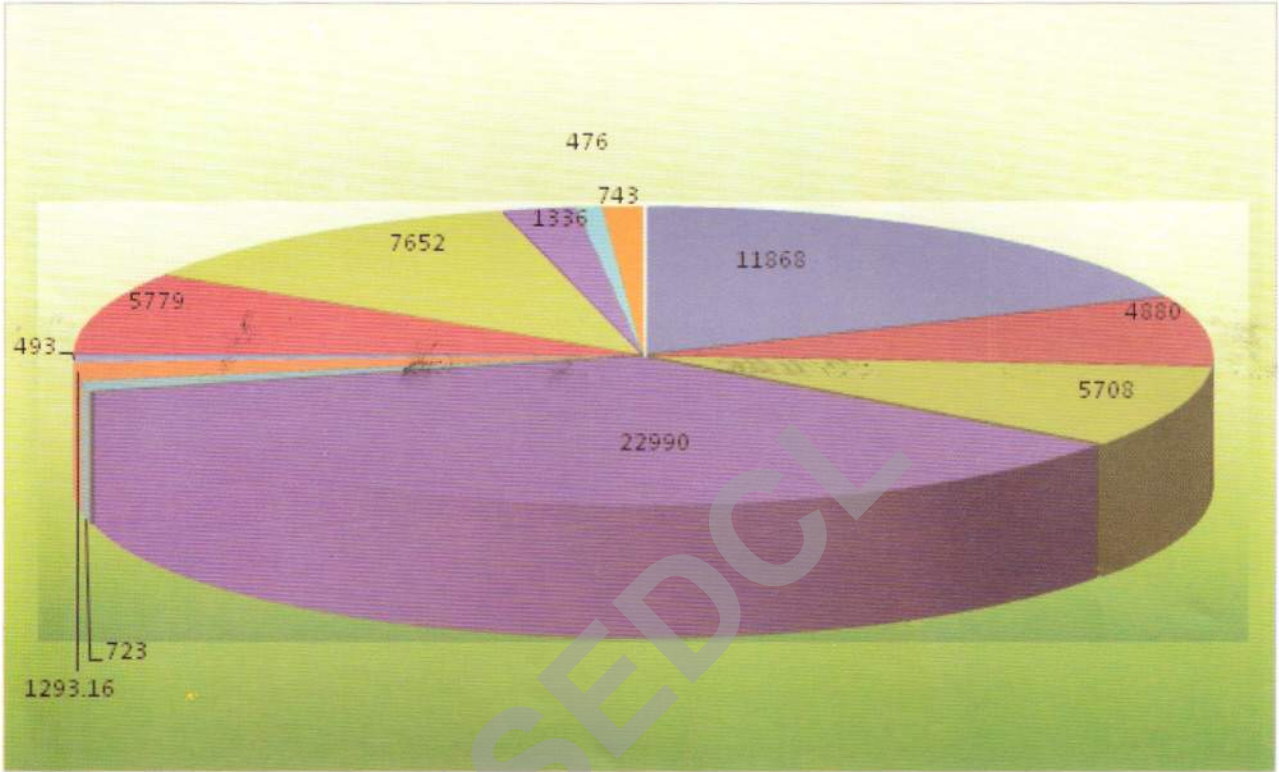
SALE OF ENERGY YEAR 2009-10
(₹. in Crores)



YEAR - 2009-10		
PARTICULARS	(₹ IN. CRORES)	%
INDUSTRIAL HIGH TENSION	11781.05	42.62
INDUSTRIAL LOW & MEDIUM TENSION	2062.04	7.46
COMMERCIAL	2064.48	7.47
HT II COMMERCIAL	1110.53	4.02
RESEDENCIAL AND COMMERCIAL COMPLEX	327.78	1.19
DOMESTIC OR RESIDENTIAL	4439.65	16.06
OTHER BILLING REVENUE	339.37	1.23
PUBLIC LIGHTING / TRACTION/PWW LT/HT	1533.87	5.55
INTER STATE	0.25	0.00
LT CREMATORIUMS & BURIAL GR	0.90	0.00
IRRIGATION & AGRICULTURE LT./HT.	2742.96	9.92
SUPPLY IN BULK TO OTHERS	679.41	2.46
STAND BY CHARGES	395.22	1.43
WHEELING CHARGES	17.53	0.06
OTHERS	147.28	0.53
TOTAL	27642.31	100.00



