MSEB HOLDING CO. LTD.

13th Annual Report for Financial Year 2017-2018

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MSEB HOLDING COMPANY LIMITED

Board of Directors for the Financial year 2017-2018
(upto the date of Annual General Meeting)

Chairman

(Shri. Chandrashekhar Bawankule, Hon'ble Minister (Energy, New & Renewable Energy & State Excise), Maharashtra, w.e.f. 18-12-2014

Vice Chairman

Shri. Madan Yerawar, (Hon'ble Minister of State for Energy),
Maharashtra, w.e.f. 08-07-2016

Managing Director

Shri. Arvind Singh - IAS, w.e.f. 14-02-2017

Directors

Shri Bipin Shrimali - IAS, w.e.f. 18-02-2014
Shri. Sanjeev Kumar - IAS, w.e.f. 21-12-2015
Shri. Rajeev Kumar Mital - IAS, w.e.f. 21-01-2015 upto 02-05-2018
Shri. Parrag Jaiin Nainutia - IAS, w.e.f. 02-05-2018
Shri. Surendra N. Pandey - IPS, w.e.f. 26-10-2016 to 02-06-2018
Shri. Praksh Page, w.e.f. 07-07-2005
Shri. R. B. Goenka, w.e.f. 25-02-2015
Shri. Vishwas Pathak, w.e.f. 21-08-2015
Smt. Neeta Kelkar, w.e.f. 16-10-2018

Director (Finance) & CFO

Shri. Jaikumar Srinivasan, w.e.f. 21-08-207 upto 01-02-2018
Shri. Sunil Pimpalkhute, w.e.f. 04-08-2018

Company Secretary

Shri. Subodh Rameshravji Zare, w.e.f. 21-08-2015

DIRECTORS' REPORT

To,

The Members,

MSEB Holding Company Ltd.

The Directors have pleasure to present the 13th Annual Report of your Company during the financial year ended on 31st March, 2018 along with Audited Financial Statements for the year ended 31st March, 2018.

1. FINANCIAL RESULTS:

(Amt. in Rupees)

Particulars	**2017-18**	**2016-17**
Total Income	41,21,42,998	42,77,51,784
Expenses		
Employees remuneration and benefits	5,73,35,544	7,10,13,951
Other Expenses	23,17,89,686	28,14,90,487
Depreciation	46,31,63,935	46,08,01,976
Total Expenses	**75,22,89,164**	**81,33,06,414**
Profit/(Loss) Before Tax	**(34,01,46,166)**	**(38,55,54,630)**
Provision for Tax- Current year tax, Previous year tax and deferred tax (net)	---	3,39,87,659
Profit/(Loss) after Tax	**(34,01,46,166)**	**(35,15,66,971)**
Items that will be reclassified to profit or loss	1,04,34,139	(32,99,243)
Comprehensive Income for the period	**(32,97,12,027)**	**(35,48,66,214)**

During the year under review, there is a loss before Tax of Rs. 34,01,46,166 against the loss of Rs. 38,55,54,630 for the previous year 2016-17. The total loss after provision of tax is Rs. 32,97,12,027 for FY 2017-18 as against that of Rs. 35,48,66,214 during the previous year 2016-17. The major element of revenue for the Company is rentals from the properties of the company leased to subsidiaries for their use.

The total gross asset base of the Company at the end of 31.03.2018 was Rs. 1,080.27 crores. The Company has suffered losses during the year, which is mainly on account of depreciation amounting to Rs. 46,31,63,935.

2. FINANCIAL HIGHLIGHTS:

i. The Total Income includes amount of Rs. 38.43 crores towards lease rentals received from the subsidiaries for use of the properties of the Company.

ii. It also includes interest received on Fixed Deposits of Rs. 2.61 crores.

iii. On transition to Ind AS, following adjustments have been made in the accounts:

a) The Company has opted to continue with the carrying value of all Investment Properties recognised as at 1st April, 2015 measured as per previous Generally

Accepted Accounting Principles (GAAPs) specified in the Companies (Accounting Standards) Rules, 2006 notified by the Central Government and other provisions of the Companies Act, 1956 and use that carrying value as the deemed cost of the investment property.

b) Freehold land and office buildings have been classified as Investment properties.

c) Expected Credit Loss of Rs. 2,37,60,149 has been provided during the year on Rent receivables.

d) The figures for the previous year 2016-17 have been restated.

3. CHANGE IN THE NATURE OF BUSINESS, IF ANY:

There is no change in the nature of business of the Company.

4. DIVIDEND:

In view of loss for the year under review, and the considering the position of Reserves, no dividend has been recommended by the Board of Directors for the financial year ended 31st March, 2018.

5. EXTENSION FOR HOLDING ANNUAL GENERAL MEETING (AGM):

Your Company had applied for extension for holding of the 13th Annual General Meeting to the Registrar of Companies, Maharashtra, Ministry of Corporate Affairs, Govt. of India. The RoC has vide its letter dated September 12, 2018 granted extension of 3 months for holding the Annual General Meeting.

6. DIRECTORS:

Shri. Jaikumar Srinivasan was appointed as Director (Finance) & CFO of Company w.e.f. 21.08.2017. However, he tendered resignation w.e.f. 01.02.2018 consequent upon his joining as Director (Finance) of the Maharashtra State Electricity Distribution Company Ltd.

Shri. Surendra N. Pandey was appointed as Whole-time Director designed as Director (Security & Enforcement) of the Company w.e.f. 26.10.2016. Shri. Pandey demitted the office consequent upon his promotion as Director General (Prisons), GoM w.e.f. 02.06.2018.

Shri. Parrag Jaiin Nainuta, IAS was appointed as Chairman & Managing Director of MSETCL w.e.f. 02.05.2018 in place of Shri. Rajeev Kumar Mital. Accordingly, Shri. Parrag Jaiin Nainutia was appointed as Additional Director of the Company w.e.f. 02.05.2018.

The Board places on record its deep sense of appreciation of the valuable contribution of the outgoing directors during their tenure with the Company.

Shri. Sunil Pimpalkhute was appointed as Additional Director and Whole-time Director designated as Director (Finance) & CFO w.e.f. 04.08.2018.

Smt. Neeta Shrirang Kelkar has been appointed as Independent Director on the Board of the Company for a term of 3 (three) consecutive years from 16.10.2018 up to 15.10.2021. Smt. Kelkar has furnished declaration to the effect that she meets the criteria of independence as provided in section 149(6) of the Companies Act, 2013.

Necessary resolutions relating to appointment of the aforesaid Directors, wherever applicable, have been included in the Notice of the AGM.

7. KEY MANAGERIAL PERSONNEL (KMP):

During the financial year 2017-18, the following are the Key Managerial Personnel of the Company as per the provisions of the Companies Act, 2013:

Sr. No.	Name of the KMP	Designation	Date of Appointment	Date of Cessation
1.	Shri. Arvind Singh	Managing Director	1st March, 2017	-
2.	Shri. Jaikumar Srinivasan	Director (Finance) & Chief Financial Officer	21st August, 2017	1st February, 2018
3.	Shri. Subodh Rameshravji Zare	Company Secretary	21st August, 2015	-

8. DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to the requirement under Section 134(5) of the Companies Act, 2013 and based on the information provided by Management, it is hereby confirmed:

a) That in the preparation of the annual accounts for the year ending March 31, 2018, the applicable accounting standards had been followed along with proper explanation relating to material departures;

b) That the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that period;

c) That the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities;

d) That the annual accounts were prepared for the financial year ended 31st March, 2018 on a 'going concern basis;

e) That the Directors had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively; and

f) That the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

9. DECLARATION BY INDEPENDENT DIRECTOR:

The Independent Directors of the Company have submitted the declaration of Independence as required under Section 149(7) of the Companies Act, 2013 confirming that they meet the criteria of independence under Section 149(6) of the Companies Act, 2013.

10. PERFORMANCE EVALUATION OF DIRECTORS:

The requirement of performance evaluation of directors under Section 178(2) of the Companies Act, 2013 has been done away with for Government Companies vide Ministry of Corporate Affairs' Notification dt. 5th June, 2015.

11. DEPOSITS:

Your company has not invited/received any Deposits from the public covered under Chapter V of the Companies Act, 2013 from the Public during the year under report.

12. SHARE CAPITAL:

The Authorised Share capital of the Company remains unchanged at Rs. 99,000 crores as on 31.03.2018.

During the year under review, the paid-up Equity Share Capital of the Company has increased as under:

Particulars	Share Capital (Rs.)
Share Capital as on 31.03.2017	87392,75,20,630
Allotments during the year	693,78,93,390
Share Capital as on 31.03.2018	88086,54,14,020

13. AMOUNT TRANSFERRED TO RESERVES:

In view of losses, the Board of Directors does not propose to transfer any amount to reserves.

14. CONSOLIDATED ACCOUNTS:

The Company as on 31st March, 2018, has 3 (three) direct wholly-owned subsidiaries and 4 (four) step down subsidiaries.

In accordance with IND AS-110 (Consolidated Financial Statements), the Company has prepared consolidated financial statements of the Company and all its subsidiaries, which form part of the Annual Report. These financial statements have been prepared from the audited financial statements received from the subsidiary companies, as approved by their respective Board. The Consolidated Financial statements for the financial year 2017-18 have been attached as part of the Annual Accounts.

A brief summary of the results on a consolidated basis is given below:

(Rs. in Crores)

Particulars	2017-18	2016-17
Revenue		
Revenue from operations	68,699.08	61,118.84
Other Income	4,026.17	3,804.16
Total revenue	**72,725.25**	**64,923.00**
Expenses		
Cost of Material Consumed	44,743.96	40,560.66
Employees remuneration and benefits	6,408.74	6,327.94
Finance Costs	7,665.39	6,837.02
Depreciation and amortization	6,750.86	6,085.00
Other Expenses	5,240.00	4,604.33
Total expenses	**70,808.95**	**64,414.95**

Share of Profit in associates and joint venture	7.15	8.02
Profit/(Loss) Before Tax	**1,923.45**	**516.07**
Provision for Tax - Current year tax, Previous year tax and deferred tax (net)	(338.21)	90.96
Profit/(Loss) after Tax	**2,261.66**	**429.91**
Items that will be reclassified to profit or loss	(70.58)	(229.78)
Comprehensive Income for the period	**2191.08**	**200.13**

Net Increase in Profit before Depreciation in the F.Y. 2017-2018 as compared to previous year is majorly on account of:

i) Increase in ‘Revenue from sale of power’ of MSEDCL to the tune of Rs. 7572.29 Cr as compared to previous year.

ii) Increase in ‘cost of material consumed – conventional power and non conventional sources’ of MSEDCL to the tune of Rs. 3165.36 Cr and 1696.92 Cr respectively as compared to previous year.

iii) Decrease in capitalization of ‘finance costs’ in MSPGCL to the tune of Rs. 899.36 Cr as compared to previous year.

15. ADEQUACY OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO THE FINANCIAL REPORTING:

Your Company has recently appointed a Consultant which has submitted its Report in relation to the subject, and the suggestions are being implemented.

16. SIGNIFICANT OR MATERIAL ORDERS PASSED BY THE REGULATORS OR COURT OR TRIBUNAL WHICH IMPACT THE GOING CONCERN STATUS AND COMPANY’S OPERATIONS IN FUTURE:

There are no significant material orders passed by the Regulators/Courts/Tribunals which would impact the going concern status of the Company and its future operations

17. MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY:

There have been no material changes and commitments affecting the financial position of the Company which have occurred between the end of the financial year of the Company to which the financial statements relate and the date of the Report.

18. PARTICULARS OF LOANS, GUARANTEES, SECURITIES OR INVESTMENTS:

The particulars of the loans given, investments made or guarantees given or security provided by the Company as required under section 186 of the Companies Act, 2013, to the extent applicable, are given in the notes to the Standalone Financial Statements.

19. RISK MANAGEMENT:

The management of your Company has framed the Risk management policy of the Company which elaborates the detailed description of type of risk and its mitigating plan.

20. VIGIL MECHANISM:

The Board at its meeting held on 11th February, 2016, approved the Vigil Mechanism that provides a formal mechanism to secure reporting of improper activities (whistle blowing) within the company and to protect employees wishing to raise a concern about improper activity/serious irregularities within the company.

21. OBLIGATION OF COMPANY UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013:

In order to prevent sexual harassment of women at work place a new Act, viz. The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 has been notified on 9th December, 2013.

Your Company has no woman employee on its payroll during the year and the employees have been provided on deputation by the subsidiary companies, which have established their own mechanism for redressal of complaints relating to sexual harassment of women at work place. The women employees working for the Company may submit their complaints to their respective employer companies.

22. RIGHT TO INFORMATION ACT, 2005

Your Company ensures compliance under the Right to Information Act, 2005. During the year 2017-18, 5 (Five) applications were received which were replied.

23. MEETINGS OF THE BOARD:

The Board of Directors duly met 5 (five) times during the financial year from 1st April, 2017 to 31st March, 2018. The dates on which the meetings were held are as follows:

Sr. No.	Number of the Meeting	Date of the Meeting
1.	79th Board Meeting	31.05.2017
2.	80th Board Meeting	06.09.2017
3.	81st Board Meeting	15.11.2017
4.	82nd Board Meeting	30.12.2017
5.	83rd Board Meeting	06.02.2018

The intervening gap between the meetings was within the period prescribed under the Companies Act, 2013.

The details of the various Directors attending the Board Meetings are as under:

Sr. No.	Name of the Director	Total number of meetings entitled to attend	Number of meetings attended
1.	Shri. Chandrashekhar Krishnarao Bawankule	5	4
2.	Shri. Madan Yerawar	5	2
3.	Shri. Arvind Singh	5	4
4.	Shri. Bipinkumar Punambhai Shrimali	5	4
5.	Shri. Sanjeev Kumar	5	4
6.	Shri. Rajeevkumar Prembhushan Mital	5	4
7.	Shri. Surendra N. Pandey	5	4
8.	Shri. Jaikumar Srinivasan	3	3
9.	Shri. Prakash Vithal Page	5	5
10.	Shri. Vishwas Vasant Pathak	5	5
11.	Shri. Rajendra Balbhadra Goenka	5	4

24. COMMITTEES OF THE BOARD:

In order to have a more focused attention on business and for better governance and accountability, the Board has constituted the various committees as under:

24.1 Audit Committee

24.1.1 The Audit Committee consisted of Shri. Prakash Page (Chairman), Shri. Vishwas Pathak and Shri. Rajeev Kumar Mital as Members.

24.1.2 The Audit Committee acts as a link between the Statutory, Secretarial and Internal Auditors and the Board of Directors of the Company. Its purpose is to assist the Board in fulfilling its oversight responsibilities of monitoring financial reporting, reviewing the financial statements and reviewing the audit activities.

24.1.3 The audit committee of the Board met 3 (three) times during the year, i.e. on 06.09.2017, 27.09.2017 and 14.11.2017. The details are as under:

Sr. No.	Name of the Director	Designation	Total number of meetings entitled to attend	Number of meetings attended
1.	Shri. P. V. Page	Chairman	3	3
2.	Shri. Vishwas Pathak	Member	3	3
3.	Shri. Rajeevkumar Mital	Member	3	2

24.2 Nomination & Remuneration Committee

24.2.1 The Nomination & Remuneration Committee of the Company consists of Shri. P. V. Page (Chairman), Shri. Vishwas Pathak and Smt. Neeta Kelkar as Members.

24.2.2 There was no meeting of the Nomination & Remuneration Committee during the year.

24.3 Corporate Social Responsibility (CSR) Committee

24.3.1 The Corporate Social Responsibility (CSR)Committee of the Company consisit of Shri. Vishwas Pathak and Smt. Neeta Kelkar as members and Shri P.V.Page as Chairman.

24.3.2 There was no meeting of the CSR Committee during the year.

25. STATUTORY AUDITORS:

M/s. Doogar & Associates, Chartered Accountants, Mumbai, (FRN: 000561N) were appointed by Comptroller & Auditor General of India as Statutory Auditors for the year 2017-18.

The Board of Directors of your Company has fixed Rs. 7,50,000 (Rupees Seven lacs and fifty thousand only) plus applicable taxes as the Statutory Audit fees.

26. STATUTORY AUDITORS REPORT:

The Satutory Auditors have qualifies their opinion in relation to various matters appearing in the Financial Statement for the year ended March 31, 2018.

The Boards responses to the qualification and other observation made by the Auditors in their Report on the Standalone and Consolidated Financial Statement for the year ended March 31, 2018 and in their Reports on these Finincial statements are appended to this Reports as Annexure “I” and Annexure “IA” respectively.

27. COMPTROLLER & AUDITOR GENERAL OF INDIA (C&AG) REVIEW:

The Comptroller & Auditor General of India (C&AG) reviewed the Standalone and Consolidated Financial Statements of the Company, as adopted by the Board and as audited by the Statutory Auditors.

There are **“NIL”** comments on both the Standalone and Consolidated Financial Statements of the Company for the year ended 31.03.2018.

The copy of the C&AG comments on Standalone and Consolidated Financial Statements are appended to this Report as **Annexure “II”** and **Annexure “III”** respectively.

28. INTERNAL AUDITORS:

M/s. Jain V. & Co., Chartered Accountants, Mumbai (FRN: 116306W) were appointed as Internal Auditors by the Board of Directors for the financial year 2017-18.

29. SECRETARIAL AUDITOR:

Pursuant to the provisions of Section 204 of the Companies Act, 2013 read with Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board of Directors of the Company had appointed M/s. A. Y. Sathe & Co., Practising Company Secretaries, Mumbai to undertake the Secretarial Audit of the Company for the year ended 31st March, 2018.

The Secretarial Audit Report submitted by Company Secretary in Practice is appended to this report as **Annexure “IV”**.

30. SECRETARIAL AUDIT REPORT:

The Secretarial Auditor has submitted report in form No. MR–3 and qualified their opinion/ observations in respect of the Secretarial Audit conducted for the financial year 2017-18. The Board’s responses to the observations of the Secretarial Auditor are appended to this Report as **Annexure “V”**.

31. SECRETARIAL STANDARDS:

The Company has complied with applicable provisions of the Secretarial Standards relating to Board and General meetings issued by the Institute of Company Secretaries of India and approved by the Government of India under section 118(10) of the Companies Act, 2013.

32. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING AND OUTGO:

The disclosures pertaining to conservation of energy, technology absorption, foreign exchange earnings and outgo as stipulated under section 134 of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 are furnished in **Annexure “VI”**.

33. PARTICULARS OF EMPLOYEES:

As per the provisions of section 197 of the Companies Act, 2013 and rules made thereunder, Government companies are exempted from inclusion in the Directors’ report a statement of the particulars of employees drawing remuneration in excess of limits specified under the Act and Rules notified thereunder.

34. EXTRACT OF THE ANNUAL RETURN:

The Extract of the annual return as provided under sub-section (3) of section 92 of the Companies Act, 2013 is annexed herewith as **Annexure “VII”**.

35. SUBSIDIARY COMPANIES:

The Company as on 31st March, 2018, has following subsidiaries:

1. Maharashtra State Electricity Distribution Co. Ltd. - engaged in distribution of electricity
2. Maharashtra State Power Generation Co. Ltd. - engaged in generation of electricity and
3. Maharashtra State Electricity Transmission Co. Ltd. - engaged in transmission of electricity

In accordance with sub-section (3) of section 129 of the Companies Act, 2013, a statement containing salient features of the financial statements of the subsidiary companies in Form AOC-1 is provided as **Annexure “VIII”** to this report.

No company ceased to be subsidiary of your Company during the year under review.

36. PERFORMANCE OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURE COMPANIES AND THEIR CONTRIBUTION TO THE OVERALL PERFORMANCE OF THE COMPANY:

As required by the rule 8(1) of the Companies (Accounts) Rules, 2014 (as amended) the information in respect of the performance of subsidiaries, associates and joint venture companies, to the extent applicable and their contribution to the overall performance of the Company is appended to this Report as **Annexure “IX”.**

37. CORPORATE SOCIAL RESPONSIBILITY (CSR):

The Company believes in Corporate Social Responsibility (CSR) as a commitment to its stakeholders to conduct business in an economically, socially and environmentally sustainable manner that is transparent and ethical. Stakeholders include persons directly impacted by the activities of the Company, local communities, environment and society at large. Your Company has developed a comprehensive CSR Policy to reinforce the commitment.

The Annual Report on CSR activities is annexed herewith marked as **Annexure “X”** to this report.

38. CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES:

In compliance of the provisions of the Companies Act, 2013, the particulars of contracts or arrangements entered into by the Company with its related parties are disclosed in Form AOC-2 appended to this Report as **Annexure “XI”**.

The transactions with other related parties are included in the Notes to the Accounts pursuant to Ind AS 24 “Related Party Disclosures”.

39. GENERAL:

i. No employee is holding any shares in the Company and hence, the disclosure required under Section 67(3)(c) of the Companies Act, 2013, read with Rule 16(4) of Companies (Share Capital and Debentures) Rules, 2014, in respect of voting rights not exercised directly by them is not given. Further, the Company, during the financial year, did not advance any money to any person for subscribing shares of the Company.

ii. There were no instances of issue of equity shares with differential rights to dividend, voting, or otherwise and issue of shares to employees under any scheme.

iii. There were no instances of frauds identified or reported by the Statutory Auditors during the course of their audit pursuant to Section 143(12) of the Companies Act, 2013.

40. ACKNOWLEDGEMENT:

The Directors wish to place on record their appreciation for the assistance and co-operation extended by various Central and State Government Departments/Agencies. The Board also wishes to place on record its appreciation for sincere and dedicated work of all employees.

On behalf of the Board of Directors

Sunil Pimpalkhute	**Arvind Singh**
Director (Finance) & CFO	Managing Director
DIN: 01915725	DIN: 02780573

Place: Mumbai
Date: 11/03/2019

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Hongkong Bank Bldg., 3rd and 4th Floor,
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ANNEXURE I

REPLIES TO THE AUDIT REPORT ON STANDALONE FINANCIAL STATEMENTS FOR THE PERIOD 01-04-2017 TO 31-03-2018

Sr. No.	AUDITOR'S COMMENTS	MANAGEMENT'S REPLY
1.	**Report on the Standalone Ind AS Financial Statements** We have audited the accompanying Standalone Ind AS Financial statements of MSEB HOLDING COMPANY LIMITED (the Company), which comprise the Balance Sheet as at 31 March, 2018, the Statement of Profit and Loss (including other comprehensive income), the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "Standalone Ind AS financial statements").	**Factual**
2.	**Management's Responsibility for the Standalone Financial Statements** The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified in the Companies (Indian Accounting Standards) Rules 2015 under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone Ind AS Financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.	**Factual**

3.	**Auditors' Responsibility** Our responsibility is to express an opinion on these Standalone Ind AS Financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there-under. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Standalone Ind AS Financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Standalone Ind AS Financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Standalone Ind AS Financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Standalone Ind AS Financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Standalone Ind AS Financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Standalone Ind AS Financial statements.	**Factual**
4.	**Basis of Qualified Opinion** We have not been able to obtain necessary information and explanations for the purpose of our audit in case of the followings:-	
	a) Determining the ownership of Tangible Fixed Assets transferred under provisional Transfer Scheme since finalised on 31st March'2016 vide GR No.Reform2010/ Pr.Ka.117/Urjaof Rs. 14,453,400,000/-(refer note no. 7.2);	Transfer of ownership of Land & Buildings from erstwhile MSEB in the name of MSEB Is in process. Letters have been issued to the concerned authorities for the transfer.

	b) The Share Application money amounting to Rs. 4,476,200,000 has been retained by the company in contravention of section 42 of the Companies Act,2013. (refer note no. 145);	The said contravention was on account of non issuance of Equity shares by the subsidiaries to MSEBHCL within the prescribed time limit. Directions have been issued to all the subsidiaries to issue shares within the prescribed time limit and consequently MSEBHCL shall issue share to GoM with prescribed time limit.
	c) The balances outstanding in the books of the company with its subsidiaries i.e. MSEDCL, MSETCL and MSPGCL are under reconciliation, discussions and deliberations. (refer note no 9.1 &18.1)and which may have impact on the financial position and certain disclosures in the financial statements. Consequential impact of Para a) to c) above on the loss, reserves and EPS are neither quantified / quantifiable nor disclosed	The inter Company balances outstanding are due to the difference to opinion between the holding and its subsidiaries. Certain assets/ liabilities reserves relating to subsidiary companies have been transferred to the subsidiaries, but yet to be accepted by them. Due to this certain difference in intercompany balances have emerged. The same will be resolved in the financial year 2018-19.

5.	**Qualified Opinion** In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the Basis for Qualified Opinion paragraph and para 7.5(d) below on the non compliance of certain Indian Accounting Standards (Ind AS), in our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the state of affairs (financial position) of the Company as at March 31, 2018, and its loss(financial performance including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.	Factual
6.	**Emphasis of Matter** We draw attention to the following matters in the Notes to the financial statements:	
	6.1 Refer note no. 9..2 where the company has shown advance tax of Rs.1,42,67,79,890 net of the provision of tax in the books of accounts amounting to Rs. 400,727,729 and there is no such liability as per income tax records as cases are in appeal. The amount of provision made in the books is as per Company's judgment only.	Income tax department has been disallowed several expenses from the FY 2005-06. The Income tax cases for all the years since FY 2005-06 are in appeals. In order to avoid the huge penalties management has decided to pay advance tax on Income from Rental and Interest Income although there is no liability as per the financial statement.
	6.2 Refer note no. 10.1 where the debts outstanding against rentals from property due from subsidiaries amounting to Rs.2,875,625,791/- 2,874,299,009/-(P.Y. Rs. 2,096,284,705/- 2,505,533,031/-) have been long outstanding.	Factual

	6.3 Refer note no. 24.3 where the company has made application to the Revenue Department of Government of Maharashtra for stamp duty exemption on issuance of shares to GOM. The Management is confident that the exemption will be granted.	Follow up is in process.
	6.4 Refer note no. 8.4 where the investment of the company in MSEDCL of Rs. 473,584,349,040 has been getting depreciated due to continuous losses incurred by MSEDCL. The depreciation in value of shares has not been provided for in the books. Till last year the entire losses of MSEDCL amounting to Rs. 2,953,084 lacs are not being reflected in the value of shares. The figures for 31.03.2018 have not been finalized.	Factual
7.	**Report on Other Legal and Regulatory Requirements**	
	7.1 As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure "A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.	Factual
	7.2 We are enclosing our report in terms of Section 143 (5) of the Act, on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, in the Annexure "B" on the directions issued by The Comptroller and Auditor General of India.	Factual
	7.3 As required by section 143(3) of the Act, we report that:	
	a. We have sought and obtained all the information and explanations except as referred in paragraph(4) above which to the best of our knowledge and belief were necessary for the purposes of our audit;	Factual
	b. In our opinion, except for the effect of the matters described in the Basis for Qualified Opinion paragraph (4) above proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;	Factual
	c. The Balance Sheet, the Statement of Profit and Loss, the Statement of Cash Flows and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;	Factual
	d. Subject to our observations in para 4 above, in our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards(Ind AS) prescribed under Section 133 of the Act read with relevant rules issued there under;	Factual

	e. The provisions of Section 164(2) of the Companies Act, 2013, are not applicable to the Company, pursuant to the Notification No. GSR 463 (E) dated 5th June, 2015 issued by the Government of India;	Factual
	f. With respect to the adequacy of the Internal Financial Controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in Annexure “B” “C”.	Factual
	g. With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:	Factual
	a. The Company has disclosed the impact of pending litigations on its financial position in Note 24 to its Standalone Ind AS Financial statements.	Factual
	b. The Company does not have any long term contracts including derivative contracts and also as per the Board’s estimates, there are no material foreseeable losses, requiring provision under the applicable law or accounting standards;	Factual
	c. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company	Factual

Annexure “A” to Independent Auditors’ Report

Referred to in Paragraph 7.1under the heading of “Report on Other Legal and Regulatory Requirements of our report of even date

i.	**In respect of its fixed assets:**	
	(a) The Company has maintained fixed assets register in respect of assets allocated under Scheme of Transfer and additions made thereto after the incorporation of the Company pursuant to above scheme for the details of quantity and location of the asset. (refer note no.7.5).	Factual
	(b) As explained to us fixed assets have not been physically verified by the company during the year. Physical verification of Fixed Assets was carried by the management during the year 2010-11. The discrepancies after 2010-11, if any, with the book records whether material or otherwise could not be ascertained. (refer note no.7.5).	Factual

	(c) In our opinion and according to the information and explanations given to us, title deeds of immovable properties are not held in the name of the company since all the assets were transferred consequent upon the decision of the Government of Maharashtra (GoM) for reorganization of MSEB, pursuant to Chapter XIII of Electricity Act 2003 and further increased under the provisional Transfer Scheme, since finalised on 31st March, 2016 vide GR No.Reform2010/Pr.Ka.117/Urja. Detail of such cases where the title deeds are not in name of company is as below:-	Follow up to transfer the assets in the name of Company is in process.

Amount in Rs.

Description of Asset	**No. of cases**	**Area in acres**	**Gross Block as on 31/03/2018 (Rs.)**	**Net Block as on 31/03/2018 (Rs.)**	**Remarks**
Land-Leasehold	2	7.10	2,045,934,468	1,679,329,944	The Company is taking appropriate steps for completion of legal formalities for transfer of title.
Land-Freehold	4	1.89	708,880,000	708,880,000	
Building and structures	13	NA	11,805,299,904	834,89,52,718	

ii.	According to the information and explanations given to us, during the year, Company is involved in renting activity only and therefore no inventory is carried by the company. Accordingly clause 3 (ii) of the Order is not applicable to the company.	Factual
iii.	According to the information and explanations given to us, the Company has not granted loans, secured or unsecured to companies, firms or other parties covered in the Register maintained under Section 189of the Companies Act, 2013. Accordingly clause 3 (iii) (a) & (b) of the Order are not applicable to the company.	Factual
iv.	During the year the Company has given guarantee in respect of loans raised by its subsidiary company MSEDCL however no loans were granted which are covered under Section 185 and 186 of the Companies Act, 2013. In respect of investment in the Subsidiary and guarantee given on behalf of subsidiary company, the Company has complied with the provisions of Section 185 and 186 of the Companies Act, 2013.	Factual

v.	In our opinion, and according to the information and explanations given to us, the Company has not accepted any public deposits and hence directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed there under are not applicable. As per the information and explanations given to us, no order has been passed by Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal in this respect.	Factual
vi.	As the Company is not engaged in production, processing, manufacturing and/ or similar activities, the rules prescribed by Central Government for maintenance for cost records under sub section (1) of Section 148 of the Companies Act, 2013 are not applicable to the company. Hence, provisions of Clause 3 (vi) of the Order are not applicable.	Factual
vii.	(a) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Employee State Insurance, Income-tax, Sales-tax, Service tax, duty of Customs, duty of Excise, value added tax, cess and other statutory dues, as applicable, with the appropriate authorities.	Factual
	(b) According to the records of the Company and the information and explanations given to us, disputed dues payable by the Company as on 31st March 2018on account of Income-tax, Sales-tax, Service-tax, duty of custom, duty of excise or value added tax are as under:	Factual

Sr. No.	Nature of Statute	Nature of Dues	Amount in (Rs.)	Period to which the amount relates	Forum where dispute is pending
1	Income Tax Act, 1961	Penalty	141,65,57,002	AY 2006-07	Commissioner of Income Tax (Appeals)
2	Income Tax Act, 1961	Penalty	847,652,847	AY 2007-08	Commissioner of Income Tax (Appeals)
3	Income Tax Act, 1961	Penalty	1,271,079,159	AY 2008-09	Commissioner of Income Tax (Appeals)
4	Income Tax Act, 1961	Penalty	1,034,815,207	AY 2009-10	Commissioner of Income Tax (Appeals)
5	Income Tax Act, 1961	Penalty	980,338,089	AY 2010-11	Commissioner of Income Tax (Appeals)
6	Income Tax Act, 1961	Tax & Interest	92,310,540	AY 2010-11	Commissioner of Income Tax (Appeals)
7	Income Tax Act, 1961	Tax & Interest	82,490,910	AY 2011-12	Income Tax Appellate Tribunals
8	Income Tax Act, 1961	Tax & Interest	158,289,441	AY 2012-13	Commissioner of Income Tax (Appeals)
9	Income Tax Act, 1961	Tax & Interest	115,898,560	AY 2013-14	Commissioner of Income Tax (Appeals)

viii.	The Company has not taken any loans from financial institutions or banks and has not issued debentures. However, in respect of Bonds issued by erstwhile MSEB, no confirmation for determination of the Liability recorded in the books of the Company under provisional Transfer Scheme, since finalised on 31st March, 2016 vide GR No.Reform2010/Pr.Ka.117/Urja, is received from the Company and hence we are unable to comment in respect of default, if any.	Factual
ix.	In our opinion and according to the information and explanations given to us, the Company has not raised any money by way of initial public offer or further public offer and no term loans were raised by the company. Accordingly clause 3 (ix) of the Order is not applicable and hence not commented upon.	Factual
x.	During the course of our examination of the books of accounts carried out in accordance with the generally accepted auditing standards in India and according to the information and explanations given to us, we have not come across any instance of fraud, either noticed or reported during the year, on or by the Company.	Factual

xi.	As per notification no. GSR 463(E) dated 5th June 2015 issued by the Ministry of Corporate Affairs, Government of India, section 197 is not applicable to the Government Companies. Accordingly, provisions of clause 3 (xi) of the Order are not applicable to the Company and hence not commented upon.	Factual
xii.	In our opinion, the company is not a Nidhi Company. Therefore, the provisions of clause 3 (xii) of the Order, for Nidhi Company, are not applicable to the Company and hence not commented upon.	Factual
xiii.	Based on our audit procedures performed and according to the information and explanations given to us , the Company has complied with the provisions of Section 177 and 188 of the Companies Act, 2013 w.r.t. transactions with the related parties, wherever applicable. Details of the transactions with the related parties have been disclosed in the financial statements as required by the applicable Indian accounting standards (Ind AS).	Factual
xiv.	According to the information and explanations given to us and on the basis of our overall examination of the Balance Sheet, the Company has made preferential allotment or private placement of shares during the year under review. Company has not made preferential allotment or private placement of fully or partly convertible debentures during the year under review. The company has complied with the requirements of Section 42 of the Act and the amount raised has been used for the purpose for which funds were raised.	Factual
xv.	Based on our audit procedures performed and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with the directors or persons connected with them as covered under Section 192 of the Companies Act, 2013.	Factual
xvi.	According to information and explanation given to us, the Company is not required to be registered u/s 45-IA of Reserve Bank of India Act, 1934. Accordingly, provision of clause 3(xvi) of the Order is not applicable to the Company.	Factual

"Annexure B" to the Independent Auditor's Report

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

We have audited the internal financial controls over financial reporting of MSEB Holding Company Ltd. ("the Company") as of March 31, 2018 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.	Factual

Management's Responsibility for Internal Financial Controls The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.	Factual
Auditor's Responsibility Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.	The Company has adopted adequate Internal Financial Control and internal auditor has tested the same and reported in their Internal Audit report for the year 2017-18.

Meaning of Internal Financial Controls Over Financial Reporting A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that 1. pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; 2. provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and 3. provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.	
Inherent Limitations of Internal Financial Controls Over Financial Reporting Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. **Opinion** In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March, 2018 based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial reporting issued by the Institute of Chartered Accountants of India.	Factual Factual

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

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

<table>
<tr><td>
In the Case of Holding Company (MSEBHCL)
i. Directions under sub-section (5) of section 143 of the Act
AUDITOR'S COMMENTS
<table>
<tr><th>Sr. No.</th><th>Directions</th><th>Replies</th></tr>
<tr><td>1</td><td>Whether there are any cases of waiver/write off of debts/loans/ interest etc., if yes, the reasons there for and the amount involved.</td><td>In our opinion and according to the information and explanations given to us, there are no cases of waiver/write off of debts/loans/ interest etc.</td></tr>
<tr><td>2</td><td>Whether proper records are maintained for inventories lying with third parties & assets received as gift/grant(s) from Government or other authorities.</td><td>According to information and explanations given to us, there are no Inventories lying with third parties and also there are no assets received as gift/grant from Government or other authorities.</td></tr>
<tr><td>3</td><td>A report on age-wise analysis of pending legal/arbitration cases, including the reason for the pendency and existence/ effectiveness of a monitoring mechanism for expenditure on all legal case. (foreign and local) may be given</td><td>As per Annexure-I</td></tr>
<tr><td>4</td><td>A report if the company has been selected for disinvestment, complete status report in terms of valuation assets (including intangible assets and land) and liabilities (including Committed & General Reserves) may be examined, including the mode and present stage of disinvestment process.</td><td>According to information and explanations given to us, Company has not been selected for disinvestment.</td></tr>
</table>
</td><td>Factual</td></tr>
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Annexure –I

Sr. No.	Year	Building Name	Court Case No.	Name of Court	Reason	Status of Case
1	2001	Hongkong Bank Building 3rd Floor & part of 4th floor	Appeal 213/18 TER 346/ 366/2001 SCC- 05	Small Cause Court, Mumbai	Vacation of the 3rd and 4th Floor	Stage hearing (on dt. 17.09.2018) brief No. 2155-0
2	2004	Estrella Batteries Expansion building Dharavi 2nd Floor	Suit no. 1663/2004	Bombay High Court, Mumbai	Suit filed for specific part performance against M/s EBL in the matter of purchase of Estrella Batteries Expansion Building	Matter is not on Board yet
3	2009	Estrella Batteries Expansion building Dharavi	RAE 533/801/09	Small case court, Mumbai	For Vacation of 2nd floor of Estrella Batteries Expansion building occupied by Central Excise department for bonafide use of MSEBHCL and its 3 Nos. subsidiary company	Stage- Evidence of P.W. 1 (on dt. 24.09.2018 Brief no. 3371
4	2015	National Park Colony	Suit no. 779/2015	Bombay High Court, Mumbai	Disputes of demarcation Boundry of MSEB premises at Borivali National Park	Not on Board

Factual

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<td>
ii. Sector specific Sub-Directions

AUDITOR'S COMMENTS

<table>
<tr><th>Sr. No.</th><th>Directions</th><th>Replies</th></tr>
<tr><td>1</td><td>Whether the company has an effective system of recovery of Revenue as per contractual terms and the revenue is properly accounted for in the books of accounts in compliance with applicable Accounting Standards?</td><td>This clause is not applicable on the company.</td></tr>
<tr><td>2</td><td>Where lands Acquisition is involved in setting up new projects, report whether settlement of dues done expeditiously and in a transparent manner in all case? The cases of deviation may be please be detailed.</td><td>This clause is not applicable on the company.</td></tr>
<tr><td>3</td><td>Whether profit/loss mentioned in Audit Report is per Profit & Loss statements of the Company?</td><td>Yes, the Loss mentioned in Audit Report is as per Statement of Profit & Loss of the Company.</td></tr>
</table>
</td>
<td>Factual</td>
</tr>
</table>

On behalf of the Board of Directors

Sunil Pimpalkhute	**Arvind Singh**
Director (Finance)	Managing Director
DIN: 01915725	DIN: 02780573

Place: Mumabi
Date: 11/03/2019

Annexure 1A

REPLIES TO THE AUDIT REPORT ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 01-04-2017 TO 31-03-2018

Sr. No.	AUDITOR'S COMMENTS	REPLY
1	**To The Members of MSEB Holding Company Limited** **Report on the Consolidated Indian Accounting Standards (Ind AS) Financial Statements** We have audited the accompanying consolidated Ind AS financial statements of MSEB HOLDING COMPANY LIMITED (hereinafter referred to as "the Holding Company") and its subsidiaries incorporated in India (the Holding Company and its subsidiaries together referred as "the Group"), its associates and jointly controlled entities, which comprise the Consolidated Balance Sheet as at 31 March 2018, the Consolidated Statement of Profit and Loss (including other comprehensive income), the Consolidated Statement of Cash Flows and the Consolidated Statement of Changes in Equity for the year then ended and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "Consolidated Ind AS financial statements").	Factual

2	**Management's Responsibility for the Consolidated Financial Statements** The Holding Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these consolidated Ind AS financial statements that give a true and fair view of the Consolidated financial position, Consolidated financial performance including other comprehensive income, Consolidated cash flows and Consolidated changes in equity of the group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified in the Companies (Indian Accounting Standards) Rules 2015 under Section 133 of the Act. The respective Board of Directors of the companies included in the group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Holding Company, as aforesaid.	Factual

3	**Auditors Responsibility** Our responsibility is to express an opinion on these consolidated Ind AS financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under. We conducted our audit of the consolidated Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards and pronouncements require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated Ind AS financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated Ind AS financial statements	Factual

	We believe that the audit evidence obtained by us and the audit evidence obtained by other auditors, in terms of their report referred to in the paragraph on "Other Matters" stated below, is sufficient and appropriate to provide a basis for our audit opinion on consolidated Ind AS financial statements. Our reporting includes Holding Company and 3 subsidiaries, Maharashtra State Electricity Board Holding Company limited (MSEBHCL)(Holding Company), Maharashtra State Electricity Transmission Company limited (MSETCL), Maharashtra State Electricity Distribution Company limited (MSEDCL), Maharashtra State Power Generation Company limited (MSPGCL).	
4.	**Basis of Qualified Opinion** **In case of Holding Company (MSEBHCL):** We have not been able to obtain necessary information and explanations for the purposes of our audit in case of the followings: - a) Determining the ownership of Tangible Fixed Assets transferred under provisional Transfer Scheme since finalized on 31st March'2016 vide GR No.Reform2010/Pr.Ka.117/Urja of Rs. 14,45.34 Crores (refer note no. 2.2);	Transfer of ownership of Land & Buildings from erstwhile MSEB in the name of MSEB Is in process. Letters have been issued to the concerned authorities for the transfer.
	b) The Share Application money amounting to Rs. 4,47.62 Crores has been retained by the company in contravention of section 42 of the Companies Act,2013.(refer note no. 20);	The said contravention was on account of non issuance of Equity shares by the subsidiaries to MSEBHCL within the prescribed time limit. Directions have been issued to all the subsidiaries to issue shares within the prescribed time limit and consequently MSEBHCL shall issue share to GoM with prescribed time limit.
	c) The balances outstanding in the books of the company with its subsidiaries i.e. MSEDCL, MSETCL and MSPGCL are under reconciliation, discussions and deliberations. (Refer note no 29.1) and which may have impact on the financial position and certain disclosures in the financial statements. Also refer note no 49 describing the elimination of related party transaction to the extent of lower of balances in the respective financial statements.	The inter Company balances outstanding are due to the difference to opinion between the holding and its subsidiaries. Certain assets/ liabilities reserves relating to subsidiary companies have been transferred to the subsidiaries, but yet to be accepted by them. Due to this certain difference in intercompany balances have emerged. The same will be resolved in the financial year 2018-19.

	Consequential impact of Para a) to c) above on the loss, reserves and EPS are neither quantified / quantifiable nor disclosed.	
1.	**In case of MSETCL** The following items in relation to the Company form the basis for our modified opinion: a) Attention is invited to note no. 46(13) of Consolidated Ind AS Financial Statements giving details about accumulated Delayed Payment Charges ('DPC') as at March 31, 2018 and recognition of income there from of Rs. 85,499 Lakhs (with reference to 3 distribution licensees) in the Previous Year under the head 'Other Income'. The Company had then taken reference of the order No. 31 of 2016 of Maharashtra Electricity Regulatory Commission ('MERC'), wherein MERC had reduced the ARR of the Company for F.Y. 2015-16 by the said amount of DPC Rs. 85,499 Lakhs, classifying it as 'Non-Tariff Income'. Data/ details pertaining to the certainty over the reliability of such income are not available with the Company. The accounting of such DPC as 'Other Income' is in contravention to the applicable Accounting Standard as also Company's Accounting Policy, which in note No.1(f)(9) states that "Other Income is recognized on accrual basis except when ultimate realization of such income is uncertain". Had the Company not recognized such income of Rs. 85,499 Lakhs in the earlier year, its balance of the retained earnings in the Profit & Loss Account and balance of Trade Receivable Account would have been lesser by the said amount.	The fact has been disclosed in the Financial Statements. STU raises the Monthly Tariff charges Bill to Distribution Licensees including the amount of DPC.
	b) Attention is invited to note no. 46(16) of Consolidated Ind AS Financial Statements pertaining to shortfall of investing in the securities stated under section 20 of Indian Trusts Act, 1882 as per the MERC regulation to cover Forex losses in the foreign exchange transactions.	MSETCL could not make the necessary investment to cover forex loss as per Regulation due to scarcity of Funds during FY 2017-18. However, the necessary investment has been made in FY 2018-19.

	c.	According to the MERC regulations, Contingency Reserve Fund ('CRF') and Special Reserve Fund ('SRF') are to be created and held by the Company supported by equivalent investments in the securities stated under section 20 of Indian Trusts Act, 1882. As at March 31, 2017 against the total of CRF and SRF of Rs. 42,375.00 Lakhs, the earmarked investments are observed to be short by Rs.15,207 Lakhs.	MSETCL could not make the necessary investment in CRF and SRF as per Regulation due to scarcity of Funds during FY 2017-18. However, the necessary investment has been made in FY 2018-19.
	d.	In terms of the provisions of Ind AS 101, "First Time Adoption of Indian Accounting Standards", the Company had availed option of Cost model of accounting for its Property, Plants and Equipments ('PPE'). Accordingly, the carrying values of PPE on the transition date were taken as deemed cost and depreciation is calculated thereon manually on spreadsheets considering the balance useful lives of items of PPE but without considering the residual value limits laid down by MERC regulations. As a result, several instances of excess charging of depreciation on assets was observed. Further, in several instances, deprecation is manually worked out and provided at the Head office for assets located in Zone or Region for the reason of mis-matches in dates of capitalization, critical spare items capitalization etc. In absence of complete data/ details of such instances out of numerous line items of PPE, the combined impact of such erroneous depreciation has not been ascertained.	The Company has appropriately done adjustment of deemed cost for PPE as on 01.04.2015. The consideration of net block as deemed cost is done as per guidance note on Ind AS Sch II by ICAI read with Ind AS 101 and appropriate disclosures have been made in the financial statements. The calculation of depreciation as per net block or as per present practice is done. Depreciation amount as per both the methods comes to the same figure. It is only for disclosure purpose in the financial statements. Company cannot change its present fixed assets register and fixed assets schedule in the system. In respect to depreciation for assets whose date of commissioning is prior to April 2017, the same needs to be manually calculated and entered in SAP/ERP System. This is due to late receipt of Work Completion Report (WCR). However, procedure are being deviced for the generation of WCR through SAP / ERP itself, which would elimate the manual depreciation entry in future.

	e.	Based on the scrutiny of available details of free hold land, it was noticed that in past several items of leased land have been clubbed under this head; as a result, the amortization of such leasehold land is not carried out. In absence of complete data/ details of such instances, the impact thereof on Consolidated Ind AS Financial Statements has not been ascertained.	The numbers of agreements to be reviewed are numerous. Also, amount paid for lease deed ate from MSEB period. Hence, it is not material. The objective of Ind AS 101 read with framework for Ind AS specifies that cost of obtaining information should not exceed the benefits. The amount of leasehold land classified as freehold lands is not expected to be material and significant may not come on statement of profit and loss of the company and also considering cost benefit analysis.
	f.	The policy about inventory valuation of the Company (Note No 1(f)(6) states that inventories are valued at lower of cost or net realizable value ('NRV'). However, as observed in the course of audit, the Company does not have any data or details about the NRV. As such, the inventories are valued at cost. The impact of such practice on Consolidated Ind AS Financial Statements has not been ascertained.	The Core business of MSETCL is construction and maintenance of substation and lines. The inventory procured is of specific nature and is not for sale in the market. Moreover, the uniqueness of the business process of MSETCL makes the derival of NRV difficult. However, MSETCL would initiate a drive to capture data which would help to derive the NRV during the valuation process.
	g.	In course of inquiries made in terms of provisions of Section 143(1)(b) of the Act, the transactions totalling to Rs. 853.74 lakhs pertaining to obtaining of security deposits from the vendor/ contractors in the form of fixed deposits with Banks in the joint name of concerned vendor/ contractors and the company were noticed to be represented by mere book entries; prima facie, such transactions of recording the receipt of deposits as liabilities and fixed deposits with banks as assets did not appear to be prejudicial to the interest of the Company except for inaccurate recording of interest on such Bank fixed deposits and tax deducted by banks thereon.	MSETCL has put up a Circular wherein the policy of acquiring security deposit from Vendors in the form of Fixed Deposit Receipt (FDR) would be revised. MSETCL has decided to change its contract terms and conditions wherein the FDR would be taken in the name of the Vendor pledged in the name of MSETCL. This would remove the issue of TDS on the interest component of FDR.

	h.	No inventory or data/ details/ description/ ageing could be furnished for verification for the "Assets not in use – held for sale" amounting to Rs. 3,503.25 Lakhs; moreover, such assets are held at their carrying value instead of at lower of carrying value or net realizable value. The impact, if any, thereof on Consolidated Ind AS Financial Statements has not been ascertained.	MSETCL has decided to take a drive wherein the physical verification of assets is to be carried out to update the Fixed Asset Register. This activity would also cover the verification/ reconciliation of Asset Not in use component. Necessary accounting entry would be passed after completion of the assignment.
	i.	The deposits from Vendors/ contractors/ customers held by the Company as on March 31, 2018 amounted to Rs.22,412 Lakhs are not amortized as required under the mandatory provisions of Ind AS 109 "Financial Instruments". The impact, if any, thereof on Consolidated Ind AS Financial Statements has not been ascertained.	As per the general terms of business. The company collects deposits money from the vendor as security deposit and returns the same only after a certain period of time. The same is retained to ensure performance of the work done under turnkey project, etc. the option is given to the contractor to either deposit money or provide bank guarantee. On the basis of guidance in Ind AS 115, the deposits is obtained to ensure performance of obligation and not financing, hence no discounting considered. In case of security deposits where the option of the Bank guarantee is presented with the vendor, the fair valuation of security deposits may not be required as there is no financing component involved in the transaction. In case of deposits received which are repayable on demand, no fair valuation is required since there is no time factor which can be considered in arriving the fair value and hence transaction value represent the fair value. You may refer age analysis of deposits which are outstanding since long period of time and are repayable on demand. Since the deposits money is taken only to ensure performance of the work done by the contractor. It cannot be considered as deferred payment and corresponding fair valuation of the deposits may not be required. The same is discussed in joint management meeting for Ind AS implementation and all group companies have done similar treatment.

	j.	The government Grants received by the Company of Rs. 23,850 Lakhs in Financial Year 2006-07 towards capital assets for specific projects out of which Rs. 17,847.58 Lakhs as at March 31, 2018 are deferred for recognition as revenue. The details of these grants tagged with specific assets there against and conditions to be satisfied for the same are not made available for verification. Hence, correctness thereof pertaining to accounting in terms of provisions of Ind AS 20, cannot be commented upon.	The Government Grant is received for the construction of Sub-Stations and Lines in the Rural Areas as per the GoM Policy. The assets wise list was submitted to the GoM for grant requirement. The grant for these assets is given by GoM on lumpsum basis and not asset wise. MSETCL bifurcated the grant based on the cost of the assets.
	k.	The Company does not collate, maintain and present the details of dues to its vendors who are registered under Micro, Small and Medium Enterprises Development Act, 2006.	The fact has been disclosed in the Financial Statements at Note No. 46(8)
	l.	Satisfactory explanation could not be furnished in course of our audit for substantial reduction to the tune of Rs. 6,109 Lakhs compared to the previous year in the actuarially valued provision made towards Leave encashment despite the fact that number of employees and the rules for leave carry forward and encashment remained substantially same during the year under audit as compared to the previous year.	The provision of leave encashment is done based on the valuation report provided by the Actuary. As per the report the actuarial liability for leave encashment has reduced owing to the retirement of employees which higher pay scales and joining of employees at minimum pay scales.
	m.	Prior period items of Income and expenses have been disclosed by the Company in note No.46(15) but the amount of the concerned prior period have not been restated/ recast as required under Ind AS 8.	The fact has been disclosed in the Financial Statement at Note No. 45
	n.	The Amount remaining and recognized in the following GL heads/ codes are subject to confirmation and/or reconciliation. The necessary data/ details pertaining to following were not made available for verification during the course of audit:	Balance Confirmation from Sundry Debtors and Creditors is under process.

GL	Name of Account heads	2017-18 Rs. In Lakhs Asset/ Exp. (Liability/ income)	
260010	STU Sundry debtors for Trans. Charges	1,47,615.98	To be reconciled by STU based on its current status
260040	Sundry Debtors – Others	78,103.89	To be reconciled with field units based on its current status
260060	Sundry Debtors - Inter Unit Account	2,126.90	Balance pertains to only MSPGCL and MSEBHCL Major balance of MSEDCL has been cleared from Trade receivables.

131010	Sundry Creditors Payable Domestic (other than SME)	(18,389.69)	OSL Provisions for Trade Payables.
132010	Sundry Creditors FI Vendor	(6.80)	Only 23 vendors needs to be reconciled
133010	Sundry Creditors - Inter Company	(3,135.19)	Balance pertains to only MSPGCL and MSEBCHL major balance of MSEDCL has been cleared from Trade Receivables.
134010	Sundry Creditors Employees	(14.93)	To be reconciled with field units based on its current status
131030	Sundry Crs - Unpaid Market Bond (Principal & Int)	(4.80)	Only little balance is left for payment as per the Terms and conditions of Bond. Would be cleared in FY 2018-19.
256010	Obsolete materials stock (including scrap)	266.00	To be reconciled with field units based on its current status
255020	Loss due to Material pending investigation	200.11	To be reconciled with field units based on its current status
230040	AUC Cost of Land Devp. on Lease hold Land -Volt. F100KV	175.35	To be reconciled with field units based on its current status
230050	AUC Cost of Land Dev .on Lease hold Land -Volt.G132KV	274.64	To be reconciled with field units based on its current status
230060	AUC Cost of Land Dev. on Lease hold Land -Volt. H220KV	1,907.09	To be reconciled with field units based on its current status
230070	AUC Cost of Land Dev. on Lease hold Land - Volt.J400KV	49.17	To be reconciled with field units based on its current status
230090	AUC Cost of Land Dev. On Lease hold Land - Volt.L765KV	1.60	To be reconciled with field units based on its current status
232010	AUC OTHER BLDGS-OFFICE, QRTS, TRAINING CENTRE	1,650.45	To be reconciled with field units based on its current status
237010	AUC Others	18,050.45	To be reconciled with field units based on its current status
237020	AUC LE	86.89	To be reconciled with field units based on its current status
237030	AUC ORC	1,826.59	To be reconciled with field units based on its current status
290010	Advances to Contractors /Suppliers - O&M	1,375.42	To be reconciled with field units based on its current status
290020	Capital Advance for Projects	800.07	To be reconciled with field units based on its current status
293050	Miscellaneous Loans & Advances	207.27	To be reconciled with field units based on its current status

296050	Exp recov from Suppliers	58.24	To be reconciled with field units based on its current status
296060	Exp. recov from Contractors	182.76	To be reconciled with field units based on its current status
150010	Provision for Capital Works	(12,668.71)	To be reconciled with field units based on its current status
123040	Security deposits of jobs/ works	(18,091.96)	To be reconciled with the GL 123100 and adjusted accordingly
297020	Other Deposits	6,987.55	To be reconciled with field units based on its current status
123100	Other Deposits from Consumers - O. R. C. Deposits	(57,758.45)	ORC Deposit to be Adjusted against competed Assets.
222010	Assets Not in Use	14,039.54	To be reconciled with field units based on its current status
219701	ACC Dep not in use	(10,535.90)	To be reconciled with field units based on its current status
123060	Retention money of Vendor	(66,678.98)	To be reconciled with field units based on its current status
123110	Retention GL for liquidity charges from vendor	(9,637.69)	To be reconciled with field units based on its current status
130020	EMD Dummy entry	(442.11)	To be reconciled with field units based on its current status
100050	Grants towards cost of Capital Assets	(17,847.58)	The Government Grant is received for the construction of Sub-Stations and Lines in the Rural Areas as peer the GoM policy. The asset wise list was submitted to the GoM for grant requirement. The grant for there assets is given by GoM on limp sum basis and not asset wise. MSETCL bifurcated the grant based on the cost of the assets.
130010	GR / IR CLEARING Account	(4,393.24)	To be reconciled with field units based on its current status
123030	Security Deposits	(4,322.64)	To be reconciled with field units based on its current status
123050	Earnest Money	(1,889.05)	To be reconciled with field units based on its current status
123070	Misc. Deposits – Vend	(1,598.78)	To be reconciled with field units based on its current status
255010	Material pending investigation	1.11	To be reconciled with field units based on its current status
150040	Provision for Expenses – Employees	(3,943.42)	To be reconciled with field units based on its current status.

121020	Private Bonds Interest accrued but not Due	(1,488.25)	Pertains to MSEBHCL. This entry is appearing from 2005. Matter discussed with MSEBHCL. They writeoff all the unclaimed liabilities during the finalisation of Transfer Scheme. They have instruct to write off the same by MSETCL. However, discussion would be taken from them through proper correspondence.
150030	Provision for Expenses - Others	(1,715.27)	To be reconciled with field units based on its current status
292120	Advance against Gratuity to Staff	(28.02)	Advance to be adjusted against final payment made to retired employees.
140060	Misc. Deposits from Employee	41.16)	To be reconciled with field units based on its current status
380040	Other Miscellaneous Receipts (GST taxable)	(1,802.43)	Factual
380041	Other Miscellaneous Receipts (Non-GST)	(1,024.17)	Factual
150020	Provision for O&M works	(57.56)	To be reconciled with field units based on its current status

The effect of the adjustment arising from reconcilation and settlement of old outstanding balance remaining in the above accounts and possible gain/loss that may arise on account of non-recovery or partial recovery or write-back thereof has not been aseortained further, in absence of necessary data / details, the bifercation of items of assets/liabilities under “Current or “Non Current” head could not be accurately verified.

In case of MSEDCL

We draw attention to the matters described as below, the effects/possible effects on the Ind AS financial statements of misstatements, individually or in aggregate, that are undetected in some cases due to our inability to obtain sufficient appropriate audit evidence as mentioned below, which are material but not pervasive.

Sr. No.	AUDITOR’S COMMENTS	REPLY
1	**Property, Plant & Equipment (PPE):** a) As mentioned in Note No. 44 (5) to the Consolidated Ind AS Financial Statements, due to non-availability of proper and complete records relating to date of capitalisation of PPE and Work Completion Reports, we have come across instances of non-capitalisation and/or delayed capitalisation, with corresponding impact on depreciation. In the absence of proper audit trail, we are unable to quantify the impact arising on account of non-capitalisation, resultant depreciation and consequential impact, if any, on the Consolidated Ind AS Financial Statements for the year under audit.	The instructions are issued to field offices for timely capitalization and the capitalization pendency is monitored at Head office level through various SAP Reports. Also if assets put to use date are earlier than Asset Commissioned date then depreciation on this differential period is provided for manually.

	b) During the year, the Holding Company has capitalised borrowing costs amounting to Rs. 1,330.23 lakhs (F.Y. 2016-17 Rs. 2,515.39 lakhs) as part of cost of fixed assets. Capitalisation of borrowing costs has been done without identifying qualifying assets, without considering the principles of allocating interest on general and specific borrowings, without considering interrupted projects and opening balance of Capital Work in Progress (CWIP). Further, as stated in Note no. 1(f)(1), the Holding Company has capitalised Rs. 30,688.02 lakhs (F.Y.2016-17 Rs. 41,131.69 lakhs) being 15% of cost of additions to CWIP towards employee costs and office & administrative expenses. However, the Holding Company does not have a practice of specifically identifying such expenses attributable to additions to CWIP or to the acquisition of fixed assets. Such capitalisation is not in accordance with requirements of Ind AS 23- 'Borrowing Costs' read with Ind AS 16 - Property, Plant & Equipment. In the absence of sufficient and appropriate audit evidence, we are not in a position to comment on the correctness of the same. Further, borrowing costs on similar lines has also been capitalised in earlier years. As a result, the fixed assets are overstated by the amount capitalised and depreciation has also been overcharged. The impact of the same, however, cannot be ascertained and quantified.	The accounting policy in this regard is disclosed at point no.9 (b) in Note -2 on "Significant Accounting Policies" as under "Interest relating to construction period in respect of acquisition of the qualifying assets is capitalized on the addition to Work in Progress during the year based on the average interest rate applicable to the loan." The Company has been following this policy of interest capitalization consistently. The borrowing cost (the interest on loans used for capital work) is capitalized by identifying the qualifying assets. The borrowing cost is capitalized , if i) The scheme / work is of capital nature ii) The loans for such schemes/ works have been sanctioned / obtained. iii) The work completion period of such schemes/works as per work order should be 12 months or more.

		MSEDCL is not having separate wings for handling capitalization and O&M activities. Departments / Staff carry out both the activities at field level & Head Office. The company has carried out detailed exercise of identifying Employee, Administrative and general expenses directly attributable to the bring the asset in the location & in the condition necessary for it to be capable of operating in the manner intended by the management, based on the data of the last 2 years. After carrying out the said exercise, the employee and Administrative & general expenses to be capitalized come to 13.66% in FY 2015-16, 15.36% in FY 2016-17. The same is rounded off to the nearest 15% & is applied for capitalization in FY 2017-18.The Accounting policy of capitalizing @ 15% has been followed consistently during FY 2017-18. Thus, Company has identified these expenses attributable to additions to CWIP or to the acquisition of fixed assets, and as such the fixed assets are not overstated.
	c) No physical verification of fixed assets was conducted during the year by the management. As a result, the possible impact, if any, on the Consolidated Ind AS Financial Statements, based on outcome of such physical verification, if it had been conducted, could not be ascertained.	The Holding Company has formulated policy for the physical verification of Fixed Assets during the F.Y.2017-18 and the same will be implemented. MSEDCL has started geo-mapping activity in order to enable monitoring of fixed assets and also to facilitate verification in future. Verification of fixed assets which are in network like substation, lines, DTC's not required at all. As they are always in continuous 24 x 7 use.

2.	**Trade Receivables and Expected Credit Loss (ECL):**	
	1. As stated in Note No. 44(7)(B)(I)(a) to the Consolidated Ind AS Financial Statements, the Holding Company has made provision for expected credit loss under Ind AS 109 in respect of trade receivables. While arriving at the said loss: (a) The Holding Company has considered trade receivables after deducting security deposits received from consumers. The said deposits have been allocated against the trade receivables in proportion to the value of trade receivables in the respective age category instead of allocating the same against attributable trade receivables. As a result, ECL has not been provided on some categories of consumers where the allocated security deposit exceeds the outstanding trade receivables.	The Holding Company has adequately estimated the amount of ECL. The amount of ECL allowance on trade receivables as on March 31, 2018 is 888183.23 lakhs, which is around 20% of total trade receivables. Trade Receivable to the extent of security deposits received from various consumers have been shown as secured debtors in totality without customer wise mapping of the security deposit.
	(b) The Holding Company has not considered trade receivables from customers against whom legal proceedings have been initiated.	As per the Management's opinion in respect of trade receivables [other than receivables from distribution franchisee & Mula Pravara], against whom legal proceedings have been initiated, 65% of the receivables, are good & recoverable. Hence, the Holding Company has not considered the same for arriving at ECL.
	(c) The Holding Company has not considered trade receivables due from distribution franchisees.	The legal proceedings for the recovery of Rs. 26373.83 lakhs have been initiated in the case of Global Tower Ltd (GTL). As per the Management's opinion entire amount is recoverable and it expects no credit loss in the case of GTL. As regards trade receivables due from other distribution franchisees, it is 'Good & Regular'. Hence, the Holding Company has not considered the same for arriving at ECL.
	(d) In respect of trade receivables exceeding 3 years [other than those referred to in (b) and (c) above], the Holding Company has considered only 65% of the trade receivables.	As per the Management's opinion In respect of trade receivables exceeding 3 years [other than those referred to in (b) and (c) above], 65% of the receivables other than Mula pravara, against whom legal proceedings have been initiated, are receivables. Hence the Holding Company has not considered the same for arriving at ECL.

	(e) Attention is drawn to Note no. 1(f)(25) relating to recognition of expected credit loss on trade receivables and other financial assets based on time loss and credit loss. Credit loss has been derived based on provision matrix. However, while preparing the provision matrix, the Holding Company has not taken into account any forward looking information on the behaviour pattern of the customers.	The Holding Company has adequately estimated the expected credit loss (ECL). ECL estimation is complex set of parameters and inherently subjective. The trade receivables consist of mainly agriculture consumers. Also, in spite of various recovery strategies, full recovery of Residential, Commercial, and Industrial arrears is not possible & arrears are getting accumulated. Moreover, the Holding Company is required to adhere to Government directives as well as it has certain social obligations by which the expectancy of credit loss is also affected. Accordingly, the management believes that the assumptions and methodologies for determining ECL is consistent with the business and risk management practices and strategies including adhering to regulatory guidelines as well as government directives.
	(f) As stated in Note no. 44(7)(B)(I)(a), Trade receivables have been restated in accordance with IT records. These trade receivables are net of credit balances. As informed to us, the Holding Company is in the process of reconciling these credit balances inter-se.	Trade receivables have been restated in accordance with IT records. Earlier, there were credit balances in some of the categories of the trade receivables in the accounts due to accounting errors and omissions. Arrears as per IT records will be uploaded in accounts during the FY 2018-19 and the credit balances inter-se will be reconciled & cleared.

<table>
<tr><td></td><td>(g) As mentioned in Note No. 12 to the Consolidated Ind AS Financial Statements, trade receivables to the extent of security deposits amounting to Rs. 6,97,518.59 lakhs (F.Y. 2016-17 Rs. 4,13,769.74 lakhs) received from various consumers have been shown as secured debtors without customer wise mapping of the security deposits. As a result, the amount shown as secured debtors is overstated to the extent of the deposit received from consumers, who have outstanding amount which is less than the amount of security deposit as at 31st March, 2018.
In the absence of audit trail/adequate details in respect of matters stated in paragraphs (a) to (g) above, we are not in a position to comment on the consequential impact of the same on the Consolidated Ind AS Financial Statements of the Holding Company for the year under audit.</td><td>Trade Receivable to the extent of security deposits amounting to Rs. 6,97,518.59 lakhs received from various consumers have been shown as secured debtors without customer wise mapping of the security deposit.</td></tr>
<tr><td></td><td>2. Further, for the purpose of calculation of expected credit loss, the Holding Company has considered the amount of security deposits as per the IT database and not the amount outstanding as per the books of account. There are differences in balances of security deposit as mentioned below [Refer Note No. 44(7)(B)(I)(a)]:
<table>
<tr><th colspan="4">(Rs. In Lakhs)</th></tr>
<tr><th>Particulars</th><th>Balance as on 31.03.2018 as per books of accounts (A)</th><th>Balance as on 31.03.2018 as per IT Database (B)</th><th>Differences (A)-(B)</th></tr>
<tr><td>Security deposits</td><td>6,97,518.59</td><td>6,93,640.98</td><td>3,877.61</td></tr>
</table></td><td>The difference between security deposit as per IT and Accounts will be reconciled during the F.Y. 2018-19.</td></tr>
<tr><td>3.</td><td>Deferred Tax and Leases:</td><td></td></tr>
<tr><td></td><td>(a) As mentioned in Note No. 44(13) of the Consolidated Ind AS Financial Statements, the Holding Company has not ascertained the Deferred Tax under Ind AS 12 – ‘Income Taxes’ arising on account of difference between book and tax base of Freehold Land. In the absence of adequate details with regards to it, we are unable to comment upon the disclosed value and recognition, if any, of Deferred Tax.</td><td>Though there will difference between book value and tax base of Freehold land, the value will not be realized unless there is a sale. In case of distribution business the land is acquired for specific purpose and is unlikely to be put on sale being state distribution licensee.</td></tr>
</table>

<table>
<tr><td></td><td>(b) In the absence of availability of adequate details, disclosure as required under Ind AS 17 – ‘Leases’ has not been made.</td><td>The adequate details for disclosure of ‘Leases’ as per IND-AS 17 will be obtained.</td></tr>
<tr><td>4.</td><td>Balances Confirmation:
Refer Note No. 44(4) to Consolidated Ind AS Financial Statements - Balances of loans and advances, various other debit/credit balances, dues from government and reconciliation in respect of certain bank balances as well as of the collecting post offices of the accounting units are subject to respective confirmations, reconciliation and consequential adjustments thereof. The system of third-party balance confirmation followed by the Company needs to be strengthened further. In the absence of proper records / details, we are unable to ascertain the effect of the adjustments, if any, arising from reconciliation and settlement of old dues, possible loss / profit that may arise on account thereof, non-recovery or partial recovery of such dues and non-settlement of liabilities.</td><td>In case of loans, the confirmation from the financial institutes and banks are obtained. Moreover, in case of creditors for Power Purchase in most of the cases either confirmation has been obtained or reconciliation has been done. This is indicated in our notes to accounts Note No. 44(4)
In case of Dues from Government, the correspondence with company can be treated as the confirmation of balance with Govt. Also the system of obtaining third party balance confirmation will be strengthened further.</td></tr>
<tr><td>5.</td><td>Post Office balance, Bank Balance etc:
a) Refer Note No. 13 and Note No. 44(4) to the Consolidated Ind AS Financial Statements regarding non-availability of
(i) Balance confirmations from Post Offices</td><td>Balance confirmation has been sought from post offices. However, response from post office at many places has not been forthcoming. Therefore, more efforts will be made to obtain this.</td></tr>
<tr><td></td><td>(ii) Reconciliation of Post Offices and District Central Co-operative Bank (DCC) Bank accounts. The details in respect of balances with Post Office for which confirmations are not available are as under:
<table>
<tr><td colspan="3">(Rs. in Lakhs)</td></tr>
<tr><th>F.Y.</th><th colspan="2">Post Office</th></tr>
<tr><th></th><th>Total Debit balances</th><th>Total Credit balances</th></tr>
<tr><td>2017-18</td><td>19,691.17</td><td>10,800.11</td></tr>
<tr><td>2016-17</td><td>13,142.91</td><td>4,737.11</td></tr>
</table></td><td>The reconciliation of balances with post office and DCC banks is taken up and is in process.</td></tr>
<tr><td></td><td>b) In the absence of non-availability of balance confirmations/reconciliations, we are unable to comment on the consequential impact, if any, of the same on the Consolidated Ind AS Financial Statements for the year under audit.</td><td></td></tr>
</table>

	c) Refer Note No. 44(6) to the Consolidated Ind AS Financial Statements. The bank reconciliation statements at few divisions and circles include many entries related to cheques deposited by consumers but dishonoured by the bank that have not been reversed in the books of account and are lying pending under reconciliation. Further, bank reconciliation statements contain many other unexplained entries including initial upload balances, which are yet to be reconciled. As such, we are unable to comment on the consequential impact thereof, if any, on the Consolidated Ind AS Financial Statements for the year under audit.	In case of accounts with nationalized/ scheduled banks, reconciliation has been done. There were many old outstanding items in Bank Reconciliation Statement. During the current year MSEDCL has undertaken rigorous efforts to clear old balances and necessary accounting effect has been given in respect of majority of the items. However, Notwithstanding the few bank accounts are showing un-reconciled items more than one year and the reconciliation is under process. The amount of such un-reconciled amounts as at 31st March 2018 is Rs.543.36 Lakhs (Previous year Rs. 5856.56 Lakhs. The old un-reconciled amounts will be cleared in FY 2018-19.
6.	**Classification of Assets and Liabilities to current / non-current:**	
	The following liabilities have been classified either as current or non-current: a) Refer Note No. 28 Other Financial Liabilities –Current – i) Deposits Collected from Private Agencies towards Collection of Bills: Rs.6,582.82 lakhs (F.Y.2016-17 Rs.5,903.13 lakhs) ii) Retention money from supplier contractor Rs. 2,70,820.38 lakhs (F.Y.2016-17 Rs 2,41,087.46 lakhs) iii) Deposits from others Rs.21,618.25 lakhs (F.Y.2016-17 Rs.23,773.29 lakhs).	i) Deposit is refundable to the collection agencies within 1 year from the end of the financial year. However, the agreements entered into with collection agencies are subject to renewal and if renewed, same deposit is considered as continued. ii) Retention money from supplier contractors is as per the terms & conditions of the contract. The same has been considered as current as it is expected to refund the same within 1 year from the end of the financial year. It is expected to refund amount of deposit within 1 year from the end of the financial year. As such the same has been considered as current only.

	b) Refer Note No 22. Other Financial Liabilities – Non-current which includes Deposits for Electrification, service connections etc amounting to Rs. 1,158.18 lakhs (F.Y.2016-17 Rs 1,292.16 Lakhs). However, in the absence of adequate details, we are unable to comment whether the aforesaid disclosures are in accordance with the requirements of Schedule – III to the Companies Act 2013.	In respect of Deposits for Electrification, Service Connections from consumers is long term in nature lasting up to more than a year or till the consumer is using the services of MSEDCL. Hence, this amount is considered as Non-Current.
7.	**Power Purchase:**	
	a) Refer Note No. 38(1)(iii)(d) to the Consolidated Ind AS Financial Statements, the Holding Company has made a provision for Delayed Payment Charges payable to Independent Power Producers based on base rate instead of SBI Prime Lending Rate plus 2% as required by the Power Purchase Agreements entered into. The Holding Company has made short provision of Rs. 1,678.74 lakhs for the year 2017-18 (F.Y. 2016-17 9,301 lakhs). The accumulated short provision is Rs.44,694.87 lakhs as on 31.03.2018 (Rs.43,016.13 Lakhs as on 31.03.2017).	The RBI has introduced Base Rate system in place of PLR system w.e.f. 01.07.2010. Hence, Holding Company has filed petition on 02.12.2016 before Hon. MERC for considering Base Rate / MCLR in place of PLR under the PPAs entered into with IPPs for the purpose of calculation of DPS, vide case no.24 of 2017, which is reserved for order. In view of the same MSEDCL has recalculated the liability towards DPS of IPPs on the basis of applicable Base Rate / MCLR from time to time. As such, an amount of Rs. 8252 Lakhs has been reversed during the year towards DPS liability provided for earlier years up to March 16.The IPPs are continuing to claim DPS as per PLR rate. Hence, there is difference of Rs. 44694 Lakhs in the amount of DPS claim which is considered as contingent liability.
	b) Refer Note No. 38(1)(iii)(d) to the Consolidated Ind AS Financial Statements, the Holding Company has not made provision for delayed payment charges relating to wind generators amounting to Rs. 35,900 lakhs as on 31st March, 2018 (Rs.20,500 Lakhs as on 31st March,2017).	The payments of wind power generators have been delayed. The Energy Purchase Agreement (EPA) provides for payment to DPS for delayed payment. In view of the over dues to the wind generators, owing to liquidity problem faced by MSEDCL, many of the wind generators have come forward offering the waival of DPS so as to facilitate early clearances of their dues. Hence, the liability towards DPS to the tune of Rs 35900 Lakhs as on March 18 has not been provided for in F.Y 2017-18 in the books of Accounts and shown as contingent liability.

8.	**Non Provision of various Expenses:**	
	a) As mentioned in Note No. 38(1)(iii)(e) to the Consolidated Ind AS Financial Statements, the Holding Company has not provided for the liability towards compensation for incremental coal cost pass through pursuant to New Coal Distribution Policy (NCDP) payable to Adani Power Maharashtra Ltd. (APML) and Rattan India Power Ltd (RPL) (Case disposed off during F.Y. 2017-18) amounting to approx. Rs. 2,91,741 Lakhs (excluding RPL)(F.Y.2016-17 Rs. 3,91,216.17 lakhs).	In the matter of Adani Hon'ble MERC has passed the order on 07.03.2018 and decided that National Coal Development Policy (NCDP) is a change in law event. The liability is neither accepted by MSEDCL nor claimed by APML. Moreover, at the time of finalisation of accounts, MSEDCL had referred the matter to Govt. of Maharashtra for further guidance regarding appeal. The fallout of the decision was not known. Hence, the amount of Rs. 2,91,741.00 Lakhs (Approx.) payable to APML as per MERC order is considered as contingent liability
	b) As mentioned in Note No. 38(1)(iii)(f) to the Consolidated Ind AS Financial Statements, the Holding Company has not provided for liability towards fixed charges payable to Ratnagiri Gas Power Pvt. Ltd. (RGGPL) amounting to Rs. 2,88,323.32 lakhs (F.Y.2016-17 Rs.2,68,817 lakhs). Sum of Rs. 18,101.07 lakhs (F.Y. 2016-17 Rs. 18,101.00 lakhs) paid to RGPPL has been shown as advances.	The Gas supply from KG basin is reduced & hence RGPPL offered power on other fuel ie. RLNG. However, due to high cost, MSEDCL declined the power from RGPPL as per Provision of PPA and did not pay fixed charges and finally terminated the PPA. RGPPL filed petition in CERC and CERC allowed RGPPL to claim fixed charges. MSEDCL filed appeal in APTEL, but it is dismissed. MSEDCL has filed an Appeal in the Hon'ble Supreme Court of India (Dairy No. 14599 of 2015) against the APTEL Order dated 22.04.2015. Hon'ble Supreme Court of India has declined to entertain the appeal. However, Hon'ble Supreme Court of India gave liberty to the appellant to move this Court once again in the event it becomes so necessary. If the order is not in favour of MSEDCL, then MSEDCL has to Pay Rs. 288323 lakhs (upto March 2018) out of Rs. 18,101 lakhs amount was shown in advance as part of deposit. Hence, the entire amount of Rs. 288323 lakhs is considered as Contingent liability.

9.	**Refund of Regulatory Liability Charges:** As stated in Note no. 44(31), during F.Y. 2003-04 to F.Y. 2005-06, Regulatory Liability charges were collected from the consumers. MERC had passed an order to refund an amount of Rs. 3,22,700 Lakhs to the consumers. The Holding Company has subsequently refunded Rs 3,12,050 Lakhs up to 31.03.2018. The Holding Company has not made provision towards the balance payment of Rs. 10,650 Lakhs.	The RLC is refunded to the all eligible consumers by the Holding Company.
10.	**Other Items:**	
	a) The Holding Company has shown a sum of Rs. 1,22,426.79 Lakhs (F.Y. 2016-17 Rs.1,25,679.12 lakhs) and Rs. 80,418.33 Lakhs (F.Y. 2016-17 Rs. 54,795.93 lakhs) as liabilities towards Clearing GRIR and Liability for supplier Work & Maintenance. These balances are net of debit balances. In the absence of requisite data and audit trail, we are not in position to ascertain the impact on the Assets and Liabilities of the Holding Company.	The same will be reconciled and necessary rectification entries will be passed in FY 2018-2019.
	b) As per Ind AS 20 – 'Accounting for Government Grants and Disclosure of Government Assistance', government grants shall be recognised in the Statement of Profit and Loss on a systematic basis over the period, in which the entity amortises the related costs for which the grants are intended to compensate. The Holding Company assumes that all grants received are utilised and the assets are capitalised in the same year. Due to non-availability of sufficient and appropriate audit evidence, we are unable to comment on the consequential impact on the Consolidated Ind AS Financial Statements of the Holding Company.	The accounting policy in this regard is disclosed at point no.14 on "Significant Accounting Policies" as under "Government grants relating to the purchase of property, plant and equipment are presented as Capital Grant in financial statements and are credited to profit and loss in a systematic manner over the expected life of the related assets and presented within other operating income". Generally the grants are immediately utilized to create the assets and as such amortization starts in the same year.
	c) As stated in Note no. 44(21), the Holding Company has included consumer contribution as part of government grants for the purpose of disclosure in the Consolidated Ind AS Financial Statements. Such disclosure is not in accordance with the requirements of Ind AS 20–'Accounting for Government Grants and Disclosure of Government Assistance'.	The detailed disclosure as per requirements of ind AS 20- 'Accounting for Government Grants and Disclosure of Government Assistance' will be made in FY 2018-19.

	d) Attention is drawn to Note no. 27 to the Consolidated Ind AS Financial Statements, relating to sum of Rs. 3,601.17 Lakhs (F.Y.2016-17 Rs. 3,601.17 lakhs) shown as un-identified balance payable towards power purchase and included under Trade Payables–Current (Liability for purchase of power) Party-wise details of the said amount have not been provided to us for verification. As a result, we are not in a position to comment on the existence of the liability and consequential impact, if any, on the Consolidated Ind AS Financial Statements of the Holding Company for the year under audit.	The same will be reconciled and adjustments entries will be passed in FY 2018-19.
	e) As stated in Note no.41 to the Consolidated Ind AS Financial Statements, there is a difference of Rs. 22,072.72 lakhs (F.Y. 2016-17 Rs. 22,730.16 lakhs) in outstanding balances as appearing in the books of account of the Holding Company and its group companies. Further, as stated in Para B(2) of Annexure 'E' to our report, there are differences in receivables and payables between the other generation, distribution and transmission companies. In the absence of reconciliation, we are unable to comment on the impact thereof, if any, on the Consolidated Ind AS Financial Statements.	The same will be reconciled and adjustments entries will be passed in FY 2018-19.
	f) Note No. 44(15) to the Consolidated Ind AS Financial Statements of the Additional Notes to Accounts regarding non identification of creditors as to their status under Micro, Small and Medium Scale Enterprises (MSME) Act and provision for interest payable to such parties., The liability on this account has not been quantified by the Holding Company. As such, we are unable to ascertain the interest provision (if any) required and its consequential impact on the profit for the year under audit. Due to non-identification of MSMED parties, the disclosures as required by the relevant Statute have not been made by the Holding Company. The effects of the matters described above, which could be reasonably determined/ quantified, on the elements of the accompanying Consolidated Ind AS Financial Statements are tabulated as under:-	The identification of accounts relating to Micro, small and Medium Enterprises and information with regard to amount unpaid at the year-ende together with the interest paid / payab;e as reqiored by MSMED Act, 2006 is in process & accordingly interest provision will be made whereever applicable. However, due care has been taken to release the payment within due date.

Impact on Statement of Profit & Loss:

(Rs. in Lakhs)

Sr. No	Relevant para of annexure A	Particulars	FY 2017-18	
			Overstated	Understated
1	2(2)	Security deposits		3,877.61
2	6(a)	Power purchase - Delayed payment charges	1,678.74	
3	6(b)	Power purchase - Delayed payment charges	15,400.00	
4	7(b)	Non provision of expenses - fixed charges	19,506.32	
		Total	**36,585.06**	**3,877.61**

Impact on Balance Sheet

(Rs. in Lakhs)

Sr. No	Relevant para of annexure A	Particulars	FY 2017-18	
			Overstated	Understated
1	2(2)	Security deposits	3,877.61	
2	6(a)	Current financial liabilities – DPC- short provision		44,694.87
3	6(b)	Current financial liabilities – DPC- short provision		35,900.00
4	7(a)	Non provision of expenses - coal pass through		2,91,741.00
5	7(b)	Non provision of expenses – fixed charges		2,88,323.32
6	8	Current financial liabilities – Regulatory Liabilities		10,650.00
7		Other Equity	6,67,431.58	

	In case of MSPGCL	
	i)(a) The Holding company, in terms of power purchase agreement with the Maharashtra State Electricity Distribution Company Limited (MSEDCL) has recognized income during the year of Surcharge being interest on delayed payment amounting to Rs. 2,047.31 Crores (P.Y. Rs. 1697.64 Crores) under the head“ Surcharge income from customers. MSEDCL has not paid such Surcharge aggregating to an amount of Rs. 7485.61 crores (P.Y. Rs. 5438.30 Crores) which is outstanding as on 31st March, 2018. Considering the non acceptance of billing and its nonpayment over the past several years, there is an uncertainty in the recoverability of the said dues from Maharashtra State Electricity Distribution Company Limited (MSEDCL). (b) In view of the uncertainty stated above, the management of the holding company has provided for an estimated Expected Credit Loss of Rs. 285.96 Crores during the year and aggregating to Rs. 982.28 crores till date. The recoverability of the above stated Trade Receivables and adequacy of their estimated provision made for the Expected Credit Loss in respect thereof cannot be commented upon by us.	MSPGCL has raised surcharge bills to MSEDCL as per the agreed terms of Power Purchase Agreement and are binding on MSEDCL. These are contractual receivables. Further, revised Malty Year Tariff Regulations provide for recognition of surcharge over and above regular tariff which justifies Company’s stand. Further, since Company has already suffered a hit on income due to reduction in tariff of the Company by MERC to the extent of surcharge in earlier years, it would not be prudent, to again take a hit to Profit & loss by making a provision against the surcharge receivable especially when MERC in its revised Regulations has endorsed Company’s view. However, in order to comply with IND-AS on Financial Instruments, Company has recognized a financial impairment provision (Expected Credit Loss for time value of money) of Rs. 982.28 Crores as at 31-03-2018 as has been done in previous year. Company has carried out reconciliation with MSEDCL and the same has been shared with the Auditors in the reporting year.

	ii) The Holding Company has not restated the financial statements of Previous Year, in respect of a Prior Period Error amounting to Rupees 885.44 Crores relating to Deferred Tax Liability (Net) as at the end of previous year i.e., 31.03.2017. While computing current tax of previous year, the holding company did not consider the deduction of eligible investment allowance amounting to rupees 2558.49 crores. This had resulted into lower unabsorbed losses to that extent as at the previous year end and deferred tax asset of rupees 885.44 crores on this account was not credited as at previous year end. Accordingly deferred tax liability (Net), as at the previous year end was stated higher by rupees 885.44 crores. The said deferred tax asset amounting to rupees 885.44 crores has been recognized and credited to the statement of profit and Loss for the current year. Accordingly Profit after tax for the year is overstated by like amount. The above Accounting Treatment is not in accordance with the requirement of IND AS 8 “Accounting Policies, Changes in Accounting Estimates and errors”.	Company imports the final un-absorbed Loss/Depreciation amount as has been filed with Income Tax Authorities through the earlier year’s Income Tax Return, for the purpose of computing of Un-absorbed Loss/ Depreciation to be brought forward to the next year. Such Un-absorbed Losses/Depreciation being eligible based on the reasonable certainty of the realization for the creation of related Deferred Tax Assets of the company, any revision occurring due to changes while filing of the Income Tax return, will have an impact on the current year Deferred Tax computation. In FY 2016-2017, Company finalized its first IND-AS compliant annual accounts & after completion of Tax audit, filed the Income Tax Return within stipulated date. However, while filing the Income Tax return for FY 2016-2017, company decided to avail the benefit of Investment Allowance amounting to Rs. 2558 Crores under section 32(AC) which is period specific & not available in sub-sequent years. This led to upward revision in un-absorbed Losses for the company. As per prevalent practice, while computing the Deferred Tax Liability for FY 2017-2018, company recognized such revised un-absorbed loss after factoring the Investment allowance. This has resulted into creation of Deferred Tax Asset of Rs. 885 Crores in FY 2017-2018 & consequentially decreasing the Deferred Tax Liability to this extent. Said gain in Deferred Tax has been presented in Profit & Loss statement for the year FY 2017-2018.

	iii) In case of the Holding Company, The balances of Loans and Advances, Deposits and Trade Payables are subject to confirmation from respective parties and/ or reconciliation as the case may be. Pending such confirmations and reconciliations, the consequential adjustments are not made. However, we are informed that the holding company has sent letters asking for confirmations to its vendors and wherever such confirmations are received the same is getting reconciled and we are informed that such reconciliation is a continuous and ongoing process for the holding company. In view of the same, we are unable to opine on the consequential impact, if any on the status of these balances and the profit for the year of the Holding Company and of the group.	Considering the size of the Company and different types of operations undertaken, Company has huge volume of transactions with various vendors. The Company has also issued balance confirmation letters to various vendors / customers / lenders etc. Reconciliation with the vendors is undertaken by the company as an on-going process. However, due to various reasons not attributable to company alone viz., delay in sending invoice by vendors, no response against the balance confirmation requests, wrong details given by vendor, claims / counter claims etc, reconciliation or adjustment takes more time in case of some vendors. Company also makes necessary provisions against the vendor balances wherever required. However, keeping in view the observation, the company will further expedite the process of reconciliation/ adjustment in the ensuing year.

	iv.) Attention is invited to group's Accounting policies stated at Note 1(f)(1) regarding Property, Plant and Equipment and Note1(f)(B(ii) regarding depreciation and amortization. During the course of our audit, several deviations and anomalies were absorbed in adherence to these accounting policies adopted by the company with respect to (i) Classification between inventory and PPE of Spare Parts i.e., items meeting the definition of "Property, Plant and Equipment", are classified as "inventories" and not capitalized by the company. (ii) Replacement of Spare Parts to be charged off to statement of profit and loss i.e., The Company has not derecognized the WDV of the old spares/ " Property, Plant and Equipment" replaced, neither the cost of the replaced part has been charged to the statement of profit and loss and both of them are continued to be depreciated over the remaining useful life, even in case of derecognition and (iii) non linking of useful life of spare parts with that of main plant, thereby depreciation on spare parts & additions to PPE, is being charged without any reference to the useful life of the main related property, plant and equipment. Consequently, we are unable to opine on the consequential impact thereof on the financial statements of the holding company and of the Group which is unascertained in the absence of complete detail exercised by the management in this regard.	During the course of audit, the Auditors have come across issues in certain capital spares/ assets/ depreciation and life thereof. In order to overcome such issues, Company proposes to conduct comprehensive review of entire Capital Spares / Asset base so as to ascertain the accuracy in depreciation rate, charging of cost of replaced items to P&L, balance life as per the records and correct accounting treatment thereof in the ensuing year and carry out rectifications wherever required.
	v) a) We state that in respect of the matters stated at para (iii) and (iv) above, the effects thereof on the profit for the year, on retained earnings as the year end and on related assets or liabilities as at March 31st, 2018 is unascertained. b) Had the effects of matters stated at para (i) and (ii) above been considered, which could be determined/ quantified, the resultant amounts of various elements of the accompanying IND AS Consolidated Financial Statement would have been as under:	

(Rs. in Lakhs)

Sr. No	Particulars	As Reported on 31.03.2018	Would have been as at 31.03.2018	As Reported after restatement for 31.03.2017	Would have been as at 31.03.2017
1	Revenue – Other Operating Revenue for the year	2050.45	3.14	1731.15	33.51
2	Trade Receivables- as at the end of F.Y.	4265.27	0	3044.34	0
3	Unbilled Revenue- Other Current Financial Assets	2209.22	-29.05	1710.79	13.15
4	Expected Credit Loss Provision for the year (P& L)	285.96	0	180.67	0
5	Expected Credit Loss Provision as at the end of current F.Y. for the year (B/S)	982.28	0	696.32	0
6	Accumulated provision for current tax (Net of taxes paid) (B/S)	227.86	Unascertained	211.64	Unascertained
7	Deferred Tax Expense for the year (P&L)	-654.31	231.13	-25.97	-911.41
8	Deferred Tax Liability (Net) as at the end of Current Year (B/S)	853.03	853.03	1507.34	621.90
9	Profit / (Loss) after tax for the year after other comprehensive income	697.53	-1949.26	-771.88	1403.40
10	Accumulated Profit / (Loss)- other equity (excluding effect of current tax on surcharge income booked as is unascertained but including non controlling interest)	-6527.54	-13030.87	-7225.38	-11081.80

Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the Basis for Qualified Opinion paragraph above, the aforesaid Ind AS financial statements, read together with the matters described in the 'Emphasis of Matter' paragraph, give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2018, and its loss, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

	Emphasis of Matters: **In the case of Holding Company (MSEBHCL)**	
	We draw attention to the following matters in the Notes to the financial statements: 1.1 Refer note no. 9.2 where the company has shown advance tax of Rs. 1,42,67,79,890 net of the provision of tax in the books of accounts amounting to Rs. 400,727,729 and there is no such liability as per Income tax records as cases are in appeal. The amount of provision made in the books is as per Company's judgment only.	Income tax department has been disallowed several expenses from the FY 2005-06. The Income tax cases for all the years since FY 2005-06 are in appeals. In order to avoid the huge penalties management has decided to pay advance tax on Income from Rental and Interest Income although there is no liability as per the financial statement
	1.2 Refer note no. 10.1 where the debts outstanding against rentals from property due from subsidiaries amounting to Rs.2,874,299,009/-(P.Y. Rs. 2,505,533,031/-) have been long outstanding.	Factual
	1.3 Refer note no. 24.3 where the company has made application to the Revenue Department of Government of Maharashtra for stamp duty exemption on issuance of shares to GOM. The Management is confident that the exemption will be granted.	Follow up is in process
	In case of MSEDCL **Attention is invited to the following matters:**	
	1. As stated in note no. 5 (a) & note no. 13 to the Consolidated Ind AS Financial Statements, the Holding Company has made provision of Rs. 10,587 Lakhs for Expected Credit Loss (Time Loss) under Ind AS 109 on other loans receivable on balances outstanding as on transition date i.e.01.04.2015 on account of impracticability instead of its origination date.	The Holding Company has made provision for Expected Credit Loss (Time Loss) under Ind AS 109 on other loans receivable from the date of applicability of Ind AS i.e. 01.04.2015 on account of impracticability.
	2. As stated in Note no. 38(1) with regards to the Contingent Liabilities, which are significant in relation to the net worth of the Group at the year end, in the opinion of the Group, these are not expected to result into any material financial liability to the Group.	As per Management opinion, It's a contingent liability; these are not expected to result into any material financial liability to the Holding Company.

	3. As stated in Note no. 38(1) with regards to the Contingent Liabilities, which are significant in relation to the net worth of the Group at the year end, in the opinion of the Group, these are not expected to result into any material financial liability to the Group.	As per Management opinion, It's a contingent liability; these are not expected to result into any material financial liability to the Holding Company.
	4. As stated in note no. 44(28) to Consolidated Ind AS Financial Statements, the Holding Company is required to invest every year an amount equivalent to contingency reserve created during the last year as per Maharashtra Electricity Regulatory Commission (MERC) Guidelines. However, the Holding Company has made an earmarked investment of Rs. 18522.29 Lakhs as against the contingency reserve of Rs. 81,400 Lakhs as on 31.03.2018.	The Holding Company was passing through a critical financial situation in this period and was not having sufficient funds to discharge the liabilities even of inevitable payments. The issue was deliberated in the Board Meetings and it was decided that, it would not be prudent to borrow the funds from the Banks at higher rates of interest and invest the same in contingency fund at lower rate at this juncture. In view of the above mentioned situation and considering the problem of liquidity crunch, it was decided by the Holding Company not to invest any amount in contingency reserve. The same was also communicated to MERC and was not allowed in tariff by MERC.
	5. There have been recognition of few expenses, more particularly repairs and maintenance, on cash basis instead of accrual / mercantile basis. In the absence of complete audit trail, we are not in a position to ascertain the consequential impact of the same on the Consolidated Ind AS Financial Statements of the Group for the year under audit and other statutory compliances arising there from.	The Accounts are prepared on accrual basis. The outstanding liabilities / expenses are provided for on the basis of available information and to the best of estimates. With the introduction of SAP system there is rare possibility of expenses being booked on Cash basis except of petty nature. Suitable instructions have been issued to the field offices for accounting on Accrual basis.
	In Case of MSPGCL:	
	We draw attention to following notes: a) note no.1(h) regarding accounting of short fall/ excess if any, based on the provisional accounts of the contributory provident fund (CPF) and the required disclosures under IND AS 19 “Employee Benefits”, in the absence of the requisite details and information from the Group's CPF trust.	
	b) note no. 39 regarding Lease agreements with the government of Maharashtra in respect of various hydro power generation facilities that are yet to be executed	

	c) Subsidiary Company: Mahaguj Collieries Limited We would like to draw attention to note no. 1(B) of significant accounting policies in notes to accounts regarding the IND AS financial statements being prepared on a Going Concern basis, notwithstanding the fact that The company has a loss of Rupees 1,66,43,700 in the financial year 2017-18 and negative reserves of rupees 3,73,82,369 has exceeded its share capital and is completely eroded as at March 31st, 2018. The appropriateness of the said basis is inter alia dependant on the fact that the subsidiary will get the compensation from the Ministry of Coal, Government Of India after the said block is re-allotted to new allottee of the Machhakatta- Mahanadi Coal block (Previously allotted to the promoters of the company for transfer of documents and rights namely geological report, mining plan, mine closure plan etc as per the compensation that may be decided by the Ministry of Coal, Government Of India.	
	a) Subsidiary Company Dhopave Coastal Power Limited. The Accounts of this subsidiary company are not Prepared on Going Concern Basis as the management has decided to close down the company and government permission in this regard is awaited.	
	Our opinion is not qualified in respect of above matters.	
	Other Matters	
	i) We did not audit the financial statement/ financial information of the three subsidiaries, whose financial statement reflect total Assets of Rs. 20,034,445.65 Lakhs and Revenue of Rs.9,115,141.24 Lakhs as considered in the consolidated financial statements. These financial statements/ financial information have been audited by other auditors, whose reports have been furnished to us by the management, and our opinion, on the consolidated financial statements, in so far as it relates to amounts and disclosures included in respect of such subsidiaries and our report in terms of Section 143(3) & (11) of the Act, in so far as it relates to subsidiaries, is based solely on the report of the auditors. Our opinion is not qualified in respect of above matters.	