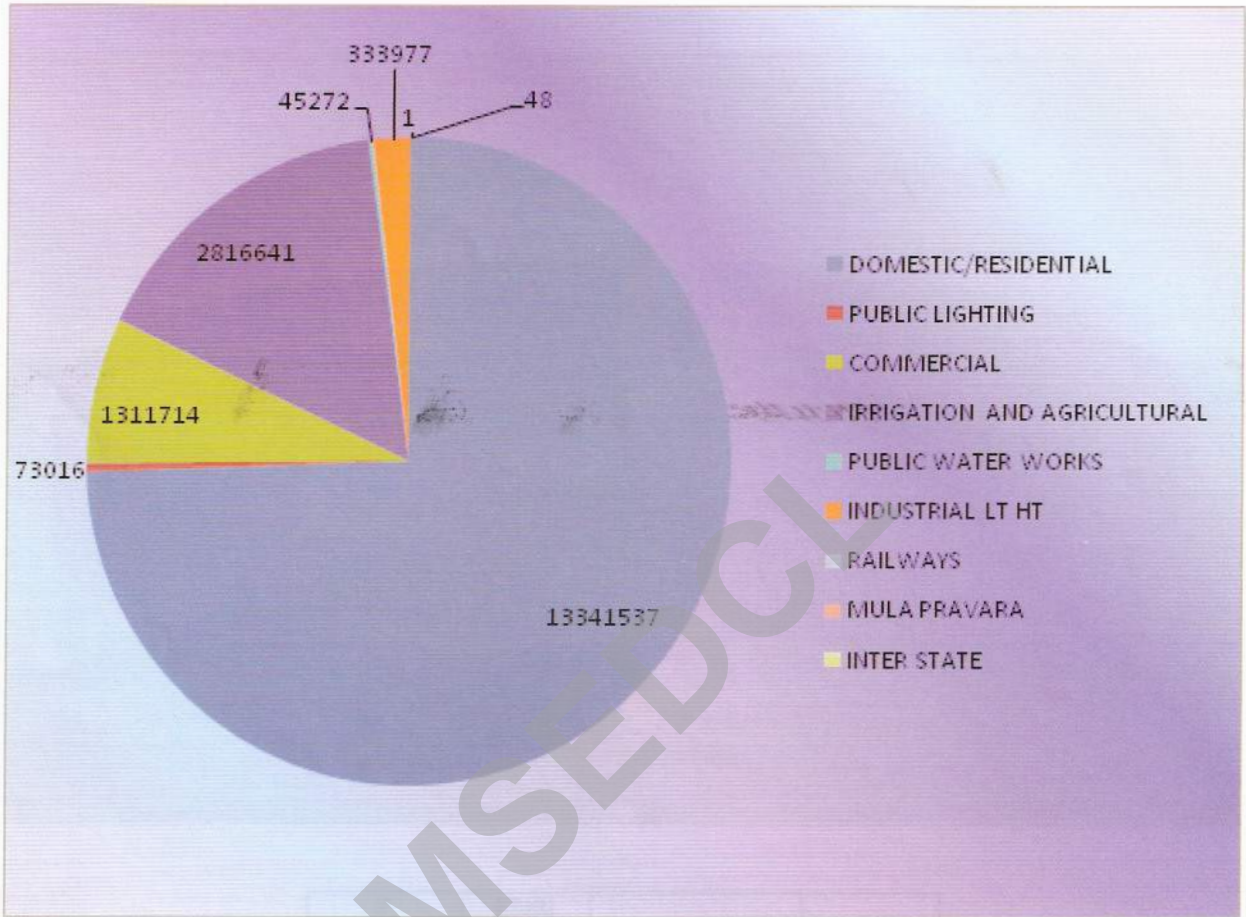
CATEGORYWISE SALE (IN Mus)



		UNITS (IN MUs)	%
	DOMESTIC OR RESIDENTIAL	11868	18.56
	COMMERCIAL	4880	7.63
	INDUSTRIAL LOW TENSION	5708	8.93
	INDUSTRIAL HIGH TENSION	22990	35.95
	PUBLIC LIGHTING/TRACTION	723	1.13
	TRACTION	1293	2.02
	IRRIGATION AND AGRICULTURAL HT	493	0.77
	IRRIGATION AND AGRICULTURAL LT	5779	9.04
	IRRIGATION AND AGRICULTURAL HT/LT UNMETERED	7653	11.97
	PUBLIC WATER WORKS HT	1336	2.09
	PUBLIC WATER WORKS LT	476	0.74
	MULA PRAVARA	743	1.16
	TOTAL	63941	100.00