	Report on Other Legal and Regulatory Requirements	
	1. As required under Section 143(5) of the Companies Act, 2013, we give in the "Annexure A", Statement on the Directions issued by the Comptroller and Auditor General of India after complying the suggested methodology of Audit, the action taken thereon and its impact on the accounts and consolidated Ind AS financial statements of the company.	
	1. As required by the section 143 (3) of the Act, we report that:	
	a. we have sought and, except for the possible effect of the matter described in basis for qualified opinion, obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;	
	b. in our opinion, except for the effect of the matters described in the Basis for Qualified Opinion paragraph above, proper books of account as required by law have been kept by the Holding Company and its Subsidiary Companies so far as it appears from our examination of those books;	
	c. the Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, the Consolidated Statement of Cash Flows and the Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;	
	d. Subject to our observations in basis of qualified opinion para ,in our opinion, the aforesaid consolidated Ind AS financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act read with relevant rules issued there under;	
	e. Being a Government Company, pursuant to the notification number GSR 463(E) dated 5th June, 2015 issued by the Government of India, the provisions of Section 164(2) of the Companies Act, 2013 are not applicable to the Company.	
	f. with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure A"; and	

	g. with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:	
	i. The consolidated Ind AS financial statements has disclosed the impact of pending litigations on its financial position in its consolidated Ind AS financial statements Refer Note 38 to the consolidated Ind AS financial statements.	
	ii. The Group does not have any long-term contracts which require it to make provision for material foreseeable losses. Also, the Group has not entered into any derivative contracts.	
	iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Group.	

On behalf of the Board of Directors

Sunil Pimpalkhute
Director (Finance)
DIN: 01915725

Arvind Singh
Managing Director
DIN: 02780573

Place: Mumabi
Date: 11-03-2019

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERA OF INDIA UNDER SECTION 143(6) (B) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF MSEB HOLDING COMPANY LIMITED, MUMBAI FOR THE YEAR ENDED 31 MARCH 2018.

The preparation of Financial Statements of **MSEB Holding Company Limited, Mumbai** for the year ended 31 March, 2018 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 is the responsibility of the Management of the Company. The Statutory Auditors appointed by the Comptroller and Auditor General of India under Section 139(5) of the Companies Act, 2013 are responsible for expressing opinion on the Financial Statements under Section 143 of the Companies Act, 2013 based on independent audit in accordance with the Standards on Auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated **17 October, 2018**.

I, on behalf of the Comptroller and Auditor General of India, have conducted a Supplementary Audit under section 143(6)(a) of the Act, of the Standalone Financial Statements **of MSEB Holding Company Limited, Mumbai** for the year ended 31 March 2018. 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.

On the basis of my audit, nothing significant has come to my knowledge which would give rise to any comment upon or supplement to Statutory Auditor’s Report.

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

(S. K. Jaipuriyar)
Principal Accountant General
(Audit) - III

Place: Mumbai
Date: 16.01.2019

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6) (b) READ WITH SECTION 129 (4) OF THE COMPANIES ACT, 2013 ON THE CONSOLIDATED FINANCIAL STATEMENTS OF MSEB HOLDING COMPANY LIMITED, MUMBAI FOR THE YEAR ENDED 31 MARCH 2018.

The preparation of Consolidated Financial Statements of MSEB Holding Company Limited, Mumbai For the year ended 31 March 2018 in accordance with the financial reporting Framework Prescribed under the Companies Act, 2013 is the responsibility of the Management of the Company. The Statutory Auditors appointed by the Comptroller and Auditor General of India under Section 139(5) read with section 129(4) of the Companies Act, 2013 are responsible for expressing opinion on these Financial Statements under Section 143 read with section 129(4) of the Companies Act, 2013 based on independent audit in accordance with the Standards on Auditing prescribed under Section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 28 December, 2018.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the Consolidated Financial Statements of MSEB Holding Company Limited, Mumbai for the year ended 31 March 2018 under section 143 (6) (a) read with the section 129 (4) of the Act. We conducted a supplementary audit of the Financial Statements of MSEB Holding Company Limited and Maharashtra State Electricity Transmission Company Limited, Maharashtra State Power Generation Company Limited and Maharashtra State Electricity Distribution Company Limited (subsidiaries of the Company) for the year ended on that date. 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.

On the basis of my supplementary audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to Statutory Auditor's Report under section 143(6)(b) of the Act.

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

(Y. N. Thakare)
PRINCIPAL ACCOUNTANT GENERAL
(AUDIT) - III

Place: Mumbai

Date: 01.03.2019

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2018

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
MSEB HOLDING COMPANY LIMITED
Hongkong Bank Bldg., 3rd & 4th Floor,
Mahatma Gandhi Road, Fort, Mumbai 400001,
Maharashtra, India

I, Ajit Y. Sathe, Proprietor of A.Y.Sathe & Co., Practicing Company Secretaries, Mumbai, have conducted the secretarial audit of the compliances of applicable statutory provisions and the adherence to good corporate practices by **MSEB HOLDING COMPANY LIMITED (CIN: U40100MH2005SGC153649)** (hereinafter called **"the Company"**). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2018 **('Audit Period')** complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2018, according to the provisions of:

(i) The Companies Act, 2013 **('the Act')** and the Companies Act, 1956 **(to the extent applicable)** and the Rules made thereunder;

(ii) The Securities Contracts (Regulation) Act, 1956 **('SCRA')** and the Rules made thereunder **(not applicable as the Company is Public Unlisted Company);**

(iii) The Depositories Act, 1996 and the Regulations and by-laws framed thereunder **(not applicable as Company's shares are in physical form);**

(iv) Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings **(not applicable to the Company during the audit period);**

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 **('SEBI Act')** were **NOT APPLICABLE** during the audit period as the Company is an Unlisted Public Company: -

  (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

(b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

(c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;

(d) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;

(e) The Securities and Exchange Board of India [Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999] which is now The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 & The Securities and Exchange Board of India Securities and Exchange Board of India (Share Based Employee Benefits) (Amendment) Regulations, 2015;

(f) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

(g) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

(h) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and

(i) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998.

(vi) In respect of other laws specifically applicable to the Company, I am informed that there are no other specifically applicable laws to the Company.

I have also examined compliance with the applicable clauses of the following:

(i) Secretarial Standards issued by The Institute of Company Secretaries of India **(as originally framed and applicable w.e.f. 1st July, 2015, and as revised w.e.f. 1st October, 2017).**

(ii) The Listing Agreements entered into by the Company with BSE Limited and National Stock Exchange of India Limited **(not applicable to the Company during Audit Period, being a Public Unlisted Company).**

During the Audit Period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above subject to the following observations/ non-compliances:

Under Companies Act, 2013:

(a) The Company had only one Independent Director during the reporting period and consequently, the composition of Audit Committee and Nomination & Remuneration Committee was not proper.

(b) The Company did not have a Woman Director during the period from 1st April, 2017 to 31st March, 2018.

(c) The Company did not have a Chief Financial Officer during the period from 1st April, 2017 to 20th August, 2017 and from 2nd February, 2018, to 31st March, 2018.

I have relied on information/ records produced by the Company during the course of my audit and the reporting is limited to that extent.

I further report that –

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors, **subject to above-mentioned observations.** The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views, if any, are captured and recorded as part of the minutes.

I further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that The Company is wholly-owned by the Government of Maharashtra and during the Audit Period, the Company issued and allotted equity shares of face value of Rs. 10/- each as under as per the Government of Maharashtra's Directives:

Date of Allotment	Number of Equity Shares	Consideration	Govt. GR Number
15/11/2017	69,37,89,339	Cash	As per Annexure A

"Annexure-A"

Sr. No.	No. and date of GR	No. of shares
1.	Nidhvi 2016/Pr.K.100/Urja-3 Dated 13/01/2017	30,10,00,000
2.	Nidhvi 2017/Pr.K.44/Urja-3 Dated 31/03/2017	4,29,94,000
3.	Nidhvi 2015/Pr.K.44(2)/Urja-3 Dated 31/03/2017	20,79,97,339
4.	Nidhvi 2017/Pr.K.41/Urja-3 Dated 31/03/2017	1,36,00,000
5.	Nidhvi 2017/Pr.K.41/Urja-3 Dated 31/03/2017	3,34,64,000
6.	Nidhvi 2017/Pr.K.41/Urja-3 Dated 31/03/2017	9,47,34,000
	Total	**69,37,89,339**

I further report that, during the Audit Period, there were no instances of:

(i) Public/ Preferential issue of shares/ debentures/ sweat equity, etc.

(ii) Redemption/ buy-back of securities;

(iii) Major decisions taken by the members in pursuance to section 180 of the Companies Act, 2013;

(iv) Merger / amalgamation / reconstruction, etc.

(v) Foreign technical collaborations.

For A.Y.Sathe & Co.,
Company Secretaries

CS Ajit Sathe
Proprietor
FCS No. 2899, COP No. 738

Place: Mumbai
Date: 12th December, 2018

This Report is to be read with our letter of even date, which is annexed as **"Annexure-II"** and forms an integral part of this Report.

"Annexure-II"

To,
The Members,
MSEB HOLDING COMPANY LIMITED
Hongkong Bank Bldg., 3rd & 4th Floor,
Mahatma Gandhi Road, Fort, Mumbai 400001,
Maharashtra, India

Our report of even date is to be read along with this letter:

1. Maintenance of secretarial records is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial Records. The verification was done on the test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, we have obtained the Management Representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For A.Y.Sathe & Co.,
Company Secretaries

CS Ajit Sathe
Proprietor
FCS No. 2899, COP No. 738

Place: Mumbai
Date: 5th December, 2018

"Annexure-V"

REPLY TO THE OBSERVATION IN THE SECRETARIAL AUDITOR REPORT FOR THE YEAR 2017-18

Sr. No.	Auditor's Observations	Reply
i.	The Company had only one Independent Director during the reporting period and consequently, the composition of Audit Committee and Nomination & Remuneration Committee was not proper.	Factual.
ii.	The Company did not have a Woman Director during the period from 1st April, 2017 to 31st March, 2018.	Factual. A Woman Director has been appointed w.e.f. 16.10.2018.
iii.	The Company did not have a Chief Financial Officer during the period from 1st April, 2017 to 20th August, 2017 and from 2nd February, 2018, to 31st March, 2018.	Factual. The Company has appointed CFO w.e.f. 04.08.2018.

On behalf of the Board of Directors

Sunil Pimpalkhute
Director (Finance)
DIN: 01915725

Arvind Singh
Managing Director
DIN: 02780573

Place: Mumbai
Date: 11/03/2019

"Annexure-VI"

Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo under section 134(3)(m) of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014

(A) CONSERVATION OF ENERGY

Sr. No.	Auditor's Observations	Reply
i.	The steps taken or impact on conservation of energy	No energy conservation measures were taken during the financial year.
ii.	The steps taken by the company for utilising alternate sources of energy	No steps were taken for utilising alternate sources of energy
iii.	The capital investment on energy conservation equipments	Not Applicable.

(B) TECHNOLOGY ABSORPTION

Sr. No.	Auditor's Observations	Reply
i.	Efforts made towards technology absorption	Not Applicable.
ii.	Benefits derived like product improvement, cost reduction, product development or import substitution	Not Applicable.
iii.	In case of imported technology (imported during the last three years reckoned from the beginning of the financial year): a. Details of technology imported; b. Year of import; c. Whether the technology been fully absorbed; d. If not fully absorbed, areas where absorption has not taken place and the reasons thereof.	Not Applicable.
iv.	the expenditure incurred on Research and Development	The Company has not undertaken any activity relating to research and development during the year under review.

(C) FOREIGN EXCHANGE EARNINGS AND OUTGO

i. Activities relating to exports: initiatives taken to increase exports; development of new export markets for products and services; and export plans: Not applicable

ii. Total foreign exchange earned and used

Particulars	2017-18	2016-17
Foreign Exchange earnings	Nil	Nil
Foreign Exchange outgo	Nil	Nil

On behalf of the Board of Directors

Sunil Pimpalkhute
Director (Finance)
DIN: 01915725

Arvind Singh
Managing Director
DIN: 02780573

Place: Mumbai
Date: 11/03/2019

"Annexure-VII"

FORM NO. MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31st March, 2018

[Pursuant to Section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

i)	CIN	U40100MH2005SGC153649
ii)	Registration Date	31.05.2005
iii)	Name of the Company	MSEB HOLDING COMPANY LIMITED
iv)	Category/ Sub Category of the Company	Public Company Limited by shares/ State Govt. Company
v)	Address of the Registered Office and contact details	Hongkong Bank Bldg., 3rd & 4th Floor, Mahatma Gandhi Road Fort, Mumbai–400001 Phone (022) 22619100 Fax: (022) 22619101 Email: msebhcl@gmail.com
iv)	Whether Listed Company	No
Vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any.	Not applicable.

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

Sr. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
	Not Applicable	Not Applicable	Not Applicable

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

A. Holding Company: Nil

B. Subsidiaries under section 2(87) of the Companies Act, 2013

Sr. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of Shares Held	Applicable Section
1.	**Maharashtra State Power Generation Company Ltd. (MSPGCL)** Prakashgad, Plot No. G-9, Anant Kanekar Marg, Bandra (East) Mumbai – 400051, Maharashtra	U40100MH2005SGC153648	Subsidiary	100%	2(87)

2.	**Maharashtra State Electricity Distribution Company Ltd. (MSEDCL)** Prakashgad, Plot No. G-9, Anant Kanekar Marg, Bandra (East) Mumbai – 400051, Maharashtra	U40109MH2005SGC153645	Subsidiary	100%	2(87)
3.	Maharashtra State Electricity Transmission Company Ltd. (MSETCL) Prakashganga, Plot No. C 19, E Block Bandra Kurla Complex, Bandra (E) Mumbai–400051 Maharashtra	U40109MH2005SGC153646	Subsidiary	100%	2(87)
4.	Mahagenco Ash Management Services Limited Prakashgad, 2nd Floor, Plot No. G 9, Prof. Anant Kanekar Marg, Bandra (East) Mumbai–400051, Maharashtra	U40105MH2007SGC173433	Subsidiary of MSPGCL	100%	2(87)
5.	Mahaguj Colliaries Ltd. Prakashgad, Plot No. G 9, Prof Anant Kanekar Marg, Bandra (East) Mumbai – 400051, Maharashtra	U10102MH2006SGC165327	Subsidiary of MSPGCL	60%	2(87)
6.	Dhopave Coastal Power Ltd. 2nd Floor, Prakashgad, Plot No. G 9, Prof. Anant Kanekar Marg, Bandra (East) Mumbai–400051, Maharashtra	U40108MH2007SGC168836	Subsidiary of MSPGCL	100%	2(87)
7.	Aurangabad Power Company Ltd. Prakashgad, 2nd Floor, Plot No. G 9, Prof. Anant Kanekar Marg, Bandra (East) Mumbai–400051, Maharashtra	U40109MH2007SGC171852	Subsidiary of MSEDCL	100%	2(87)

C. Associate Companies (including Joint Venture Companies) under section 2(6) of the Companies Act, 2013: Nil

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the financial year				No. of Shares held at the end of the financial year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
1. Indian									
a) Individual/ HUF	-	-	-	-	-	-	-	-	-
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	8739,27,52,063	**8739,27,52,063**	**100%**	-	88,086,541,402	**88,086,541,402**	**100%**	-
d) Bodies Corp.	-	-	-	-	-	-	-	-	-
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
Sub Total A(1):-	**0**	**8739,27,52,063**	**8739,27,52,063**	**100%**	**0**	**88,086,541,402**	**88,086,541,402**	**100%**	**-**
2. Foreign									
a) NRIs- Individuals	-	-	-	-	-	-	-	-	-
b) Other-Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corporate	-	-	-	-	-	-	-	-	-
d) Banks/FI	-	-	-	-	-	-	-	-	-
e) Any Other	-	-	-	-	-	-	-	-	-
Sub Total A(2):-	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	**0**	**8739,27,52,063**	**8739,27,52,063**	**100%**	**-**	**88,086,541,402**	**88,086,541,402**	**100%**	**-**
B. Public Shareholding									
1. Institutions	-	-	-	-	-	-	-	-	-

a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks / FI	-	-	-	-	-	-	-	-	-
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B)(1):-	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	-	-	-	-	-	-	-	-	-
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals	-	-	-	-	-	-	-	-	-
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	-	-	-	-	-	-	-	-	-
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	-	-	-	-	-	-	-	-	-
c) Others (specify)	-	-	-	-	-	-	-	-	-

i) Non Resident Indians	-	-	-	-	-	-	-	-	-
ii) Clearing Members	-	-	-	-	-	-	-	-	-
iii) HUFs	-	-	-	-	-	-	-	-	-
Sub-total (B)(2):-	0	0	**0**	**0**	0	0	**0**	**0**	0
Total Public Shareholding (B)=(B)(1)+ (B)(2)	0	0	**0**	**0**	0	0	**0**	-	-
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	**0**	**8739,27,52,063**	**8739,27,52,063**	**100%**	**0**	**88,086,541,402**	**88,086,541,402**	**100%**	**0**

B) Shareholding of Promoter-

Sr. No.	Shareholder's Name	Shareholding at the beginning of the financial year			Shareholding at the end of the financial year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	Governor of Maharashtra (alongwith nominees)	8739,27,52,063	%	-	88,086,541,402	100%	-	-
	Total	**8739,27,52,063**	**100%**	**-**	**88,086,541,402**	**100%**	**-**	**-**

C) Change in Promoters' Shareholding (please specify, if there is no change)

Particulars	Shareholding at the beginning of the financial year		Cumulative Shareholding during the financial Year	
	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
At the beginning of the financial year	8739,27,52,063	100%	8739,27,52,063	100%
Allotment of equity shares on 15.11.2017	69,37,89,339	-	88,086,541,402	100%
At the end of the financial year	88,086,541,402	100%	88,086,541,402	100%

D) Shareholding Pattern of top ten Shareholders: (other than Directors, Promoters and Holders of GDRs and ADRs):

Sr. No.	For each of the Top 10 Shareholders	Shareholding at the beginning of the financial year		Cumulative Shareholding during the financial Year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	*	-	-	-	-
2	*	-	-	-	-
3	*	-	-	-	-
4	*	-	-	-	-

• The entire share capital is held by the Governor of Maharashtra alongwith nominees

E) Shareholding of Directors and Key Managerial Personnel:

Sr. No.	Shareholding of each Directors and each Key Managerial Personnel	Shareholding at the beginning of the financial year		Cumulative Shareholding during the financial Year		Shareholding at the end of the financial year
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company	
A.	**Directors**					
	None of the Director hold any Shares in the company (except as Nominee of Govt. of Maharashtra).					
B.	**Key Managerial Personnel**					
	None of the Key Managerial Personal holds any Shares in the company.					

(V) INDEBTEDNESS - Indebtedness of the Company including interest outstanding/ accrued but not due for payment

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	**-**	**-**	**-**	**-**
ii) Interest due but not paid	**-**	**-**	**-**	**-**
iii) Interest accrued but not due	**-**	**-**	**-**	**-**
Total (i+ii+iii)	**0**	**-**	**-**	**0**
Change in Indebtedness during the financial year				
i) Addition/(Reduction) in Principal	**-**	**-**	**-**	**-**
ii) Addition/(Reduction) in Interest due but not paid	-	-	-	-
iii) Addition/(Reduction) in Interest accrued but not due	-	-	-	-
Indebtedness at the end of the financial year				
i) Principal Amount	-	-	-	-
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	**0**	**0**	**0**	**0**

(VI). REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL-

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

Sr. No.	Particulars of Remuneration	Name of Managing Director/ Whole-time Director/Manager			Total Amount
		Arvind Singh (MD)	**Surendra N. Pandey (WTD)**	**Jaikumar Srinivasan (WTD)**	**Total**
1.	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	25,67,000	9,47,601	35,14,601
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	2,19,420	66,425	2,85,845
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-	-	-
2.	Stock Option	-	-	-	-
3.	Sweat Equity	-	-	-	-

4.	Commission	-	-	-	-
	- as % of profit				
	- others, specify				
5.	Others, please specify				
	Total (A)	-	27,86,420	10,14,026	38,00,446
	Ceiling as per the Act**	-	N.A.	N.A.	N.A.

B. Remuneration to other directors

Particulars of Remuneration	Name of Director		
Independent Directors	Prakash Page	-	-
Fee for attending board, committee meetings	3,500	-	-
Commission	-	-	-
Others, please specify	-	-	-
Total (1)	3,500	-	-
Other Non-Executive Directors	**-**	**R. B. Goenka**	**Vishwas Pathak**
Fee for attending board/committee meetings	-	2,500	3,500
Commission	-	-	-
Others, please specify	-	-	-
Total (2)	0	2,500	3,500
Total (B)=(1+2)	3,500	2,500	3,500
Total Managerial Remuneration	-	-	-
Overall Ceiling as per the Act	1,00,000*		

*As per Section 196 of the Companies Act, 2013 read with relevant rules, a Company may pay sitting fees to a Director for attending meeting of the Board or Committee which shall not exceed Rupees one lakh per meeting of the Board or Committee.

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD

S . No.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	**CS**	**CFO**	**TOTAL**
1.	Gross salary	N.A.	10,57,730	N.A.	10,57,730
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	10,57,730	-	10,57,730
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	1,20,420	-	1,20,420

	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-	-
2	Stock Option	N.A.	-	N.A.	-
3	Sweat Equity	N.A.	-	N.A.	-
4	Commission	N.A.	-		-
	- as % of profit	-	-	-	-
	others, specify…	-	-	-	-
5	Others, please specify	-	-	-	-
	Total (1 to 5)	**NIL**	**11,78,150**	**NIL**	**11,78,150**

*The Whole-time Director (Finance) was appointed as CFO.

(Vii) Penalties / Punishment/ Compounding of Offences:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty	**N I L**				
Punishment					
Compounding					
B. DIRECTORS					
Penalty	**N I L**				
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty	**N I L**				
Punishment					
Compounding					

On behalf of the Board of Directors

Sunil Pimpalkhute
Director (Finance) & CFO
DIN: 01915725

Arvind Singh
Managing Director
DIN: 02780573

Place: Mumbai
Date: 11/03/2019

"Annexure-VIII"

Form AOC-1

Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures
(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)
Part "A": Subsidiaries

S. No.	Name of the subsidiary	Maharashtra State Power Generation Co. Ltd. (MSPGCL) (Rs. in Crores)	Maharashtra State Electricity Distribution Co. Ltd. (MSEDCL) (Rs. in Lakhs)	Maharashtra State Electricity Transmission Co. Ltd. (MSETCL) (Rs. in Lakhs)	Mahagenco Ash Management Services Limited* (Amt. in Rs.)	Mahaguj Colliaries Ltd.* (Amt. in Rs.)	Dhopave Coastal Power Ltd.* (Amt. in Rs.)	Aurangabad Power Company Ltd.+ (Amt. Rs.)
	Nature	**Direct**	**Direct**	**Direct**	**Step-down**	**Step-down**	**Step-down**	**Step-down**
1.	**Date since when subsidiary was acquired**	**31.05.2005**	**31.05.2005**	**31.05.2005**	**24.08.2007**	**01.11.2006**	**16.03.2007**	**20.06.2007**
2.	Reporting period	FY 2017-18	**FY 2017-18**	**FY 2017-18**	FY 2017-18	FY 2017-18	**FY 2017-18**	**FY 2017-18**
3.	Reporting currency	Indian Rupees	**Indian Rupees**	**Indian Rupees**	Indian Rupees	Indian Rupees	**Indian Rupees**	**Indian Rupees**
4	Share capital	252471261290	**472452549040**	**89849747330**	500000	500000	**500000**	**500000**
5.	Reserves & surplus	(64779619380)	**(266482297798)**	**16101366524**	-	(37382369)	**(82963049)**	**(62361730.87)**
6.	Total Assets	619111075462	**1157878818261**	**226411825413**	1385823	544555368	**83842583**	**981319.74**
7.	Total Liabilities	619111075462	**1157878818261**	**226411825413**	1385823	544555368	**83842583**	**62843050.61**
8.	**Investments**	**10818923**	**19212486667**	**6245938978**	**-**	**-**	**-**	**-**
9.	**Turnover**	**210614775483**	**663118350371**	**37780998888**	**-**	**-**	**-**	**-**
10	Profit before taxation	812483136	**4922442305**	**8145127631**	(8204244)	(16643770)	**(3852)**	**(62543213.49)**
11.	Provision for taxation	(6420647774)	**-**	**(30191410332)**	-	-	**-**	**-**
12.	Profit after taxation	7001812498	**4420446493**	**5142545600**	(8204244)	(16643770)	**(3852)**	**(62543213.49)**
13.	Proposed Dividend	-	**-**	**-**	-	-	**-**	**-**
14.	Extent of shareholding	100%	**100%**	**100%**	100%	60%	**100%**	**100%**

*Subsidiary of MSPGCL
+Subsidiary of MSEDCL

Part “B”: Associates and Joint Ventures

Statement pursuant to Section 129(3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

Name of associates/Joint Ventures		Name 1	Name 2	Name 3
1.	Latest audited Balance Sheet Date	-	-	-
2.	Date on which the Associate or Joint Venture was associated or acquired.	-	-	-
3.	Shares of Associate/Joint Ventures held by the company on the year end	-	-	-
No.		-	-	-
Amount of Investment in Associates/Joint Venture		-	-	-
Extent of Holding (in percentage)		-	-	-
4.	Description of how there is significant influence	-	-	-
5.	Reason why the associate/joint venture is not consolidated	-	-	-
6.	Net worth attributable to shareholding as per latest audited Balance Sheet	-	-	-
7.	Profit/Loss for the year	-	-	-
	i. Considered in Consolidation	-	-	-
	ii. Not Considered in Consolidation	-	-	-

Note: The Company has no Associates or Joint Ventures on the Reporting date

1. Names of associates or joint ventures which are yet to commence operations – **Not applicable**

2. Names of associates or joint ventures which have been liquidated or sold during the year – **Not applicable**

On behalf of the Board of Directors

Sunil Pimpalkhute
Director (Finance) & CFO
DIN: 01915725

Arvind Singh
Managing Director
DIN: 02780573

Pankaj Sharma
CGM (Finance)

Subodh Zare
Company Secretary

Place: Mumbai
Date: 11/03/2019

ANNEXURE IX

PERFORMANCE OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURE COMPANIES AND THEIR CONTRIBUTION TO THE OVERALL PERFORMANCE OF THE COMPANY:

PART-I

Performance of Subsidiaries, Associates and Joint Venture Companies

(i) Maharashtra State Electricity Transmission Co. Ltd. (MSETCL)

During the year under review, performance of MSETCL was as under:

(Rs. In Lakhs)

Particulars	**2017-18**	**2016-17**
Revenue from Operations	3,77,809.99	2,16,204.94
Other Income	19,025.21	1,03,331.39
Total Income	**3,96,835.20**	**3,19,536.33**
Repairs & Maintenance Expenses	18,860.05	12,302.47
Employee Benefits Expenses	88,714.64	96,004.27
Finance Cost	58,266.02	67,090.92
Depreciation and amortization expenses	1,10,958.52	1,08,501.72
Other Expenses	38,584.69	26,801.92
Total Expenditure	**3,15,383.92**	**3,10,701.30**
Profit / (Loss) before tax	**81,451.28**	**8,835.03**
Tax Expenses	(30,194.10)	(9,341.97)
Profit / (Loss) for the year	**51,257.18**	**(506.94)**
Other Comprehensive Income	**168.27**	**(2,036.11)**
Total Comprehensive Income for the period	**51,425.46**	**(2,543.06)**

(ii) Maharashtra State Electricity Distribution Co. Ltd. (MSEDCL)

During the year under review, performance of MSEDCL was as under:

(Rs. In Lakhs)

Particulars	**2017-18**	**2016-17**
Revenue from Operation	6,631,183.50	6,048,607.61
Other Income	359,294.66	284,541.06
Total Revenue	**6,990,478.16**	**6,333,148.67**
Purchase of Power	5,349,819.90	4,766,214.79
Employee Benefits Expenses	410,727.81	412,112.17
Finance Expenses	596,676.65	523,212.50
Depreciation & Amortization	293,284.35	284,667.34
Other Expenses	290,745.03	268,413.63
Total Expenses	**6,941,253.74**	**6,254,620.43**

Profit / (Loss) Before Tax	**49,224.42**	**78,528.24**
Tax Expenses	-	-
Profit/ (Loss) for the year	**49,224.42**	**78,528.24**
Other Comprehensive Income	(5,019.96)	(17,108.65)
Total Comprehensive Income for the period	**44,204.46**	**61,419.59**

(iii) Maharashtra Power Generation Co. Ltd. (MSPGCL)

During the year under review, performance of MSPGCL was as under:

(Rs. in Crores)

Particulars	**2017-18**	**2016-17**
Gross Sale of Power	19,011.03	16,623.77
Other Operating Revenue	2,050.45	1,731.15
Other Income	256.20	199.90
Total Revenue	**21317.68**	**18,554.81**
Cost of material consumed	11,560.85	11,022.66
Employee Benefit Expenses	1,407.84	1,238.92
Finance Cost	3,321.11	2,906.61
Depreciation & Amortisation Expenses	2,655.85	2,107.22
Other Expenses	2,290.78	2,018.13
Total Expenses	**21,236.43**	**19,293.55**
Profit / (Loss) Before Tax	**81.25**	**(738.74)**
Tax Expenses	(642.07)	(5.86)
Profit / (Loss) for the Period	**723.32**	**(732.88)**
Other Comprehensive Income	(23.14)	(38.00)
Total Comprehensive Income for the period	**700.18**	**(770.88)**

PART-II

Contribution of the Subsidiaries, Associates and Joint Venture Companies to the overall performance of the Company:

(Rs. in Crores)

Sr. No.	**Particulars**	**Consolidated as on 31.03.2018**	**Consolidated as on 31.03.2017**	**Variation**
1.	Revenue from Operations	68,699	61,119	7,580
2.	Other Income	4,026	3,804	222
3.	**Total Income**	**72,725**	**64,923**	**7,802**
4.	Total Expenses	64,058	58,330	5,728

5.	**Profit Before Depreciation**	**8,667**	**6,593**	**2,074**
6.	Depreciation for the year	6,751	6,085	666
7.	**Profit Before Tax**	**1,916**	**508**	**1,408**
8.	Share of Profit in associates and joint venture	7	8	1
9.	Income Tax & Deferred Tax Provision	(338)	86	(252)
10.	**Profit for the Period**	**2,261**	**430**	**1,831**
11.	**Other Comprehensive Income**	**(70)**	**(230)**	**(160)**
12.	**Total Comprehensive Income**	**2,191**	**200**	**1,991**

HIGHLIGHTS

- **Net Increase in Profit Before Depreciation in the F.Y. 2017-2018 as compared to previous year majorly on account of :**
  - **Increase in 'Revenue from sale of power' of MSEDCL to the tune of Rs. 7572.29 Cr as compared to previous year.**
  - **Increase in 'cost of material consumed – conventional power and non conventional sources' of MSEDCL to the tune of Rs. 3165.36 Cr and 1696.92 Cr respectively as compared to previous year.**
  - **Decrease in capitalization of 'finance costs' in MSPGCL to the tune of Rs. 899.36 Cr as compared to previous year.**

ANNEXURE X

Annual Report on Corporate Social Responsibility activities for the financial year 2017-18 (Pursuant to section 135 of the Companies Act, 2013)

1. **A brief outline of the Company's CSR policy, including overview of projects or programmes proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programmes**

   Be a socially responsible corporate entity and to lead the sector in the areas of protection of environment, bio-diversity, human rights and energy conservation. Exceed compliance requirements for Labour practices and decent work. Contribute towards sustainable power development by discharging CSR that would positively impact the stakeholders and environment in various aspects.

2. **The composition of the CSR Committee.**

   Shri. Prakash Page, Shri. Vishwas Pathak, and Smt. Neeta Kelkar.

3. **Financial Details**

Particulars	**Amount (Rs.)**
Average net profit/(loss) of the Company for last three financial years:	(2,10,54,549)
Prescribed CSR Expenditure (two percent of the average net profit	Nil
Details of CSR Expenditure during the financial year:	
Total amount to be spent for the financial year	Nil
Amount spent	Nil
Amount unspent	Nil

4. **Manner in which the amount spent during the financial year is as follows:**

Amount (Rs.)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sr. No.	CSR project or activity identified	Sector in which the project is covered	Projects or programs (1) Local area or other (2) specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Subheads: (1) Direct expenditure on projects or programs (2) Overheads	Cumulative expenditure up to the reporting period	Amount spent: Direct or through implementing agency
	Nil	Nil	Nil	Nil	Nil	Nil	Nil

5. **In case the Company has filed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board Report.**

   The Company has been incurring losses. The average loss of the Company for immediate preceding three financial years is Rs. 2,10,54,549.

6. This is to state that the implementation and monitoring of CSR Policy is in compliance with CSR objectives and Policy of the Company.

On behalf of the Board of Directors

Sunil Pimpalkhute	**Arvind Singh**
Director (Finance) & CFO	Managing Director
DIN: 01915725	DIN: 02780573

Place: Mumbai

Date: 11/03/2019

ANNEXURE XI

FORM NO. AOC -2

(Pursuant to clause (h) of sub-section (3) of Section 134 of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Disclosure of particulars of contracts/arrangements entered by MSEB Holding Company Limited with its related parties (as per Section 188(1) of the Companies Act, 2013)

1. **Details of material contracts or arrangement or transactions not at arm's length basis. Nil**
2. **Details of contracts or arrangements or transactions at Arm's length basis:-**

Name(s) of the related party and nature of relationship	Amount (Rs.) excluding taxes	Nature of contracts / arrangements / transaction	Duration of the contracts / arrangements/ transaction	Salient terms of the contracts or arrangements or transaction including the value, if any.	Justification for entering into such contracts or arrangements or transactions	Date of approval by the Board	Amount paid as advances, if any	Date on which the special resolution was passed in General meeting as required under first proviso to section 188

Maharashtra State Electricity Distribution Co. Ltd. (MSEDCL) [Wholly-owned subsidiary]	18,08,20,056	Leasing of the premises of the MSEB Holding Company Ltd. to MSEDCL, MSETCL and MSPGCL as per terms of the MoU dated 09.05.2014.	The arrangement was made pursuant to the Memorandum of Understanding (MoU) executed on 09.05.2014 for 5 (five) years effective from 01.04.2013.	As per the Memorandum of Understanding executed on 09.05.2014 between MSEB Holding Co. Ltd. with its wholly-owned subsidiaries viz. MSEDCL, MSETCL and MSPGCL.	Pursuant to the directives of the Govt. of Maharashtra contained in the "Maharashtra Electricity Reforms Transfer Scheme, 2005" dated 04.06.2005 for providing and giving effect to the transfer of properties, interests, rights, liabilities obligations, proceedings and personnel of the Maharashtra State Electricity Board.	14.02.2014	Nil	Not applicable.
Maharashtra State Electricity Transmission Co. Ltd. (MSETCL) [Wholly-owned subsidiary]	9,53,54,244							
Maharashtra State Power Generation Co. Ltd. (MSPGCL) [Wholly-owned subsidiary]	10,75,59,900							

On behalf of the Board of Directors

Sunil Pimpalkhute
Director (Finance) & CFO
DIN: 01915725

Arvind Singh
Managing Director
DIN: 02780573

Place: Mumbai
Date: 11/03/2019

INDEPENDENT AUDITORS' REPORT

To the Members of MSEB HOLDING COMPANY LIMITED, Mumbai

1. *Report on the Standalone Ind AS Financial Statements*

We have audited the accompanying Standalone Ind AS Financial statements of MSEB HOLDING COMPANY LIMITED (the Company), which comprise the Balance Sheet as at 31 March, 2018, the Statement of Profit and Loss (including other comprehensive income), the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "Standalone Ind AS financial statements").

2. *Management's Responsibility for the Standalone Financial Statements*

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standaloneInd AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified in the Companies (Indian Accounting Standards) Rules 2015 under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone Ind AS Financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

3. *Auditors' Responsibility*

Our responsibility is to express an opinion on these Standalone Ind AS Financial statements based on our audit.We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there-under.We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Standalone Ind AS Financial statements are free from material misstatement.An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Standalone Ind AS Financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Standalone Ind AS Financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Standalone Ind AS Financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Standalone Ind AS Financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Standalone Ind AS Financial statements.

4. ***Basis for Qualified Opinion***

We have not been able to obtain necessary information and explanations for the purpose of our audit in case of the followings:-

a) *Determining the ownership of Tangible Fixed Assets transferred under provisional Transfer Scheme since finalised on 31st March'2016 vide GR No.Reform2010/Pr.Ka.117/Urjaof Rs.14,453,400,000/- (refer note no. 7.2);*

b) *The Share Application money amounting to Rs.4,476,200,000has been retained by the company in contravention of section 42 of the Companies Act,2013.(refer note no. 14);*

c) *The balances outstanding in the books of the company with its subsidiaries i.e. MSEDCL, MSETCL and MSPGCL are under reconciliation, discussions and deliberations. (refer note no 9.1 & 18.1)and which may have impact on the financial position and certain disclosures in the financial statements.*

Consequential impact of Para a) to c) above on the loss,reserves and EPS are neither quantified / quantifiable nor disclosed.

5. ***Qualified Opinion***

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the Basis for Qualified Opinion paragraph and para7.5(d) below on the non compliance of certain Indian Accounting Standards(Ind AS), in our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the state of affairs (financial position) of the Company as at March 31, 2018, and its loss(financial performance including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

6. ***Emphasis of Matter***

We draw attention to the following matters in the Notes to the financial statements:

6.1 Refer note no. 9.2 where the company has shown advance tax of Rs. 1,42,67,79,890net of the provision of tax in the books of accounts amounting to Rs. 400,727,729 and there is no such liability as per income tax records as cases are in appeal. The amount of provision made in the books is as per Company's judgment only.

6.2 Refer note no. 10.1 where the debts outstanding against rentals from property due from subsidiaries amounting to Rs.2,874,299,009/- (P.Y. Rs. 2,505,533,031/-) have been long outstanding.

6.3 Refer note no. 24.3 where the company has made application to the Revenue Department of Government of Maharashtra for stamp duty exemption on issuance of shares to GOM. The Management is confident that the exemption will be granted.

6.4 Refer note no. 8.4 where the investment of the company in MSEDCL of Rs. 473,584,349,040 has been getting depreciated due to continuous losses incurred by MSEDCL. The depreciation in value of shares has not been provided for in the books. Till last year the entire losses of MSEDCL amounting to Rs. 2,953,084 lacs are not being reflected in the value of shares. The figures for 31.03.2018 have not been finalized.

7. ***Report on Other Legal and Regulatory Requirements***

7.1 As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure "A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

7.2 We are enclosing our report in terms of Section 143 (5) of the Act, on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, in the Annexure "B" on the directions issued by The Comptroller and Auditor General of India.

7.3 As required by section 143(3) of the Act, we report that:

a) We have sought and obtained all the information and explanations except as referred in paragraph(4) above which to the best of our knowledge and belief were necessary for the purposes of our audit;

b) In our opinion, except for the effect of the matters described in the Basis for Qualified Opinion paragraph (4) above proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

c) The Balance Sheet, the Statement of Profit and Loss, the Statement of Cash Flows and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;

d) Subject to our observations in para 4 above, in our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards(Ind AS) prescribed under Section 133 of the Act read with relevant rules issued there under;

e) The provisions of Section 164(2) of the Companies Act, 2013, are not applicable to the Company, pursuant to the Notification No. GSR 463 (E) dated 5th June, 2015 issued by the Government of India;

f) With respect to the adequacy of the Internal Financial Controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in Annexure "B".

g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

   a) The Company has disclosed the impact of pending litigations on its financial position in Note 24 to its Standalone Ind AS Financial statements.

   b) The Company does not have any long term contracts including derivative contracts and also as per the Board's estimates, there are no material foreseeable losses, requiring provision under the applicable law or accounting standards;

c) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For DOOGAR & ASSOCIATES
Chartered Accountants
Firm Registration Number: 000561N

Mukesh Goyal
Partner
Membership Number : 081810

Place : Mumbai
Date : 17/10/2018

ANNEXURE "A" TO INDEPENDENT AUDITORS' REPORT

Referred to in Paragraph 7.1under the heading of "Report on Other Legal and Regulatory Requirements"of our report of even date

i. In respect of its fixed assets:

(a) The Company has maintained fixed assets register in respect of assets allocated under Scheme of Transfer and additions made thereto after the incorporation of the Company pursuant to above scheme for the details of quantity and location of the asset. (refer note no.7.5).

(b) As explained to us fixed assets have not been physically verified by the company during the year. Physical verification of Fixed Assets was carried by the management during the year 2010-11. The discrepancies after 2010-11, if any, with the book records whether material or otherwise could not be ascertained. (refer note no.7.5).

(c) In our opinion and according to the information and explanations given to us, title deeds of immovable properties are not held in the name of the company since all the assets were transferred consequent upon the decision of the Government of Maharashtra (GOM) for reorganization of MSEB, pursuant to Chapter XIII of Electricity Act 2003 and further increased under the provisional Transfer Scheme, since finalised on 31st March'2016 vide GR No.Reform2010/Pr.Ka.117/Urja.Detail of such cases where the title deeds are not in name of company is as below:-

Description of Asset	No of cases	Area in acres	Gross Block as on 31/03/2018 (Rs.)	Net Block as on 31/03/2018 (Rs.)	Remarks
Land-Leasehold	2	7.10	2,045,934,468	1,679,329,944	The Company is taking appropriate steps for completion of legal formalities for transfer of title.
Land-Freehold	4	1.89	708,880,000	708,880,000	
Building and structures	13	Not Available	11,805,299,904	8,348,952,718	

ii. According to the information and explanations given to us, during the year, Company is involved in renting activity only and therefore no inventory is carried by the company. Accordingly clause 3 (ii) of the Order is not applicable to the company.

iii. According to the information and explanations given to us, the Company has not granted loans, secured or unsecured to companies, firms or other parties covered in the Register maintained under Section 189of the Companies Act,2013. Accordingly clause 3 (iii) (a) & (b) of the Order are not applicable to the company.

iv. During the year the Company has given guarantee in respect of loans raised by its subsidiary company MSEDCL,however no loans were granted which are covered under Section 185 and 186 of the Companies Act, 2013. In respect of investments in the Subsidiary and guarantee given on behalf of subsidiary company, the Company has complied with the provisions of Section 185 and 186 of the Companies Act, 2013.

v. In our opinion, and according to the information and explanations given to us, the Company has not accepted any public deposits and hence directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the

Companies Act, 2013and the rules framed there under are not applicable. As per the information and explanations given to us, no order has been passed by Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal in this respect.

vi. As the Company is not engaged in production, processing,manufacturing and/ or similar activities, the rules prescribed by Central Government for maintenance for cost records under sub section (1) of Section 148 of the Companies Act, 2013 are not applicable to the company. Hence, provisions of Clause 3 (vi) of the Order are not applicable.

vii. a) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Employee State Insurance, Income-tax, Sales-tax, Service tax, duty of Customs, duty of Excise, value added tax, cess and other statutory dues, as applicable, with the appropriate authorities.

b) According to the records of the Company and the information and explanations given to us, disputed dues payable by the Company as on 31st March 2018on account of Income-tax, Sales-tax, Service-tax, duty of custom, duty of excise or value added tax are as under:

Sr. No	**Name of Statute**	**Nature of Dues**	**Amount (In Rs.)**	**Period to which the amount relats** (Rs.)	**Form where dispute is pending**
1	Income Tax Act, 1961	Penalty	141,65,57,002	AY 2006-07	Commissioner of Income Tax (Appeals)
2	Income Tax Act, 1961	Penalty	847,652,847	AY 2007-08	Commissioner of Income Tax (Appeals)
3	Income Tax Act, 1961	Penalty	1,271,079,159	AY 2008-09	Commissioner of Income Tax (Appeals)
4	Income Tax Act, 1961	Penalty	1,034,815,207	AY 2009-10	Commissioner of Income Tax (Appeals)
5	Income Tax Act, 1961	Penalty	980,338,089	AY 2010-11	Commissioner of Income Tax (Appeals)
6	Income Tax Act, 1961	Tax and Interest	92,310,540	AY 2010-11	Commissioner of Income Tax (Appeals)
7	Income Tax Act, 1961	Tax and Interest	82,490,910	AY 2011-12	Income Tax Appellate Tribunals
8	Income Tax Act, 1961	Tax and Interest	158,289,441	AY 2012-13	Commissioner of Income Tax (Appeals)
9	Income Tax Act, 1961	Tax and Interest	115,898,560	AY 2013-14	Commissioner of Income Tax (Appeals)

viii. The Company has not taken any loans from financial institutions or banks and has not issued debentures. However in respect of Bonds issued by erstwhile MSEB, no confirmation for determination of the Liability recorded in the books of the Company under provisional Transfer Scheme, since finalised on 31st March'2016 vide GR No.Reform2010/Pr.Ka.117/Urja,is received from the Company and hence we are unable to comment in respect of default, if any.

ix. In our opinion and according to the information and explanations given to us, the Company has not raised any money by way of initial public offer or further public offer and no term loans were raised by the company. Accordingly clause 3 (ix) of the Order is not applicable and hence not commented upon.

x. During the course of our examination of the books of accounts carried out in accordance with the generally accepted auditing standards in India and according to the information and explanations given to us, we have not come across any instance of fraud, either noticed or reported during the year, on or by the Company.

xi. As per notification no. GSR 463(E) dated 5th June 2015 issued by the Ministry of Corporate Affairs, Government of India, Section 197 is not applicable to the Government Companies. Accordingly, provisions of clause 3 (xi) of the Order are not applicable to the Company and hence not commented upon.

xii. In our opinion the company is not a Nidhi Company. Therefore the provisions of clause 3 (xii) of the Order, for Nidhi Company, are not applicable to the Company and hence not commented upon.

xiii. Based on our audit procedures performed and according to the information and explanations given to us , the Company has complied with the provisions of Section 177 and 188 of the Companies Act, 2013 w.r.t.transactions with the related parties, wherever applicable. Details of the transactions with the related partieshave been disclosed in the financial statements as required by the applicable Indian accounting standards (Ind AS).

xiv. According to the information and explanations given to us and on the basis of our overall examination of the Balance Sheet, the Company has made preferential allotment or private placement of shares during the year under review. Company has not made preferential allotment or private placement of fully or partly convertible debentures during the year under review. The company has complied with the requirements of Section 42 of the Act and the amount raised have been used for the purpose for which funds were raised.

xv. Based on our audit procedures performed and according to the information and explanations given to us,the Company has not entered into any non-cash transactions with the directors or persons connected with them as covered under Section 192 of the Companies Act, 2013.

xvi. According to information and explanation given to us, the Company is not required to be registered u/s 45-IA of Reserve Bank of India Act, 1934. Accordingly, provision of clause 3(xvi) of the Order is not applicable to the Company.

For Doogar& Associates
Chartered Accountants
Firm Regn. No. 000561N

Mukesh Goyal
Partner
M. No. 081810
Place: Mumbai
Date: 17-10-2018

ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT

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

We have audited the internal financial controls over financial reporting of MSEB Holding Company Ltd. ("the Company") as of March 31, 2018 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

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

(1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

(2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and

(3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Doogar& Associates
Chartered Accountants
Firm Regn. No. 000561N

Mukesh Goyal
Partner
M. No. 081810
Place: Mumbai
Date: 17-10-2018

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

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

In the Case of Holding Company (MSEBHCL)

i. Directions under sub-section (5) of section 143 of the Act

AUDITOR'S COMMENTS

Sr. No.	Directions	Replies
1	Whether there are any cases of waiver/ write off of debts/loans/interest etc., if yes, the reasons there for and the amount involved.	In our opinion and according to the information and explanations given to us, there are no cases of waiver/write off of debts/loans/interest etc.
2	Whether proper records are maintained for inventories lying with third parties & assets received as gift/grant(s) from Government or other authorities.	According to information and explanations given to us, there are no Inventories lying with third parties and also there are no assets received as gift/grant from Government or other authorities.
3	A report on age-wise analysis of pending legal/arbitration cases, including the reason for the pendency and existence/ effectiveness of a monitoring mechanism for expenditure on all legal case. (foreign and local) may be given	As per Annexure-I
4	A report if the company has been selected for disinvestment, complete status report in terms of valuation assets (including intangible assets and land) and liabilities (including Committed & General Reserves) may be examined, including the mode and present stage of disinvestment process.	According to information and explanations given to us, Company has not been selected for disinvestment.

Annexure – I

Sr. No.	Year	Building Name	Court Case No.	Name of Court	Reason	Status of Case
1	2001	Hongkong Bank Building 3rd Floor & part of 4th floor	Appeal 213/18 TER 346/ 366/2001 SCC- 05	Small Cause Court, Mumbai	Vacation of the 3rd and 4th Floor	Stage hearing (on dt. 17.09.2018) brief No. 2155-0
2	2004	Estrella Batteries Expansion building Dharavi 2nd Floor	Suit no. 1663/2004	Bombay High Court, Mumbai	Suit filed for specific part performance against M/s EBL in the matter of purchase of Estrella Batteries Expansion Building	Matter is not on Board yet
3	2009	Estrella Batteries Expansion building Dharavi	RAE 533/801/09	Small case court, Mumbai	For Vacation of 2nd floor of Estrella Batteries Expansion building occupied by Central Excise department for bonafide use of MSEBHCL and its 3 Nos. subsidiary company	Stage- Evidence of P.W. 1 (on dt. 24.09.2018 Brief no. 3371
4	2015	National Park Colony	Suit no. 779/2015	Bombay High Court, Mumbai	Disputes of demarcation Boundary of MSEB's premises at Borivali National Park.	Not on Board

ii. Sector specific Sub-Directions

AUDITOR'S COMMENTS

Sr. No.	Directions	Replies
1	Whether the company has an effective system of recovery of Revenue as per contractual terms and the revenue is properly accounted for in the books of accounts in compliance with applicable Accounting Standards?	This clause is not applicable on the company.
2	Where lands Acquisition is involved in setting up new projects, report whether settlement of dues done expeditiously and in a transparent manner in all case? The cases of deviation may be please be detailed.	This clause is not applicable on the company.
3	Whether profit/loss mentioned in Audit Report is per Profit & Loss statements of the Company?	Yes, the Loss mentioned in Audit Report is as per Statement of Profit & Loss of the Company.

For DOOGAR & ASSOCIATES
Chartered Accountants
Firm Registration Number: 000561N

Mukesh Goyal
Partner
Membership Number : 081810

Place : Mumbai
Date : 17/10/2018

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERA OF INDIA UNDER SECTION 143(6) (B) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF MSEB HOLDING COMPANY LIMITED, MUMBAI FOR THE YEAR ENDED 31 MARCH 2018.

The preparation of Financial Statements of **MSEB Holding Company Limited, Mumbai** for the year ended 31 March, 2018 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 is the responsibility of the Management of the Company. The Statutory Auditors appointed by the Comptroller and Auditor General of India under Section 139(5) of the Companies Act, 2013 are responsible for expressing opinion on the Financial Statements under Section 143 of the Companies Act, 2013 based on independent audit in accordance with the Standards on Auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated **17 October, 2018**.

I, on behalf of the Comptroller and Auditor General of India, have conducted a Supplementary Audit under section 143(6)(a) of the Act, of the Standalone Financial Statements **of MSEB Holding Company Limited, Mumbai** for the year ended 31 March 2018. 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.

On the basis of my audit, nothing significant has come to my knowledge which would give rise to any comment upon or supplement to Statutory Auditor's Report.

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

(S. K. Jaipuriyar)
Principal Accountant General
(Audit) - III

Place: Mumbai
Date: 16.01.2019

MSEB HOLDING CO. LTD. PART - I BALANCE SHEET AS AT 31st MARCH, 2018 (Standalone)

(Amt. in Rs.)

	Particulars	Note No.	As at 31st March 2018	As at 31st March 2017
	1		2	3
	Assets			
(1)	**Non Current Assets**			
a	Property, Plant & Equipment	6	2,453,759,123	2,486,997,125
b	Capital Work in Progress		-	-
c	Investment Properties	7	8,348,952,727	8,769,161,646
d	Goodwill		-	-
e	Other Intangible Assets		-	-
f	Intangible Assets under Development		-	-
g	Biological Assets other than bearer plants		-	-
h	Financial Assets		-	-
	(i) Investments	8	816,275,358,646	810,297,357,639
	(ii)Trade Receivables			-
	(iii) Loans			-
	(iv) Others (to be specified)			-
i	Deferred Tax Assets (Net)			-
j	Other Non Current Assets	9	38,416,281,182	38,579,129,162
(2)	**Current Assets**			
a	Inventories		-	-
b	Financial Assets			
	(i) Investments		-	-
	(ii) Trade Receivables	10	2,698,609,974	2,352,201,324
	(iii) Cash & cash Equivalents	11	356,556,320	389,198,947
	(iv) Bank Balances Other than (iii) above		-	-
	(v) Loans		-	-
	(iv) Others		-	-
c	Current Tax Assets (Net)		-	-
d	Other Current assets	12	10,461,533	12,623,498
	Assets held for sale/Assets included in disposal group(s) held for sale		-	-
	Total Assets		**868,559,979,505**	**862,886,669,341**
	Equity And Liabilities			
	Equity			
a	Equity Share capital	13	880,865,414,020	873,927,520,630
b	Other Equity	14	-15,400,267,324	-14,110,662,908

	Liabilities			
(1)	**Non Current Liabilities**			
a	Financial laibilities			
	(i) Borrowings		-	-
	(ii) Trade Payables		-	-
	(iii) Other fianancial Liabilities (other than those specified in item (b))		-	-
b	Provisions	15	50,479,960	44,794,940
c	Deferred Tax Liabilities (Net)	16	-	-
d	Other Non Current Liabilities			-
(2)	**Current Liabilities**			
a	Financial laibilities			
	(i) Borrowings		-	-
	(ii) Trade Payables	17	28,684,689	22,823
	(iii) Other fianancial Liabilities (other than those specified in item (c))		-	-
b	Other Current Liabilties	18	2,984,266,880	2,978,010,982
c	Provisions	19	31,401,280	46,982,874
d	Other Current Liabilities			
	Liabilities classified as held for sale/ Liabilities included in disposal group held-for sale		-	-
	Total Liabilities and Equity		**868,559,979,505**	**862,886,669,341**
	Significant Accounting Policies	**1-5**		
	Notes to accounts	**6-34**		

See accompanying notes to the fianancial statements

As per our report of even date
For DOOGAR & ASSOCIATES
Chartered Accountants
Firm Registration Number: 000561N

Sunil Pimpalkhute
Director (Finance) & CFO

Arvind Singh
Managing Director

Mukesh Goyal
Partner
Membership Number : 081810

Pankaj Sharma
CGM (Finance)

Subodh Zare
Company Secretary

Place : New Delhi
Date : 17-10-2018

Place : Mumbai
Date : 16-10-2018

MSEB HOLDING CO. LTD. PART - II STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2018

(Amt. in Rs.)

	Particulars	Note No.	31st March 2018	31st March 2017
(i)	**Revenue from operations**		**-**	**-**
(ii)	Other Income	20	412,142,998	427,751,784
I	**Total Income (i)+(ii)**		**412,142,998**	**427,751,784**
	Expenses			
(i)	Cost of materials consumed		-	-
(ii)	Purchase of Stock-in-Trade		-	-
(iii)	Changes in Inventories of finished goods, Stock-in-trade and work-in-progress		-	-
(iv)	Employee Benefits Expenses	21	57,335,544	71,013,951
(v)	Finance Costs		-	-
(vi)	Depreciation and amortization expense	22	463,163,935	460,801,976
(vii)	Others expenses	23	231,789,686	281,490,487
II	**Total Expenses ((i) to (vii))**		**752,289,164**	**813,306,414**
III	**Profit /(Loss) before exceptional items and tax (II-I)**		**-340,146,166**	**-385,554,630**
IV	Exceptional Items			
V	**Profit /(Loss) before tax (III - IV)**		**-340,146,166**	**-385,554,630**
VI	Tax Expenses:			
	(1) Current Tax			-
	(2) Deferred Tax			-
	(3) Previous Year Taxes		-	33,987,659
VII	**Profit /(Loss)for the period from continuing operations (V-VI)**		**-340,146,166**	**-351,566,971**
VIII	**Profit /(Loss) from discontinued operations before tax**		**-**	**-**
IX	Tax Expenses of discontinued operations		-	-
X	**Profit /(Loss) from discontinued operations (After tax) (VII- IX)**		**-**	**-**
XI	**Profit /(Loss) for the period**		**-340,146,166**	**-351,566,971**
XII	**Other Comprehensive Income**			
(A)	(i) Items that will not be reclassified to profit or loss			-
	(ii) Income tax relating to items that will not be reclassified to profit or loss			

	Subtotal (A)			**-**
(B)	(i) Items that will be reclassified to profit or loss		10,434,139	-3,299,243
	(ii) Income tax relating to items that will be reclassified to profit or loss			
	Subtotal (B)		**10,434,139**	**-3,299,243**
XIII	**Other Comprehensive Income(A+B)**		**10,434,139**	**-3,299,243**
XIV	**Total Comprehensive Income for the period (XI + XIII)**		**-329,712,027**	**-354,866,214**
XV	**Earning per equity share (for continuing operations)**			
	Basic (Rs.)	30	-0.004	-0.004
	Diluted (Rs.)	30	-0.004	-0.004
XVI	Earnings per equity share (for discontinued operations)			
	Basic (Rs.)		-	-
	Diluted (Rs.)		-	-
XVII	**Earnings per equity share (for continuing and discontinued operations)**			
	Basic (Rs.)	30	-0.004	-0.004
	Diluted (Rs.)	30	-0.004	-0.004
	Significant Accounting Policies	**1-5**		
	Notes to accounts	**6-34**		

See accompanying notes to the fianancial statements

As per our report of even date
For DOOGAR & ASSOCIATES
Chartered Accountants
Firm Registration Number: 000561N

Mukesh Goyal
Partner
Membership Number : 081810

Place : New Delhi
Date : 17-10-2018

Sunil Pimpalkhute
Director (Finance) & CFO

Arvind Singh
Managing Director

Pankaj Sharma
CGM (Finance)

Subodh Zare
Company Secretary

Place : Mumbai
Date : 16-10-2018

MSEB HOLDING CO. LTD. PART - III CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2018

(Amt. in Rs.)

PARTICULARS	2017-18		2016-17	
A. Cash flows from operating activities				
Net profit before taxation		(340,146,166)		(385,554,630)
Adjustments for:				
Depreciation	463,163,935		460,801,976	
Interest income	(26,063,743)		(33,929,855)	
Previous Year Taxes	-		33,987,659	
Interest expenses	-	437,100,192	-	460,859,780
Operating profit before working capital changes		96,954,026		75,305,150
Adjustments for:				
Increase/(Decrease) in Reserves	10,434,139		(3,299,243)	
Increase/(Decrease) in Other Long Term Liabilities	28,661,866		-	
Increase/(Decrease) in Long Term Provisions	5,685,020		(12,132,286)	
Increase/(Decrease) in Other Current Liabilities	6,255,898		1,971,953	
Increase/(Decrease) in Short Term Provisions	(15,581,594)		27,223,528	
Increase/(Decrease) in Deferred Tax Liabilties	-		-	
Increase/(Decrease) in Other Non Current Assets	162,847,980		54,963,321	
Increase/(Decrease) in Short Term Loans & Addvances	-		-	
Increase/(Decrease) in Other Current assets	2,161,967		3,848,983	
Increase/(Decrease) in Trade Receivable	(346,408,650)	(145,943,374)	(255,916,619)	(183,340,363)

Cash generated from operations		**(48,989,348)**		**(108,035,213)**
Less: Taxes paid(net of refunds)			-	
Cash flow before extraordinary item		(48,989,348)		(108,035,213)
Add/ Less: Extra-ordinary items				
Net cash from operating activities (A)		**(48,989,348)**		**(108,035,213)**
B. Cash flows from investing activities				
Purchase of fixed assets and addition to Capital Work in Progress	(9,717,014)		(6,307,095)	
Sale of Assets	-		-	
Purchase of Non Current Investments	(5,978,001,007)		(6,937,893,389)	
Interest received (Net of TDS)	26,063,743		33,929,855	
Fixed Deposits Matured				
		(5,961,654,278)		(6,910,270,629)
Net cash used for investing activities (b)				
C. Cash flows from financing activities				
Proceeds from issuance of Share Application Money				
Pending allotment	5,978,001,000		6,937,893,389	
Interest paid	-			
Increse in Long Term borrowings on account of Interest			-	
Interest charged to P & L	-		-	
Decrease in Other Current Liabilities on account of interest	-		-	

Net cash from financing activities (C)				
		5,978,001,000		6,937,893,389
Net increase in cash and cash equivalents (A+B+C)		**(32,642,627)**		**(80,412,453)**
Cash and cash equivalents at beginning of period		**389,198,947**		**469,611,400**
Cash and cash equivalents at end of period		**356,556,320**		**389,198,947**

Foot Note:

1) Cash flow is prepared under Indirect Method as prescribed in IND AS 7-Cash Flow Statements

2) **Cash & Cash Equivalents included in the Financial Statements comprise the following.**

(Amt. in Rs.)

Cash & Cash Equivalents	**As on 31.03.18**	**As on 31.03.17**
Balance in Current accounts	302,049	307,072
Cheques on hand		
Balance in Fixed Deposits (maturity less than 3 months)		
Balance in Fixed Deposits (maturity less than 12 months more than 3 months)	356,254,270	388,891,875
Total	**356,556,320**	**389,198,947**

As per our report of even date
For DOOGAR & ASSOCIATES
Chartered Accountants
Firm Registration Number: 000561N

Sunil Pimpalkhute
Director (Finance) & CFO

Arvind Singh
Managing Director

Mukesh Goyal
Partner
Membership Number : 081810

Pankaj Sharma
CGM (Finance)

Subodh Zare
Company Secretary

Place : New Delhi
Date : 17-10-2018

Place : Mumbai
Date : 16-10-2018

STATEMENT OF CHANGES IN EQUITY

PART - I BALANCE SHEET

Statement of changes in Equity for the period ended 31st March 2018

A. Equity Share Capital

Particulars	(Amt. in Rs.)
As at 1st April 16	862,997,720,630
Issue of share capital (As per Note)	10,929,800,000
As at 31st March 17	873,927,520,630
Issue of share capital (As per Note)	6,937,893,390
As at 31st March 18	**880,865,414,020**

B. Instruments entirely equity in nature

a. Compulsorily Convertible Preference Shares

Particulars	(Amt. in Rs.)
As at 1st April 16	-
Issued during the yr 2016-17	-
As at 31st March 17	-
Issued during the yr 2017-18	-
As at 31st March 18	**-**

b. Compulsorily Convertible Debentures

Particulars	(Amt. in Rs.)
As at 1st April 16	-
Issued during the yr 2016-17	-
As at 31st March 17	-
Issued during the yr 2017-18	-
As at 31st March 18	**-**

c. Instrument (any other instrument entirely equity in nature)

Particulars	(Amt. in Rs.)
As at 1st April 16	-
Issued during the yr 2016-17	-
As at 31st March 17	-
Issued during the yr 2017-18	-
As at 31st March 18	**-**

MSEB HOLDING CO. LTD.

Statement of Changes in Equity

Statement of changes in Equity for the period ended 31st March 2018

A. Equity Share Capital

Particulars	(Amt. in Rs.)
As at 31st March 17	873,927,520,630
Issue of share capital	6,937,893,390
As at 31st March 18	880,865,414,020

B. Other Equity

For the Year 31st March 2018

Particulars	Share application money pending allotment	Equity component of compound financial instruments	Reserves and Surplus			
			Capital reserves	Securities premium Reserve	Other reserves (Specify nature)	Retained Earnings
Balance as on 1st April 2017	6,937,893,389		-	-	-	-21,048,556,297
Changes in accounting policy/prior period errors						
Restated balance at the begining of the reporting period		-	-	-	-	-21,048,556,297
Profit for the year			-	-	-	-340,146,166
Other Comprehensive Income for the year			-	-	-	10,434,139.00
Dividends			-	-	-	-
Transfer to retained earnings			-	-	-	-

Share Application Money received during the year	5,978,001,000					
Shares issued during the year	6,937,893,389		-	-	-	-
Balance as on 31st March 2018	**5,978,001,000**	**-**	**-**	**-**	**-**	**-21,378,268,324**

As per our report of even date

For DOOGAR & ASSOCIATES	**Sunil Pimpalkhute**	**Arvind Singh**
Chartered Accountants	Director (Finance) & CFO	Managing Director
Firm Registration Number: 000561N		
Mukesh Goyal	**Pankaj Sharma**	**Subodh Zare**
Partner	CGM (Finance)	Company Secretary
Membership Number : 081810		

Place : New Delhi
Date : 17-10-2018

Place : Mumbai
Date : 16-10-2018

Note 1: Corporate information

Maharashtra State Electricity Board Holding Company Ltd. (MSEBHCL) was incorporated w.e.f. 31.05.2005 consequent upon the decision of the Government of Maharashtra (GOM) for reorganization of MSEB, pursuant to Chapter XIII of Electricity Act 2003. It has three Subsidiaries Companies viz. Maharashtra State Power Generation Co. Ltd. (MSPGCL), Maharashtra State Electricity Transmission Co. Limited (MSETCL), Maharashtra State Electricity Distribution Co. Limited (MSEDCL). The Company started its operation from 6th June 2005 in accordance with the “Provisional Transfer Scheme” of the Government of Maharashtra. The “Provisional Transfer Scheme” was a scheme under which all the three subsidiary Companies and this Company came into existence from the erstwhile MSEB Board. The said scheme has been finalised and the Financial Restructuring Plan (FRP) has been approved by the GOM on 31st March 2016and has been notified vide GR No. Reform2010/Pr.Ka.117/Urja-3. The scheme has been implemented during the F.Y. 31-03-2016 with retrospective effect from 05-06-2005.

Note 2: Basis of preparation

The standalone financial statements have been prepared to comply, in all material aspects, in accordance with the Indian Accounting Standards(herein after referred to as 'IND AS') notified under Section 133 of the Companies Act, 2013 (the Act), [the Companies (Indian Accounting Standards) Rules, 2015 and the other relevant provisions of the Act].

The preparation of the financial statements requires management to make estimates and assumptions. Actual results could vary from these estimates. The accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year or in the year of the revision and future years, if the revision affects both current and future years (refer note no. 4onsignificant accounting judgements, estimates and assumption).

The financial statements have been prepared on a historical cost basis except for certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments.) at the end of each reporting period, as explained in the accounting policies below.

The financial statements are presented in Indian Rupees (‘INR’ or ‘Rupees’ or `) which is the Company’s functional currency.

Note 3: Current and non-current classification

The Company presents assets and liabilities in the balance sheet based on current/non-current classification.

An asset is current when it is:

- Expected to be realised or intended to sold or consumed in normal operating cycle,
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after reporting period.

  Or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle.
- It is held primarily for the purpose of trading,

- It is due to be settled within twelve months after the reporting period,

  Or

- There is no unconditional right to defer the settlement of the liability for at twelve months after the reporting period.

Deferred tax assets/liabilities are classified as non-current on net basis.

All other liabilities are classified as non-current.

Note 4: Significant accounting judgements, estimates and assumptions

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Information about significant areas of estimates and judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are as below:

- Estimates of useful lives and residual value of Property, Plant and Equipment and intangible assets;
- Fair value measurements of financial instruments
- Impairment of non-financial assets;
- Measurement of Defined Benefit Obligation, key actuarial assumptions;
- Provisions and Contingencies;
- Evaluation of recoverability of deferred tax assets;
- Revenue recognition

Note 5: Significant accounting policies:

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

   Property, Plant and Equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long term construction projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced in intervals, the Company recognises such parts as separates component of assets with specific useful lives and provides depreciation over their useful life. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the items can be measured reliably. The carrying amount of the replaced part is derecognised. All other repair and maintenance costs are recognised in profit or loss incurred.

Capital work in progress includes cost of property, plant and equipment under installation/under development as at the balance sheet.

Capital Expenditure on tangible assets for research and development is classified under property, plant and equipment and is depreciated on the same basis as other property, plant and equipment.

Gains and losses arising from retirement or disposal of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss on the date of retirement or disposal.

Assets are depreciated to the residual values on a straight-line basis over the estimated useful lives. The assets' residual values and useful lives are reviewed at each financial year end or whenever there are indicators for review, are adjusted prospectively.

Leased Assets

Leasehold lands are amortised over the period of lease. Buildings constructed on leasehold land are depreciated based on the useful life specified in Schedule II to the Companies A1.5t, 2013, where the lease period of land is beyond the life of the building.

In other case, buildings constructed on leasehold lands are amortised over the primary lease of thelands.Freehold land is not depreciated.

Estimated useful lives of the assets are as follows:

Nature of Assets	Years
Leasehold Land	01 to 80
Buildings	01 to 60
Plant &Equipment	01 to 15
Furniture & Fixtures	01 to 10
Vehicles	01 to 08
Computers	01 to 03

Assets individually costing Rupees five thousand or less are fully depreciated over a period of twelve months from the date available for use.

2. Investment properties:

Investment properties comprise portions of freehold land and office buildings that held for long-term rentals yields and/or for capital appreciation. Investment properties are initially recognised at cost. Subsequently investment property comprising of building is carried at cost less accumulated depreciation and accumulated impairment losses.

The cost includes the cost of replacing parts and borrowing costs for long term construction projects if the recognition criteria are met. When significant parts of the investment property are required to be replaced at intervals, the Company depreciates them separately based on their useful lives. All other repair and maintenance costs are recognised in profit and loss as incurred.

Depreciation on building is provided over the estimated useful lives as specified in schedule II to the Comparative Act, 2013. The residual values, useful lives and depreciation method of investment properties are reviewed, and adjusted on prospective basis as appropriate, at each financial year end. The effects of any revision are included in the statement of profit and loss when the change arises.

Though the Company measures investment property using cost based measurement, the fair value of investment property is disclosed in the notes.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal.

The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the statement of profit and loss in the period of derecognition.

3. Intangible assets:

Identifiable intangible assets are recognised when the Company controls the asset, it is probable that future economic benefits attributed to the asset will flow to the Company and the cost of the asset can be reliably measured.

At initial recognition, the separately acquired intangible assets are recognised at cost. The cost of intangible assets that are acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, the intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses, if any.

Amortisation is recognised in profit or loss on a straight line basis over the estimated useful lives of intangible assets from the date they are available for use. The amortisation period and the amortisation method for an intangible asset (except goodwill) is reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted by changing the amortisation period or method, as appropriate , and are treated as changes in accounting estimates.

a) Goodwill - Goodwill is initially recognised at cost and is subsequently measured at cost loss any accumulated impairment losses.

b) Software - Software is capitalised at the amounts paid to acquire the respective license for use and is amortised over the period of license, generally not exceeding three years.

c) Licences - Acquired licenses are initially recognised at cost. Subsequently, licenses are measured at cost less accumulated amortisation and accumulated impairment loss, if any. Amortisation is recognised in profit or loss on a straight-line basis over the unexpired period of the license and is disclosed under ‘depreciation and amortisation’. The amortisation period relating to licenses acquired in a business combination is determined primarily by reference to the unexpired license period.

d) Other acquired intangible assets - Other intangible assets are initially recognised at cost. Other intangible assets acquired in business combinations are amortised over the estimated useful lives from the date they are available for use.

Intangible assets that have an indefinite useful life, for example goodwill, and intangible assets not yet put to use are not subject to amortisation and are tested annually for impairment. Assets that are subject to depreciation and amortisation are reviewed for impairment, whenever events or changes in circumstances include, through are not limited to, significant or sustained decline in revenues or earnings and material adverse changes in the economic environment.

4. Impairment of non-financial assets:

At each balance sheet date, the Company assesses whether there is an indication that an asset may be impaired and also whether there is an indication of reversal of impairment loss recognised in the previous periods. If any indication exists, or when annual impairment testing for an asset is required, if any, the Company determines the recoverable amount and impairment loss is recognised when the carrying amount of an asset exceeds its recoverable amount.

Recoverable amount is determined at the higher of the fair value less cost to sell and the value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share process for publicly traded companies or other available fair value indicators.

Impairments losses of continuing operations, including impairment on inventories, are recognised in profit and loss section of the statement of profit and loss, except for properties previously re valued with the revaluation taken to Other Comprehensive Income (the 'OCT'). For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation.

5. Cash and cash equivalents:

Cash and cash equivalents comprise cash at bank and on hand which are short term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of change in value. Outstanding bank overdrafts are shown within the borrowings in current liabilities in the statement of financial position and which are considered an integral part of the Company's cash management.

6. Revenue Recognition:

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received/receivable, excluding discounts, rebates, and VAT, service tax or duty. The Company assesses its revenue arrangements against specific criteria i.e whether it has exposure to the significant risks and rewards associated with the sale of goods or rendering of services, in order to determine if it acting as a principal or as an agent.

a) Interest income – For all the financial instruments measured at amortised cost and interest bearing financial assets, classified as financial assets as fair value though profit or loss, interest income is recognised using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. Interest income is included in 'finance income' in the income statement.

b) Dividend income – Dividend income is recognised when the Company's right to receive the payment is established.

c) Lease Income – Lease agreements where the risks and rewards incidental to the ownership of an asset substantially vest with the lessor are recognised as operating lease. Lease rentals are recognised on straight line basis as per the terms of the agreements in the statement of profit and loss.

7. Accounting/ classification of expenditure and income

Prior Period Items includes items of income or expenses which arise in the current period as a result of error or omission in the preparation of financial statements of one or more prior years. These are separately accounted for either by –

a) Restating the comparative amounts for the prior period(s) in which the error occurred, or

b) When the error occurred before the earliest prior period(s) presented, restating the opening balances of assets, liabilities and equity for that period, so that the financial statements are presented as if the error had never occurred.

Only where it is impracticable to determine the cumulative effect of an error on prior periods can an entity correct an error prospectively.

8. Employee benefits:

The Company's post employment benefits include defined benefit plan and defined contribution plans. The Company also provides other benefits in the form of deferred compensation and compensated absences.

Under the defined benefit retirement plan, the Company provides retirement obligation in the form of Gratuity. Under the plan, a lump sum payment is made to eligible employees at retirement or termination of employment based on respective employee salary and years of experience with the Company.

For defined benefit retirement plans, the difference between the fair value of the plan assets and the present value of the plan liabilities is recognised as an asset or liability in the statement of financial position. Scheme liabilities are calculated using the projected unit credit method and applying the principal actuarial assumptions as at the date of statement of financial position. Plan assets are assets that are held by a long term employee benefit fund or qualifying insurance policies.

All the expenses excluding re-measurements of the net defined benefits liability (asset), in respect of defined benefit plans are recognised in the profit or loss as incurred. Re-measurements, comprising actuarial gains and losses and the return on the plan assets (excluding amounts included in net interest on the net defined benefit liability (asset)), are recognised immediately in the statement of financial position with a corresponding debit or credit to retained earnings through other comprehensive income in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

Compensated Absence

The expected cost of accumulating compensated absences is determined by actuarial valuation performed by an independent actuary at each balance sheet date using projected unit credit method on the additional amount expected to be paid/ availed as a result of the unused entitlement that has accumulated at the balance sheet date. Gains and losses through re-measurements of the net defined benefit liability/(asset) are recognized in other comprehensive income.

The amount charged to the income statement in respect of these plans is included within operating costs.

The Company's contribution to defined contribution plans are recognised in profit or loss as they fall due. The Company has no further obligations under these plans beyond its periodic contributions.

9. Borrowing costs:

Borrowing costs consist of interest and other costs that the Company incurs in connection with the borrowing of funds. Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period in which they occur.

10. Leases:

The determination of whether an arrangement is, or contains, a lease is based on the substance of an arrangement at inception date- whether fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

a. Company as a lessee

Finance lease, which transfers to the Company substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the commencement of the lease at the fair value of the leased asset or if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of liability.

Finance charges are recognised in the profit or loss. Initial direct costs incurred in a finance lease of the lessee are added to the amount recognised as an asset at the commencement of the lease term.

Leased assets are depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. Contingent rents are recognised as expense in the period in which they are incurred.

b. Company as a lessor

Assets leased to others under finance lease are recognised as receivables at an amount equal to the net investment in the leased asset. The finance income is recognised based on the periodic rate of return on the net investment of the Company outstanding in respect of the finance lease. Initial direct costs incurred in a finance lease are included in the initial measurement of finance lease receivable and reduce the amount of income recognised over the lease term.

Lease where the Company does not transfer substantially all the risks and rewards incidental to ownership of the asset are classified as operating lease. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income.

Lease rentals under operating leases are recognised as income on a straight-line basis over the lease term. Contingent rents are recognised as income in the period in which they are earned.

11. Earnings per share:

The Company's earnings per share (EPS) is determined based on the net profit attributable to the shareholders' of the Company. Basic earnings per share is computed using the weighted average number of shares outstanding during the year.

Diluted earnings per share is computed using the weighted average number of common and dilutive common equivalent shares outstanding during the year including share options (using the treasury stock method for options), except where the result would be anti- dilutive.

12. Taxes on Income:

a. Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. Current income tax relating to items recognised directly in equity. The Company periodically evaluates positions taken in the tax returns with respect to which applicable tax regulations are subject to interpretation and establishes provisions where applicable.

b. Deferred tax

Deferred tax liability is provided on temporary differences at the reporting date between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognised for all taxable temporary difference, except –

- When the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit/(tax loss).
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interest in joint ventures, where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary differences will be not reverse in the foreseeable future.

  Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit/(tax loss).
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current incomes tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

13. Provisions, Contingent Liabilities, Contingent Assets and Commitments:

a. **General** – Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the Company expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursements.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

b. **Contingencies** – Contingencies liabilities are recognised at their fair value only, if they were assumed as part of a business combination. Contingent assets are not recognised. However, when the realisation of income is virtually certain, then the related asset is no longer a contingent asset, and is recognised as an asset. Information on contingent liabilities is disclosed in the notes to the financial statements, unless the possibility of an outflow of resources embodying economic benefits is remote. The same applies to contingent assets where an inflow of economic benefits is probable.

14. Fair value measurement:

The Company measures financial instruments such as derivatives and certain investments, at fair value at each balance sheet date.

Fair Value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability

  Or

- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

15. Financial Instruments:

(i) Financial assets:

Initial recognition and measurement:

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Financial assets are classified, at initial recognition, as financial assets measured at fair value or as financial assets measured at amortised cost.

Subsequent measurement

For purpose of subsequent measurement financial assets are classified into two broad categories:

- Financial assets at fair value
- Financial assets at amortised cost

Where assets are measured at fair value, gains and losses are either recognised entirely in the statement of profit and loss (i.e fair value through profit & loss), or recognised in other comprehensive income (i.e fair value through other comprehensive income).

A financial asset that meets the following two conditions is measured at amortised cost (net of any write down for impairment) unless the asset is designated at fair value through profit or loss under the fair value option.

- **Business model test:** The objective of the Company's business model is to hold the financial asset to collect the contractual cash flows (rather than to sell the instrument prior to its contractual maturity to realise its fair value changes).
- **Cash flow characteristic test:** The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset that meets the following two conditions is measured at fair value through other comprehensive income unless the asset is designed at fair value through profit or loss under the fair value option.

- **Business model test:** The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.
- **Cash flow characteristic test:** The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Even if an instrument meets the two requirements to be measured at amortised cost or fair value through other comprehensive income, a financial asset is measured at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency (sometimes referred to as an 'accounting mismatch') that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

All other financial asset is measured at fair value through profit or loss.

All equity investment are measured at fair value in the balance sheet, with value changes recognised in the statement of profit and loss, except for those equity investments for which the entity has elected to present value changes in 'other comprehensive income'.

If an equity investment is not held for trading, an irrevocable election is made at initial recognition to measure it at fair value through other comprehensive income with only dividend income recognised in the statement of profit and loss.

Derecognition

A financial asset (or where applicable, a part of a financial asset or part of group of similar financial assets) is primarily recognised (i.e removed from the Company's statement of financial position) when:

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

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Investment in associates, joint venture and subsidiaries

The Company has accounted for its investment in subsidiaries and associates, joint venture at cost in the separate financial statements.

Impairment of financial assets

The Company assesses impairment based on expected credit losses (ECL) model to the following:

- Financial assets measured at amortised cost;
- Financial assets measured at fair value through other comprehensive income (FVTOCI)

Expected credit losses are measured through a loss allowance at an amount equal to:

- the 12-months expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date); or
- full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument).

The Company follows 'simplified approach' for recognition of impairment loss allowance on:

- Trade receivables or contract revenue receivable; and
- All lease receivables

Under the simplified approach, the Company does not track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

The Company uses a provision matrix to determine impairment loss allowance on the portfolio of trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivable and is adjusted for forward looking estimates. At every reporting date, the history observed default rates are updated and changes in the forward-looking estimates are analysed.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12- months ECL is used to provide for impairment loss. However, if credit risk has increased significantly lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then then Company reverts to recognising impairment loss allowance based on 12-months ECL.

For assessing increase credit risk and impairment loss, the Company combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

Expected credit loss has been provided on the Long Term Trade Receivables against rentals from property on the basis of the following slabs to arrive at the time value.

No of Days	ECL
0-90 Days	1%
90-180 Days	3.25%
180 & Above	6.5%

(ii) Financial Liabilities:

Initial recognition and measurements

All the financial liabilities are recognised initially at fair value and, in case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payable, loans and borrowings including bank overdrafts and derivatives financial instruments.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by IND AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the statement of profit and loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IND AS 109 are satisfied.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the dereognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

(iii) Offsetting of financial instruments:

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

16. Cash flow statement

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

Note 6: Property, Plant And Equipment:

(Amt. in Rs.)

Particulars	Leasehold Land	Freehold Land	Plant & Machinery	Vehicles	Furniture & Fixtures	Comput-ers	Total	Capital Work in Progress
Year ended 31st March 2017								
Gross Carrying Amount								
Cost as at 1st April 2016	2,045,934,468	708,880,000	124,449,256	6,248,086	121,271,979	2,329,159	3,009,112,948	10,673,673
Additions	-	-	559,944	3,923,433	1,270,295	209,219	5,962,891	344,202
Adjustments	-	-	-	-	-	-	-	-
Disposal/Transfers	-	-	-	-	-	-	-	11,017,875
Closing Gross Carrying Amount	**2,045,934,468**	**708,880,000**	**125,009,200**	**10,171,519**	**122,542,274**	**2,538,378**	**3,015,075,839**	**-**
Accumulated Depreciation and Impairment								
Opening Accumulated Depreciation	300,738,860	-	77,478,825	3,945,496	104,720,459	1,056,546	487,940,186	-
Depreciation Charge during the year	32,932,832	-	5,505,683	1,061,434	76,733	561,846	40,138,528	-
Adjustments	-	-	-	-	-	-	-	-
Disposal/Transfers	-						-	-
Closing Accumulated Depreciation and Impairment	**333,671,692**	**-**	**82,984,508**	**5,006,930**	**104,797,192**	**1,618,392**	**528,078,714**	**-**
Net Carrying Amount	**1,712,262,776**	**708,880,000**	**42,024,692**	**5,164,589**	**17,745,082**	**919,986**	**2,486,997,125**	**-**
Year ended 31st March 2018								
Gross Carrying Amount								
Opening Gross Carrying Amount	2,045,934,468	708,880,000	125,009,200	10,171,519	122,542,274	2,538,378	3,015,075,839	-

Additions	-	-	5,163,593	1,144,046	2,743,332	666,043	9,717,014	-
Adjustments	-	-	-	-	-	-	-	
Disposal/Transfers	-	-	-	-	-	-	-	-
Closing Gross Carrying Amount	**2,045,934,468**	**708,880,000**	**130,172,793**	**11,315,565**	**125,285,606**	**3,204,421**	**3,024,792,853**	**-**
Accumulated Depreciation and Impairment								
Opening Accumulated Depreciation	333,671,692	-	82,984,508	5,006,930	104,797,192	1,618,392	528,078,714	-
Depreciation Charge during the year	32,932,832	-	5,735,614	1,234,828	2,428,767	622,974	42,955,016	-
Adjustments							-	-
Disposal/Transfers							-	
Closing Accumulated Depreciation and Impairment	**366,604,524**	**-**	**88,720,122**	**6,241,758**	**107,225,959**	**2,241,366**	**571,033,730**	**-**
Net Carrying Amount	**1,679,329,944**	**708,880,000**	**41,452,671**	**5,073,807**	**18,059,647**	**963,055**	**2,453,759,123**	**-**

Note 7 Investment Property **(Amt. in Rs.)**

Particulars	Freehold Buildings
Cost	
Cost as at 1st April 2016	11,794,282,028
Additions	11,017,876
Adjustments	-
Disposal/Transfers	-
As at 31st March 2017	**11,805,299,904**
Additions	-
Adjustments	-
Disposal/Transfers	-
As at 31st March 2018	**11,805,299,904**
Accumulated Depreciation	
As at 1st April 2016	2,615,474,810
Depreciation Charge during the year	420,663,448
Adjustments	-
Disposal/Transfers	-
As at 31st March 2017	**3,036,138,258**
Depreciation Charge during the year	420,208,919
Adjustments	-
Disposal/Transfers	-
As at 31st March 2018	**3,456,347,177**
Net Book Value	
As at 31st March 2017	8,769,161,646
As at 31st March 2018	8,348,952,727
Fair Value	
As at 31st March 2017	8,769,161,646
As at 31st March 2018	8,348,952,727

7.1) On transition to Ind AS, MSEBHCL has opted to continue with the carrying value of all Property, Plant and Equipment recognised as at 1st April 2015 measured as per previous Generally Accepted Accounting Principles (GAAP) specified in Companies(Accounting Standards) Rules 2006 notified by the Central Government and other provisions of the Companies Act 1956 and use that carrying value as the deemed cost of the property, plant and equipment.

7.2) The fixed assets appearing in the books of the Company have been transferred from erstwhile MSEB as per the FRP but has not yet been transferred in the names of MSEBHCL. However the same are considered to be owned by the Company. Depreciation for the year, has been calculated and charged to revenue account on the basis of nomenclature of overall Gross Block for each type of asset available with the company.

7.3) The exact date of asset put to use could not be obtained from erstwhile MSEB/GOM, instead the year in which the asset has been put to use has been made available.The depreciation for the first year has been calculated as if the asset has been put to use on 1st April of the relevant financial year.

7.4) On Finalisation of FRP the value of Assets have been increased by Rs. 13,967,512,030/- and Equity has been issued to the GOM against the same. The respective assets have been valued according to the valuation received from GOM and depreciation on the same has been calculated based on the remaining useful life of the assets.

7.5) Physical Verification of Assets had been conducted by the Management during the financial year 2010-11. The Company has also compiled Fixed Asset Register from the date of restructuring i.e 06-06-2005 till the end of current financial year. All records relating to Opening Balances as appearing in the Asset Register to the extent received from erstwhile MSEB had been reconciled at the time of physical verification. The asset wise details of cost of assets , its valuation as on 05-06-2005 and written down values as per the asset register have also been reconciled with the opening balances incorporated in Accounts.

7.6) Sale deed specifying the cost of Land & Building at Dharavi purchased by erstwhile MSEB in May 1981 is yet to be registered. However the Land & Building is in the possession of MSEBHCL and as per the BMC directives , interest @14% on balance amount of sale consideration Rs. 9,041,427/- towards cost of Dharavi Building being paid monthly basis. The matter is sub-judice at Bomabay High Court.

7.7) Additions to Fixed Assets amounting to Rs. 9,717,014/- (PY Rs. 5,962,891/-) included fixed assets which have been accounted on the basis of information received from MSEDCL (Civil Section).

Note 8 :Investments **(Amt. in Rs.)**

Particulars	**As at 31st March 2018**	**As at 31st March 2017**
Trade Investments		
Investments in Equity Instruments		
-Unquoted		
-Subsidiary Companies		
1. Maharashtra State Power Generation Co Ltd. 50,000 shares of Rs. 10 each (P.Y. 50,000shares of Rs. 10 each)	500,000	500,000
2. Maharashtra State Power Generation Co Ltd 25,247,076,126 shares of Rs. 10 each (P.Y. 24,854,286,788 shares of Rs. 10 each)	252,470,761,260	248,542,867,880
3. Maharashtra State Electricity Transmission Co. Ltd 50,000 shares of Rs. 10 each (P.Y. 50,000 shares of Rs. 10 each)	500,000	500,000
4. Maharashtra State Electricity Transmission Co. Ltd8,984,924,733 shares of Rs. 10 each(P.Y. 8,984,924,733shares of Rs. 10 each)	89,849,247,330	89,849,247,330
5. Maharashtra State Electricity Distribution Co. Ltd 50,000 shares of Rs. 10 each (P.Y. 50,000 shares of Rs. 10 each)	500,000	500,000
6. Maharashtra State Electricity Distribution Co. Ltd 47,245,204,904 shares of Rs. 10 each (P.Y. 46,496,584,904 shares of Rs. 10 each)	472,452,049,040	464,965,849,040

- Other Companies		
Ratnagiri Gas & Power Pvt Ltd. Nil (P.Y. 516,280,000 shares of Rs. 10 each)	-	
Kokan LNG Private Limted 74,053,869 shares of Rs. 10 each	-	
Sub Total (a)	**814,773,557,630**	**803,359,464,250**
Share Application Money Pending Allotment		
1. Maharashtra State Power Generation Co. Ltd	370,001,016	3,927,893,389
2. Maharashtra State Electricity Transmission Co. Ltd	--	--
3. Maharashtra State Electricity Distribution Co. Ltd	1,131,800,000	3,010,000,000
Sub Total (b)	**1,501,801,016**	**6,937,893,389**
Total (a) + (b)	**816,275,358,646**	**810,297,357,639**

Particulars	**As at 31st March 2018**	**As at 31st March 2017**
Aggregate amount of quoted investments	--	--
Aggregate amount of unquoted investments	814,773,557,630	803,359,464,250

8.1) Investments include ` 1,500,000/- paid to subsidiary companies Viz, MSPGCL, MSETCL & MSEDCL (Rs. 500,000/- per company) as stated in point no 1, 3 & 5 as a contribution towards the initial equity capital, for which share certificates are issued in the name of nominees of the GOM and have yet not been transferred in the name of the Company.

8.2) Share Application Money of Rs. 370,001,016/- (P.Y. Rs. 3,927,893,389/-) accounted for during the year represent Investment of MSEB Holding Co. Ltd. in Maharashtra State Power Generation Company Ltd directly paid by GOM during the year 2017-2018 and for which shares are yet to be issued.

8.3) Share Application Money of Rs. 1,131,800,000/- (P.Y. Rs. 3,010,000,000/-) accounted for during the year represent Investment of MSEB Holding Co. Ltd. in Maharashtra State Electricity Distribution Co. Ltd directly paid by GOM during the years 2017-2018 and for which shares are yet to be issued.

8.4) The investment of the company in MSEDCL of Rs. 473,584,349,040/- has been getting depreciated due to continuous losses incurred by MSEDCL. The depreciation in value of shares has not being provided for in the books. Till last year the entire losses of MSEDCL amounting to Rs. 2883251.24 lacs has not being reflected in the value of shares. The figures for 31-03-2018are yet to be finalised.

8.5) Investment in Ratnagiri Gas & Power Pvt Ltd Rs. 5,162,800,000/- (P. Y Rs. 5,162,800,000/-) RGPPL carried out an impairment study for Fixed Assets through KPMG. They submitted their final report on 13.05.2017, as follows:

Scenario 1 **(Amt. in Rs.)**

Equity Value	(33,550,000,000)
Impairment of Fixed Assets	(22,413,000,000)

Scenario 2 Considering potential loan restructuring **(Amt. in Rs.)**

Equity Value	7,501,000,000
Impairment of Fixed Assets	(22,413,000,000)

As on 31.03.2017 details of equity holding is as under:

Name of Shareholder	**Amt. in Rs.**
NTPC Limited	9,743,083,000
GAIL (India) Limited	9,743,083,000
MSEB Holding Company Limited	5,162,800,000
IDBI Bank Limited	4,816,840,720
State Bank of India	3,833,600,000
ICICI Bank Limited	3,405,100,000
Canara Bank	822,100,000
IFCI Limited	676,117,430
Total	**38,202,724,150**

Indicators impacting RGPPL for Impairment assessment

External Indicator – asset's value has declined during the period significantly more than would be expected as a result of the passage of time or normal use. There is indication of decline in assets value as neither Power Plant nor LNG terminal are working at their installed capacity from last 10 years.

Significant decline in net worth of the company:

RGPPL has incurred losses during last few years which has resulted in erosion of net worth of the company. Net worth of the company has been reduced by 622crores and 913 crores from March 15 to March 16 and March 16 to March 17 respectively.

(Amt. in Crs.)

Particulars	**March 31,2017**	**March 31,2016**
Share Capital	38,203	38,203
Reserves & Surplus	-44,816	-35,680
Total	**-6,613**	**2,523**

Also as per their report the Fair Value of Equity is Rs. 3,355 crores negative.

Based on above, thatthe fair value of the investment as at 1st April 2015 was consideredto be Nil.

8.6) The Demerger Scheme of Ratanagiri Gas and Power Private Limited (RGPPL) has been approved by NCLAT vide order dated 28th February, 2018 with Appointed Date as 1st January, 2016 thereby transferring the LNG undertaking from RGPPL to Konkan LNG Private Limited(KLPL).

Consequent on approval of the demerger by NCLAT and upon the Scheme becoming effective, existing issued/paid up equity share capital of MSEB Holding Company Ltd was reduced to Rs. 4,422,261,310/- (consisting of 442226131 shares of Rs. 10/- each).

Accordingly a sum of Rs. 740,538,690/- (74,053,869 Equity shares of Rs. 10/- each) was transferred to investment in KLPL.

In order to comply with provision of Ind AS 109, the fair value of investment in RGPPL was considered to be NIL on 1st April 2015. On same basis the fair value of investment in Kokan LNG Private Ltd has also been taken to be Nil as on 31st March 2018.

Note 9: Other Non-Current Assets **(Amt. in Rs.)**

Particulars	As at 31st March 2018	As at 31st March 2017
Security Deposits		
Unsecured, Considered Good		
Deposits – with Telephone Authorities	--	--
Loans and advances to related parties		
Unsecured, Considered Good		
MSEDCL	36,989,081,880	37,193,001,362
Other loans and advances		
Unsecured, Considered Good		
Advances receivable in cash or in kind or in value to be received	324,633	246,719
Other Deposits	94,779	81,500
Miscellaneous loans and advances	--	--
Advance Tax and Tax Deducted at Source (net of provision for tax)	1,426,779,890	1,385,800,081
Total	**38,416,281,182**	**38,579,129,162**

9.1) Loans and Advances to related parties - MSEDCL of Rs. 36,989,081,881/- (P.Y. Rs. 37,193,00,363/-) and includes transfer of common and specific liabilities, assets and reserves amounting to net balance of Rs. 2,070,553,100/- which are under reconciliation, discussions and deliberations.

9.2) The Company has shown advance tax of Rs. 1,426,779,890/- net of the provision of tax in the books of accounts amounting to Rs. 400,727,729/- and there is no such liability as per income tax records as cases are in appeal. The amount of provision made in the books are as per companies judgement only.

Note 10: Trade Receivables **(Amt. in Rs.)**

Particulars	As at 31st March 2018	As at 31st March 2017
Long Term Trade Receivables		
-against rentals from property		
Considered Good over six months	2,673,829,858	2,309,265,049
Considered Good not exceeding six months	202,796,947	197,192,957
Less/Add : Allowance for Expected Credit Loss	178,016,831	154,256,682
	2,698,609,974	**2,352,201,324**

10.1) The debts outstanding against rentals from property due from subsidiaries amounting to Rs. 2,874,299,009/- (P.Y. Rs. 2,505,533,031/-) have been long outstanding.