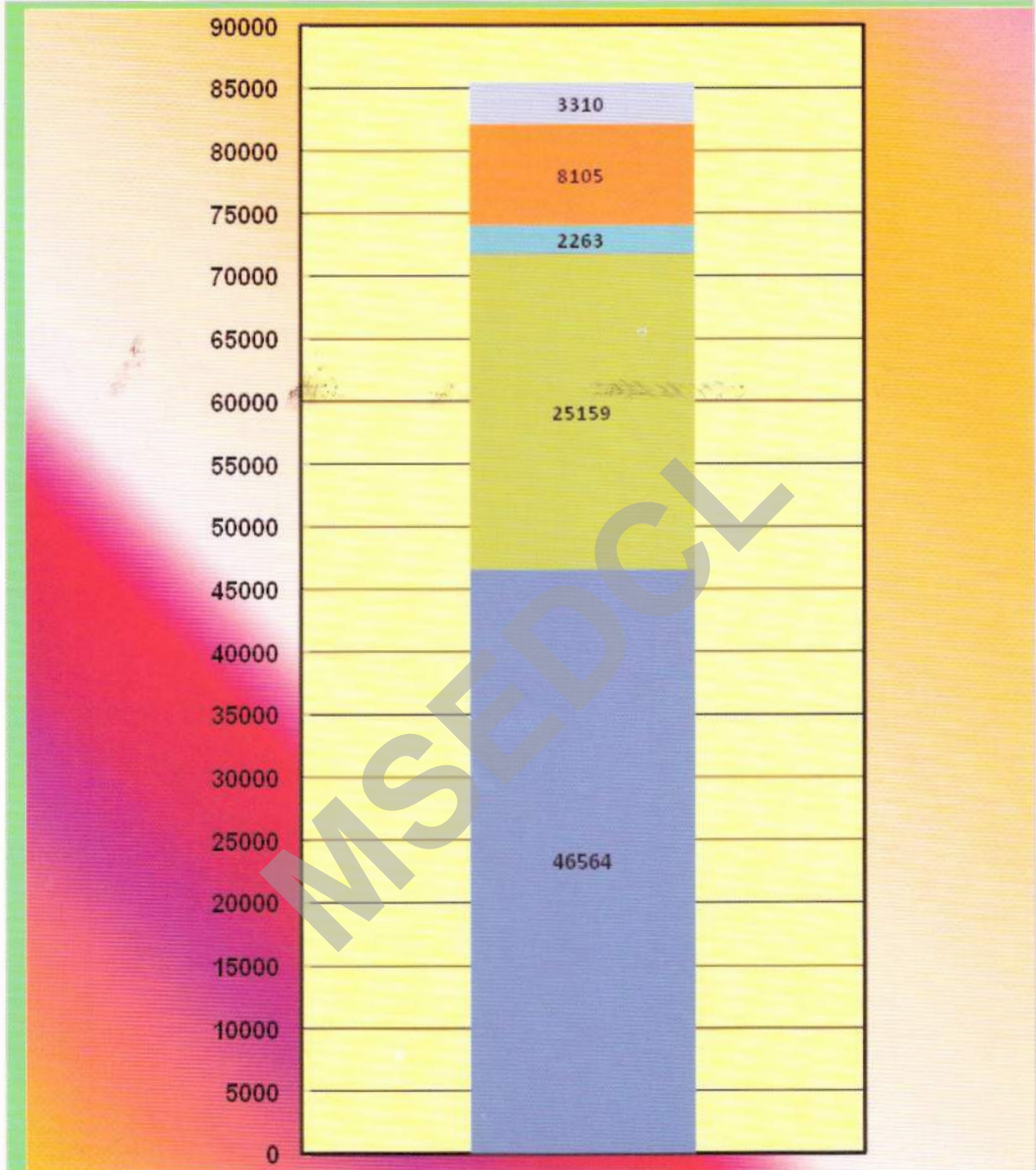
NUMBER OF CONSUMERS



YEAR - 2009-10	
DOMESTIC/RESIDENTIAL	13341537
PUBLIC LIGHTING	73016
COMMERCIAL	1311714
IRRIGATION AND AGRICULTURAL	2816641
PUBLIC WATER WORKS	45272
INDUSTRIAL LT HT	333977
RAILWAYS	48
MULA PRAVARA	1
INTER STATE	1
TOTAL	17922207



Purchase Of Power (In MUs)



YEAR - 2009-10		In MUs
	MSPGCL	46564
	Central Sector (NTPC, NPC, SSP Pench etc.)	25159
	BHEP (Dodson)	73
	Traders	2263
	RGPPPL	8105
	Others	3310
	Total	85474



MAHA VITARAN

Maharashtra State Electricity Distribution Company Ltd.

REGISTERED OFFICE

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