Note 11: Cash & Cash Equivalent **(Amt. in Rs.)**

Particulars	**As at 31st March 2018**	**As at 31st March 2017**
Cash and Cash Equivalent		
a. Balances with banks		
In Current Accounts	302,050	307,072
In Deposit Accounts with original maturity less than 3 months	--	--
b. Cash on Hand		--
c. Cheques on Hand		--
Other bank balances		
In deposits with original maturity of more than 3 months but less than 12 months	356,254,270	388,891,875
Total	**356,556,320**	**389,198,947**

Note12: Other Current Assets **(Amt. in Rs.)**

Particulars	**As at 31st March 2018**	**As at 31st March 2017**
Prepaid Expenses	142,226	67,898
Other Advances	---	1,000
Interest Accrued and due on fixed deposits	10,319,307	12,554,600
Total	**10,461,533**	**12,623,498**

Note 13: Share Capital **(Amt. in Rs.)**

Particulars	**As at 31st March 2018**		**As at 31st March 2017**	
	Number of shares	**Amount**	**Number of shares**	**Amount**
A) Authorised Share Capital	9,900,000,000	990,000,000,000	9,900,000,000	990,000,000,000
9,900,000,000 (P.Y 9,900,000,000) Equity Shares (hereafter referred to as 'shares') of ` 10 each				
B) Issued, Subscribed & Paid up Capital				

88,086,541,402 (P.Y. 87,392,752,063) Equity Shares (hereafter referred to as 'shares') of Rs. 10 each fully paid up.	88,086,541,402	880,865,414,020	87,392,752,063	873,927,520,630
	88,086,541,402	**880,865,414,020**	**862,997,720,63**	**862,997,720,630**

a) Details of the shareholders holding more than 5% of the Capital

	As at 31st March 2018		As at 31st March 2017	
Name of the Shareholder	**No. of shares held**	**% of Total Paid up Capital**	**No. of shares held**	**% of Total Paid up Capital**
Gov of Maharashtra and its nominees	88,086,541,402	100%	87,392,752,063	100%
	88,086,541,402	**100%**	**87,392,752,063**	**100%**

b) Reconciliation of number of shares outstanding at the beginning and at the end of reporting year/period:

Name of the Shareholder	As at 31st March 2018	As at 31st March 2017
	No. of Shares	**No. of Shares**
Shares outstanding at the beginning of the year	87,392,752,063	86,299,772,063
Shares issued during the year	693,789,339	1,09,29,80,000
Shares bought back during the year	-	-
Shares outstanding at the end of the year	**88,086,541,402**	**87,392,752,063**

c) Details of Issued, Subscribed & paid up capital during the year.

693,789,339 Equity shares of Rs. 10/- each were allotted on 15-11-2017.

d) Rights, Preferences and restrictions attaching to each class of shares

The Company has only one class of Equity Shares having par value of Rs. 10 per share.

e) Shares in respect of each class in the Company held by its Holding Company or its ultimate holding Company including shares:

Not applicable.

f) Shares reserved for issue under options and contracts or commitments for the sale of shares or disinvestment, including the terms and amounts.

Not applicable.

g) Aggregate number of bonus shares issued, shares issued for consideration other cash and shares bought back during the period of five years immediately preceding reporting date.

Particulars	2017-18	2016-17	2015-16	2014-15	2013-14
i) Equity Shares allotted as fully paid up Bonus Shares	NIL	NIL	NIL	NIL	NIL
ii) Equity Shares issued for consideration other than cash	NIL	NIL	76,750,709,863	NIL	NIL

h) Terms of any securities convertible into equity shares issued along with the earliest date of conversion in descending order starting from the farthest such date.

Not Applicable

i) Calls unpaid (showing aggregate value of calls unpaid by directors and officers).

Not Applicable

j) Forfeited Shares (amount originally paid up)

Not Applicable

Note 14: Other Equity **(Amt. in Rs.)**

Particulars	As at 31st March 2018	As at 31st March 2017
(i) Surplus / (Deficit) in Statement of Profit and Loss		
Opening balance	(21,048,556,297)	(20,693,690,083)
Add: Profit / (Loss) for the year	(329,712,027)	(354,866,214)
Closing balance	**(21,378,268,324)**	**(21,048,556,297)**
Total (A)	**(21,378,268,324)**	**(21,048,556,297)**

Share Application Money Pending Allotment **(Amt. in Rs.)**

Particulars	As at 31st March 2018	As at 31st March 2017
100% pertaining to GOM	5,978,001,000	6,937,893,389
Total (B)	**5,978,001,000**	**6,937,893,389**
Total (A+B)	**(15,400,267,324)**	**(14,110,662,908)**

Note 15: Long Term Provisions **(Amt. in Rs.)**

Particulars	As at 31st March 2018	As at 31st March 2017
Provision for Employee Benefits		
Provision for compensated absence	26,576,212	21,356,393
Provision for gratuity	23,903,748	23,438,547
Total	**50,479,960**	**44,794,940**

15.1) Provision for Gratuity and leave encashment is accounted for on the basis of actuarial valuation

Note 16: Deferred Tax Liability/Asset (net) **(Amt. in Rs.)**

	As at 31st March 2018	As at 31st March 2017
Deferred Tax Liabilities		
Fixed Assets/Depreciation	2 247,976,314	2,388,314,265
Employee Benefits		
Deferred Tax Assets		
Employee Benefits	-	2,496,382
Unabsorbed Depreciation	5,222,848,118	141,580,863
Others	14,440,238,533	19,663,086,651
Net Deferred Tax Asset/Liability	**17,415,110,337**	**17,418,849,631**

Based on schedule of reversal of time differences of deferred Tax liabilities, historical pre-tax earnings and projection for future taxable income over the period, which the Deferred tax assets are deductible, management believes it is more likely than not that the Deferred Tax assets would be realized.

Note 17: Trade Payables **(Amt. in Rs.)**

Particulars	**As at 31st March 2018**	**As at 31st March 2017**
Trade Payable under Micro, Small and Medium Enterprises	--	--
Others	28,032,172	--
Other Liabilities	652,517	22,823
Total	**28,684,689**	**22,823**

17.1) Details of Dues to Micro and Small Enterprises:

Disclosure in accordance with Section 22 of the Micro, Small and Medium Enterprises Act, 2006: The Company has obtained confirmations from suppliers and service providers in who have registered themselves under the Micro Small and Medium Enterprises Development Act, 2006 (MSMED Act, 2006) and based on the information available with the Company, the balance due to Micro, Small and Medium Enterprises as defined under the MSMED Act, 2006 is Rs. NIL

a) The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year:

Sr. No.	Particulars	As at 31st March 2018	As at 31st March 2017
1	Principal Amount due and remaining Unpaid	Nil	Nil
2	Interest Due on above and the unpaid interest thereon	Nil	Nil
3	Interest paid	Nil	Nil

4	Payment made beyond the appointed day during the year	Nil	Nil
5	Interest due and payable for the period of delay	Nil	Nil
6	Interest accrued and remaining unpaid	Nil	Nil
7	Amount of further interest remaining due and payable in succeeding years	Nil	Nil

Note 18: Other Current Liabilities **(Amt. in Rs.)**

Particulars	**As at 31st March 2018**	**As at 31st March 2017**
a) Current maturities of long term debts- unsecured	--	--
b) Interest accrued and due on borrowings	--	--
Interest accrued but not due on Govt Loans	--	--
Interest accrued and due on State Govt Loan/CSPU dues coal/CSPU dues PP	--	--
c) Inter Company Payable		
MSETCL	745,193,846	744,368,035
MSEB Residual	5,546,170	5,746,170
MSPGCL	2,227,865,300	2,226,927,202
Other Payables		
Statutory Dues	5,394,913	649,263
Others	266,651	320,312
Total	**2,984,266,880**	**2,978,010,982**

The Company has elected to continue with the carrying amount of Inter Company Payables and use that carrying amount as their fair value.

18.1) Inter Company Payables:

i) Inter Company Payables: MSETCL of Rs. 745,193,846/- (Rs. P.Y. 744,368,035/-) includes transfer of common and specific liabilities, assets and reserves amounting to net balance of Rs. 517,638,283/- which are under reconciliation, discussions and deliberations.

ii) Inter Company Payables: MSPGCL of Rs. 2,227,865,300/- (Rs. P.Y 2,226,927,202/- debit balance) includes transfer of common and specific liabilities, assets and reserves amounting to net balance of Rs. 862,730,471/- which are under reconciliation, discussions and deliberations.

iii) Inter Company Payables: MSEB Residual of Rs. 5,546,170/- (Rs. 5,746,170/-) consists of amount payable to the bond holders who could not be identified / traced as stated.

Note 19: Short Term Provisions **(Amt. in Rs.)**

Particulars	As at 31st March 2018	As at 31st March 2017
Provision for Employee Benefits		
Provision for compensated absence	5,509,618	12,682,275
Provision for gratuity	4,284,323	17,388,879
Audit Fees Payable	675,000	685,000
Other Provisions	20,932,339	16,226,720
Total	**31,401,280**	**46,982,874**

Note 20: Other Income **(Amt. in Rs.)**

Particulars	As at 31st March 2018	As at 31st March 2017
Income from Rentals	384,352,860	384,352,860
Interest on Fixed Deposits with bank	26,063,743	33,929,855
Cash Discount Received	454,892	575,604
Rent from Staff Quarters	6,036	3,148
Interest on IT refund	---	7,465,244
Other Miscellaneous Receipts	1,265,467	1,425,073
Total	**412,142,998**	**427,751,784**

Note 21: Employees Benefits Expense **(Amt. in Rs.)**

Particulars	As at 31st March 2018	As at 31st March 2017
Salary	52,142,875	63,974,967
Directors Remuneration	1,014,026	2,634,634
Contribution to provident fund	4,178,643	4,404,350
Total	**57,335,544**	**71,013,951**

21.1) Salary includes payment made to employees of MSPGCL, MSEDCL and MSETCL working with the Company on deputation basis.

21.2) Full time Director - Finance Mr. Jaikumar Srinivasan was appointed for the period 24-08-17 to 02-02-2018 and then additional charge was given to Director Finance to MSETCL.

Note 22: Depreciation and amortisation expenses **(Amt. in Rs.)**

Particulars	As at 31st March 2018	As at 31st March 2017
Depreciation and amortisation expense	463,163,935	460,801,976
Total	**463,163,935**	**460,801,976**

Note 23: Other Expenses **(Amt. in Rs.)**

Particulars	As at 31st March 2018	As at 31st March 2017
Administrative and General Expenses		
Rent, Rates & taxes	32,223,887	37,596,306
Legal & Professional Fees	64,30,665	4,962,470
Audit Fees (inclusive of service tax)		
- As an auditor	750,000	750,000
- other matters		
Printing & Stationery	1,343,144	1,845,598
Conveyance Expenses	65,430	68,761
Fees & Subscription	72,817	41,804
Telephone	195,416	209,155
Insurance on Fixed Assets	183,684	123,755
Repairs & Maintenance		
- Office Equipments	22,829,200	21,124,957
- Vehicles	392,262	368,979
- Building	40,947,123	69,969,603
- Furniture	4,363,387	4,471,455
Meeting Expense	176,186	229,146
Travelling Expense	1,027,713	1,258,042
Postage & Telegram	15,544	9,494
Bank Charges & Commission	1,907	13,438
Books & Periodicals	15,194	30,498
Advertisement	1,774,431	2,110,858
Vehicle Hiring Charges	6,971,148	6,835,304
Vehicle Expenses	1,137,127	655,638
Electricity Charges	36,988,545	60,005,654

Water Charges	6,189,142	7,032,105
Security Charges	20,766,076	16,605,738
Upkeep of Office Premises	21,153,434	20,119,320
Prior Period Expenses	-	5,416,876
Other Miscellaneous Expenses	750,188	639,244
Interest as per BMC directives	1,265,796	1,265,796
Provision for Expected Credit Loss	23,760,149	17,730,483
Total	**231,789,686**	**281,490,487**

23.1) The Buildings and Other Assets owned by the Company are maintained by the Civil Maintenance Department of MSEDCL. The expenditure incurred by MSEDCL on repairs, maintenance and other incidentals have been accounted for on the basis of Inter Branch Adjustments (IBA's) received from MSEDCL.

23.2) As per the Memorandum of Understanding dated 08/06/2009, the expenditure amounting the Rs. 30,512,277/- (P.Y. Rs. 29,995,602/-) incurred during the year on account of all taxes including property tax, Non Agricultural tax, Insurance premium, service tax, lease tax if levied by the local authorities, State or Central Government, have been accounted for on the basis of advices received from MSEDCL – Civil Circle, Bandra.

23.3) As per New Memorandum of Understanding dated 09/05/2014, the expenditure amounting the Rs. 196,316,488/- (P.Y. Rs. 230,448,024/-) on account of Electricity Charges, Water Charges, House Keeping, Security Measures, Consultancy charges, Legal Charges, Printing & Stationery, Expenditure on Civil and Electrical Maintenance work and salaries and allowance of employees of Civil Division Bandra, Chief Engg (C) Corporate Office MSEDCL have been borne by MSEBHCL on the basis of advices received from MSEDCL Civil Circle Bandra.

23.4) In order to comply with provisions of IND AS 8, prior period items (which include items of income or expenses which arise in the current period as a result of error or omission in the preparation of financial statements of one or more prior years.) are separately accounted for either by –

a) Restating the comparative amounts for the prior period(s) in which the error occurred, or

(b) When the error occurred before the earliest prior period(s) presented, restating the opening balances of assets, liabilities and equity for that period, so that the financial statements are presented as if the error had never occurred.

Only where it is impracticable to determine the cumulative effect of an error on prior periods can an entity correct an error prospectively.

As the error due to oversight discovered during the year ended March 2018 relates to the previous year ended 31st March 2017 the comparative figures in the balance sheet and the statement of profit and loss for the year ended 31st March 2017 have been restated by giving effect to each of the affected financial statement in line items. Accordingly "Employees Benefit" and "Other expenses" have been increased by Rs. 101,784/- and Rs. 31,363,255/- respectively with a consequential impact on the provisions and other current assets. The net effect of restatement of Rs. 31,465,039/- is reflected in the restated retained earnings as at 31st March 2017.

(Amt. in Rs.)

Sr No.	Particulars	Prior Period Items reflected in accounts of F.Y 2017-18
1	Printing & Stationery	82,049
2	Salaries	101,784
3	Rent, rates and taxes	7,600,705
4	Telephone charges	15,175
5	Repairs and Maintenance (Office Equipment)	4,963,692
6	Conveyance	875
7	Repairs and Maintenance (Furniture)	339,725
8	Security Charges	215,029
9	Advertisement charges	12,758
10	Legal Charges	129,958
11	Office Expenses	813,752
12	Water Charges	7,62,573
13	Exp on Vehicle Hire Charges	170,062
14	Audit Fees	100,000
15	Legal &Professional Fees	289,514
16	Repairs and Maintenance (Civil Works)	15,997,346
	Total	**31,465,039**

The cumulative effect of the above can be bifurcated into four parts –

a) **Increase in expenses:** Expenses amounting Rs. 31,465,039/- have increased in the accounts of F.Y 2016-17 as follows-

(Amt. in Rs.)

Sr. No.	Particulars	Figures of adopted Financials F.Y 2016-17	Figures of Financials F.Y 2016-17 (after restatement)	Net Effect
1	Printing & Stationery	1,763,549	1,845,598	82,049
2	Employee Benefit Expenses	70,912,167	71,013,951	101,784
3	Rent, rates and taxes	29,995,602	37,596,306	7,600,705
4	Telephone charges	193,980	209,155	15,175
5	Repairs and Maintenance (Office Equipment)	16,161,265	21,124,957	4,963,692
6	Conveyance	67,886	68,761	875
7	Repairs and Maintenance (Furniture)	4,131,730	4,471,455	339,725
8	Security Charges	16,390,709	16,605,738	215,029
9	Advertisement charges	2,098,100	2,110,858	12,758

10	Legal & Professional Fees	4,672,956	4,962,470	289514
11	Office Expenses	19,305,578	20,119,330	813,752
12	Water Charges	6,269,532	7,032,105	7,62,573
13	Exp on Vehicle Hire Charges	6,665,242	6,835,304	170,062
14	Audit Fees	650,000	750,000	100,000
15	Repairs and Maintenance (Civil Works)	53,972,257	69,969,603	15,997,346
	Total	**233,250,553**	**264,715,592**	**31,465,039**

In presence of loss in the F.Y 2016-17, the question of corresponding effect on taxation does not arise

a) Decrease in Loans Advances to related parties (MSEDCL): The receivable amount of Rs. 37,214,986,138/- will decrease to Rs. 21,984,777/- On account of increase in liability.

b) Increase in Loss in F. Y 2016-17: The loss of Rs. 323,401,176/- has increased to Rs. 354,866,214/-on account of increased expenses.

c) Change in Earning Per Share (EPS) of F.Y 2016-17: Earning Per Share (EPS) has effectively remained unchanged; however the working of the same has differed as below:

Particulars	**2016-17**	**2016-17 (after restating)**
Profit/(Loss) after taxes ₹	(329,712,027)	(354,866,214)
Number of equity shares outstanding	87,653,160,664	86,683,063,679
Face value of equity shares Rs/Share	10	10
Earnings per share- Basic ₹	(0.004)	(0.004)
Earnings per share- Diluted ₹	(0.004)	(0.004)

Note 24: Contingent Liabilities and commitments

a) Contingent Liabilities **(Amt. in Rs.)**

Nature of Dues	**As at 31st March 2018**	**As at 31st March 2017**	**Period to which the amount relates**
Penalty	1,416,557,002	-	A.Y 2006-07
Penalty	1,371,736,837	1,371,736,837	A.Y 2007-08
Penalty	1,271,079,159	-	A.Y 2008-09
Penalty	1,134,815,207	1,134,815,207	A.Y 2009-10
Penalty	980,338,089	-	A.Y 2010-11
Tax and Interest	92,310,540	92,310,540	A.Y 2010-11
Tax and Interest	82,490,910	82 490 910	A.Y 2011-12
Tax and Interest	158,289,441	72,255,020	A.Y 2012-13
Tax and Interest	1,158,98,560	1,158,98,560	A.Y 2013-14
Stamp Duty on issue of shares	26,992,556	20,054,663	A.Y 2016-17

24.1) Out of the penalty of Rs. 1,371,736,837/- (P.Y. Rs. 1,371,736,837/-) for the A.Y. 2007-08 Rs. 250,000,000/- have been paid under protest against which stay proceeding are pending under PCIT.

24.2) Out of the penalty of Rs. 1,134,815,207/- (P.Y. Rs. 1,134,815,207/-) for the A.Y. 2009-10 Rs. 100,000,000/- have been paid under protest against which stay proceeding are pending under PCIT.

24.3) Application has been made to the Revenue Department of Government of Maharashtra for stamp duty exemption on issuance of shares to GOM. TheManagement is confident that the exemption will be granted.

24.4) During the year, the company has given Corporate Guarantee amounting ` 1200 crores in favour of RCE on behalf of MSEDCL for grant of loan.

b) Commitments:

The estimated amount of contracts remaining to be executed on capital account and not provided for In respect of Others Rs. Nil (P.Y. Rs. Nil/-)

Note 25: Operating Leases (IND AS 17)

In the absence of information about Lease period, amount etc of the leasehold land, it is not possible to provide lease disclosure in accordance with Indian Accounting Standard-17.

Note26: Employee Benefit (IND AS 19)

During the year the Company has carried out Actuarial Valuation of Gratuity and Leave Encashment. Short\Excess provision arising out of the same is charged/credited to Profit & Loss Account and Other Comprehensive Income.Disclosureas per IND AS 19 has been given to the extent available in the Report of Actuary.

Particulars	**Gratuity (Unfunded)**		**Leave Encashment (Unfunded)**	
	2017-18	**2016-17**	**2017-18**	**2016-17**
Discount	7.15%	7.70%	7.70%	7.70%
Salary Increase Rate	6.00%	6.00%	6.00%	6.00%
Withdrawal Rate	2.00%	2.00%	2.00%	2.00%
Retirement Age	58 & 60 yrs	58 & 60 yrs	58 & 60 yrs	58 & 60 yrs

Table 1: Total Expenses Recognised in the statement of Profit & Loss Account.

Particulars	**Gratuity (Unfunded)**		**Leave Encashment (Unfunded)**	
	2017-18	**2016-17**	**2017-18**	**2016-17**
Service cost				
a. Current Service cost	1,756,549	1,693,842	1,664,961	1,551,554
b. Past Service Cost	254,942	-	-	-
c. (Gain)/Loss on settlements		-	-	-
d. Total Service cost		1,693,842	1,664,961	1,551,154
Net Interest Cost				
a. Interest expense on DBO	2,297,509	2,739,343	1,980,373	2,238,590

b. Interest (income) on plan assets	-	-	-	-
c. Interest expense on effect of (asset ceiling)	-	-	-	-
d. Total net interest cost	2,297,509	2,739,343	1,980,373	2,238,950
Immediate Recognition of (Gains)/ Losses- Other Long Term Benefits	-	-	(7,545,459)	2,767,279
Other expenses/adjustments	-	-	-	-
Defined Benefit cost included in P & L	4,309,000	4,433,185	(3,900,125)	6,557,423

Table 2: Remeasurement Effects Recognized in other Comprehensive Income (OCI)

Particulars	**Gratuity (Unfunded)**		**Leave Encashment (Unfunded)**	
	2017-18	**2016-17**	**2017-18**	**2016-17**
a. Actuarial (Gain)/Loss due to Demographic Assumption changes in DBO	-	-	-	-
b. Actuarial (Gain)/Loss due to Financial Assumption changes in DBO	(772,127)	795,007	-	-
c. Actuarial (Gain)/Loss due to Experience on DBO	(9,662,011)	2,504,237	-	-
d. Return on Plan Assets (Greater)/ Less than Discount rate		-	-	-
e. Changes in asset ceiling/onerous liability (excluding interest income)		-	-	-
f. Total Actuarial (Gain)/ Loss included in OCI	(10,434,139)	3,299,243	-	-

Table 3: Total Cost Recognised in Comprehensive Income

	Gratuity (Unfunded)		**Leave Encashment (Unfunded)**	
	2017-18	**2016-17**	**2017-18**	**2016-17**
Cost Recognised in P&L	4,309,000	4,433,185	(3,900,125)	6,557,423
Remeasurements Effects Recognised in OCI	(10,434,139)	3,299,243	-	-
Total cost Recognised in Comprehensive Income	(6,125,139)	7,732,428	(3,900,125)	6,557,423

Table 4 : Change in Defined Benefit Obligation

	Gratuity (Unfunded)		Leave Encashment (Unfunded)	
	2017-18	**2016-17**	**2017-18**	**2016-17**
Defined Benefit Obligation as of Prior Year	40,827,426	39,938,620	34,038,668	32,431,092
Service Cost				
a. Current Service cost	1,756,549	1,693,842	1,664,961	1,551,554
b. Past service cost		-	-	-
c. (Gain)/Loss on settlements		-	-	-
Interest Cost	2,297,509	2,739,343	1,980,373	2,238,590
Benefit payments from plan assets		-	-	-
Benefit payments directly by employer	(2,616,457)	(6,843,622)	(1,950,472)	(4,949,847)
Settlements		-	-	-
Participant contribution				
Acquisition/ Divestiture		-		
Actuarial (Gain)/ Loss –Demographic Assunmptions	-	-	-	-
Actuarial (Gain)/ Loss –Financial	(772,127)	795,007	(931,390)	792,852
Actuarial (Gain)/ Loss –Experience	(9,662,011)	2,504,237	(6,614,070)	1,974,427
Other Expenses/adjustments				
Defined Benefit Obligation as of Current Year	32,085,830	40,827,426	28,188,071	34,038,668

Table 5 : Change in Fair Value of Plan Assets

	Gratuity (Unfunded)		Leave Encashment (Unfunded)	
	2017-18	**2016-17**	**2017-18**	**2016-17**
Fair value of plan assets at end of prior year	-	-	-	-
Expected Return on Plan Assets	-	-	-	-
Employer contributions	-	-	-	-
Participant contributions				
Benefit payments from plan assets	-	-	-	-
Settlements	-	-	-	-
Acquisition/ Divestiture	-	-	-	-
Actuarial (Gain)/ Loss on Plan Assets	-	-	-	-
Fair value of plan assets at end of year	-	-		

Table 6 : Net Defined Benefit Asset/ (Liability)

	Gratuity (Unfunded)		Leave Encashment (Unfunded)	
	2017-18	**2016-17**	**2017-18**	**2016-17**
Defined Benefit Obligation	32,085,830	40,827,426	28,188,071	34,038,668
Fair Value of Plan Assets		-		-
(Surplus)/ Deficit	32,085,830	40,827,426	28,188,071	34,038,668
Effect of Asset Ceiling		-		-
Net Defined Benefit Liability/ (Asset)	32,085,830	40,827,426	28,188,071	34,038,668

Table 7 : Reconciliation of Amounts in Balance Sheet

	Gratuity (Unfunded)		Leave Encashment (Unfunded)	
	2017-18	**2016-17**	**2017-18**	**2016-17**
Net defined benefit liability (asset) at prior year end	40,827,426	39,938,620	34,038,668	32,431,092
Defined benefit cost included in P&L	4,309,000	4,433,185	(3,900,125)	6,557,423
Total remeasurements included in OCI	(10,434,139)	3,299,243	-	-
Other significant events/ One time Ind AS 19 Adjustment	-	-	-	-
Acquisition/ Divestiture	-	-	-	-
Amounts recognized due to plan	-	-	-	-
Employer contributions	-	-	-	-
Direct benefit payments by Employer	(2,616,457)	(6843,622)	(1,950,472)	(4,949,847)
Effect of changes in foreign exchange rates				-
Net defined benefit liability (asset) - end of period	32,085,830	40,827,426	28,188,071	34,038,668

Table 8 : Reconciliation of Statement of Other Comprehensive Income

	Gratuity (Unfunded)		Leave Encashment (Unfunded)	
Reconciliation of Statement of Other Comprehensive Income	**2017-18**	**2016-17**	**2017-18**	**2016-17**
Cumulative OCI - (Income) / Loss, Beginning of Period	1,448,901	(1,850,342)	-	-
Total remeasurements included in OCI	(10,434,139)	3,299,243	-	-
Cumulative OCI - (Income)/Loss, End of Period	(8,985,237)	1,448,901	-	-

Table 9 : Current / Non Current Liability

	Gratuity (Unfunded)		Leave Encashment (Unfunded)	
	2017-18	**2016-17**	**2017-18**	**2016-17**
Current Liability	5,509,618	17,388,879	4,284,323	12,682,275
Non Current Liability	26,576,212	23,438,547	23,903,748	21,356,392
Non Current asset		-		-
Total	32,085,830	40,827,426	28,188,071	34,038,668

Table 10 : Expected Future Cashflows

	Gratuity		Leave Encashment	
	2017-18	**2016-17**	**2017-18**	**2016-17**
Year 1	5,509,618	17,388,879	42,84,323	12,682,275
Year 2	8,449,398	1,442,374	59,51,316	1,526,840
Year 3	4,265,126	6,056,801	32,35,722	4,811,355
Year 4	4,516,739	5,529,875	37,21,609	4,555,061
Year 5	3,491,641	3,111,920	26,40,942	2,610,552
Year 6 to 10	10,119,671	13,270,770	92,40,287	12,347,447

Table 11 : Components of Defined Benefit Cost for Next Year

	Gratuity (Unfunded)	Leave Encashment (Unfunded)
	01/04/2017 to 31/3/2018	01/04/2017 to 31/3/2018
Service Cost		
a. Current Service Cost	1,333,576	16,43,011
b. Past service cost	--	--
c. (Gain)/ loss on settlements	--	--
d. Total Service Cost	1,333,576	16,43,011
Net interest cost		
a. Interest expense on DBO	2,258,489	2,005,535
b. Interest (income) on plan assets	--	--
c. Interest expense on effect of (asset ceiling	--	--
d. Total net interest cost	2,258,489	2,005,535
Administrative expenses and taxes	-	-
Defined benefit cost included in P&L	35,92,065	36,48,546

Plan Assets

	Gratuity (Unfunded)		Leave Encashment (Unfunded)	
	2017-18	**2016-17**	**2017-18**	**2016-17**
The weighted- average asset allocations at the year end were as follows:	0.00 %	0.00 %	0.00 %	0.00 %
Equities	0.00 %	0.00 %	0.00 %	0.00 %
Bonds	0.00 %	0.00 %	0.00 %	0.00 %
Gilts	0.00 %	0.00 %	0.00 %	0.00 %
Pooled assets with an insurance company	0.00 %	0.00 %	0.00 %	0.00 %
Other	0.00 %	0.00 %	0.00 %	0.00 %
Total	0.00 %	0.00 %	0.00 %	0.00 %
Actual return on plan assets	-	-		

Sensitivity Analysis

	Gratuity (Unfunded)		Leave Encashment (Unfunded)	
Defined Benefit Obligation	**2017-18**	**2016-17**	**2017-18**	**2016-17**
Discount rate				
a. Discount rate–100 basis points	33,526,001	42,392,779	29,937,860	35,615,770
a. Discount rate-100 basis points impact(%)	4.49%	3.83%	6.21%	4.74%
b. Discount rate-100 basis points	30,793,369	39,413,190	26,664,856	32,632,132
b. Discount rate-100 basis points impact(%)	-4.03%	-3.46%	-5.40%	-4.13%
Salary increase rate				
a. Discount rate–100 basis points	30,786,458	39,387,249	26,628,275	32,604,953
a. Discount rate-100 basis points impact(%)	-4.05%	-3.53%	-5.53%	-4.21%
b. Discount rate+100 basis points	33,511,288	42,389,589	29,950,083	35,618,177
b. Discount rate-100 basis points impact(%)	4.44%	3.83%	6.25%	4.64%

Valuation done by the actuary is relied upon.

Note 27: Segment Reporting (IND AS 108)

The company is a single-segment company with the object of holding shares in the subsidiaries on behalf of GOM. Hence additional disclosure under Indian Accounting Standard 108 is not required.

Note 28: Related Party Disclosure (IND AS 24)

Sr No.	List of related parties over which control exists	Relationship
1	Maharashtra State Electricity Distribution Co. Ltd.	Wholly owned subsidiary
2	Maharashtra State Electricity Transmission Co. Ltd.	Wholly owned subsidiary
3	Maharashtra State Power Generation Co. Ltd.	Wholly owned subsidiary
5	Aurangabad Power Company Ltd	Subsidiary of MSEDCL
6	Dhule Thermal Power Company Ltd	Subsidiary of MSPGCL
7	MahagujColliaries Ltd	Subsidiary of MSPGCL
8	Dhopave Coastal Power Ltd	Subsidiary of MSPGCL

The above disclosure is based on representation received from the Company. In view of the exemption given in Para 25 of the Accounting Standard, the company is not required to disclose transactions with its subsidiaries since they are state-controlled enterprises.

Name of related party	Relationship
Ratnagiri Gas and Power Pvt Ltd	Enterprise over which Key Management Personnel, Relatives of Key Management Personnel etc are able to exercise significant influence.

Name of related party	Relationship	
Ratnagiri Gas and Power Pvt Ltd	Dividend Received	Nil
	Investment made during the year	Nil
	Closing Balance Investment	442,226,131 shares of ₹ 10/- each and net realisable value is Nil
Kokan LNG Private Ltd	Dividend Received	Nil
	Investment made during the year	74,053,869 shares of ₹ 10/- each
	Closing Balance Investment	74,053,869 shares of ₹ 10/- each and net realisable value is Nil

b) Key Management Personnel:

Shri Arvind Singh	Managing Director
Mr. Sunil Pimpalkhute	Director (Finance) & CFO
Mr Subodh Zare	Company Secretary

I. Whole time Director - Finance has been appointed from August 2017 to 02nd February 2018 and has drawn remuneration of Rs. 1,014,026/- during the year and Director - Finance has been appointed on deputation from MSETCL

II. Whole time Company Secretary has been appointed on contract basis from August 2015 and salary of Rs. 1,178,150/- was paid to him during the year.

Note 29: Corporate Social Responsibility (CSR)

The provisions of Section 135 of the Companies Act, 2013 relating to Corporate Social Responsibility are applicable to the Company. However, no expenditure had been incurred on CSR by the Company had been incurring losses.

	Year Ended 31/03/2018	Year Ended 31/03/2017
2% of average net profits over the last three years	(21,072,042)	(26,817,079)
Amount expended on CSR activity during the year	---	---
Pending obligations towards expenditure on CSR	---	---

Note 30: Earnings per share as per (IND AS 33)

	As at 31st March 2018	As at 31st March 2017
Profit/(Loss) after taxes Rs.	(329,712,027)	(354,866,214)
Number of equity shares outstanding	87,653,160,664	86,683,063,679
Face Value of Equity Shares Rs. / share	10	10
Earnings per share (basic)	(0.004)	(0.004)
Earnings per share (diluted)	(0.004)	(0.004)

Note 31: Financial Instruments – Accounting, Classification and Fair Value Measurements

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair value.

1) Fair value of cash and short term deposits, trade and other short term receivables, trade receivables, trade payables, other current liabilities, short term loans from banks and other financial institutions approximate their carrying amounts largely due to the short-terms maturities of these instruments.

2) Financial instruments with fixed and variables interest rates are evaluated by the Company based on parameters such as interest and individual credit worthiness of the counterparty. Based on this evaluation, allowances are taken to account for the expected losses of these receivables.

   The Company uses the following hierarchy for the determining and disclosing the fair value of financial instruments by valuation technique:

   Level 1: quoted (unadjusted) process in active markets for identical assets or liabilities.

   Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

   Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

Note 32: Financial risk management objectives and policies

The Company's financial risk management is an integral part of how to plan and execute its business strategies. The Company's financial risk management policy is set by the Managing Board.

Market risk is the risk of loss of future earnings, fair values or future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as a result of changes in the interest rates, foreign currency exchange rates, equity prices and other market changes that affect market risk sensitive instruments. Market risk is attributable to all market risk sensitive financial instruments including investments and deposits, foreign currency receivables, payables and loans and borrowings.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of financial instrument will fluctuate because of changes in market interest rates.

The Company is not exposed to significant interest rate risk as the respective reporting dates.

Foreign currency risk

The Company is not exposed to foreign currency risk at the respective reporting dates.

Credit risk

Credit risk arises from the possibility that counter party may not be able to settle their obligations as agreed. To manage this, the Company periodically assesses the financial reliability of customers, taking into account the financial condition, current economic trends, and analysis of historical bad debts and ageing of accounts receivable. Individual risk limits are set accordingly.

The Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as the date of initial recognition. It consists reasonable and supportive forwarding looking information such as:

1) Actual or expected significant adverse changes in business.
2) Actual or expected significant changes in the operating results of the counterparty.
3) Financial or economic conditions that are expected to cause a significant change to the counterparty's ability to meet its obligations.
4) Significant increases in credit risk on other financial instruments of the same counterparty.
5) Significant changes in the value of the collateral supporting the obligation or in the quality of third party guarantees or credit enhancements.

Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Company. The Company categorises a loan or receivable for write off when a debtor fails to make contractual payments greater than 2 years due. Where loans or receivables have been written off, the Company continues to engage in enforcement activity to attempt the receivable due. When recoveries are made, these are recognised in profit or loss.

No significant changes in estimation techniques or assumptions were made during the year.

Liquidity risk

Liquid risk is defined as the risk that the Company will not be able to settle or meet its obligations on time or at a reasonable price.

The Company is not exposed to liquidity risk at the respective reporting dates.

Note 33: Standards issued but not yet effective

The standards issued, but not yet effective up to the date of issuance of the Company financial statements is disclosed below. The Company intends to adopt this standard when it becomes effective.

IND AS 115 Revenue from Contracts with Customers

IND AS 115 was issued in February 2015 and establish a five step model to account for revenue arising from contracts with customers. Under IND AS 115 revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The new revenue standard will supersede all current revenue recognition requirements under IND AS. This standard will come into force from accounting period commencing on or after 1st April, 2018. The Company will adopt the new standard on the required effective date. During the current year, the Company performed a preliminary assessment of IND AS 115, which is subject to changes arising from a more detailed ongoing analysis.

Note 34: Figures for the previous year have been regrouped wherever necessary.

As per our report of even date

For DOOGAR & ASSOCIATES	**Sunil Pimpalkhute**	**Arvind Singh**
Chartered Accountants	Director (Finance) & CFO	Managing Director
Firm Registration Number: 000561N		
Mukesh Goyal	**Pankaj Sharma**	**Subodh Zare**
Partner	CGM (Finance)	Company Secretary
Membership Number : 081810		
Place: New Delhi	Place: Mumbai	
Date: 17/10/2018	Date: 16/10/2018	

INDEPENDENT AUDITORS' REPORT

To the Members of MSEB HOLDING COMPANY LIMITED

Report on the Consolidated Indian Accounting Standards (Ind AS) Financial Statements

We have audited the accompanying consolidated Ind AS financial statements of MSEB HOLDING COMPANY LIMITED (hereinafter referred to as "the Holding Company") and its subsidiaries incorporated in India (the Holding Company and its subsidiaries together referred as "the Group"), its associates and jointly controlled entities, which comprise the Consolidated Balance Sheet as at 31 March 2018, the Consolidated Statement of Profit and Loss (including other comprehensive income), the Consolidated Statement of Cash Flows and the Consolidated Statement of Changes in Equity for the year then ended and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "Consolidated Ind AS financial statements").

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these consolidated Ind AS financial statements that give a true and fair view of the Consolidated financial position, Consolidated financial performance including other comprehensive income, Consolidated cash flows and Consolidated changes in equity of the group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified in the Companies (Indian Accounting Standards) Rules 2015 under Section 133 of the Act. The respective Board of Directors of the companies included in the group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated Ind AS financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit of the consolidated Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards and pronouncements require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated Ind AS financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated Ind AS financial statements. We believe that the audit evidence obtained by us and the audit evidence obtained by other auditors, in terms of their report referred to in the paragraph on "Other Matters" stated below, is sufficient and appropriate to provide a basis for our audit opinion on consolidated Ind AS financial statements. Our reporting includes Holding Company and consolidated accounts of 3 subsidiaries, Maharashtra State Electricity Board Holding Company limited (MSEBHCL) (Holding Company), Maharashtra State Electricity Transmission Company limited (MSETCL), Maharashtra State Electricity Distribution Company limited(MSEDCL), Maharashtra State Power Generation Company limited (MSPGCL).

Basis of Qualified Opinion

In case of Holding Company (MSEBHCL):

We have not been able to obtain necessary information and explanations for the purposes of our audit in case of the followings: -

a) *Determining the ownership of Tangible Fixed Assets transferred under provisional Transfer Scheme since finalised on 31st March 2016 vide GR No.Reform2010/Pr.Ka.117/Urja of* Rs. *14,45.34 Crores(refer note no. 2.2);*

b) *The Share Application money amounting to* Rs. *4,47.62 Crores has been retained by the company in contravention of section 42 of the Companies Act,2013.(refer note no. 20);*

c) *The balances outstanding in the books of the company with its subsidiaries i.e. MSEDCL, MSETCL and MSPGCL are under reconciliation, discussions and deliberations. (Refer note no 29.1) and which may have impact on the financial position and certain disclosures in the financial statements. Also refer note no 49 describing the elimination of related party transaction to the extent of lower of balances in the respective financial statements.*

Consequential impact of Para a) to c) above on the loss, reserves and EPS are neither quantified / quantifiable nor disclosed.

In case of MSETCL

1. The following items in relation to the Company form the basis for our modified opinion:

   a) Attention is invited to note no. 46(13) of Consolidated Ind AS Financial Statements giving details about accumulated Delayed Payment Charges ('DPC') as at March 31, 2018 and recognition of income therefrom of Rs. 85,499 Lakhs (with reference to 3 distribution licensees) in the Previous Year under the head 'Other Income'. The Company had then taken reference of the order No. 31 of 2016 of Maharashtra Electricity Regulatory Commission ('MERC'), wherein MERC had reduced the ARR of the Company for F.Y. 2015-16 by the said amount of DPC Rs. 85,499 Lakhs, classifying it as 'Non-Tariff Income'. Data/ details pertaining to the certainty over the realizability of such income are not available with the Company. The accounting of such DPC as 'Other Income' is in contravention to the applicable Accounting Standard as also Company's Accounting Policy, which in note No.1(f)(9) states that "Other Income is recognized on accrual basis except when ultimate realization of such income is uncertain". Had the Company not recognized such income of Rs. 85,499 Lakhs in the earlier year, its balance of the retained earnings in the Profit & Loss Account and balance of Trade Receivable Account would have been lesser by the said amount.

   b) Attention is invited to note no. 46(16) of Consolidated Ind AS Financial Statements pertaining to shortfall of investing in the securities stated under section 20 of Indian Trusts Act, 1882 as per the MERC regulation to cover Forex losses in the foreign exchange transactions.

c) According to the MERC regulations, Contingency Reserve Fund ('CRF') and Special Reserve Fund ('SRF') are to be created and held by the Company supported by equivalent investments in the securities stated under section 20 of Indian Trusts Act, 1882. As at March 31, 2017 against the total of CRF and SRF of Rs. 42,375.00 Lakhs, the earmarked investments are observed to be short by Rs.15,207 Lakhs.

d) In terms of the provisions of Ind AS 101, "First Time Adoption of Indian Accounting Standards", the Company had availed option of Cost model of accounting for its Property, Plants and Equipments ('PPE'). Accordingly, the carrying values of PPE on the transition date were taken as deemed cost and depreciation is calculated thereon manually on spreadsheets considering the balance useful lives of items of PPE but without considering the residual value limits laid down by MERC regulations. As a result, several instances of excess charging of depreciation on assets was observed. Further, in several instances, deprecation is manually worked out and provided at the Head office for assets located in Zone or Region for the reason of mis-matches in dates of capitalization, critical spare items capitalization etc. In absence of complete data/ details of such instances out of numerous line items of PPE, the combined impact of such erroneous depreciation has not been ascertained.

e) Based on the scrutiny of available details of free hold land, it was noticed that in past several items of leased land have been clubbed under this head; as a result, the amortization of such leasehold land is not carried out. In absence of complete data/ details of such instances, the impact thereof on Consolidated Ind AS Financial Statements has not been ascertained

f) The policy about inventory valuation of the Company (Note No 1(f)(6) states that inventories are valued at lower of cost or net realizable value ('NRV'). However, as observed in the course of audit, the Company does not have any data or details about the NRV. As such, the inventories are valued at cost. The impact of such practice on Consolidated Ind AS Financial Statements has not been ascertained.

g) In course of inquiries made in terms of provisions of Section 143(1)(b) of the Act, the transactions totaling to Rs. 853.74 lakhs pertaining to obtaining of security deposits from the vendor/ contractors in the form of fixed deposits with Banks in the joint name of concerned vendor/ contractors and the company were noticed to be represented by mere book entries; prima facie, such transactions of recording the receipt of deposits as liabilities and fixed deposits with banks as assets did not appear to be prejudicial to the interest of the Company except for inaccurate recording of interest on such Bank fixed deposits and tax deducted by banks thereon.

h) No inventory or data/ details/ description/ageing could be furnished for verification for the "Assets not in use – held for sale" amounting to Rs. 3,503.25 Lakhs; moreover, such assets are held at their carrying value instead of at lower of carrying value or net realizable value. The impact, if any, thereof on Consolidated Ind AS Financial Statements has not been ascertained.

i) The deposits from Vendors/ contractors/ customers held by the Company as on March 31, 2018 amounted to Rs. 22,412 Lakhs are not amortized as required under the mandatory provisions of Ind AS 109 "Financial Instruments". The impact, if any, thereof on Consolidated Ind AS Financial Statements has not been ascertained.

j) The government Grants received by the Company of Rs. 23,850 Lakhs in Financial Year 2006-07 towards capital assets for specific projects out of which Rs. 17,847.58 Lakhs as at March 31, 2018 are deferred for recognition as revenue. The details of these grants tagged with specific assets there against and conditions to be satisfied for the same are not made available for verification. Hence, correctness thereof pertaining to accounting in terms of provisions of Ind AS 20, cannot be commented upon.

k) The Company does not collate, maintain and present the details of dues to its vendors who are registered under Micro, Small and Medium Enterprises Development Act, 2006.

l) Satisfactory explanation could not be furnished in course of our audit for substantial reduction to the tune of Rs. 6,109 Lakhs compared to the previous year in the actuarially valued provision made towards Leave encashment despite the fact that number of employees and the rules for leave carry forward and encashment remained substantially same during the year under audit as compared to the previous year.

m) Prior period items of Income and expenses have been disclosed by the Company in note No.46 (15) but the amount of the concerned prior period have not been restated/ recast as required under Ind AS 8.

n) The Amount remaining and recognized in the following GL heads/ codes are subject to confirmation and/or reconciliation. The necessary data/ details pertaining to following were not made available for verification during the course of audit:

GL	Name of Account heads	2017-18 Rs. In Lakhs Asset / Exp. (Liability / income)
260010	STU Sundry debtors for Trans. Charges	1,47,615.98
260040	Sundry Debtors – Others	78,103.89
260060	Sundry Debtors - Inter Unit Account	2,126.90
131010	Sundry Creditors Payable Domestic (other than SME)	(18,389.69)
132010	Sundry Creditors FI Vendor	(6.80)
133010	Sundry Creditors - Inter Company	(3,135.19)
134010	Sundry Creditors Employees	(14.93)
131030	Sundry Crs - Unpaid Market Bond (Principal & Int)	(4.80)
256010	Obsolete materials stock (including scrap)	266.00
255020	Loss due to Material pending investigation	200.11
230040	AUC Cost of Land Dev.on Leasehold Land-Volt.F100KV	175.35
230050	AUC Cost of Land Dev.on Leasehold Land-Volt.G132KV	274.64
230060	AUC Cost of Land Dev.on Leasehold Land-Volt.H220KV	1,907.09
230070	AUC Cost of Land Dev.on Leasehold Land-Volt.J400KV	49.17
230090	AUC Cost of Land Dev.on Leasehold Land-Volt.L765KV	1.60
232010	AUC OTHER BLDGS-OFFICE, QRTS, TRAINING CENTRE	1,650.45
237010	AUC Others	18,050.45
237020	AUC LE	86.89
237030	AUC ORC	1,826.59

290010	Advances to Contractors /Suppliers - O&M	1,375.42
290020	Capital Advance for Projects	800.07
293050	Miscellaneous Loans & Advances	207.27
296050	Exp recov from Suppliers	58.24
296060	Exp.recovfromContractors	182.76
150010	Provision for Capital Works	(12,668.71)
123040	Security deposits of jobs/works	(18,091.96)
297020	Other Deposits	6,987.55
123100	Other Deposits from Consumers- O. R. C. Deposits	(57,758.45)
222010	Assets Not in Use	14,039.54
219701	ACC Dep not in use	(10,535.90)
123060	Retention money of Vendor	(66,678.98)
123110	Retention GL for liquidity charges from vendor	(9,637.69)
130020	EMD Dummy entry	(442.11)
100050	Grants towards cost of Capital Assets	(17,847.58)
130010	GR / IR CLEARING Account	(4,393.24)
123030	Security Deposits	(4,322.64)
123050	Earnest Money	(1,889.05)
123070	Misc.Deposits – Vend	(1,598.78)
255010	Material pending investigation	1.11
150040	Provision for Expenses – Employees	(3,943.42)
121020	Private Bonds Interest accrued but not Due	(1,488.25)
150030	Provision for Expenses - Others	(1,715.27)
292120	Advance against Gratuity to Staff	(28.02)
140060	Misc. Deposits from Employee	(41.16)
380040	Other Miscellaneous Receipts (GST taxable)	(1,802.43)
380041	Other Miscellaneous Receipts (Non-GST)	(1,024.17)
150020	Provision for O&M works	(57.56)

The effect of the adjustments arising from reconciliation and settlement of old outstanding balances remaining in the above accounts and possible gain/ loss that may arise on account of non-recovery or partial recovery or write-back thereof has not been ascertained. Further, in absence of necessary data/ details, the bifurcation of items of assets/ liabilities under ‘current’ or ‘Non-current’ head could not be accurately verified.

In case of MSEDCL

We draw attention to the matters described as below , the effects/ possible effects on the Ind AS financial statements of misstatements, individually or in aggregate, that are undetected in some cases due to our inability to obtain sufficient appropriate audit evidence as mentioned below, which are material but not pervasive.

1. Property, Plant & Equipment (PPE):

a) As mentioned in Note No. 44(5) to the Consolidated Ind AS Financial Statements, due to non-availability of proper and complete records relating to date of capitalisation of PPE and Work Completion Reports, we have come across instances of non-capitalisation and/or delayed capitalisation, with corresponding impact on depreciation. In the absence *of proper audit trail, we are unable to quantify the impact arising on account of non-capitalisation, resultant depreciation and consequential impact, if any, on the Consolidated Ind AS Financial Statements for the year under audit.*

b) *During the year, the Holding Company has capitalised borrowing costs amounting to Rs. 1,330.23 lakhs (F.Y. 2016-17 Rs.2,515.39 lakhs) as part of cost of fixed assets. Capitalisation of borrowing costs has been done without identifying qualifying assets, without considering the principles of allocating interest on general and specific borrowings, without considering interrupted projects and opening balance of Capital Work in Progress (CWIP). Further, as stated in Note no. 1(f)(1), the Holding Company has capitalised Rs. 30,688.02 lakhs (F.Y.2016-17 Rs.41,131.69 lakhs) being 15% of cost of additions to CWIP towards employee costs and office & administrative expenses. However, the Holding Company does not have a practice of specifically identifying such expenses attributable to additions to CWIP or to the acquisition of fixed assets.. Such capitalisation is not in accordance with requirements of Ind AS 23- 'Borrowing Costs' read with Ind AS 16 - Property, Plant & Equipment. In the absence of sufficient and appropriate audit evidence, we are not in a position to comment on the correctness of the same. Further, borrowing costs on similar lines has also been capitalised in earlier years. As a result, the fixed assets are overstated by the amount capitalised and depreciation has also been overcharged. The impact of the same, however, cannot be ascertained and quantified.*

c) *No physical verification of fixed assets was conducted during the year by the management. As a result, the possible impact, if any, on the Consolidated Ind AS Financial Statements, based on outcome of such physical verification, if it had been conducted, could not be ascertained.*

2. *Trade Receivables and Expected Credit Loss (ECL):*

1) *As stated in Note No. 44(7)(B)(I)(a) to the Consolidated Ind AS Financial Statements, the Holding Company has made provision for expected credit loss under Ind AS 109 in respect of trade receivables. While arriving at the said loss:*

   a) *The Holding Company has considered trade receivables after deducting security deposits received from consumers. The said deposits have been allocated against the trade receivables in proportion to the value of trade receivables in the respective age category instead of allocating the same against attributable trade receivables. As a result, ECL has not been provided on some categories of consumers where the allocated security deposit exceeds the outstanding trade receivables.*

   b) *The Holding Company has not considered trade receivables from customers against whom legal proceedings have been initiated.*

   c) *The Holding Company has not considered trade receivables due from distribution franchisees.*

   d) *In respect of trade receivables exceeding 3 years [other than those referred to in (b) and (c) above], the Holding Company has considered only 65% of the trade receivables.*

   e) *Attention is drawn to Note no. 1(f)(25) relating to recognition of expected credit loss on trade receivables and other financial assets based on time loss and credit loss. Credit loss has been derived based on provision matrix. However, while preparing the provision matrix, the Holding Company has not taken into account any forward looking information on the behavior pattern of the customers.*

   f) *As stated in Note no. 44(7)(B)(I)(a), Trade receivables have been restated in* *accordance with IT records. These trade receivables are net of credit balances. As informed to us, the Holding Company is in the process of reconciling these credit balances inter-se.*

g) *As mentioned in Note No. 12 to the Consolidated Ind AS Financial Statements, trade receivables to the extent of security deposits amounting to Rs. 6,97,518.59 lakhs (F.Y. 2016-17 Rs. 4,13,769.74 lakhs) received from various consumers have been shown as secured debtors without customer wise mapping of the security deposits. As a result, the amount shown as secured debtors is overstated to the extent of the deposit received from consumers, who have outstanding amount which is less than the amount of security deposit as at 31st March,2018.*

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

2) *Further, for the purpose of calculation of expected credit loss, the Holding Company has considered the amount of security deposits as per the IT database and not the amount outstanding as per the books of account. There are differences in balances of security deposit as mentioned below [Refer Note No. 44(7)(B)(I)(a)]:*

(Rs. In Lakhs)

Particulars	***Balance as on 31.03.2018 as per books of accounts (A)***	***Balance as on 31.03.2018 as per IT Database (B)***	***Differences (A) - (B)***
Security deposits	*6,97,518.59*	*6,93,640.98*	*3,877.61*

3. *Deferred Tax and Leas*es:

a) *As mentioned in Note No.44(13) of the Consolidated Ind AS Financial Statements, the Holding Company has not ascertained the Deferred Tax under Ind AS 12 – 'Income Taxes' arising on account of difference between book and tax base of Freehold Land. In the absence of adequate details with regards to it, we are unable to comment upon the disclosed value and recognition, if any, of Deferred Tax.*

b) *In the absence of availability of adequate details, disclosure as required under Ind AS 17 – 'Leases' has not* been made.

4. *Balances Confirmation:*

Refer Note No. 44(4) to Consolidated Ind AS Financial Statements - Balances of loans and advances, various other debit/credit balances, dues from government and reconciliation in respect of certain bank balances as well as of the collecting post offices of the accounting units are subject to respective confirmations, reconciliation and consequential adjustments thereof. The system of third-party balance confirmation followed by the Company needs to be strengthened further.In the absence of proper records / details, we are unable to ascertain the effect of the adjustments, if any, arising from reconciliation and settlement of old dues, possible loss / profit that may arise on account thereof, non-recovery or partial recovery of such dues and non-settlement of liabilities.

5. *Post Office balance, Bank Balance etc:*

a) *Refer Note No. 13 and Note No. 44(4) to the Consolidated Ind AS Financial Statements regarding non-availability* of

   i) *Balance confirmations from Post Offices*

ii) *Reconciliation of Post Offices and District Central Co-operative Bank (DCC) Bank accounts. The details in respect of bal*ances with Post Office for which confirmations are not available are as under:

(Rs. In Lakhs)

F.Y.	*Post Office*	
	Total Debit balances	***Total Credit balances***
2017-18	*19,691.17*	*10,800.11*
2016-17	*13,142.91*	*4,737.11*

b) *In the absence of non-availability of balance confirmations / reconciliations, we are unable to comment on the consequential impact, if any, of the same on the Consolidated Ind AS Financial Statements for the year under audit.*

c) *Refer Note No. 44(6) to the Consolidated Ind AS Financial Statements. The bank reconciliation statements at few divisions and circles include many entries related to cheques deposited by consumers but dishonoured by the bank that have not been reversed in the books of account and are lying pending under reconciliation. Further, bank reconciliation statements contain many other unexplained entries including initial upload balances, which are yet to be reconciled. As such, we are unable to comment on the consequential impact thereof, if any, on the Consolidated Ind AS Financial Statements for the year under audit.*

6. Classification of Assets and Liabilities to current / non-current:

The following liabilities have been classified either as current or non-current:

a) Refer Note No. 28 Other Financial Liabilities –Current –

i) Deposits Collected from Private Agencies towards Collection of Bills:

Rs. 6,582.82 lakhs (F.Y. 2016-17 Rs. 5,903.13 lakhs)

ii) Retention money from supplier contractor Rs. 2,70,820.38 lakhs (F.Y. 2016-17 Rs. 2,41,087.46 lakhs)

iii) Deposits from others Rs.21,618.25 lakhs (F.Y.2016-17 Rs.23,773.29 lakhs).

b) Refer Note No 22. Other Financial Liabilities – Non-current which includes Deposits for Electrification, service connections etc amounting to Rs.1,158.18 lakhs (F.Y. 2016-17 Rs. 1,292.16 Lakhs).

However, in the absence of adequate details, we are unable to comment whether the aforesaid disclosures are in accordance with the requirements of Schedule – III to the Companies Act 2013.

7. Power Purchase:

a) Refer Note No. 38(1)(iii)(c) to the Consolidated Ind AS Financial Statements, the Holding Company has made a provision for Delayed Payment Charges payable to Independent Power Producers based on base rate instead of SBI Prime Lending Rate plus 2% as required by the Power Purchase Agreements entered into. The Holding Company has made short provision of Rs. 1,678.74 lakhs for the year 2017-18 (F.Y. 2016-17 Rs. 9,301 lakhs). The accumulated short provision is Rs. 44,694.87 lakhs as on 31.03.2018 (Rs. 43,016.13 Lakhs as on 31.03.2017).

b) Refer Note No. 38(1)(iii)(d) to the Consolidated Ind AS Financial Statements, the Holding Company has not made provision for delayed payment charges relating to wind generators amounting to Rs. 35,900 lakhs as on 31st March, 2018 (Rs. 20,500 Lakhs as on 31st March,2017).

8. Non Provision of various Expenses:

a) As mentioned in Note No. 38(1)(iii)(e) to the Consolidated Ind AS Financial Statements, the Holding Company has not provided for the liability towards compensation for incremental coal cost pass through pursuant to New Coal Distribution Policy (NCDP) payable to Adani Power Maharashtra Ltd. (APML) and Rattanindia Power Ltd (RPL) (Case disposed off during F.Y. 2017-18) amounting to approx. Rs. 2,91,741 Lakhs (excluding RPL) (F.Y.2016-17 Rs. 3,91,216.17 lakhs).

b) As mentioned in Note No. 38(1)(iii)(f) to the Consolidated Ind AS Financial Statements, the Holding Company has not provided for liability towards fixed charges payable to Ratnagiri Gas Power Pvt. Ltd. (RGGPL) amounting to Rs. 2,88,323.32 lakhs (F.Y.2016-17 Rs.2,68,817 lakhs). Sum of Rs. 18,101.07 lakhs (F.Y. 2016-17 Rs. 18,101.00 lakhs) paid to RGPPL has been shown as advances.

9. Refund of Regulatory Liability Charges:

As stated in Note no. 44(29), during F.Y. 2003-04 to F.Y. 2005-06, Regulatory Liability charges were collected from the consumers. MERC had passed an order to refund an amount of Rs. 3,22,700 Lakhs to the consumers. The Holding Company has subsequently refunded Rs 3,12,050 Lakhs up to 31.03.2018. The Holding Company has not made provision towards the balance payment of Rs. 10,650 Lakhs.

10. Other Items:

a) The Holding Company has shown a sum of Rs. 1,22,426.79 Lakhs(F.Y. 2016-17 Rs.1,25,679.12 lakhs) and Rs. 80,418.33 Lakhs (F.Y. 2016-17 Rs. 54,795.93 lakhs) as liabilities towards Clearing GRIR and Liability for supplier Work & Maintenance. These balances are net of debit balances. In the absence of requisite data and audit trail, we are not in position to ascertain the impact on the Assets and Liabilities of the Holding Company.

b) As per Ind AS 20 – ‘Accounting for Government Grants and Disclosure of Government Assistance’, government grants shall be recognised in the Statement of Profit and Loss on a systematic basis over the period, in which the entity amortises the related costs for which the grants are intended to compensate. The Holding Company assumes that all grants received are utilised and the assets are capitalised in the same year. Due to non-availability of sufficient and appropriate audit evidence, we are unable to comment on the consequential impact on the Consolidated Ind AS Financial Statements of the Holding Company.

c) As stated in Note no. 44(21), the Holding Company has included consumer contribution as part of government grants for the purpose of disclosure in the Consolidated Ind AS Financial Statements. Such disclosure is not in accordance with the requirements of Ind AS 20 – ‘Accounting for Government Grants and Disclosure of Government Assistance’.

d) Attention is drawn to Note no. 27 to the Consolidated Ind AS Financial Statements, relating to sum of Rs. 3,601.17 Lakhs (F.Y.2016-17 Rs. 3,601.17 lakhs) shown as un-identified balance payable towards power purchase and included under Trade Payables – Current (Liability for purchase of power) Party-wise details of the said amount have not been provided to us for verification. As a result, we are not in a position to comment on the existence of the liability and consequential impact, if any, on the Consolidated Ind AS Financial Statements of the Holding Company for the year under audit.

e) As stated in Note no.41 to the Consolidated Ind AS Financial Statements, there is a difference of Rs. 22,072.72 lakhs (F.Y. 2016-17 Rs. 22,730.16 lakhs) in outstanding balances as appearing in the books of account of the Holding Company and its group companies.

Further, as stated in report u/s 143(5),there are differences in receivables and payables between the other generation, distribution and transmission companies.

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

f) Note No. 44(15) to the Consolidated Ind AS Financial Statements of the Additional Notes to Accounts regarding non identification of creditors as to their status under Micro, Small and Medium Scale Enterprises (MSME) Act and provision for interest payable to such parties., The liability on this account has not been quantified by the Holding Company. As such, we are unable to ascertain the interest provision (if any) required and its consequential impact on the profit for the year under audit. Due to non-identification of MSMED parties, the disclosures as required by the relevant Statute has not been made by the Holding Company

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

Impact on Statement of Profit & Loss (Rs. In Lakhs)

Sr. No	Relevant para As above	Particulars	FY 2017-18	
			Overstated	**Understated**
1	2(2)	Security deposits		3,877.61
2	6(a)	Power purchase - Delayed payment charges	1,678.74	
3	6(b)	Power purchase - Delayed payment charges	15,400.00	
4	7(b)	Non provision of expenses - fixed charges	19,506.32	
		Total	**36,585.06**	**3,877.61**

Impact on Balance Sheet (Rs. In Lakhs)

Sr. No	Relevant para As above	Particulars	FY 2017-18	
			Overstated	**Understated**
1	2(2)	Security deposits	3,877.61	
2	6(a)	Current financial liabilities – DPC- short provision		44,694.87
3	6(b)	Current financial liabilities – DPC- short provision		35,900.00
4	7(a)	Non provision of expenses - coal pass through		2,91,741.00
5	7(b)	Non provision of expenses – fixed charges		2,88,323.32

6	8	Current financial liabilities – Regulatory Liabilities		10,650.00
7		Other Equity	6,67,431.58	

In case of MSPGCL

i) (a) The Holding company, in terms of power purchase agreement with the Maharashtra State Electricity Distribution Company Limited (MSEDCL) has recognized income during the year of Surcharge being interest on delayed payment amounting to rupees 2047.31 Crores (P.Y. Rupees 1697.64 Crores) under the head “ Surcharge income from customers.

MSEDCL has not paid such Surcharge aggregating to an amount of rupees 7485.61 crores (P.Y. Rupees 5438.30 Crores) which is outstanding as on 31st March, 2018.

Considering the non acceptance of billing and its nonpayment over the past several years, there is an uncertainty in the recoverability of the said dues from Maharashtra State Electricity Distribution Company Limited (MSEDCL).

(b) In view of the uncertainty stated above, the management of the holding company has provided for an estimated Expected Credit Loss of Rupees 285.96 Crores during the year and aggregating to Rupees 982.28 crores till date.

The recoverability of the above stated Trade Receivables and adequacy of their estimated provision made for the Expected Credit Loss in respect thereof cannot be commented upon by us.

ii) The Holding Company has not restated the financial statements of Previous Year, in respect of a Prior Period Error amounting to Rupees 885.44 Crores relating to Deferred Tax Liability (Net) as at the end of previous year i.e., 31.03.2017. While computing current tax of previous year, the holding company did not consider the deduction of eligible investment allowance amounting to rupees 2558.49 crores. This had resulted into lower unabsorbed losses to that extent as at the previous year end and deferred tax asset of rupees 885.44 crores on this account was not credited as at previous year end. Accordingly deferred tax liability(Net), as at the previous year end was stated higher by rupees 885.44 crores.

The said deferred tax asset amounting to rupees 885.44 crores has been recognized and credited to the statement of profit and Loss for the current year. Accordingly Profit after tax for the year is overstated by like amount.

The above Accounting Treatment is not in accordance with the requirement of IND AS 8 “Accounting Policies, Changes in Accounting Estimates and errors”.

iii) In case of the Holding Company, The balances of Loans and Advances, Deposits and Trade Payables are subject to confirmation from respective parties and/ or reconciliation as the case may be. Pending such confirmations and reconciliations, the consequential adjustments are not made.

However, we are informed that the holding company has sent letters asking for confirmations to its vendors and wherever such confirmations are received the same is getting reconciled and we are informed that such reconciliation is a continuous and ongoing process for the holding company.

In view of the same, we are unable to opine on the consequential impact, if any on the status of these balances and the profit for the year of the Holding Company and of the group.

iv) Attention is invited to group's Accounting policies stated at Note 1(f)(1) regarding Property, Plant and Equipment and Note1(f)(B(ii) regarding depreciation and amortization. During the course of our audit, several deviations and anomalies were absorbed in adherence to these accounting policies adopted by the company with respect to (i) Classification between inventory and PPE of Spare Parts i.e., items meeting the definition of "Property, Plant and Equipment", are classified as "inventories" and not capitalized by the company. (ii) Replacement of Spare Parts to be charged off to statement of profit and loss i.e., The Company has not derecognized the WDV of the old spares/ " Property, Plant and Equipment" replaced, neither the cost of the replaced part has been charged to the statement of profit and loss and both of them are continued to be depreciated over the remaining useful life, even in case of derecognition and (iii) non linking of useful life of spare parts with that of main plant, thereby depreciation on spare parts & additions to PPE, is being charged without any reference to the useful life of the main related property, plant and equipment. Consequently, we are unable to opine on the consequential impact thereof on the financial statements of the holding company and of the Group which is unascertained in the absence of complete detail exercised by the management in this regard.

v) a) We state that in respect of the matters stated at para (iii) and (iv) above, the effects thereof on the profit for the year, on retained earnings as the year end and on related assets or liabilities as at March 31st, 2018 is unascertained.

b) Had the effects of matters stated at para (i) and (ii) above been considered, which could be determined/ quantified, the resultant amounts of various elements of the accompanying IND AS Consolidated Financial Statement would have been as under:

(Rs. In Crores)

Sr. No	Particulars	As Reported on 31.03.2018	Would have been as at 31.03.2018	As Reported after restatement for 31.03.2017	Would have been as at 31.03.2017
1	Revenue–Other Operating Revenue for the year	2050.45	3.14	1731.15	33.51
2	Trade Receivables- as at the end of F.Y.	4265.27	0	3044.34	0
3	Unbilled Revenue- Other Current Financial Assets	2209.22	-29.05	1710.79	13.15
4	Expected Credit Loss Provision for the year (P& L)	285.96	0	180.67	0
5	Expected Credit Loss Provision as at the end of current F.Y. for the year (B/S)	982.28	0	696.32	0

6	Accumulated provision for current tax (Net of taxes paid) (B/S)	227.86	Unascertained	211.64	Unascertained
7	Deferred Tax Liability (Net) as at the end of Current Year (B/S)	853.03	853.03	1507.34	621.90
8	Profit / (Loss) after tax for the year after other comprehensive income	697.53	-1949.26	-771.88	1403.40
9	Accumulated Profit / (Loss) - other equity (excluding effect of current tax on surcharge income booked as is unascertained but including non controlling interest)	-6527.54	-13030.87	-7225.38	-11081.80

Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the Basis for Qualified Opinion paragraph above, the aforesaid Ind AS financial statements, read together with the matters described in the ‘Emphasis of Matter’ paragraph, give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2018, and its loss, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Emphasis of Matters:

In the case of Holding Company (MSEBHCL)

We draw attention to the following matters in the Notes to the financial statements:

1.1 Refer note no. 9.1 where the company has shown advance tax of Rs. 1,42,67,79,890 net of the provision of tax in the books of accounts amounting to Rs. 400,727,729 and there is no such liability as per income tax records as cases are in appeal. The amount of provision made in the books is as per Company’s judgment only.

1.2 Refer note no. 12.1 where the debts outstanding against rentals from property due from subsidiaries amounting to Rs. 2,874,299,009/- (P.Y. Rs. 2,505,533,031/-) have been long outstanding.

1.3 Refer note no. 38.3 where the company has made application to the Revenue Department of Government of Maharashtra for stamp duty exemption on issuance of shares to GOM. The Management is confident that the exemption will be granted.

In case of MSEDCL

Attention is invited to the following matters:

1. As stated in note no. 6 & note no. 12 to the Consolidated Ind AS Financial Statements, the Holding Company has made provision of Rs. 10,587 Lakhs for Expected Credit Loss (Time Loss) under Ind AS 109 on other loans receivable on balances outstanding as on transition date i.e.01.04.2015 on account of impracticability instead of its origination date.
2. As stated in Note no. 38(1) with regards to the Contingent Liabilities, which are significant in relation to the net worth of the Group at the year end, in the opinion of the Group, these are not expected to result into any material financial liability to the Group.
3. As stated in Note no. 44(1)(a), the accumulated losses of the Group as at 31st March 2018 are Rs. 27,22,998.82 Lakhs due to which net worth of the Group has been eroded by more than 50%. Considering the fact that Government of Maharashtra is expected to infuse additional equity funds, whenever required, the Consolidated Ind AS Financial Statements have been drawn up on going concern basis and no adjustment is required to the carrying value of assets and liabilities.
4. As stated in note no. 44(28) to Consolidated Ind AS Financial Statements, the Holding Company is required to invest every year an amount equivalent to contingency reserve created during the last year as per Maharashtra Electricity Regulatory Commission (MERC) Guidelines. However, the Holding Company has made an earmarked investment of Rs. 18522.29 Lakhs as against the contingency reserve of Rs. 81,400 Lakhs as on 31.03.2018.
5. There have been recognition of few expenses, more particularly repairs and maintenance, on cash basis instead of accrual / mercantile basis. In the absence of complete audit trail, we are not in a position to ascertain the consequential impact of the same on the Consolidated Ind AS Financial Statements of the Group for the year under audit and other statutory compliances arising there from.

In Case of MSPGCL:

We draw attention to following notes:

a) Note no 40(2) regarding accounting of short fall/ excess if any, based on the provisional accounts of the contributory provident fund (CPF) and the required disclosures under IND AS 19 “Employee Benefits”, in the absence of the requisite details and information from the Group’s CPF trust.

b) note no. 39 regarding Lease agreements with the government of Maharashtra in respect of various hydro power generation facilities that are yet to be executed.

c) Subsidiary Company: Mahaguj Collieries Limited

We would like to draw attention to note no. 1(D) of significant accounting policies in notes to accounts regarding the IND AS financial statements being prepared on a Going Concern basis , notwithstanding the fact that The company has a loss of Rupees 1,66,43,700 in the financial year 2017-18 and negative reserves of rupees 3,73,82,369 has exceeded its share capital and is completely eroded as at March 31st, 2018. The appropriateness of the said basis is inter alia dependant on the fact that the subsidiary will get the compensation from the Ministry of Coal, Government Of India after the said block is re-allotted to new allottee of the Machhakatta- Mahanadi Coal block (Previously allotted to the promoters of the company for transfer of documents and rights namely geological report, mining plan, mine closure plan etc as per the compensation that may be decided by the Ministry of Coal, Government Of India.

d) Subsidiary Company: Dhopave Coastal Power Limited

The Accounts of this subsidiary company are not Prepared on Going Concern Basis as the management has decided to close down the company and government permission in this regard is awaited.

Our opinion is not qualified in respect of above matters.

Other Matters

i) We did not audit the financial statement/ financial information of the three subsidiaries, whose financial statement reflect total Assets of Rs. 20,034,445.65 Lakhs and Revenue of Rs.9,115,141.24Lakhs as considered in the consolidated financial statements. These financial statements/financial information have been audited by other auditors, whose reports have been furnished to us by the management, and our opinion, on the consolidated financial statements, in so far as it relates to amounts and disclosures included in respect of such subsidiaries and our report in terms of Section 143(3) & (11) of the Act, in so far as it relates to subsidiaries, is based solely on the report of the auditors.

Our opinion is not qualified in respect of above matters.

Report on Other Legal and Regulatory Requirements

1. As required under Section 143(5) of the Companies Act, 2013,report on direction/ sub directions issued by the Comptroller and Auditor General of India under sub-section (5) of section 143of the act has been given along with the Standalone Financial Statements of the company and of its subsidiary company. Hence these reports have not been reproduced along with the respect. .
2. As required by the section 143 (3) of the Act, we report that:
   a. we have sought and, except for the possible effect of the matter described in basis for qualified opinion, obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
   b. in our opinion, except for the effect of the matters described in the Basis for Qualified Opinion paragraph above, proper books of account as required by law have been kept by the Holding Company and its Subsidiary Companies so far as it appears from our examination of those books;
   c. the Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, the Consolidated Statement of Cash Flows and the Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
   d. Subject to our observations in basis of qualified opinion para ,in our opinion, the aforesaid consolidated Ind AS financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act read with relevant rules issued there under;
   e. Being a Government Company, pursuant to the notification number GSR 463(E) dated 5th June, 2015 issued by the Government of India, the provisions of Section 164(2) of the Companies Act, 2013 are not applicable to the Company .
   f. with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in “Annexure A”; and
   g. with respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The consolidated IndAS financial statements has disclosed the impact of pending litigations on its financial position in its consolidated IndAS financial statements Refer Note 38 to the consolidated IndAS financial statements

ii. Due to effects of the matters (weather quantified or otherwise) described in the Basis of Qualified Opinion paragraph, we are unable to state weather the Group Company has made adequate provision , as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts. According to the information & explanations given to us & based on the consideration of the report of the other auditors, the Group Company have not entered into any derivative contracts.

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Group.

For Doogar& Associates
Chartered Accountants
Firm Regn. No. 000561N

Mukul Marwah
Partner
M. No. 511239
Place: Mumbai
Date: 28-12-2018

“ANNEXURE A” TO THE INDEPENDENT AUDITOR’S REPORT

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

We have audited the internal financial controls over financial reporting of MSEB Holding Company Ltd. (“the Holding Company”) as of March 31, 2018 in conjunction with our audit of the consolidated Ind AS financial statements of the Company for the year ended on that date and its subsidiary companies as of that date. The auditors of subsidiary companies have audited the internal financial controls over financial reporting as of March 31, 2018.

Management’s Responsibility for Internal Financial Controls

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

Auditor’s Responsibility

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the “Guidance Note”) and the Standards on Auditing prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the consolidated IndAS financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.

Holding Company (MSEBHCL):

Because of the matter described in Disclaimer of Opinion paragraph below, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on internal financial controls system over financial reporting of the Company.

Subsidiary Companies:

The Subsidiary Companies audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

The auditors of subsidiary companies believe that the audit evidence they have obtained is sufficient and appropriate to provide a basis for their audit opinion on the Subsidiary Companies' internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

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

(1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

(2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and

(3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

In the case of Holding Company: MSEBHCL

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March , 2018 based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

In the case of Subsidiary Company: MSETCL

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company has an internal financial controls system over financial reporting, design whereof needs to be enhanced to make it comprehensive. Based on selective verification of process controls matrixes, made available to us, in our opinion and considering the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note, the operating effectiveness of such process controls and appropriate documentation thereof needs to be strengthened to make the same commensurate with the size of the Company and nature of its business.

Based on considerations of reporting of the other auditors of Associates as mentioned in the other matter paragraph, which are companies incorporated in India, have in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2018, based on the internal control over financial reporting criteria established by the Associates considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

Other Matter

Our aforesaid reports under section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting in so far as it relates to two Associate companies which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India.

In the case of Subsidiary Company: MSPGCL

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Basis of Qualified Opinion/Disclaimer of Opinion

A. According to the information and explanations given to us and based on our audit, the following material weakness has been identified in case of holding company, Maharashtra State Power Generation Co. Ltd as at March 31, 2018.

    (1) The Company's internal financial control over timely capitalization of fixed assets and adjustment of liquidated damages in the fixed assets accounting are not operating effectively. These material weakness could potentially result is material misstatement in Company's fixed assets, CWIP, depreciation and expenses.

    (2) The Company's internal financial control over procurement and accounting of material, maintenance of subsidiary records pertaining to employees and stores, timely adjustments of advances to suppliers and provision for liabilities including interest payments to MSME vendors are not operating effectively. Controls over calculation and accounting of the late delivery and short supply penalties to supplier

of coal are inadequate. These material weaknesses may result in incorrect valuation of liabilities and assets of the Company.

(3) The Company's internal financial control over maintenance of Inventory records, reconciliation with financial ledger and valuation of Inventory are not operating effectively. These material weakness could potentially result is misstatement of inventory value.

(4) The Company's internal financial control over computation of current Tax & Deferred Tax are not operating effectively and tax computation charges materially at the time of filing income tax return. This material weakness could potentially result in misstatement of current Tax and Deferred Tax in finacial statements.

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis.

In case of a subsidiary company i.e. Mahaguj Colteries Ltd. not Audited by us, the other Auditors have reparted as under:

Disclaimer of Opinion:

According to the information and explanations given to us, the company has not established internal financial controls over financial reparting on criteria based on or considering the essential components of Internal controls stated in the guidence Note on Audit as internal financial controls over financial reparting issued by the insitate of Chartered Accountants of India. Because of this reason, we are unable to obtain sufficient appropriate audit evidence to provide a basis for our opinion whether the company had adequate internal financial controls over financial controls over finacial reparting & whetehr such internal financial controls were operating effectively as at March 31, 2018.

We have considered the disclaimer reported above in determining the nature, timing and extent as audit texts applied in our audit as the Ind. AS financial statements of the company and the disclaimer, subject to the "Emphasis of matters" paragraph in our main Audit Report, does not affect our opinion on the Ind AS financial statements of the company."

Qualified opinion

Being the Government undertaking, the holding company's internal control process over financial reporting is designed by way of various Manuals, Rules, Circulars and instructions issued from time to time and our opinion is based on the internal control process over financial reporting as defined therein. During the course of our audit of financial statements we have on test-checking basis and on review of adequacy of internal control process over financial reporting, have identified some gaps both in adequacy of design of control process and its effectiveness which have been reported in "Basis of Qualified Opinion" above.

In our opinion, with a exception of the matters described in para above and except for the effects/possible effects of the material weaknesses described in "Basis of Qualified Opinion" above on the achievement of the objectives of the control criteria, the Holding Company has maintained, in all material respects, adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as of March 31, 2018.

We have considered the material weaknesses identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the March 31, 2018 consolidated IndAS financial statements of the Company.

The Material weakness stated at paragraph (4) of the basis for qualified opinion above with respect to internal controls over.

In the case of Subsidiary Company: MSEDCL

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Disclaimer of Opinion

According to the information and explanation given to us and based on our audit, the Company has not established its internal control over financial reporting on criteria based on or considering the essential components of internal control stated in the Guidance note on Audit of Internal Financial Control Over Financial Reporting issued by the Institute of Chartered Accountants of India. Because of this reason , we are unable to obtain sufficient and appropriate audit evidence to provide a basis for our opinion whether the Company had adequate internal control over financial reporting and whether such internal control were operating effectively as on 31st March 2018.

We have considered the material weaknesses identified and reported above in determining the nature, timing and audit tests applied in our audit of the financial statements of the Company and these material weaknesses above have affected our opinion on the IndAS financial statements of the Company and we have issued qualified opinion on the Ind AS financial statement.

Other Matters

The audit of internal financial controls over financial reporting relating to the subsidiary has been carried out by other auditors, who have furnished an unqualified opinion in respect thereof. Our report, to the extent it relates to the said subsidiary, is solely based on the report of the other auditors.

As already stated in the “Other Matters” paragraph above, the auditors of the subsidiary Company have issued an unqualified opinion in respect of internal financial controls over financial reporting which we have relied upon.

For Doogar& Associates

Chartered Accountants

Firm Regn. No. 000561N

Mukul Marwah

Partner

M. No. 511239

Place: Mumbai

Date: 28-12-2018

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6) (b) READ WITH SECTION 129 (4) OF THE COMPANIES ACT, 2013 ON THE CONSOLIDATED FINANCIAL STATEMENTS OF MSEB HOLDING COMPANY LIMITED, MUMBAI FOR THE YEAR ENDED 31 MARCH 2018.

The preparation of Consolidated Financial Statements of MSEB Holding Company Limited, Mumbai For the year ended 31 March 2018 in accordance with the financial reporting Framework Prescribed under the Companies Act, 2013 is the responsibility of the Management of the Company. The Statutory Auditors appointed by the Comptroller and Auditor General of India under Section 139(5) read with section 129(4) of the Companies Act, 2013 are responsible for expressing opinion on these Financial Statements under Section 143 read with section 129(4) of the Companies Act, 2013 based on independent audit in accordance with the Standards on Auditing prescribed under Section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 28 December, 2018.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the Consolidated Financial Statements of MSEB Holding Company Limited, Mumbai for the year ended 31 March 2018 under section 143 (6) (a) read with the section 129 (4) of the Act. We conducted a supplementary audit of the Financial Statements of MSEB Holding Company Limited and Maharashtra State Electricity Transmission Company Limited, Maharashtra State Power Generation Company Limited and Maharashtra State Electricity Distribution Company Limited (subsidiaries of the Company) for the year ended on that date. 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.

On the basis of my supplementary audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to Statutory Auditor's Report under section 143(6)(b) of the Act.

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

(Y. N. Thakare)
PRINCIPAL ACCOUNTANT GENERAL
(AUDIT) - III

Place: Mumbai

Date: 01.03.2019

Part I - Balance Sheet
MSEB Holding Company Limited
Consolidated Balance Sheet as at 31st March, 2018

(Amt. In Crores)

	Particulars	Note No.	As at 31st March 2018	As at 31st March 2017	As on 1st April 2016
	ASSETS				
(1)	**Non Current Assets**				
a	Property, Plant & Equipment	2	116,286.74	117,543.24	101,437.39
b	Capital Work in Progress	2A	7,708.54	7,495.86	24,202.02
c	Investment Properties	3	834.90	876.92	917.88
d	Goodwill				
e	Other Intangible Assets	2B	13.79	35.77	55.29
f	Intangible Assets under Development	2C	132.55	129.77	120.78
g	Investments in Subsidiaries, associates and joint ventures	4	89.03	48.26	-6.20
h	Financial Assets				
	(i) Investments	5	746.14	604.31	641.46
	(ii)Trade Receivables	6	4,749.49	3,231.59	3,453.90
	(iii) Loans	7	74.04	219.57	305.60
	(iv) Others (to be specified)	8	707.51	853.61	533.98
i	Deferred Tax Assets (Net)				
j	Other Non Current Assets	9	2,446.08	2,412.62	1,649.44
(2)	**Current Assets**				
a	Inventories	10	1,638.51	2,339.76	2,719.57
b	Financial Assets				
	(i) Investments	11	70.58	68.97	59.63
	(ii) Trade Receivables	12	31,009.31	29,206.75	17,953.08
	(iii) Cash & cash Equivalents	13	1,276.42	1,531.58	772.17
	(iv) Bank Balances Other than (iii) above		-	-	
	(v) Loans	14	15.20	61.54	881.46
	(iv) Others	15	4,019.98	3,573.59	3,511.51
c	Current Tax Assets (Net)		-	-	
d	Other Current assets	16	1,965.94	2,216.73	1,764.25
	Assets held for sale/Assets included in disposal group(s) held for sale	17	242.34	328.61	178.23
	Regulatory Assets	18	9,478.74	4,923.71	2,524.00
	Total Assets		**183,505.83**	**177,702.76**	**163,675.44**
	EQUITY AND LIABILITIES				
	EQUITY				
a	Equity Share capital	19	88,086.54	87,392.75	86,299.79
b	Other Equity	20	-28,226.42	-30,082.17	-29,742.50
	Equity attributable to owners of the parent		**59,860.12**	**57,310.58**	**56,557.29**

	Non Controlling interest		21.67	21.69	
			59,881.79	**57,332.27**	**56,557.29**
	LIABILITIES				
(1)	**Non Current Liabilities**				
a	Financial laibilities				
	(i) Borrowings	21	47,375.94	48,215.65	41,593.24
	(ii) Trade Payables		-	-	
	(iii) Other fianancial Liabilities (other than those specified in item (b))	22	8,672.84	8,005.43	7,660.54
b	Provisions	23	5,095.67	5,145.12	4,907.14
c	Deferred Tax Liabilities (Net)	24	3,135.86	3,680.59	3,636.13
d	Other Non Current Liabilities	25	6,767.57	5,880.59	4,859.10
(2)	**Current Liabilities**				
a	Financial laibilities				
	(i) Borrowings	26	13,681.20	15,044.47	13,198.21
	(ii) Trade Payables	27	9,297.31	11,110.13	7,334.49
	(iii) Other fianancial Liabilities (other than those specified in item (c))	28	22,932.91	18,354.61	20,538.07
b	Other Current Liabilties	29	5,541.24	3,793.44	1,862.54
c	Provisions	30	1,123.50	1,140.46	1,212.69
d	Current Tax Liabilities (Net)		-	-	
	Liabilities classified as held for sale/ Liabilities included in disposal group held-for sale				
			-	-	316.00
	Total Liabilities and Equity		**183,505.83**	**177,702.76**	**163,675.44**
	Significant Accounting Policies	**1**			
	Notes to accounts	2 to 51			

See accompanying notes to the financial statement

As per our report of even date
For DOOGAR & ASSOCIATES
Chartered Accountants
Firm Registration Number: 000561N

Sunil Pimpalkhute
Director (Finance) & CFO
(DIN: 01915725)

Arvind Singh
Managing Director
(DIN: 02780573)

Mukul Marwah
Partner
Membership Number : 511239

Pankaj Sharma
CGM (Finance)

Subodh Zare
Company Secretary

Place : Mumbai
Date : 28-12-2018

Place : Mumbai
Date : 28-12-2018

MSEB Holding Company Limited
Part II - Statement of Profit and Loss for the year ended 31st march, 2018

(Amt. in Crores)

	Particulars	Note	31st March 2018	31st March 2017
(i)	Revenue from operations	31	68,699.08	61,118.84
(ii)	Other Income	32	4,026.17	3,804.16
I	**Total Income (i)+(ii)**		**72,725.25**	**64,923.00**
	Expenses			
(i)	Cost of materials consumed	33	44,743.96	40,560.66
(ii)	Purchase of Stock-in-Trade		-	-
(iii)	Changes in Inventories of finished goods, Stock-in-trade and work-in-progress		-	-
(iv)	Employee Benefits Expenses	34	6,408.74	6,327.94
(v)	Finance Costs	35	7,665.39	6,837.02
(vi)	Depreciation and amortization expense	36	6,750.86	6,085.00
(vii)	Others expenses	37	5,240.00	4,604.33
II	**Total Expenses ((i) to (vii))**		**70,808.95**	**64,414.95**
III	**Profit /(Loss) before exceptional items and tax (II-I)**		**1,916.30**	**508.05**
IV	**Share of profit in associates and joint venture**		**7.15**	**8.02**
V	**Exceptional Items**			
VI	**Profit /(Loss) before tax (III - IV)**		**1,923.45**	**516.07**
VII	Tax Expenses:			
	(1) Current Tax		207.43	34.32
	(2) Deferred Tax		-545.64	55.24
	(3) Previous Year Taxes		-	3.40
VIII	**Profit /(Loss)for the period from continuing operations (V-VI)**		**2,261.66**	**429.91**
IX	**Profit /(Loss) from discontinued operations before tax**		**-**	**-**
X	**Tax Expenses of discontinued operations**		**-**	**-**
XI	**Profit /(Loss) from discontinued operations (After tax) (VII- IX)**		**-**	**-**
XII	**Profit /(Loss) for the period**		**2,261.66**	**429.91**
XIII	**Other Comprehensive Income**			
(A)	(i) Items that will not be reclassified to profit or loss		-70.61	-229.78
	(ii) Income tax relating to items that will be reclassified to profit or loss			
	Subtotal (A)		**-70.61**	**-229.78**
	Share of net profits of Associates/Joint Venture accounted in OCI for using equity method		0.04	0.00

(B)	(i) Items that will be reclassified to profit or loss			
	(ii) Income tax relating to items that will be reclassified to profit or loss			
	Subtotal (B)		**0.04**	**0.00**
XIV	**Other Comprehensive Income(A+B)**		**-70.57**	**-229.78**
XV	**Total Comprehensive Income for the period (XI + XIII)**		**2,191.08**	**200.13**
	Attributable to:			
	Owners of the Company		2,262.33	430.26
	Non-controlling interests		-0.67	-0.35
	PROFIT FOR THE YEAR		**2,261.66**	**429.91**
	Other comprehensive income Attributable to:			
	Owners of the Company		-70.57	-229.78
	Non-controlling interests			
	OTHER COMPREHENSIVE INCOME		**-70.57**	**-229.78**
	Total comprehensive income Attributable to:			
	Owners of the Company		2,191.75	200.48
	Non-controlling interests		-0.67	-0.35
	TOTAL COMPREHENSIVE INCOME		**2,191.08**	**200.13**
XVI	**Earning per equity share (for continuing operations)**			
	Basic (Rs.)		0.26	0.05
	Diluted (Rs.)		0.26	0.05
	Significant Accounting Policies	**1**		
	Notes to Accounts	**2-51**		

See accompanying notes to the financial statement

As per our report of even date

For DOOGAR & ASSOCIATES
Chartered Accountants
Firm Registration Number: 000561N

Sunil Pimpalkhute
Director (Finance) & CFO
(DIN: 01915725)

Arvind Singh
Managing Director
(DIN: 02780573)

Mukul Marwah
Partner
Membership Number : 511239

Pankaj Sharma
CGM (Finance)

Subodh Zare
Company Secretary

Place : Mumbai
Date : 28-12-2018

Place : Mumbai
Date : 28-12-2018

Consolidated Cash Flow Statement for the Year Ended 31st March, 2018

(Amt.in Crores)

Particulars	2017-18		2016-17	
A. Cash flows from operating activities				
Net profit before taxation		1,923.45		516.07
Adjustments for:				
Interest income	-2.61		-3.39	
Finance Cost	7,665.39		6,837.02	
Depreciation and amortisation expense	6,750.86		6,085.00	
Effect of restated retained earnings			-736.02	
Difference in Profit of MSETCL			-578.26	
		14,413.64		11,604.35
Operating profit before working capital changes		**16,337.09**		**12,120.42**
Changes in Working Capital				
Adjustments for (increase) / decrease in operating assets				
(Increase)/Decrease in Financial Investments	-141.82		-7.86	
(Increase)/Decrease in Financial Trade Receivables	-1,517.90		222.32	
(Increase)/Decrease in Financial Loans and Advances	145.53		614.53	
(Increase)/Decrease in Other Financial Assets	146.10		-853.61	
(Increase)/Decrease in Other Non Current Assets	-33.46		-287.14	
(Increase)/Decrease in Inventories	701.25		379.81	
(Increase)/Decrease in Current Financial Investments	-1.62		-9.34	
(Increase)/Decrease in Current Financial Trade Receivables	-1,802.56		-13,387.88	
(Increase)/Decrease in Current Financial Loans and Advances	46.35		417.22	
(Increase)/Decrease in Financial Other Current Assets	-446.39		-2,161.88	
(Increase)/Decrease in Other Current Assets	250.79		1,410.73	

(Increase) /Decrease in Assets held for Sale	86.28		-150.38	
(Increase) /Decrease in Regulatory assets	-4,555.03		-2,399.71	
Increase/(Decrease) in Other Financial Borrowings	-839.70		7,787.76	
Increase/(Decrease) in Other Financial Liabilities	667.42		97.88	
Increase/(Decrease) in Financial Provisions	-49.45		237.86	
Increase/(Decrease) in Other Non Current Liabilities	886.98		1,094.11	
Increase/(Decrease) in Other Current Borrowings	-1,363.27		-2,176.29	
Increase/(Decrease) in Current Trade Payables	-1,812.82		6,751.35	
Increase/(Decrease) in Cuurent Financial Liabilities	4,578.30		1,710.01	
Increase/(Decrease) in Other Current Liabilities	1,747.80		2,802.05	
Increase/(Decrease) in Other Current Provisions	-16.96		-1,033.69	
Increase/(Decrease) in Share Application Money	-335.35		60.15	
Increase/(Decrease) in Other Comprehensive Income	-70.57	-3,730.14	-229.78	888.22
Cash generated from operations				
Less: Taxes paid	-206.52		-41.70	
Add: Income Tax for earlier years		-206.52		-41.70
Net cash from operating activities (A)		**12,400.43**		**12,966.95**
B. Cash flows from investing activities				
Purchase of fixed assets and addition to Capital Work in Progress	-20,330.93		-32,721.43	
Sales of fixed assets and addition to Capital Work in Progress	14,643.09		26,222.95	
Sale of Investments & Investment Properties	1.25		31.60	
Interest received (Net of TDS)	2.61		3.39	
Loans and advances				

Net cash used for investing activities (b)		**-5,683.99**		**-6,463.48**
C. Cash flows from financing activities				
Proceeds from issuance of shares	693.79		1,092.96	
Interest and Financial Charges	-7,665.39		-6,837.02	
Net cash from financing activities (C)		**-6,971.60**		**-5,744.06**
Net increase in cash and cash equivalents (A + B + C)		**-255.16**		**759.40**
Cash and cash equivalents at beginning of period		**1,531.58**		**772.17**
Cash and cash equivalents at end of period		**1,276.42**		**1,531.58**
Components of cash and cash equivalents				
Cash on hand		2.72		7.88
Balances with banks		811.73		1,004.31
On current account				
On deposit account with maturity of less than 12 months		393.20		471.84
On deposit account with maturity of more than 12 months				
Cheques/ drafts on hand		68.77		47.56
Cash and cash equivalents as per note 13		1,276.42		1,531.58

As per our report of even date
For DOOGAR & ASSOCIATES
Chartered Accountants
Firm Registration Number: 000561N

Mukul Marwah
Partner
Membership Number : 511239

Place : Mumbai
Date : 28-12-2018

Sunil Pimpalkhute
Director (Finance) & CFO
(DIN: 01915725)

Arvind Singh
Managing Director
(DIN: 02780573)

Pankaj Sharma
CGM (Finance)

Subodh Zare
Company Secretary

Place : Mumbai
Date : 28-12-2018

Statement of Changes in Equity

Part - I BalanceSheet
Statement of changes in Equity for the period ended 31st March 2018

A. Equity Share Capital

Particulars	(Amt. in Crores)
As at 1st April 16	86,299.79
Issue of share capital (As per Note 19)	1,092.96
As at 31st March 17	87,392.75
Issue of share capital (As per Note 19)	693.79
As at 31st March 18	**88,086.54**

B. Instruments entirely equity in nature

a. Compulsorily Convertible Preference Shares

Particulars	(Amt. in Rs.)
As at 1st April 16	-
Issued during the yr 2016-17	-
As at 31st March 17	-
Issued during the yr 2017-18	-
As at 31st March 18	**-**

b. Compulsorily Convertible Debentures

Particulars	(Amt. in Rs.)
As at 1st April 16	-
Issued during the yr 2016-17	-
As at 31st March 17	-
Issued during the yr 2017-18	-
As at 31st March 18	-

c. Instrument (any other instrument entirely equity in nature)

Particulars	(Amt. in Rs.)
As at 1st April 16	-
Issued during the yr 2016-17	-
As at 31st March 17	-
Issued during the yr 2017-18	-
As at 31st March 18	-

C. Other Equity

(Amt.in Crores)

	Share application money pending allotment	Retained Earnings	Other Comprehensive Income	Special Reserve Fund	Contingency Reserve Fund	Total Other Equity
As at 01-04-2016	**898.23**	**31,621.52**	**-116.58**	**716.39**	**380.98**	**-29,742.50**
Add profit for the year	-	148.36	-229.77	-	-	-378.13
Other Comprehensive Income	-	-	-	-	-	-
Additions during the year	397.15	-	0.01	-	55.46	452.62
Deductions during the year	337.00	55.46	-	-	-	392.46
As at 01-04-2017	**958.38**	**31,825.34**	**-346.35**	**716.39**	**436.44**	**-30,060.48**
Add profit for the year	-	2,261.66	-70.57	-	-	2,191.08
Other Comprehensive Income	-	-	-	-	-	-
Additions during the year	902.05	-	-	-	58.81	960.86
Deductions during the year	1,237.40	58.81	0.01	-	-	1,296.22
As at 31-03-2018	**623.03**	**29,622.49**	**-416.93**	**716.39**	**495.25**	**-28,204.76**

As per our report of even date
For DOOGAR & ASSOCIATES
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Firm Registration Number: 000561N

Mukul Marwah
Partner
Membership Number : 511239

Place : Mumbai
Date : 28-12-2018

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Managing Director
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CGM (Finance)

Subodh Zare
Company Secretary

Place : Mumbai
Date : 28-12-2018

NOTE 1

Significant Accounting Policies on Consolidated Financial Accounts for the year ended 31st March, 2018

A. Corporate information

Maharashtra State Electricity Board Holding Company Ltd. (MSEBHCL) was incorporated w.e.f. 31.05.2005 consequent upon the decision of the Government of Maharashtra (GOM) for reorganization of MSEB, pursuant to Chapter XIII of Electricity Act 2003. It has three Subsidiaries Companies viz. Maharashtra State Power Generation Co. Ltd. (MSPGCL), Maharashtra State Electricity Transmission Co. Limited (MSETCL), Maharashtra State Electricity Distribution Co. Limited (MSEDCL). The Company started its operation from 6th June 2005 in accordance with the “Provisional Transfer Scheme” of the Government of Maharashtra. The “Provisional Transfer Scheme” was a scheme under which all the three subsidiary Companies and this Company came into existence from the erstwhile MSEB Board. The said scheme has been finalised and the Financial Restructuring Plan (FRP) has been approved by the GOM on 31st March 2016and has been notified vide GR No.Reform2010/Pr.Ka.117/Urja-3. The scheme has been implemented during the F.Y. 31-03-2016 with retrospective effect from 05-06-2005.

B. Basis of preparation of Consolidated financial statements

Compliance with Ind AS

The consolidated financial statements have been prepared to comply, in all material aspects, in accordance with the Indian Accounting Standards (herein after referred to as 'IND AS') notified under Section 133 of the Companies Act, 2013 (the Act) ,[the Companies (Indian Accounting Standards) Rules, 2015 and the other relevant provisions of the Act].

The preparation of the financial statements requires management to make estimates and assumptions. Actual results could vary from these estimates. The accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year or in the year of the revision and future years, if the revision affects both current and future years.

The financial statements have been prepared on a historical cost basis except for certain financial assets and liabilities measured at fair value at the end of each reporting period, as explained in the accounting policies below.

All amounts disclosed in the financial statements and notes have been rounded off to the nearest crore as per requirement of Schedule III unless otherwise.

Principles of Consolidation

The consolidated financial statements relate to the consolidation of MSEB Holding Company Ltd (MSEBHCL) and its following Subsidiaries:

Maharashtra State Electricity Distribution Company Ltd. (MSEDCL)	100% Subsidiary of MSEBHCL
Maharashtra State Power Generation Company Ltd. (MSPGCL)	100% Subsidiary of MSEBHCL
Maharashtra State Transmission Company Ltd (MSETCL)	100% Subsidiary of MSEBHCL
Dhopave Coastal Power Ltd. (DCPL)	100% Subsidiary of MSPGCL

Mahagenco Ash Management Services Ltd (MAMSL)	100% Subsidiary of MSPGCL
Mahaguj Collieries Ltd (MCL)	60% Subsidiary of MSPGCL
UCM	Associate of MSPGCL (18.75% ownership)
Aurangabad Power Company Ltd.(APCL)	100% Subsidiary of MSEDCL
Jaigad Power Transco Ltd. (JPTL)	Joint Venture of MSETCL
Maharashtra Transmission Communication Infrastructure Limited (MTCIL)	Joint Venture of MSETCL

The group companies are Public Limited Companies registered under the provisions of the Companies Act, 2013. The Companies are governed by the Electricity Act, 2003. The provisions of the Electricity Act, 2003 read with the rules made there under prevails wherever the same are inconsistent with the provisions of Companies Act 2013 to the extent applicable, in terms of section 174 of the Electricity Act, 2003. The consolidated financial statements of the Group companies are consolidated on a line-by-line basis.

Associates /Joint Ventures (equity accounted investees)

Equity Method

Under the equity method, on initial recognition the investment in an associate or a joint venture is recognised at cost and the carrying amount is increased or decreased to recognise the company's share of the profit or loss of the investee after the date of acquisition. The company's share of the investee's profit or loss is recognised in the company's statement of profit or loss. Distributions received from an investee reduce the carrying amount of the investment. Adjustments to the carrying amount may also be necessary for change in the company's proportionate interest in the investee arising from the changes in the investee's other comprehensive income. The Companies share of those changes is recognised in the company's other comprehensive income.

Jaigad Power Transco Limited (JPTL) is a joint venture of JSW Energy Limited with 74% share holding and MSETCL 26% share holding. The Joint venture has been set up to construct , operate and maintain 54.739 kilo meters of one Jaigad – New Koyna 400 KV double circuit (QUAD) transmission line and 110 kilo meters of one Jaigad-Karad 400 KV double circuit (QUAD) transmission line.

Maharashtra Transmission Communication Infrastructure Limited (MTCIL) is a joint venture between Sterlite Technologies Limited (STL) with share holding 72.10 % and Maharashtra State Electricity Transmission Company Limited (MSETCL) with share holding 27.90 %. The prime commercial activity is to make available fibre capacity on lease rental to retail, wholesale and enterprise corporate customers, drawn from Optical Power Ground Wire (OPGW) network.

A joint venture is an arrangement in which the Company has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions. Investments in jointly controlled entity is accounted for using the equity method (equity accounted investees) and are initially recognized at cost. The Company does not consolidate entities where the non-controlling interest ("NCI") holders have certain significant participating rights that provide for effective involvement in significant decisions in the ordinary course of business of such entities. Investments in such entities are accounted by the equity method of accounting.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated in full while preparing these consolidated financial statements. Unrealized gains or losses arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Company's interest in the investee.

Non-controlling interests ("NCI")

NCI are measured at their proportionate share of the acquiree's net identifiable assets at the date of acquisition. Changes in the Group's equity interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Maharashtra State Electric Power Trading Company Ltd (MSEPTCL) has been merged with MSEB Holding Co Ltd wide order number 24/02/2014-CL-III dated 16/07/2015 with effect from 01.04.2015.

As far as possible the Consolidated Financial Statements are prepared using uniform accounting policy for like transactions and other events in similar circumstances and are presented in the same manner as the Company's separate financial statements.

Assets and Liabilities created under applicable electricity laws continue to be depicted under appropriate heads.

C. Current and non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non- current classification.

An asset is current when it is:

- Expected to be realised or intended to sold or consumed in normal operating cycle,
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after reporting period.

  Or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle.
- It is held primarily for the purpose of trading,
- It is due to be settled within twelve months after the reporting period,

  Or
- There is no unconditional right to defer the settlement of the liability for at twelve months after the reporting period.

Deferred tax assets/liabilities are classified as non-current on net basis.

All other liabilities are classified as non-current.

D. Note on Historical cost convention

The financial statements have been prepared on going concern basis under the historical cost convention except:

(a) certain financial instruments and

(b) defined benefit plans

which are measured at fair value at the end of each reporting period, as explained in the accounting policies below.

E. Significant accounting judgements, estimates and assumptions:

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Information about significant areas of estimates and judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are as below:

- Estimates of useful lives and residual value of Property, Plant and Equipment and intangible assets;
- Fair value measurements of financial instruments
- Impairment of non-financial assets;
- Measurement of Defined Benefit Obligation, key actuarial assumptions;
- Provisions and Contingencies;
- Evaluation of recoverability of deferred tax assets;
- Revenue recognition

F. Other Significant Accounting Policies:

1. Property, Plant and Equipment (PPE):

In respect of MSEBHCL

Property, Plant and Equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long term construction projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced in intervals, the Company recognises such parts as separates component of assets with specific useful lives and provides depreciation over their useful life. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the items can be measured reliably. The carrying amount of the replaced part is derecognised. All other repair and maintenance costs are recognised in profit or loss incurred.

Capital work in progress includes cost of property, plant and equipment under installation/under development as at the balance sheet.

Capital Expenditure on tangible assets for research and development is classified under property, plant and equipment and is depreciated on the same basis as other property, plant and equipment.

Gains and losses arising from retirement or disposal of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss on the date of retirement or disposal.

Assets are depreciated to the residual values on a straight-line basis over the estimated useful lives. The assets' residual values and useful lives are reviewed at each financial year end or whenever there are indicators for review, are adjusted prospectively.

Leased Assets

Leasehold lands are amortised over the period of lease. Buildings constructed on leasehold land are depreciated based on the useful life specified in Schedule II to the Companies Act, 2013, where the lease period of land is beyond the life of the building.

In other case, buildings constructed on leasehold lands are amortised over the primary lease of thelands.Freehold land is not depreciated.

Estimated useful lives of the assets are as follows:

Nature of Assets	Years
Leasehold Land	01 to 80
Buildings	01 to 60
Plant &Equipment	01 to 15
Furniture & Fixtures	01 to 10
Vehicles	01 to 08
Computers	01 to 03

Assets individually costing Rupees five thousand or less are fully depreciated over a period of twelve months from the date available for use.

In respect of MSPGCL

Property, Plant and Equipment

Freehold lands are carried at cost. All other items of Property, Plant and Equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any.

The initial cost of an asset comprises its purchase price or construction cost (including import duties, freight and non-refundable taxes); any incidental costs directly attributable to bring the asset into the location and condition necessary for it to be capable of operating in the manner intended by management; and borrowing cost for qualifying assets (i.e. assets that necessarily take a substantial period of time to get ready for their intended use).

The purchase price is the aggregate amount paid and the fair value of any other consideration given to acquire the asset. The cost also includes trial run cost (after deducting the proceeds from selling any items produced during the trial run period) and other operating expenses such as freight, installation charges etc. net of other income during the construction period. The projects under construction are carried at costs comprising of direct costs, related pre-operational incidental expenses and attributable interest.

Subsequent expenditures are included in assets carrying amount or recognized as separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

Capital Expenditure incurred by the Company, resulting in creation of Property Plant and Equipment for which Company does not have ownership rights and control over it, is reflected as a part of capital work in progress till the assets are under construction and an equivalent amount is provided for by way of debiting obsolescence of assets expense which is charged off to the Statement of Profit and Loss in the year in which it is incurred. Upon completion of construction the aforesaid capital expenditure will be capitalized and adjusted against the provision created for assets not owned by the company. Contribution towards the cost of assets not owned by the company and corporate social responsibility activities are charged off to Statement of Profit and Loss when incurred.

Enabling Asset Policy (CASE TO CASE BASIS) - Items of property, plant and equipment acquired by the Company, (although not directly increasing the future economic benefits from such assets), may be necessary for the Company to obtain the future economic benefits from its other assets. Such items of property, plant and equipment qualify for recognition as assets because they enable the Company to derive future economic benefits from related assets in excess of what could be derived had those items not been acquired. However, capitalization of assets is done by the Company only after verifying the nature of assets on case to case basis.

In case of Capital Work in Progress where the final settlement of bills with the contractor is yet to be effected, capitalization is done on provisional basis subject to necessary adjustment in the year of final settlement.

Claims for price variation in case of capital contracts are accounted for, on acceptance thereof by the Company.

An item of Property, Plant and Equipment and any significant part initially recognised separately as part of Property, Plant and Equipment is derecognised upon disposal; or when no future economic benefits are expected from its use. Any gain or loss arising on de-recognition of the asset is included in the Statement of Profit and Loss when the asset is derecognized and disposed off.

Lease arrangements for land is classified at the inception date as finance lease as, it transfers substantially all the risk and rewards incidental to ownership to the Company during the lease period.

Spare parts which are meeting the requirement of Property, Plant and Equipment are capitalized as Property, Plant and Equipment in case the unit value of the spare part is above the threshold limit. In other cases, the spare parts are inventorised on procurement and charged to Statement of Profit and Loss on consumption.

Written Down Value of old Machinery Spares is charged to the Statement of Profit and Loss in the year in which such spares are replaced and the old relevant spares are found to be of no further use. However, if the old relevant spares can be repaired and reused, then both are continued to be depreciated over the remaining useful life of the relevant asset. The repair charges of the old relevant spares are charged to Statement of Profit and Loss.

In case of replacement of part of asset / replacement of capital spare where Written Down value of such original part of asset / capital spare is not known, the cost/ net book value of the new part of asset / new capital spare shall be written off.

The Company had chosen the carrying value of Property, Plant and Equipment existing as per previous GAAP as on date of transition to Ind AS as deemed cost.

Leasehold land is amortized at the rate of 3.34% p.a. on straight line basis as prescribed under MERC Regulation.

Intangible Assets

Intangible assets are carried at cost net of accumulated amortization and accumulated impairment losses, if any. Intangible assets (other than software) are amortised on straight line basis over their useful life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. Software are amortised as per the life prescribed by MERC. The amortisation expense on intangible assets and impairment loss is recognised in the statement of Profit & Loss.

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

Depreciation /Amortization

A. Leasehold land is amortized over a period of lease generally. However for land held under lease for investment in land, for cost of clearing site, the depreciation is charged on the life of asset which is 25 years.

B. Property , Plant and Equipment

i) The company has estimated the useful life of an item of Property Plant and Equipment based on a techno-commercial evaluation as prescribed by Maharashtra Electricity Regulatory Commission. This estimation includes the pattern of usage of the Property Plant and Equipment item. Accordingly, the Company provides depreciation on straight line method to the extent of 90% of the cost of asset.

ii) Depreciation on the Property Plant and Equipment added/disposed off/ discarded during the year is provided on pro-rata basis with reference to the month of addition/disposal/discarding and in case of capitalization of green field/brown field projects, depreciation is charged from the date of commencement of commercial operation to the Statement of Profit and Loss.

iii) In case of Assets (other than assets mentioned in (iv) below) whose depreciation has not been charged upto 70% after its commissioning, company charges the depreciation rates as prescribed below, on the Gross Block of assets for calculating depreciation till the end of such year in which the accumulated depreciation reaches upto 70% in respect of such asset. After attainment of 70% depreciation, the company charges depreciation on the basis of balance useful life upto 90%, since the company has estimated useful life in case of Thermal and Gas based power generating Stations as 25 years and in case of Hydro Generating Stations as 35 years as prescribed by MERC.

Type of asset	**Depreciation (%)**
Plant & Machinery in generating station of Hydro – electric, Steam Electric, & Gas based power generation Plant, Cooling Tower, Hydraulic Works, Transformers & other fixed apparatus, Transmission lines, Cable Network etc.	5.28%
Buildings & Other Civil Works	3.34%

iv) In case of following assets depreciation is charged straight line method upto 90% of asset value at rates mentioned below:

Type of asset	Depreciation (%)
Furniture, Fixtures and Office Equipment	6.33%
Vehicles	9.50%
IT Equipment	15.00%

v) Items of Property, Plant and Equipment costing not more than the threshold limit are depreciated at 100 percent in the year of acquisition. Cost of all Mobile Phones is charged off to Revenue during the year of purchase irrespective of thresh hold limit.

C. Intangible Assets:

Expenses capitalized on account of purchase of new application software, implementation of the said software by external third party consultants and purchase of licenses are amortized as prescribed by MERC at the rate mentioned below:

Type of asset	Depreciation (%)
Software	30%

In respect of MSEDCL :

a) Freehold lands are carried at cost.

b) PPE is recognized when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. PPE is stated at cost net of tax/duty credits availed, if any, less accumulated depreciation and cumulative impairment. Specific know-how fees paid, if any, relating to plant & equipment is treated as a part of cost thereof. Cost includes purchase price and any attributable cost of bringing the asset to its working condition for its intended use and for qualifying assets, borrowing costs capitalised in accordance with the Company's accounting policy.

c) For transition to Ind AS, the carrying value of PPE under previous GAAP as on April 1, 2015 is regarded as its cost.

d) Inventories with useful life for more than one year are accounted as PPE as per Ind AS 16.

Depreciation / Amortisation:

A. Leasehold land is amortized over a period of lease generally.

B. Property, Plant and Equipment:

a) The company has estimated the useful life of an item of Property Plant and Equipment based on a techno-commercial evaluation. This estimation includes the pattern of usage of the Property Plant and Equipment item. Accordingly, the Company provides depreciation on straight line method to the extent of 90% of the cost of asset.

b) The techno-commercial evaluation of the useful life, residual value and pattern of depreciation is reviewed annually. The present estimation is similar to the method used by MERC to determine tariff through MERC (Multi Year Tariff) Regulations 2015.

c) The rates of Depreciation applied are as under:

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

d) In case of Assets whose depreciation has not been charged upto 70% after its commissioning, Company charges depreciation at the rates prescribed above till the end of such year in which the accumulated depreciation reaches upto 70%. After attainment of 70% accumulated depreciation, the Company charges depreciation on the basis of remaining useful life upto 90% of the cost of asset in terms of the requirement of the above Regulations.

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

f) The assets costing Rs.5,000/- or less individually are depreciated at 100% in the year they are put to use.

In respect of MSETCL:

Property, Plant and Equipment is initially measured at cost of acquisition/construction including any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. After initial recognition, Property, Plant and Equipment is carried at cost less accumulated depreciation / amortization and accumulated impairment losses, if any.

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

Property, Plant and Equipment acquired as replacement of the existing assets are capitalized and its corresponding replaced assets removed/ retired from active use are derecognized. If the cost of the replaced part or earlier inspection is not available, the estimated cost of similar new parts/inspection is used as an indication of what the cost of the existing part/inspection component was when the item was acquired or inspection was carried out.

In the case of commissioned assets, contracts for construction of Sub-station and Transmission Lines where final settlement of bills with contractors is yet to be effected, capitalization is done on provisional basis subject to necessary adjustments in the year of final settlement.

The cost of land includes payments/liabilities towards compensation and other expenses wherever possession of land is taken.

Expenditure on levelling, clearing and grading of land is capitalized as cost of Land Development.

Spares parts whose cost is Rs.10,00,000/- and above, standby equipment and servicing equipment which meets the recognition criteria of Property, Plant and

Equipment are capitalized. In other cases, the spare part is inventorised on procurement and charged to Statement of Profit and Loss on consumption.

An item of property, plant and equipment is derecognized when no future economic benifits are expected from their use or upon disposal.

Depreciation/Amortisation

Depreciation/amortization on the assets related to transmission business is provided on straight line method following the rates and methodology notified by the Maharashtra Electricity Regulatory Commission (MERC) for the purpose of recovery of tariff.

Cost of software capitalized as intangible asset is amortized over the period of legal right to use or 4 years, whichever is less with nil residual value.

Mobile Phones are charged off within 3 years from the date of Purchase.

Depreciation/ Amortization on additions to/deductions from property, plant and equipment during the year is charged on pro-rata basis from/up to the date on which the asset is available for use/disposed.

Where the cost of depreciable property, plant and equipment has undergone a change due to increase/decrease on account of price adjustment, change in duties or similar factors, and the unamortized balance of such asset is depreciated retrospectively at the rates and methodology as specified by the MERC Tariff Regulations.

Depreciation on spares parts, standby equipment and servicing equipment which are capitalized, is provided on straight line method from the date they are available for use over the remaining useful life of the related assets of transmission business, following the rates and methodology notified by the MERC.

The residual values, useful lives and methods of depreciation for assets other than assets related to transmission business are reviewed at each financial year end and adjusted prospectively, wherever required.

Property, Plant & Equipments costing Rs. 5,000/- or less, are fully depreciated in the year of acquisition.

Depreciation rates used for various classes of assets are as under:

Particulars	Rate
Tangible Assets	
Hydraulic Works	5.28%
Buildings & Other Civil Works	3.34%
Plant & Machinery	5.28%
Transmission lines, Cable Networks, etc	5.28%
Furniture, Fixtures and Office Equipments	5.28% to 15%
Vehicles	6.33%

The associate companies provide depreciation and amortisation on assets based on straight line method (SLM) as per provisions of Part B of schedule II of the Companies Act 2013.

2. Investment Properties

In respect of MSEBHCL

Investment properties comprise portions of freehold land and office buildings that held for long-term rentals yields and/or for capital appreciation. Investment properties are initially recognised at cost. Subsequently investment property comprising of building is carried at cost less accumulated depreciation and accumulated impairment losses.

The cost includes the cost of replacing parts and borrowing costs for long term construction projects if the recognition criteria are met. When significant parts of the investment property are required to be replaced at intervals, the Company depreciates them separately based on their useful lives. All other repair and maintenance costs are recognised in profit and loss as incurred.

Depreciation on building is provided over the estimated useful lives as specified in schedule II to the Comparative Act, 2013. The residual values, useful lives and depreciation method of investment properties are reviewed, and adjusted on prospective basis as appropriate, at each financial year end. The effects of any revision are included in the statement of profit and loss when the change arises.

Though the Company measures investment property using cost based measurement, the fair value of investment property is disclosed in the notes.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal.

The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the statement of profit and loss in the period of depreciation.

3. Intangible Assets

In respect of MSEBHCL

Identifiable intangible assets are recognised when the Company controls the asset, it is probable that future economic benefits attributed to the asset will flow to the Company and the cost of the asset can be reliably measured.

At initial recognition, the separately acquired intangible assets are recognised at cost. The cost of intangible assets that are acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, the intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses, if any.

Amortisation is recognised in profit or loss on a straight line basis over the estimated useful lives of intangible assets from the date they are available for use. The amortisation period and the amortisation method for an intangible asset (except goodwill) is reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted by changing the amortisation period or method, as appropriate , and are treated as changes in accounting estimates.

a) Goodwill – Goodwill is initially recognised at cost and is subsequently measured at cost loss any accumulated impairment losses.

b) Software – Software is capitalised at the amounts paid to acquire the respective license for use and is amortised over the period of license, generally not exceeding three years.

c) Licences – Acquired licenses are initially recognised at cost. Subsequently, licenses are measured at cost less accumulated amortisation and accumulated impairment loss, if any. Amortisation is recognised in profit or loss on a straight-line basis over the unexpired period of the license and is disclosed under ‘depreciation and amortisation’. The amortisation period relating to licenses acquired in a business combination is determined primarily by reference to the unexpired license period.

d) Other acquired intangible assets – Other intangible assets are initially recognised at cost. Other intangible assets acquired in business combinations are amortised over the estimated useful lives from the date they are available for use.

Intangible assets that have an indefinite useful life, for example goodwill, and intangible assets not yet put to use are not subject to amortisation and are tested annually for impairment. Assets that are subject to depreciation and amortisation are reviewed for impairment, whenever events or changes in circumstances include, through are not limited to, significant or sustained decline in revenues or earnings and material adverse changes in the economic environment.

In respect of MSPGCL:

Expenses capitalized on account of purchase of new application software, implementation of the said software by external third party consultants and purchase of licenses are amortized as prescribed by MERC at the rates mentioned below:

Type of asset	Depreciation (%)
Software	30%

Depreciation on the assets of subsidiaries is charged on straight line method following the useful life specified in Schedule II of the Companies Act , 2013.

In respect of MSEDCL:

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

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

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

In respect of MSETCL:

Intangible assets are measured on initial recognition at cost. After initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses.

Subsequent expenditure on already capitalized Intangible assets is capitalized when it increases the future economic benefits embodied in an existing asset and is amortized prospectively.

The cost of software (which is not an integral part of the related hardware) acquired for internal use and resulting in significant future economic benefits is recognized as an intangible asset when the same is ready for its use.

An item of Intangible asset is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit and Loss when the asset is derecognized.

4. **Capital Work -In-Progress**

In respect of MSPGCL:

i) In case of Property Plant and Equipment, for new projects / expansion, the related expenses and interest cost up to the date of commissioning attributable to such project / expansion are capitalized.

ii) The total cost including all office expenses incurred by the Company at project and planning offices for the period, are apportioned to respective Capital Work-in-Progress accounts in respect of projects under implementation, on the basis of cumulative balances of expenditure in respect of assets under construction.

The Liquidated Damages are adjusted to the Cost of Property Plant and Equipment during the year it is crystallized.

In respect of MSEDCL:

a) Fifteen percent of the cost of Capital Work in Progress incurred during the year is added to Capital Work in Progress towards Employee Cost and Administration and General Expenses as the Operation and Maintenance Circles are executing both Capital Works and Operation and Maintenance Works.

b) Interest relating to construction period in respect of acquisition of the qualifying assets is capitalised on the addition to Work in Progress during the year based on the average interest rate applicable to the loan.

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

In respect of MSETCL:

Cost of material, erection charges and other expenses incurred for the construction of Property, Plant and Equipment are shown as CWIP based on progress of erection work till the date of capitalization.

Expenditure of Corporate office and Project Offices, attributable to construction of property, plant and equipment are identified and allocated on a systematic basis to the cost of the related assets.

Interest during construction and expenditure (net) allocated to construction as per policy above are kept as a separate item under CWIP and apportioned to the assets being capitalized in proportion to the closing balance of CWIP.

Unsettled liability for price variation/exchange rate variation in case of contracts is accounted for on estimated basis as per terms of the contracts.

Costs incurred on identification, survey and feasibility studies of a project under sanctioned scheme are shown as a distinct item under capital work in progress till the period of its rejection or three years, whichever is earlier. In case of rejection, the expenses are charged to Statement of Profit and Loss in the year of rejection

5. **Non Current Assets held for Sale:**

In respect of MSPGCL and MSETCL

Non-current assets are classified as held for sale if their carrying amounts will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met, only when the sale is highly probable and the asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sale of such assets. Non-current assets classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell.

Property, plant and equipment and intangible assets classified as held for sale are not depreciated or amortized.

6. Inventories:

In respect of MSPGCL

Stock of materials including stores, spare parts is valued at lower of cost and net realizable value, and cost is determined on weighted average cost method. However, materials and other items held for generation of electricity are not written down below cost since the sale of electricity will be made at or above the cost of generation. Cost comprises of cost of purchase (net of input tax credit receivable) and other costs incurred in bringing them to their present location and condition. Losses towards unserviceable and obsolete stores and spares identified on review are provided in the accounts.

In respect of MSEDCL:

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

In respect of MSETCL:

Inventories are valued at lower of the cost, determined on weighted average basis and net realizable value.

Cost of inventories comprises of cost of purchase and other costs incurred in bringing the inventories to its present location and condition. Inventories are issued on First out (FIFO) basis.

Spares which do not meet the recognition criteria as Property, Plant and Equipment are recorded as inventories.

Obsolete, slow moving and unserviceable stocks are identified at the time of physical verification of stocks and where necessary, provision is made for such stocks.

7. Impairment of non-financial assets:

In respect of MSEBHCL

At each balance sheet date, the Company assesses whether there is an indication that an asset may be impaired and also whether there is an indication of reversal of impairment loss recognised in the previous periods. If any indication exists, or when annual impairment testing for an asset is required, if any, the Company determines the recoverable amount and impairment loss is recognised when the carrying amount of an asset exceeds its recoverable amount.

Recoverable amount is determined at the higher of the fair value less cost to sell and the value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share process for publicly traded companies or other available fair value indicators.

Impairments losses of continuing operations, including impairment on inventories, are recognised in profit and loss section of the statement of profit and loss, except for properties previously re valued with the revaluation taken to Other Comprehensive Income (the 'OCT'). For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation.

In respect of MSEDCL

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

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

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

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

In respect of MSPGCL

Non-financial assets other than inventories, deferred tax assets and non-current assets classified as held for sale are reviewed at each Balance Sheet date to determine whether there is any indication of impairment.

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

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

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

In respect of MSEPTCL:

Cash generating units as defined in Ind AS 36 'Impairment of Assets, are identified at the Balance Sheet date. At the date of Balance Sheet, if there is any indication of impairment and the carrying amount of the cash generating unit exceeds its recoverable amount (i.e the higher of the fair value less costs of disposal and value in use), an impairment loss is recognized. The carrying amount is reduced to the recoverable amount and the reduction is recognised as an impairment loss in the Statement of Profit and Loss. The impairment loss recognised in the prior accounting period is reversed to the extent of increase in the estimate of recoverable amount. Post impairment, depreciation is provided on the revised carrying value of the impaired asset over its remaining useful life.

8. Cash and cash equivalents:

Cash and cash equivalents comprise cash at bank and on hand which are short term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of change in value. Outstanding bank overdrafts are shown within the borrowings in current liabilities in the statement of financial position and which are considered an integral part of the Company's cash management.

9. Revenue Recognition:

In respect of MSEBHCL

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received/receivable, excluding discounts, rebates, and VAT, service tax or duty. The Company assesses its revenue arrangements against specific criteria i.e whether it has exposure to the significant risks and rewards associated with the sale of goods or rendering of services, in order to determine if it acting as a principal or as an agent.

a) Interest income –

For all the financial instruments measured at amortised cost and interest bearing financial assets, classified as financial assets as fair value though profit or loss, interest income is recognised using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. Interest income is included in 'finance income' in the income statement.

b) Dividend income –

Dividend income is recognised when the Company's right to receive the payment is established.

c) Lease Income –

Lease agreements where the risks and rewards incidental to the ownership of an asset substantially vest with the lessor are recognised as operating lease. Lease rentals are recognised on straight line basis as per the terms of the agreements in the statement of profit and loss.

In respect of MSPGCL

i) Revenue from Sale of electricity is accounted for based on predefined tariff rates at the beginning of the year as approved by the Maharashtra Electricity Regulatory Commission (MERC), inclusive of Fuel Adjustment Charges and includes unbilled revenues accrued up to the end of the accounting period which is subject to true up process by MERC in the subsequent years.

ii) In terms of Power Purchase Agreement with MSEDCL, Company recognizes Delayed Payment Surcharge @ 1.25% per month towards delay in receipt of energy bills beyond the credit period, on accrual basis.

iii) Interest income is recognised taking into account the amount outstanding and the applicable interest rate.

iv) Sale of fly ash is accounted for based on rates agreed with the customers. Amount collected are kept under separate account head "Fly Ash Utilisation Fund" in accordance with the guidelines issued by MOE&F dated 03-11-2009. The said fund gets utilised to the extent of expenditure incurred for promotion of ash utilization.

v) Other income is recognized on accrual basis. Sale of scrap, reject coal etc. is accounted for when such scrap is actually lifted by the buyer from Company's premises and company prepares invoice towards the said sale transaction.

Recoveries on account of Liquidated Damages are adjusted against the cost of project when they are directly identifiable with the project and for mitigating the additional cost of the project in the year it is crystallized. Interest on advance to contractors for projects are adjusted to cost of projectas and when accrued.. In all other cases, liquidated damages are credited to Other Income.

vi) Company recognizes the value of unsold Energy Saving Certificates as at the end of the financial year by crediting to revenue on accrual basis. Upon sale of the said certificates, the adjustment between the accrued value and actual sale value is effected to Profit and Loss Statement in the year of their actual sale.

In respect of MSEDCL:

a) Sale of Power:

Revenue is recognised to the extent that it is probable that economic benefit will flow to the Company and that the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated rebates and other similar allowances.

i) Revenue from Sale of Power is accounted for on the basis of demand bills raised on consumers at Tariff rates approved by the Maharashtra Electricity Regulatory Commission (MERC), inclusive of Fuel Adjustment Cost, if any.

ii) Unbilled revenue accrued up to the end of the financial year is accounted in the books of accounts on estimation basis and includes FAC (Fuel Adjustment Cost), if any.

iii) Bills raised for theft of energy, under section 135 and for unauthorised use of power under section 126 of Electricity Act 2003, whether on consumer or outsiders are recognised in full as soon as assessment is received from the competent authority of the Company.

iv) Revenue on account of delay payment surcharge (DPS) and interest on arrears in case of consumers defaulting payment of bills for consecutive three months is recognised on collection basis. The charged DPS and interest in case of such consumers is treated as a deferred income (liability).

v) Revenue on account of delay payment surcharge (DPS) and interest on arrears in case of consumers defaulting payment of bills for consecutive three months had been recognised on receipt basis w.e.f. billing for month October 2015. The charged DPS and interest in case of such consumers had been treated as a deferred income (liability). The said policy is changed. Revenue on account of delay payment surcharge (DPS) is recognised on accrual basis. Interest from consumers is recognised on principal arrears amount pertaining to last 2 years only. Interest on arrears more than 2 years is recognised on receipt basis instead of accrual basis. The said policy is changed w.e.f 01.04.2015.

b) Other Operating Income and Other Income:

i) Regulatory Income/Expenses:

The tariff of the Company is regulated by MERC. The Regulatory Assets/Liabilities are being accounted based on principles laid down under Tariff Regulations / Tariff orders as notified by MERC. The recognition of Regulatory Assets/Liabilities is as per Ind AS 114 “Regulatory Deferral Accounts”, i.e. on the basis of actual revenue expenditure incurred and the revenue income accounted in the Books of Accounts. Any adjustments that may arise on Annual Performance Review/Mid-Term Review by MERC under Multi-Year Tariff Regulations are made after completion of such review.

ii) Sale of scrap is recognised on realisation.

iii) Interest income on Non-current investments is accounted on accrual basis, using Effective Interest Rate (EIR) method. Interest Income other than Non-current Investments is accounted on accrual basis.

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

In respect of MSETCL:

Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of return, trade allowances, rebates.

Transmission Income

Revenue from transmission of electricity received from Distribution Licensees is accounted for based on Monthly Intra State Transmission Tariff Order issued by the Maharashtra Electricity Regulatory Commission (MERC).

Revenue from Operations such as Open Access charges, SLDC Charges, Rescheduling Charges are recognized as per MERC Orders.

Dividend Income

Dividend income is recognized when the right to receive payment is established.

Interest Income

Interest income is recognised using effective interest rate (EIR) method.

Sale of Scrap

Income from sale of scarp is accounted from on realization.

Supervision charges

The supervision charges received from outright Consumers Contribution is recognised in the year of receipt.

Other Income

Other Income is recognized on accrual basis except when ultimate realization of such income is uncertain.

10. Employee benefits:.

In respect of MSEBHCL

The Company's post employment benefits include defined benefit plan and defined contribution plans. The Company also provides other benefits in the form of deferred compensation and compensated absences.

Under the defined benefit retirement plan, the Company provides retirement obligation in the form of Gratuity. Under the plan, a lump sum payment is made to eligible employees at retirement or termination of employment based on respective employee salary and years of experience with the Company.

For defined benefit retirement plans, the difference between the fair value of the plan assets and the present value of the plan liabilities is recognised as an asset or liability in the statement of financial position. Scheme liabilities are calculated using the projected unit credit method and applying the principal actuarial assumptions as at the date of statement of financial position. Plan assets are assets that are held by a long term employee benefit fund or qualifying insurance policies.

All the expenses excluding re-measurements of the net defined benefits liability (asset), in respect of defined benefit plans are recognised in the profit or loss as incurred. Re-measurements, comprising actuarial gains and losses and the return on the plan assets (excluding amounts included in net interest on the net defined benefit liability (asset)), are recognised immediately in the statement of financial position with a corresponding debit or credit to retained earnings through other comprehensive income in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

The amount charged to the income statement in respect of these plans is included within operating costs.

The Company's contribution to defined contribution plans are recognised in profit or loss as they fall due. The Company has no further obligations under these plans beyond its periodic contributions.

In respect of MSPGCL:

Short Term Employee Benefits

Short term employee benefits are recognized as an expense at undiscounted amount in the Statement of Profit & Loss of the year in which related services are rendered by the employees.

Post-employment benefits

a) **Defined Contribution Plan**

Company pays fixed contribution to Provident Fund at predetermined rates along with employee's contribution to a separate trust which also manages funds of other group companies. The funds are then invested in permitted securities. The contribution to the fund for the period is recognized as expense and is charged to the Statement of Profit and Loss

b) **Defined Benefit Plans**

Post-employment benefits

Liability towards defined employee benefits like gratuity are determined on actuarial valuation by independent actuaries at the year-end by using Projected Unit Credit method.

Re-measurements of the net defined benefit liability, which comprises of actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised in Other Comprehensive Income.

Other long-term employee benefits

Liability towards other long term employee benefits i.e. leave encashment are determined on actuarial valuation by independent actuaries using Projected Unit Credit method.

Ex-gratia

Company accrues for the ex-gratia expenditure in the books of accounts as and when the same is declared by the company for its employees.

In respect of MSEDCL:

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

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

Defined contribution plans:

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

Defined benefits plans:

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

Other long term employee benefits:

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

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

In respect of MSETCL:

Short Term Employee Benefits:

Short term employee benefits are recognized at the undiscounted amount in the Statement of in which the related services are rendered.

Other long-term employee benefit obligations

The liabilities for earned leave and sick leave that are not expected to be settled wholly within 12 months are measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method based on Actuarial Valuation.

The benefits are discounted using the yields of Corporate Bonds at the end of the reporting period that have terms approximating to the terms of the related obligation.

Re-measurements as a result of experience adjustments and changes in actuarial assumptions are recognised in the Statement of Profit and Loss.

Post- employment benefits:

The Company operates the following post-employment schemes:

(i) defined benefit plans such as gratuity; and

(ii) Defined contribution plans such as provident fund.

Defined Benefit Plan

Liability towards defined employee benefits like gratuity is determined on actuarial valuation by independent actuaries at the year-end by using Projected Unit Credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Defined Contribution Plan

Defined Contribution Plans such as Provident Fund etc. are charged to the Statement of Profit and Loss as incurred. Further for certain employees, the monthly contribution for Provident Fund is made to a separate trust which also manages funds of other group companies.The minimum rate of interest payable by the Trust is in accordance with rate notified by the Government. The Company has an obligation to make good the shortfall, if any.

12. Borrowing costs:

In respect of MSEBHCL:

Borrowing costs consist of interest and other costs that the Company incurs in connection with the borrowing of funds. Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period in which they occur.

In respect of MSPGCL:

Borrowing cost consists of interest and other costs incurred in connection with the borrowing of funds. Borrowing costs directly attributable to the acquisition or construction of an asset that necessarily takes a substantial period of time to get ready for its intended use are capitalised as part of the cost of the asset till the month in which the asset is ready for intended use. Other borrowing costs not attributable to the acquisition or construction of any capital asset are recognized as expenses in the period in which they are incurred.

In respect of MSETCL:

Borrowing costs consist of interest and other costs incurred in connection with the borrowing of funds. Borrowing costs also include exchange differences to the extent regarded as an adjustment to the borrowing costs.

Interest During Construction (IDC) and expenditure (net) allocated to construction as per policy referred at 2.4 above are kept as a separate item under CWIP and apportioned to the assets being capitalised in proportion to the closing balance of CWIP. Actual IDC is calculated for schemes where it is possible. In case of remaining scheme, debt equity ratio of 70:30 is considered for calculating of IDC for opening capex as well as capex incurred during the year. FIFO method is followed while considering the capitalisation i.e first capitalisation of asset will be taken place from opening balance of capex .The weighted average rate of interest of each financial institution and banks is applied for calculating IDC.

Borrowing costs that are attributable to the acquisition or construction of qualifying assets (i.e. an asset that necessary takes a substantial period of time to get ready for its intended use) are capitalized as a part of cost of such assets. All other borrowing costs are charged to the Statement of Profit and Loss.

Capitalisation of Borrowing cost ceases when substantially all the activities necessary to prepare the qualifying assets for their intended use are completed.

Investment income earned on temporary investment of funds of specific borrowings pending their expenditure on qualifying assets is deducted fron the borrowing costs eligible for capitalisation.

13. Leases:

In respect of MSEBHCL

The determination of whether an arrangement is, or contains, a lease is based on the substance of an arrangement at inception date- whether fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

a) Company as a lessee

Finance lease, which transfers to the Company substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the commencement of the lease at the fair value of the leased asset or if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of liability.

Finance charges are recognised in the profit or loss. Initial direct costs incurred in a finance lease of the lessee are added to the amount recognised as an asset at the commencement of the lease term.

Leased assets are depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. Contingent rents are recognised as expense in the period in which they are incurred.

b) Company as a lessor

Assets leased to others under finance lease are recognised as receivables at an amount equal to the net investment in the leased asset. The finance income is recognised based on the periodic rate of return on the net investment of the Company outstanding in respect of the finance lease. Initial direct costs incurred in a finance lease are included in the initial measurement of finance lease receivable and reduce the amount of income recognised over the lease term.

Lease where the Company does not transfer substantially all the risks and rewards incidental to ownership of the asset are classified as operating lease. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income.

Lease rentals under operating leases are recognised as income on a straight-line basis over the lease term. Contingent rents are recognised as income in the period in which they are earned.

In respect of MSPGCL:

Finance Lease

Assets acquired as Finance leases, where the Company has substantially all the risks and rewards of ownership, such assets are capitalized at the inception of the lease at the lower of fair value or the present value of minimum lease payments and a liability is created for an equivalent amount. Lease rentals paid are allocated between the liability and interest cost, so as to obtain a constant periodic rate of interest on outstanding liability for each period.

Operating Lease

Lease arrangements which are not classified as finance leases are considered as operating lease.

Payments made under Operating Leases are generally recognised in Statement of Profit and Loss on a straight-line basis over the term of the lease, unless such payments are structured to increase in line with expected general inflation. The lease agreement in respect of hydro power generation facilities has not been entered into with Government of Maharashtra.

In respect of MSEDCL:

Operating lease payments / Income are recognised in the statement of profit and loss on a Straight Line basis over the lease term. Where the rentals are structured solely to increase in line with expected general inflation to compensate for lessor's expected inflationary cost increase, such increase are recognised in the year in which such benefits accrue. The Company does not have any finance lease arrangements.

In respect of MSETCL:

Finance Lease

Assets acquired as Finance leases, where the Company has substantially all the risks and rewards of ownership, such assets are capitalized at the inception of the lease at the lower of fair value or the present value of minimum lease payments and a liability is created for an equivalent amount. Lease rentals paid are allocated between the liability and interest cost, so as to obtain a constant periodic rate of interest on outstanding liability for each period.

Operating Lease

Lease arrangements which are not classified as finance leases are considered as operating lease. Payments made under Operating Leases are generally recognized in Statement of Profit and Loss on a straight-line basis over the term of the lease, unless such payments are structured to increase in line with expected general inflation.

Lease Agreements in respect of land are considered as Finance Lease as the land has been used for the construction of Sub-Stations which are having perpetual use.

14. Government Grants

In respect of MSPGCL:

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with.

When the grant which is of revenue nature relates to an expense item, it is recognized in Statement of Profit and Loss on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed.

When the grant relates to property, plant and equipment, the cost of property, plant and equipment is shown at gross value and grant thereon is treated as liability (deferred income) and are credited to statement of profit and loss on a systematic basis over the useful life of the asset.

In respect of MSEDCL:

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

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

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

In respect of MSETCL:

Grants from the government are recognized at their fair value where there is reasonable assurance that the grant will be received and the Company will comply with all attached conditions.

When the grant relates to an expense item, it is recognized in Statement of Profit and Loss on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to Profit and Loss on a straight-line basis over the expected lives of related assets and presented within other income.

Accounting of Maharashtra Energy Development Agency (MEDA) Projects

As per Government of Maharashtra’s policy for promotion of generation of energy from non convention sources, 50% of costs of such power evacuation project developed by Private Developers shall be borne by the Company and remaining 50% will be reimbursed by MEDA to the developers.

15. Accounting/ classification of expenditure and income

In respect of MSPGCL:

Income / expenditure in aggregate pertaining to prior year(s) above the threshold limit are corrected retrospectively.

Prepaid expenses upto threshold limit in each case, are charged to revenue as and when incurred.

Insurance claims are accounted on acceptance basis.

All other claims/entitlements are accounted on the merits of each case.

16. Investments in subsidiaries, Associates and Joint Ventures

In respect of MSPGCL:

Investments in equity shares of Subsidiaries, Joint Ventures & Associates are recorded at cost and reviewed for impairment at each reporting date.

The Company has chosen the carrying value of the investment in Subsidiaries, associates and joint ventures existing as per previous GAAP as on date of transition to Ind AS i.e. 1st April 2015 as deemed cost.

17. Foreign Currency transactions

In respect of MSPGCL:

Transactions in foreign currencies are initially recorded at the respective exchange rates prevailing at the date of transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at spot rates of exchange at the reporting date.

Exchange differences arising on settlement or translation of monetary items are recognised in Statement of Profit and Loss either as 'Exchange Rate Variation' or as 'finance costs' (to the extent regarded as an adjustment to borrowing costs), as the case may be.

In respect of MSETCL:

Functional and presentation currency

The financial statements are presented in Indian rupee (INR), which is Company's functional and presentation currency.

Transactions and balances

Transactions in foreign currencies are recognized at the prevailing exchange rates on the transaction dates. Realized gains and losses on settlement of foreign currency transactions are recognized in the Statement of Profit and Loss.

Monetary foreign currency assets and liabilities at the year-end are translated at the year-end exchange rates and the resultant exchange differences are recognized in the Statement of Profit and Loss.

18. Earnings per share

The Company's earnings per share (EPS) is determined based on the net profit attributable to the shareholders' of the Company. Basic earnings per share is computed using the weighted average number of shares outstanding during the year.

For the purpose of calculating Earning Per Share, the share application money pending allotment, in terms of the commitment from Government of Maharashtra through the Holding company, has been considered as confirmed allotment.

Diluted earnings per share is computed using the weighted average number of common and dilutive common equivalent shares outstanding during the year including share options (using the treasury stock method for options), except where the result would be anti- dilutive.

19. Taxes on Income:

a) Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. Current income tax relating to items recognised directly in equity. The Company periodically evaluates positions taken in the tax returns with respect to which applicable tax regulations are subject to interpretation and establishes provisions where applicable.

Current tax is determined as per the provisions of the Income Tax Act, 1961 in respect of Taxable Income for the year, after considering permissible tax exemption, deduction / disallowance. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the time of reporting. Current tax when provided under the MAT provisions of section 115JB of the Income Tax 1961, the benefit of credit against such payments is available over a period of 15 subsequent assessment years and will be recognized when actually realized.

b) Deferred tax

Deferred tax liability is provided on temporary differences at the reporting date between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognised for all taxable temporary difference, except –

When the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit/(tax loss).

In respect of taxable temporary differences associated with investments in subsidiaries, associates and interest in joint ventures, where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary differences will be not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit/(tax loss).

In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current incomes tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

20. Provisions, Contingent Liabilities, Contingent Assets and Commitments:

In respect of MSEBHCL

a) **General** – Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the Company expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursements.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

b) **Contingencies** – Contingencies liabilities are recognised at their fair value only, if they were assumed as part of a business combination. Contingent assets are not recognised. However, when the realisation of income is virtually certain, then the related asset is no longer a contingent asset, and is recognised as an asset. Information on contingent liabilities is disclosed in the notes to the financial statements, unless the possibility of an outflow of resources embodying economic benefits is remote. The same applies to contingent assets where an inflow of economic benefits is probable.

In respect of MSPGCL:

Provisions are recognized when there is a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are discounted using an appropriate discount rate. Contingent liabilities are possible obligations whose existence will only be confirmed by future events not wholly within the control of the Company, or present obligations where it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities are not recognized in the financial statements but are disclosed unless the possibility of an outflow of economic resources is considered remote.

Contingent liabilities and Capital Commitments disclosed are in respect of items which in each case are above the threshold limit.

Contingent assets are not recognised but disclosed in the financial statements when an inflow of economic benefits is probable

In respect of MSEDCL:

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

Contingent assets are disclosed where an inflow of economic benefits is probable. A brief description of the nature of the contingent assets, where an inflow of economic benefits is probable, and, where practicable, an estimate of their financial effect will be disclosed.

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

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

In respect of MSETCL:

Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are discounted. Unwinding of the discount is recognized in the Statement of Profit and Loss as a finance cost. Provisions are reviewed at each Balance Sheet date and are adjusted to reflect the current best estimate.

Contingencies

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made. Information on contingent liability is disclosed in the Notes to the Financial Statements. Contingent assets are not recognized.

21. Exceptional items:

Exceptional items refer to items of income or expense within the income statement from ordinary activities which are non-recurring and are of such size, nature or incidence that their separate disclosure is considered necessary to explain the performance of the Company.

22. Accounting of Losses on account of flood, fire, cyclone etc

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

23. Current and non-current classification:

The Company presents assets and liabilities in the balance sheet based on current/ non- current classification.

An asset is current when it is:

Expected to be realised or intended to sold or consumed in normal operating cycle,

Held primarily for the purpose of trading

Expected to be realised within twelve months after reporting period.

Or

Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

It is expected to be settled in normal operating cycle.

It is held primarily for the purpose of trading,

It is due to be settled within twelve months after the reporting period,

Or

There is no unconditional right to defer the settlement of the liability for at twelve months after the reporting period.

Deferred tax assets/liabilities are classified as non-current.

All other liabilities are classified as non-current.

24. Fair value measurement:

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

The best estimate of the fair value of a financial instrument on initial recognition is normally the transaction price – i.e fair value of the consideration given or received. If the Company determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in active market for an identical asset or liability nor based on a valuation technique that uses data from observable markets, then the financial instrument is initially measured at a fair value, adjusted to deter the difference between fair value on initial recognition and the transaction price.

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

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

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

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

When quoted price in active market for an instrument is available, the Company measures the fair value of the instrument using that price. A market is regarded as active if transactions for the assets or liability take place with sufficient frequency or volume to provide pricing information on an ongoing basis. If there is no quoted price in an active market, then the Company uses a valuation technique that maximises the use of relevant observable inputs and minimises the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The Company regularly reviews significant unobservable inputs and valuation adjustments. If the third party information, such as broker quotes or pricing services, is used to measure fair values, the Company assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of IND AS, including the level in the fair value hierarchy in which the valuations should be classified.

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

25. Financial Instruments:

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments. The Company's financial asset comprise the following

i) Current Financial assets mainly consisting of trade receivables, cash and bank balances, short term deposits

ii) Non-Current financial assets mainly consisting of equity investment in subsidiaries, loans and advances to subsidiaries, long term receivables etc.

i. Financial assets:

Initial recognition and measurement:

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Financial assets are classified, at initial recognition, as financial assets measured at fair value or as financial assets measured at amortised cost.

Subsequent measurement

For purpose of subsequent measurement financial assets are classified into two broad categories:

- Financial assets at fair value
- Financial assets at amortised cost

Where assets are measured at fair value, gains and losses are either recognised entirely in the statement of profit and loss (i.e fair value through profit & loss), or recognised in other comprehensive income (i.e fair value through other comprehensive income).

A financial asset that meets the following two conditions is measured at amortised cost (net of any write down for impairment) unless the asset is designated at fair value through profit or loss under the fair value option.

Business model test: The objective of the Company's business model is to hold the financial asset to collect the contractual cash flows (rather than to sell the instrument prior to its contractual maturity to realise its fair value changes).

Cash flow characteristic test: The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset that meets the following two conditions is measured at fair value through other comprehensive income unless the asset is designed at fair value through profit or loss under the fair value option.

Business model test: The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

Cash flow characteristic test: The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Amortized cost

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

The asset is held within a business model whose objective is

- To hold assets for collecting contractual cash flows, and
- Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial recognition, such financial assets are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method and such amortization is recognised in the Statement of Profit and Loss.

Trade receivables were categorised into five groups for computing ECL viz. 1) Government authorities/bodies, 2) Permanent Disconnected consumers, 3) Agricultural consumers and 4) Regular (Good, whose total outstanding for more than 2 years are less than 20% of Total outstanding of such class) and 5) Regular (Other) Consumers. Time loss for all categories was considered as same, whereas Credit loss was provided on the basis of credit spread for Corporate Bonds (published by FIMMDA) which are rated among various categories based on their credit worthiness. The management has estimated an appropriate credit rating for each of the above five groups.

Security deposit available with the Group for each of the above groups of customers is reduced from the gross outstanding of trade receivables. This reduction is done on the basis of the ageing of the gross outstanding. ECL is provided on the Net Trade Receivable (gross less allocated security deposit) to the extent of unsecured portion. In case of Permanant Disconnected Consumers, the provision matrix (in the range of 20% to 100%) is applied on the basis of ageing of receivables.

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

Debt instruments at Fair value through profit and loss ()

Fair value through profit and loss is a residual category for measurement of debt instruments.

After initial measurement, any fair value changes including any interest income, impairment loss and other net gains and losses are recognised in the Statement of Profit and Loss.

Equity

investments

All equity investments in scope of Ind-AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at . For all other equity instruments, the Company decides to classify the same either as at FVOCI or The

Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

For equity instruments classified as FVOCI, all fair value changes on the instrument, excluding dividends, are recognized in other comprehensive income (OCI). There is no recycling of the amounts from OCI to Statement of Profit and Loss, even on sale of such investments

Equity instruments included within the category are measured at fair value with all fair value changes being recognized in the Statement of Profit and Loss.

Investments in equity instruments of subsidiaries, associates and joint venture entities are carried at cost less impairment.

Impairment of financial assets

In accordance with Ind-AS 109, the Company applies Expected Credit Loss (“ECL”) model for measurement and recognition of impairment loss on the financial assets measured at amortised cost and those carried at FVOCI.

Loss allowances on trade receivables are measured following the ‘simplified approach’ at an amount equal to the lifetime ECL at each reporting date.

Derecognition

A financial asset (or where applicable, a part of a financial asset or part of group of similar financial assets) is primarily recognised (i.e removed from the Company’s statement of financial position) when:

The rights to receive cash flows from the asset have expired, or

The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a ‘pass-through’ arrangement and either:’

a) The Company has transferred substantially all the risks and rewards of the asset, or

b) The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company’s continuing involvement. In case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

On Derecognition of a financial asset, the difference between the carrying amount and the consideration received is recognised in the Statement of Profit and Loss.

Investment in associates, joint venture and subsidiaries

The Company has accounted for its investment in subsidiaries and associates, joint venture at cost.

Impairment of financial assets

The Company assesses impairment based on expected credit losses (ECL) model to the following:

- Financial assets measured at amortised cost;
- Financial assets measured at fair value through other comprehensive income (FVTOCI)

Expected credit losses are measured through a loss allowance at an amount equal to:

- the 12-months expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date); or
- full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument).

The Company follows 'simplified approach' for recognition of impairment loss allowance on:

- Trade receivables or contract revenue receivable; and
- All lease receivables

Under the simplified approach, the Company does not track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

The Company uses a provision matrix to determine impairment loss allowance on the portfolio of trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivable and is adjusted for forward looking estimates. At every reporting date, the history observed default rates are updated and changes in the forward-looking estimates are analysed.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12- months ECL is used to provide for impairment loss. However, if credit risk has increased significantly lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then then Company reverts to recognising impairment loss allowance based on 12-months ECL.

For assessing increase credit risk and impairment loss, the Company combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

ii) Financial Liabilities:

Initial recognition and measurements

All the financial liabilities are recognised initially at fair value and, in case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payable, loans and borrowings including bank overdrafts and derivatives financial instruments.

Subsequent measurement

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

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

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by IND AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the statement of profit and loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IND AS 109 are satisfied.

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are recognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Where there is a breach of a material provision of a long-term loan arrangement on or before the end of the reporting period with the effect that the liability becomes payable on demand on the reporting date, the entity does not classify the liability as current, if the lender has agreed, after the reporting period and before the approval of the financial statements for issue, not to demand payment as a consequence of the breach.

Trade Payables : These amounts represent liabilities for goods and services provided to the Company prior to the end of financial period which are unpaid. The amounts are unsecured and are usually paid within twelve months of recognition. Trade and other payables are presented as current liabilities unless payment is not due within twelve months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

Finance guarantee contracts

Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is a measured at the higher of the amount of loss allowance determined as per impairment requirements of IND AS 109 and the amount recognised less cumulative amortisation.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the dereognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

iii) Offsetting of financial instruments:

Cash flow statement:

In respect of MSEDCL:

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

In respect of MSPGCL:

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

In respect of MSETCL:

Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non cash nature, any deferrals or accruals of past or future operating cash receipts or payments and items or expenses associated with investing or financing cash flows.

The cash flows from operating, investing and financing activities are segregated.

Material Prior Period Errors:

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

The prior period errors below threshold of 0.5% of the turnover of company are accounted for in the current year under the Materiality concept.

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

H. Minimum Alternate Tax

Company has been depositing current tax in the form of MAT and yet to enter in current tax regime. Company recognises MAT credit in the year in which company would exhaust all the accumulated tax losses/unabsorbed depreciation and the current tax still remains payable . In such event current tax liability would get adjusted to the extent of availability of MAT credit. Residual MAT credit if any would get adjusted in such event in subsequent years.

I. Significant accounting judgements, estimates and assumptions:

In respect of MSEBHCL

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

a) Judgments:

b) Estimates and assumptions:

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or the Company's fair value less costs of disposal and its value in use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or the Company's fair value exceeds it recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If so such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

Defined benefit plans

The cost of the defined benefit plan and other post-employment benefits and the resent value of such obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and attrition rate. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Fair Value measurement of financial instruments

When the fair value of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the Discounted Cash Flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

Development Costs

The Company capitalises development costs for a project in accordance with the accounting policy. Initial capitalisation of costs is based on management's judgement that technological and economic feasibility is confirmed, usually when a product development project has reached a defined milestone according to an established project management model. In determining the amounts to be capitalised, management makes assumptions regarding the expected future cash generation of the project, discount rates to be applied and the expected period of benefits.

Impairment of financial assets

The impairments provisions for financial assets are based on assumptions about the risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

NOTE 2 - Property, Plant and Equipment

(Amt. in Crores)

Particulars	Land (Including Development)		Buildings			Other Civil Works										
	Lease-hold Land	Freehold Land	Factory Build-ings	Others	Hydrau-lic Works	Railway Sidings	Roads and Oth-ers	Plant, Ma-chinery & Equip-ments	Lines & Cable Networks	Vehi-cles	Furni-ture & Fix-tures	Office Equip-ments	Capital Expendi-ture re-sulting in Assets not be-longing to the Company	Total Tan-gible As-sets	Less:- Depre-cia-tion Capi-talised	Depreci-ation charged to State-ment of Profit & Loss
As per Annual accounts as at 01.04.2016	1,889.79	11,146.38	1,099.61	3,270.89	1,668.64	1,204.05	1,544.44	42,847.90	41,612.10	19.41	115.61	165.62	58.83	106,643.26		
Addition	31.78	25.25	343.92	172.10	859.62	168.90	142.23	17,630.66	3,014.39	5.11	8.24	13.15	-	22,415.35		
Deduction	0.17	-0.48	31.30	2.00	21.39	18.48	45.82	661.46	9.60	0.90	2.00	2.23	0.44	795.30		
Balance as at 31.03.2017	**1,921.41**	**11,172.11**	**1,412.23**	**3,440.98**	**2,506.87**	**1,354.46**	**1,640.85**	**59,817.10**	**44,616.89**	**23.62**	**121.85**	**176.54**	**58.38**	**128,263.32**		
Addition	36.58	14.91	12.29	32.94	44.63	179.16	262.72	9,620.77	8,194.21	22.35	17.52	30.43	-	18,468.51		
Deduction	0.13	0.19	55.46	0.99	24.17	74.68	0.01	237.04	4.12	1.74	0.81	2.12	0.90	402.36		
Balance as at 31.03.2018	**1,957.86**	**11,186.83**	**1,369.06**	**3,472.93**	**2,527.33**	**1,458.94**	**1,903.57**	**69,200.83**	**52,806.97**	**44.24**	**138.55**	**204.85**	**57.49**	**146,329.47**		
Accumulated Deprecia-tion and impairment																
As per Annual accounts as at 01.04.2016	31.14	4.38	68.74	111.12	74.13	93.36	74.03	2,272.54	2,408.67	1.52	16.25	14.87	4.54	5,175.28		
Addition	4.55	4.38	42.41	154.67	156.04	78.20	74.54	3,066.80	2,427.13	2.11	5.96	19.00	4.54	6,040.32	1.54	6,038.78
Deduction	-	-	27.71	1.03	13.59	40.21	23.85	407.14	3.92	0.94	1.55	5.81	0.38	526.12		
As per annual Accounts Balance as at 31.03.2017	35.70	8.75	83.44	264.76	216.57	131.35	124.72	4,932.20	4,831.87	2.70	20.66	28.07	8.70	10,689.48		
Addition	12.95	4.38	264.11	113.55	162.88	57.86	260.34	10,867.35	7,938.98	12.17	18.98	34.93	4.54	19,753.03	1.77	19,751.27
Deduction/Adjustments	-	-	23.04	0.95	19.70	65.32	0.01	313.42	3.71	1.56	0.71	1.85	0.46	430.73		
Balance as at 31.03.2018	**48.64**	**13.13**	**324.52**	**377.35**	**359.76**	**123.88**	**385.05**	**15,486.13**	**12,767.14**	**13.31**	**38.93**	**61.15**	**12.78**	**30,011.79**		
Provision for obsoles-cence 01.04.2016	**-**	**-**	**0.40**	**-**	**0.30**	**-**	**0.28**	**22.66**	**6.79**	**0.11**	**0.00**	**0.01**	**0.05**	**30.60**		
As per Annual ac-counts as at 01.04.2016	**1,858.65**	**11,142.01**	**1,030.47**	**3,159.77**	**1,594.21**	**1,110.68**	**1,470.14**	**40,552.70**	**39,196.65**	**17.77**	**99.35**	**150.73**	**54.24**	**101,437.39**		
Provision for obsoles-cence 31.03.2017	**-**	**-**	**0.40**	**-**	**0.30**	**-**	**0.28**	**22.65**	**6.79**	**0.11**	**0.00**	**0.01**	**0.05**	**30.59**		
As at 31 March 2017	**1,885.71**	**11,163.36**	**1,328.39**	**3,176.22**	**2,290.00**	**1,223.11**	**1,515.86**	**54,862.24**	**39,778.24**	**20.81**	**101.19**	**148.46**	**49.64**	**117,543.24**		
Provision for obsoles-cence 31.03.2018	**-**	**-**	**0.40**	**-**	**0.30**	**-**	**0.28**	**23.00**	**6.79**	**0.11**	**0.00**	**0.01**	**0.05**	**30.94**		
As at 31 March 2018	**1,909.21**	**11,173.70**	**1,044.15**	**3,095.58**	**2,167.27**	**1,335.06**	**1,518.25**	**53,691.70**	**40,033.05**	**30.81**	**99.62**	**143.69**	**44.66**	**116,286.74**		

2.1 On transitio to Ind AS, MSEBHCL has opted to continue with the carrying value of all property, plant and equipment recognised as at 1st April, 2015 measured as pr previous Generally Acceptied Accounting Principles (GAAP) specified in Companies (Accounting Standards) Rules 2006 notified by the Central Government and other provisions of the Companies Act 1956 and use that carrying value as the deemed cost of the property, plant and equipment.

2.2 The fixed assets appearing in the books of the Company have been transferred from erstwhile MSEB as per FRP but has bt yer been transferred in the names of MSEBHCL. However the same are considered to be owned by the Company. Depreciation for the year, has been calculated and charged to revenue account on the basis of nomenclature of overall Gross Block for each type of asset available with the company.

2.3 The exact date of asset put to use could not be ob;;tained from erstwhile MSEB/GOM, instead the year in which the asset has been put to use has been made available. The depreciation for the first year has been calculated as if the asset has been put to use on 1st April of the relevant fiancial year.

2.4 On Finalisation of FRP the value of Assets have been increased by Rs. 13,967,512,030/- and Equity has been issued to the GOM against the same. The rspective assets have been valued according to the valuation received from GOM an depreciation on the same has been caulculated based on the remaining useful life of the assets.

2.5 Physical Verification of Assets had been conducted by the Management during the financial year 2010-11. The Company has also complied Fixed Asset Register from the date of restructuring i.e.06-06-2005 till the end of current financial year. All records relating to Opening Balances as appearing in the Asset Register to the extent received from erstwhile MSEB had been reconciled at the time of physical verification. The asset wise details of cost of assets, its valuation as on 05-06-2005 and written down values as per the asset register have also been reconciled with the opening balances incorporated in Accounts.

2.6 Sale deed specifying the cost of Land & Building at Dharavi purchased by erstwhile MSEB in May 1981 is yet to be registered. However the Land & Building in the possession of MSEBHCL and as pr the BMC directives, interest @14% on balance amount of sale cnsideration Rs. 9,041,427/- towards cost of Dharavi Building being paid monthly basis. The matter is sub-judice at Bombay High Court.

2.7 Additions to Fixed Assets amounting to Rs. 9,717,014/- (PY Rs.5,962,89) included fixed assets which have been accounted on the basis of informtion received from MSEDCL (Civil Section).

NOTE 2 A - Capital Work in Progress

(Amt. in Crores)

Particulars	CWIP - Freehold Land	CWIP - Factory Buildings	CWIP - Other Buildings	CWIP - Roads & Others	CWIP - Plant & Machinary	CWIP - Vehicles	CWIP - Furniture & Fixtures	CWIP - Office equipment	TOTAL Tangible CWIP
As on 01.04.2016	**14.81**	**2,663.79**	**0.85**	**6,868.72**	**14,642.50**	**-**	**-**	**11.35**	**24,202.02**
Addition	2.70	2,068.34	2.04	1,206.25	5,942.91	0.77	0.34	41.17	9,264.53
Deletion	3.12	4,169.25	2.89	1,751.15	19,973.04	0.77	0.34	37.88	25,938.44
As on 31.03.2017	**14.39**	**562.88**	**-**	**6,323.82**	**612.37**	**0.00**	**0.01**	**14.64**	**7,528.10**
Addition	0.09	86.42	0.21	1,570.54	235.87	0.06	-	-	1,893.18
Deletion	-	102.69	-	1,449.70	108.51	-	0.01	13.09	1,674.01
As on 31.03.2018	**14.49**	**546.60**	**0.21**	**6,444.66**	**739.72**	**0.06**	**0.00**	**1.55**	**7,747.28**
Net Capital Work in Progess									**-**
Less:- Provision for obsloescence	-	8.23	-	-	24.01	-	-	-	32.25
As on 31.03.2017	**14.39**	**554.64**	**-**	**6,323.82**	**588.36**	**-**	**0.01**	**14.64**	**7,495.86**
Less:- Provision for obsloescence	-	8.23	-	-	24.24	-	-	-	32.48
Less: Impairment of CWIP (MSEDCL)				6.26					6.26
As on 31.03.2018	**14.49**	**538.37**	**0.21**	**6,438.40**	**715.48**	**0.06**	**0.00**	**1.55**	**7,708.54**

NOTE 2B - Intangible Assets

(Amt. in Crores)

Particulars	Software Licences
As per Annual accounts as at 01.04.2016	**94.20**
Addition	6.62
Deduction	0.02
Balance as at 31.03.2017	**100.80**
Addition	3.22
Deduction	0.14
Balance as at 31.03.2018	**103.89**
Accumulated Amortisation	
As per Annual accounts as at 01.04.2016	**38.90**
Addition	26.13
Deduction	-
As per Annual Accounts as at 31.03.2017	**65.04**
Addition	25.07
Deduction/Adjustments	-
As per Annual Accounts as at 31.03.2018	**90.11**
Net Carrying Amount	
As at 1st April 2016	**55.29**
As at 31 March 2017	**35.77**
As at 31 March 2018	**13.79**

NOTE 2C - Capital Work in Progress

(Amt. in Crores)

Particulars	WIP Intangible Assets
As on 01.04.2016	**120.78**
Addition	10.34
Deletion	1.35
As on 31.03.2017	**129.77**
Addition	2.78
Deletion	- 0.00
As on 31.03.2018	**132.55**
Net Capital Work in Progess	
Less:- Provision for obsloescence	- 0.00
As on 31.03.2017	**129.77**
Less:- Provision for obsloescence	- 0.00
Less: Impairment of CWIP (MSEDCL)	
As on 31.03.2018	**132.55**

NOTE 3 - Investment Property

(Amt. in Crores)

Particulars	Freehold Buildings
Cost	
Cost as at 1st April 2016	1,179.43
Additions	1.10
Adjustments	-
Disposal/Transfers	-
As at 31st March 2017	**1,180.53**
Additions	-
Adjustments	-
Disposal/Transfers	-
As at 31st March 2018	**1,180.53**
Accumulated Depreciation	
As at 1st April 2016	261.55
Depreciation Charge during the year	42.07
Adjustments	-
Disposal/Transfers	-
As at 31st March 2017	**303.61**
Depreciation Charge during the year	42.02
Adjustments	-
Disposal/Transfers	-
As at 31st March 2018	**345.63**
Net Book Value	
As at 1st April 2016	917.88
As at 31st March 2017	876.92
As at 31st March 2018	834.90
Fair Value	
As at 1st April 2016	917.88
As at 31st March 2017	876.92
As at 31st March 2018	834.90
	2017-18
Rental Income derived from investment properties	38.44
Direct operating expenses (including repairs and maintainance) generating rental income	6.81
Profit arising from investment properties	**31.63**

The Company's investment properties consist of commercial properties in Maharashtra

Note 4: Non Current Assets: Investments in Subsidiaries, Associates and Joint Ventures

(Amt. in Crores)

Particulars	As at 31st March 2018	As at 31st March 2017	As on 1st April 2016
Investments in Associates			
Jaigad Power Transco Limited	30.36	39.47	
Maharashtra Transmission Communication Infrastructure Limited	8.64	4.02	0.03
UCM Coal Co. Ltd 30,000 Equity Shares of Rs 10 each fully paid up	**-0.20**	**-0.03**	
Add:- Share of Income from investment			-0.01
Quasi Equity investment in subsidiaries	50.23	4.80	-6.22
Less: Allowance for Expected Credit Loss (pertains to ECL of MSPGCL)	--	--	
Total	**89.03**	**48.26**	**-6.20**

Note 5: Non Current Assets: Financial Assets: Investments

(Amt. in Crores)

Particulars	As at 31st March 2018	As at 31st March 2017	As on 1st April 2016
Trade Investments			
-Other Companies			
(i) Ratnagiri Gas & Power Pvt Ltd Nil (P.Y 516,280,000 shares of Rs. 10 each)	--	--	--
(ii) Kokan LNG Private Limted 74,053,869 shares of Rs. 10 each	**--**	**--**	**---**
(iii) The Raigad Distirict Central Co-op Bank Ltd at Fair Value through Profit & Loss ()	2.00	2.00	2.00
Investment : Quoted at amortised cost			
Investments in Government Securities*	143.00	100.39	170.22
Investments in Bonds*	**415.31**	**311.70**	**278.93**
Investments In Bonds at Amortised Cost			
i) Of Central Govt. Bonds (Earmarked against Contingency Reserve)			
8.15% Govt-FCI Bond 2022	10.48	10.48	10.48
[1050000 bonds of Face Value of Rs.100/- each ; Market Value of C.Y.Rs.103.807; (P.Y Rs.101.369)			
8.01% Govt-Oil Bond-2023	19.33	19.31	19.29
[(1950000 bonds of Face Value of Rs.100/- each; Market Value of C.Y. Rs.103.12; (P.Y. Rs.100.45)			
8.03% Govt-Food Bond-2024	9.91	9.90	9.89

[1000000 bonds of Face Value of Rs.100/- each; Market Value of C.Y.Rs.103.19; (P.Y. Rs.100.43)			
8.23% Govt-Food Bond-2027	9.97	9.96	9.96
[1000000 bonds of Face Value of Rs.100/- each; Market Value of C.Y.Rs.104.45; (P.Y.Rs.101.56)			
8% Oil Bond 2026	51.63	51.78	51.91
[5000000 bonds ofFace Value of Rs.100/- each; Market Value of C.Y. Rs.102.95; P.Y.Rs.100.07/-)			
8.28% GOI 2032	26.83	26.83	26.82
[2700000 bonds of Face Value of Rs.100/- each; Market Value of C.Y. Rs.108.63; (P.Y.103.01/-)			
8.30% GOI 2040	28.73	28.73	28.73
[2900000 bonds of Face Value of Rs.100/- each; Market Value of C.Y.Rs.108.51; (P.Y.103.80/-)			
PFC Bonds			
9.45% PFC 2026	28.93	28.93	28.92
[290 bonds of Face Value of Rs.1000000/- each; (Market Value of P.Y.Rs. 982305)			
ii) NPCIL Bonds	0.00	4.30	4.30
4.75% NPCIL-2019			
[43 bonds of Face Value of Rs.1000000/- each]			
Total	**746.14**	**604.31**	**641.46**

5.1 The investment of the holding company in MSEBDCL of Rs.473,584,349,040/- has been depreciated due to continous losses incured by MSEDCL. The depreciation in value of shares has not being provided for in the books. Till the last year entire losses of MSEDCL amounting to Rs. 2883251.24 lakhs has not being referred in the value of shares. The figure for 31-03-2018 are yet to be finalised.

5.2) Investment in Ratnagiri Gas & Power Pvt Ltd Rs. 516 crores (P.Y Rs. 516 crores): RGPPL carried out an impairment study for Fixed Assets through KPMG. They submitted their final report on 13.05.2017, as follows:

Scenario 1 –

	Amt (in crores)
Equity Value	(3,355)
Impairment of Fixed Assets	(2,241)

Scenario 2 – Considering potential loan restructuring

	Amt (in crores)
Equity Value	750
Impairment of Fixed Assets	(2241)

As on 31.03.2017 details of equity holding is as under:

Name of Shareholder	Amt (in crores)
NTPC Limited	974
GAIL (India) Limited	974
MSEB Holding Company Limited	516
IDBI Bank Limited	482
State Bank of India	383
ICICI Bank Limited	340
Canara Bank	82
IFCI Limited	67
Total	3,820

Indicators impacting RGPPL for Impairment assessment

External Indicator – asset's value has declined during the period significantly more than would be expected as a result of the passage of time or normal use. There is indication of decline in assets value as neither Power Plant nor LNG terminal are working at their installed capacity from last 10 years.

Significant decline in net worth of the company:

RGPPL has incurred losses during last few years which has resulted in erosion of net worth of the company. Net worth of the company has been reduced by 622 crores and 913 crores from March 15 to March 16 and March 16 to March 17 respectively.

(Amt. in INR)

Particulars	March 31, 2017	March 31, 2016	March 31, 2015
Share Capital	**38,203**	**38,203**	**33,700**
Reserves & Surplus	-44,816	-35,680	-24,951
Total	-6,613	2,523	8,749

Also as per their report the Fair Value of Equity is Rs 3,355 crores negative.

Based on above, it can be inferred that the fair value of the investment as at 1st April 2015.

5.3) The Demerger Scheme of Ratanagiri Gas and Power Private Limited (RGPPL) has been approved by NCLAT vide order dated 28th February, 2018 with Appointed Date as 1st January, 2016 thereby transferring the LNG undertaking from RGPPL to Konkan LNG Private Limited(KLPL).

Consequent on approval of the demerger by NCLAT and upon the Scheme becoming effective, existing issued/paid up equity share capital of MSEB Holding Company Ltd was reduced to Rs. 442.23 Crs (consisting of 44,22,26,131 shares of Rs. 10/- each).

Accordingly a sum of Rs. 74.05/- Crs. (74,053,869 Equity shares of Rs. 10/-each) was transferred to investment in KLPL.

In order to comply with provision of Ind AS 109, the fair value of investment in RGPPL was considered to be NIL on 1st April 2015. On same basis the fair value of investment in Kokan LNG Private Ltd has also been taken to be Nil as on 31st March 2018.

Note 6: Non Current: Financial: Trade Receivables

(Amt. in Crores)

Particulars	**As at 31st March 2018**	**As at 31st March 2017**	**As at 1st April 2016**
Unsecured considered good;	**5,434.79**	**3,740.66**	**3,740.66**
Less: Allowance for Expected Credit Loss	-685.30	-509.07	-286.75
Total	**4,749.49**	**3,231.59**	**3,453.90**

Note 7: Non Current: Financial: Loans

(Amt. in Crores)

Particulars	**As at 31st March 2018**	**As at 31st March 2017**	**As at 1st April 2016**
Unsecured , considered good unless stated otherwise			
Balances with group companies	0.26	197.00	61.13
Loans and advances to Employees	3.63	--	--
Security Deposits	70.07	18.51	14.07
(a) Security Deposits with (Unsecured: Considered good)			
b) Loans to related parties (i)] (UnSecured: Considered good)	4.53	4.53	249.03
Less: Allowance for Expected Credit Loss	-4.53	-0.61	-19.03
c) Loans to others (Unsecured: Considered Doubtful)			
(i) Loans & Advances to Licensees	0.31	0.31	0.31
Less: Provision for Doubtful Loans & Advances	-0.31	-0.31	--
(ii) House Building advance to staff	0.08	0.14	0.08
Total	**74.04**	**219.57**	**305.60**

Note 8: Non Current: Financial: Other Assets

(Amt. in Crores)

Particulars	**As at 31st March 2018**	**As at 31st March 2017**	**As at 1st April 2016**
a) Security Deposits (Unsecured, considered good.	428.39	394.19	--
(i) Maharashtra Electricity Regulatory Commission [Note no.31(2)]	166.41	335.47	--
(ii) Court Authorities	21.41	44.44	325.81
(iii) Others	91.30	79.50	141.03
(iv) Receivable from Govt.of Maharashtra	--	--	67.14
Total	**707.51**	**853.61**	**533.98**

Note 9: Non Current: Others

(Amt. in Crores)

Particulars	**As at 31st March 2018**	**As at 31st March 2017**	**As at 31st April 2016**
Advance payment of Income Tax (net of Provision)	386.30	416.51	748.09
Capital Advances	8.00	25.73	201.17
Unamortised transaction cost	0.86	1.53	1.93
Security Deposits	--	--	0.36
Less : Provisison for doubtful debts	--	--	-0.33
Advances for O&M Supplies / recoverables	252.00	243.90	215.86
Less:- Provision for doubtful debts	-252.00	-243.90	-215.86
Balance recoverable from statutory authorities	0.00	0.16	0.16
Less:- Provision for doubtful debts	0.00	-0.16	-0.16
Advance to Irrigation Department Government of Maharashtra	142.00	138.21	138.21
Less:- Allowance for Expected Credit Loss	-39.10	-28.08	-21.50
Advance Tax (net of provisions)	419.97	397.48	--
Staff Advance	1.83	2.74	14.57
Capital advances	56.33	60.22	118.02
Deferred Lease Rent	700.06	637.65	563.73
Claims Receivable under MVAT Refund Account	54.41	54.41	57.53
i) Advance with Ratnagiri Gas Power Private Limited	181.01	181.01	181.01
ii) Capital Advance	122.06	118.02	--
iii) Other	92.07	10.20	9.82
b) Others (Unsecured, Considered good)			
Related parties	320.24	396.95	-364.63
Advances receivable in cash or in kind for value to be received	0.03	0.02	
Others Deposits	0.01	0.01	
Excise Duty Receivable	--	--	1.35
Prepaid Expenses	--	--	0.09
TOTAL	**2,446.08**	**2,412.62**	**1,649.44**

9.1 The Hodling Company has shown advnce tax of Rs. 426,779,890 net of provision of tax in the books of accounts amounting to Rs. 1,400,727,729/- and there is no such liability as per income tax records as case are in appeal. The amounts amounts of provision made in the books are as per ccompany judgement.

Note 10: Current Assets: Inventories

(Amt. in Crores)

Particulars	As at 31st March 2018	As at 31st March 2017	As at 1st April 2016
Stores and Spares	1592.20	1859.21	233.74
Less : Provision for Obsolescence of stores and spares	-302.72	-322.87	-262.18
Less: Provision for Material Losses Pending Investigation &Obsolete Materials	-69.12	-55.10	-3.84
Raw materials (Coal)	193.02	638.01	1023.46
Fuel Oil, LDO etc	182.24	171.51	184.45
Stores and Spares	--	--	1492.12
Stock-in-transit (Coal)	42.88	49.00	51.82
Total	**1,638.51**	**2,339.76**	**2,719.57**

Note 11: Current Assets: Financial Assets: Investments

(Amt. in Crores)

Particulars	As at 31st March 2018	As at 31st March 2017	As at 1st April 2016
At amortised Cost			
Investments in Government Securities	5.00	68.97	0.33
Investments in Bonds	65.58	0.00	47.50
Investment in Mutual Funds	--	--	11.79
Total	**70.58**	**68.97**	**59.63**

Note 12: Current Assets: Financial assets – Trade Receivables

(Amt. in Crores)

Particulars	As at 31st March 2018	As at 31st March 2017	As at 1st April 2016
Unsecured unless stated otherwise			
Considered Good	30,712.25	25,749.27	9,145.19
- Allowance for Expected Credit Loss	-8897.26	-7,774.03	-7,126.29
Considered Doubtful	248.80	123.85	--
- Allowance for Doubtful	-142.28	-26.36	--
Unsecured considered good; Receivable from GoM towards subsidy to consumers	2,112.63	3,470.38	6,586.15
Others (Debts not exceeding six months)	--	11.96	18.74
Secured & Considered good [Refer Note No] : 44(7)(B)(1)(a)	6975.17	4,137.69	6,174.60
Unsecured & Considered good:			3,154.70
Total	**31,009.33**	**29,206.76**	**17,953.08**

12.1 The debts outstanding against rental from property due from subsidiaries amounting to Rs. 2,874,299,009/- (P.Y. Rs. 2,505,533,031/-) have been long outstanding.

Note 13: Cash & Cash Equivalent

(Amt. in Crores)

Particulars	As at 31st March 2018	As at 31st March 2017	As at 1st April 2016
Balances with Banks	811.73	1,004.31	641.62
Demand Deposits with Banks with original maturity less than 12 months	-----	----	115.31
Cash and Stamps on Hand	0.54	0.70	64.41
Cash with Collection Centers	2.18	7.18	8.83
Cheques/ Drafts on hand	68.77	47.56	--
Other Bank Balances			
In Deposits with original maturity of more than 3 months but less than 12 months	393.20	471.84	--
Total	**1,276.42**	**1,531.58**	**772.17**

Note 14: Loans

(Amt. in Crores)

Particulars	As at 31st March 2018	As at 31st March 2017	As at 1st April 2016
Loans & Advances to Employees	13.38	19.55	55.89
Receivable from CPF Trust	1.82	40.73	30.63
Other Advances	0.00	1.26	0.81
Maharashtra State Power Generation Co. Ltd			
Unsecured : considered good	--	--	444.28
Unsecured : considered doubtful	193.25	--	35.70
Less: Provision for doubtful debt	-193.25	--	-35.70
Loans to related parties	**--**	**--**	**349.84**
Total	**15.20**	**61.54**	**881.46**

Note 15: Others

(Amt. in Crores)

Particulars	As at 31st March 2018	As at 31st March 2017	As at 1st April 2016
Fixed Deposits Received from Suppliers/ Contractors as Security Deposits	8.54	7.06	6.36
Receivable from MSEB CPF Trust	0.00	22.48	0.54
Claims for loss/damage to materials	0.00	0.01	0.01
Interest Receivable	15.43	15.62	19.61
Other Receivable	157.47	54.55	5.77
Recoverable from employees	--	--	115.91
Other Advances	--	--	0.01
Income accrued and due- Intrest & Others	27.10	23.65	23.64

Considered Good	40.92	31.22	--
Considered Doubtful	2.48	2.45	--
Less: Provisions for doubtful advance	-2.48	-2.45	--
Unbilled Receivable	2029.22	1710.79	558.40
Receivable under MVAT refund account	328.85	584.34	642.36
Rent Receivable	0.14	0.63	0.68
Claims Receivable	136.49	18.48	18.56
Recoverable from Contractors	44.13	87.44	10.31
Unbilled Revenue	1051.69	1017.32	2017.06
Amounts receivables from other State Electricity Boards	92.18	92.18	92.25
Less: Provisions for doubtful advance	-92.18	-92.18	--
Prepaid Expenses	--	--	0.02
Total	**4,019.98**	**3,573.59**	**3,511.51**

Note 16: Other Current Assets

(Amt. in Crores)

Particulars	**As at 31st March 2018**	**As at 31st March 2017**	**As at 1st April 2016**
Unsecured, Considered Good			
Prepaid Expenses	54.73	39.36	66.78
Advances to Suppliers	13.75	32.51	23.59
Advances and Recoverables	2.07	2.07	7.27
MVAT Receivable	--	--	88.07
Interest on Refund from Income Tax	0.02	5.19	--
Amortised transaction cost	0.00	0.40	0.40
Expenses Recoverable			
Considered good	0.92	1.03	1.11
Considered doubtful	1.49	1.49	1.49
- Provision for Doubtful Debts	-1.49	-1.49	-1.49
Coal Deposits	0.00	0.00	0.00
Prepaid Expenses	66.10	62.28	32.03
Balances with Statutory Authorities	173.32	142.03	64.55
Advances for O & M supplies / works	838.27	1,481.10	717.73
Advances for coal / fuel supplies	905.75	539.53	760.88
Less:- Allowance for Expected Credit Loss	-90.03	-90.03	--
Income accured and due on Investment	1.03	1.26	--
Unbilled Revenue	--	--	1.84
Total	**1,965.94**	**2,216.73**	**1,764.25**

Note 17: Assets classified as sale

(Amt. in Crores)

Particulars	As at 31st March 2018	As at 31st March 2017	As at 1st April 2016
Assets classified as held for sale	242.34	328.61	178.23
Total	**242.34**	**328.61**	**178.23**

Note 18: Regulatory Assets

(Amt. in Crores)

Particulars	As at 31st March 2018	As at 31st March 2017	As at 1st April 2016
Regulatory Assets	9,478.74	4,923.71	2,524.00
Total	**9,478.74**	**4,923.71**	**2,524.00**

Note 19: Share Capital

(Amt. in Crores)

Particulars	As at 31st March 2018		As at 31st March 2017		As at 1st April 2016	
	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount
A) Authorised Share Capital	9,900	**99,000.00**	9,900	**99,000.00**	9,900	99,000.00
9,900 crores (P.Y 9,900 crores) Equity Shares (hereafter referred to as 'shares') of Rs. 10 each						
B) Issued, Subscribed & Paid up Capital						
8,808 crores (P.Y 8,739 crores) Equity Shares (hereafter referred to as 'shares') of Rs. 10 each fully paid up.	8,808	88,086.54	8,739	87,392.75	8,630	86,299.79
	8,808	88,086.54	8,739	87,392.75	8,630	86,299.79

a) Details of the shareholders holding more than 5% of the Capital

	As at 31 March, 2018		As at 31 March, 2017		As at 1st April 2016	
Name of the Shareholder	**No. of shares held**	**% of Total Paid up Capital**	**No. of shares held**	**% of Total Paid up Capital**	**No. of shares held**	**% of Total Paid up Capital**
Gov of Maharashtra and its nominees	8,808	100%	8,739	100%	8,630	100%
	8,808	**100%**	**8,739**	**100%**	**8,630**	**100%**

b) Reconciliation of number of shares outstanding at the beginning and at the end of reporting year/period:

Name of the Shareholder	As at 31St March 2018	As at 31 March, 2017	As at 1st April 2016
	No. of Shares (Amt in crores)	No. of Shares (Amt in crores)	No. of Shares (Amt in crores)
Shares outstanding at the beginning of the year	8,739	8,630	8,487
Shares issued during the year	69	109	143
Shares bought back during the year	-	-	--
Shares outstanding at the end of the year	8,808	8,739	8,630

c) Details of Issued, Subscribed & paid up capital during the year.

69 crores shares allotted on 15-11-2017

d) Rights, Preferences and restrictions attaching to each class of shares

The Company has only one class of Equity Shares having par value of Rs. 10 per share.

e) Shares in respect of each class in the Company held by its Holding Company or its ultimate holding Company including shares:

Not applicable.

f) Shares reserved for issue under options and contracts or commitments for the sale of shares or disinvestment, including the terms and amounts.

Not applicable.

g) Aggregate number of bonus shares issued, shares issued for consideration other cash and shares bought back during the period of five years immediately preceding reporting date.

Particulars	2017-18	2016-17	2015-16	2014-15	2013-14
i) Equity Shares allotted as fully paid up Bonus Shares	**NIL**	**NIL**	**NIL**	**NIL**	**NIL**
ii) Equity Shares issued for consideration other than cash	**NIL**	**NIL**	**76,751**	**NIL**	**NIL**

h) Terms of any securities convertible into equity shares issued along with the earliest date of conversion in descending order starting from the farthest such date.

Not Applicable

i) Calls unpaid (showing aggregate value of calls unpaid by directors and officers).

Not Applicable

j) Forfeited Shares (amount originally paid up)

Not Applicable

Note 20: Other Equity

	Share Application Money pending	Retained Earnings	Other Comprehensive Income	Special Reserve Fund	Contingency Reserve Fund	Total Other Equity
As at 01-04-2016	**898.23**	**-31,621.52**	**-116.58**	**716.39**	**380.98**	**-29,742.50**
Add profit for the year	--	-148.36	-229.77	--	--	-378.13
Other Comprehensive Income	--	--	--	--	--	--
Additions during the year	397.15	--	0.01	--	55.46	452.62
Deductions during the year	337.00	55.46	--	--	--	392.46
As at 01-04-2017	**958.38**	**-31,825.34**	**-346.35**	**716.39**	**436.44**	**-30,060.48**
Add profit for the year	--	2,261.66	-70.57	--	--	2,191,08
Other Comprehensive Income	--	--	--	--	--	--
Additions during the year	902.05	--	--	--	58.81	960.86
Deductions during the year	1237.40	58.81	0.01	--	--	1296.22
As at 31-03-2018	**623.03**	**-29,622.49**	**-416.93**	**716.39**	**495.25**	**-28,204.76**

Note 21: Non Current Liabilities: Borrowings

(Amt in Crores)

Particulars	As at 31st March 2018	As at 31st March 2017	As at 1st April 2016
Secured			
Term Loans from Banks	3,971.92	4,332.69	4,429.52
Term Loans from Other Parties	5,328.80	5,637.38	5,838.94
Term Loan From Financial Institutions	21,557.61	21,573.89	21,671.59
Rural Electrification Corporation	13,196.92	9,702.05	8,839.66
Power Finance Corporation	6,069.22	6,763.98	4,446.89
Loan for Integrated Power Development Scheme	22.51	0.00	78.72
Unsecured Loans			
Unsecured - at amortized cost	416.67	0.00	4.12

Term Loan From Financial Institutions	0.00	46.48	--
Term Loan From CSS EPL Baramati Project	196.72	201.05	205.36
Loan from World Bank	187.88	159.20	98.45
Loan from KFW	495.19	514.30	700.38
Unsecured - at amortized cost			
From other parties			
State Government Loans - GoM	33.59	55.85	85.11
GoM Loan for Uday Yojana	2,976	3,968.00	--
Current Maturities			
Rural Electrification Corporation (REC)	-2,019.79	-1,083.67	-1,115.73
Power Finance Corporation (PFC)	-2,330.54	-779.71	-773.72
Raigad District Central Cooperative Banks Ltd.	-245.00	-4.46	-29.60
State Govt.Loans - GoM	-1476.16	-1857.12	-2886.46
Government of Maharashtra Loan for Uday Yojana	-992.00	-992.00	--
State Govt.Loans - Government of Maharashtra	-13.60	-22.26	--
Total	**47,375.94**	**48,215.65**	**41,593.24**

Note 22: Non Current Liabilities: Other Financial Liabilities

(Amt in Crores)

Particulars	**As at 31st March 2018**	**As at 31st March 2017**	**As at 1st April 2016**
Retention Money	763.17	881.83	883.81
Security Deposits	7210.14	6730.74	311.07
Other deposits	618.41	306.21	196.85
Others	--	--	0.42
Security deposits from consumers	--	--	6,178.76
Deposits for Electrification, service connections, etc.	11.58	12.39	16.47
MSEB Holding Co Ltd.	--	--	--
Maharashtra State Power Generation Co. Ltd.	4.85	4.85	4.71
Contribution from GoM through REC for RGGVY (Loan)	64.69	68.86	68.45
Total	**8,672.84**	**8,005.43**	**7,660.54**

Note 23: Non Current Liabilities: Provisions

(Amt in Crores)

Particulars	As at 31st March 2018	As at 31st March 2017	As at 1st April 2016
Provision for Employment Benefits			
Provision for Gratuity	2,524.50	2,543.14	2,556.78
Provision for Leave Encashment	2,571.16	2,601.98	2,350.36
Total	**5,095.67**	**5,145.12**	**4,907.14**

Note 24: Deferred Tax Liabilities

(Amt in Crores)

Particulars	As at 31st March 2018	As at 31st March 2017	As at 1st April 2016
Deferred tax liabilities			
Property, plant and equipment	2,620.57	2,527.52	1,839.35
Amortisation of borrowings	7.07	1.56	1.89
Revaluation of Property, Plant & Equipment	--	--	601.22
Government grant	-2.37	-1.70	-1.02
Inventories	0.00	0.00	-3.23
Others	853.04	1,507.34	--
DTL	**3,478.31**	**4,034.71**	**2,438.22**
Deferred tax assets			
Gratuity	204.26	216.04	147.18
Others	77.78	77.78	76.06
Leave Encashment	--	--	61.37
Disallowance u/s 14A	--	--	1.71
Impairment on trade receivables	9.63	9.63	0.51
Amortisation of investment in govt securities	15.78	15.67	13.58
DTA	**307.45**	**319.12**	**300.41**
Reversal of opening DTL	35.00	35.00	35.00
Property, plant and equipment	--	--	2,944.47
Investment	--	--	--
Inventories	--	--	-85.56
Trade Receivable	--	--	-175.27
Provisions	--	--	-359.81
Unabsored depreciation	--	--	-898.93
Loans & Advances	--	--	108.41
Total	**3,135.86**	**3,680.59**	**3,636.13**

Note 25: Other Non Current Liabilities

(Amt in Crores)

Particulars	As at 31st March 2018	As at 31st March 2017	As at 1st April 2016
Deferred Government Grants	178.48	186.58	175.29
Grant : Power System Development Fund	8.75	0.00	--
Grant : Green Energy Corridor for Projects	75.00	0.00	--
Grant: Tribal Sub Plan Area (TSP)	18.09	0.00	--
Others	--	--	20.64
Capital Grant	61.89	53.63	34.05
Contributions from Consumers [Refer Note no]	2,832.95	2,817.74	189.70
Contribution from GoM through REC for RGGVY (Subsidy)	340.65	333.25	4109.91
Grants	3,251.77	2,489.39	329.50
Total	**6,767.57**	**5,880.59**	**4,859.10**

Note 26: Current Liabilities: Financial Liabilities- Borrowings

(Amt in Crores)

Particulars	As at 31st March 2018	As at 31st March 2017	As at 1st April 2016
Loan Repayable on Demand	**123.52**	**123.52**	**--**
Secured			
From Banks			
Cash Credit	4619.81	3,432.91	4,746.25
Canara Bank	--	--	1,383.53
Bank of India	--	--	312.19
Bank of Maharashtra	--	--	469.02
IDBI	--	--	147.00
United Bank of India	--	--	489.28
Syndicate Bank	--	--	382.20
From Banks (WCDL)			
Canara Bank	1,500.00	1,500.00	--
Bank of India	340.00	340.00	--
United Bank of India	290.00	490.00	--
Syndicate Bank	380.00	350.00	--
Current Maturities of Term Loans from Banks	51.53	77.71	--
Current Maturities of Term Loans from Other Parties	906.46	879.66	--

Working capital loans from banks	69.88	688.67	--
Unsecured			
Working capital loans from banks	2,300.00	1,962.91	969.00
Other Short Term Loans	1,250.00	3,423.44	3,824.71
Unsecured - at amortized cost			
Loans from banks			
Bank of Maharashtra	--	--	300.00
Raigad District Co-Op Bank	100.00	100.00	150.00
Bank of India	0.00	250.00	--
The Gadchiroli District Central Co.Op. Bank	0.00	183.98	--
Maharashtra State Co-op. Bank	1000.00	916.67	--
Vijaya Bank	450.00	125.00	--
Ratnagiri District Co-Op. Bank	300.00	200.00	--
Interest free loan from MIDC	--	--	25.05
Total	**13,681.20**	**15,044.47**	**13,198.21**

Note 27: Current Liabilities – Trade Payables

(Amt in Crores)

Particulars	**As at 31st March 2018**	**As at 31st March 2017**	**As at 1st April 2016**
Dues to Micro,Small and Medium Enterprises	0.48	2.40	0.70
Due to others	1,686.46	1,951.67	307.53
Other than MSME	0.07	--	1255.95
Liability for purchase of Power	4,441.36	6,105.66	2,613.56
Liability for transmission charges	66.62	359.56	516.65
Other Payable	3,102.40	2,690.83	2,640.10
Total	**9,297.31**	**11,110.13**	**7,334.49**

Note 28: Other Financial Liabilities

(Amt in Crores)

Particulars	**As at 31st March 2018**	**As at 31st March 2017**	**As at 1st April 2016**
Current maturities of long term debt	2,513.00	2,228.49	909.61
Interest accrued but not due on borrowings	73.79	85.88	92.08
Unclaimed matured open market bonds and interest accrued thereon	0.05	0.85	0.85
Payable from MSEB CPF Trust	15.36	0.00	3.63

Employee related payables	73.49	80.38	45.20
Capital creditors	126.69	126.14	125.80
Payable to group companies	--	--	442.89
Liability for prior period expenses	--	--	5.69
Other payables	2.18	1.51	1.13
Current maturities oF Long Term Borrowings	--	--	3,212.94
Retentions	3,175.11	2,850.91	2,399.77
Other Deposits	96.76	94.68	158.97
Interest accrued but not due	247.29	242.36	444.35
Payables for Capital goods	109.13	110.59	105.14
Related Party Payables	--	--	387.46
Others	326.26	170.92	963.59
Payable to employees	46.28	8.46	2.46
Current Maturities of Long-Term Debt			
i) Secured - at amortised Cost			
From Financial Institutions	4,350.33	1,863.38	1,889.45
From Banks	1,721.16	1,861.58	2,886.80
ii) Unsecured - at amortised Cost			
From Government of Maharashtra	1,005.60	1,014.26	29.26
Deposits :			
From Consumers	31.72	35.33	38.07
From Others	216.18	237.73	163.56
From Supplier & Contractors	2,708.20	2,410.87	2249.94
From collection agencies	65.83	59.03	50.97
Interest Accrued			
i) On loans	344.93	381.96	326.54
ii) On Deposit	567.67	555.56	391.97
Payable to GoM towards Electricity Duty and Tax on sale of Electricity	4,434.70	3,425.11	2,855.18
MSEB Holding Co Ltd.	410.98	302.52	--
Others	270.21	206.10	215.23
MSETCL	--	--	51.76
MSEB Residual	--	--	0.57
MSPGCL	--	--	87.17
Total	**22,932.91**	**18,354.61**	**20,538.07**

Note 29: Other Current Liabilities

(Amt in Crores)

Particulars	As at 31st March 2018	As at 31st March 2017	As at 1st April 2016
Liability for Grant towards Energisation of AG Pump under EGS	2.28	2.46	13.72
Duties & taxes payable	85.40	78.70	79.15
Advances from customers	0.00	2.82	1.06
Income tax deducted at source	18.09	9.21	20.05
Income tax collected at source	0.06	2.27	8.82
Service Tax liability	0.09	0.04	2.25
GST Liability	4.73	0.00	--
Profession Tax Liability	0.03	0.00	--
Inter Company Payables			
MSETCL	51.76	51.76	--
MSEB Residual	0.55	0.57	--
MSPGCL	222.79	222.69	--
Contributions from Consumers	304.91	328.20	565.48
Deferred Interest & DPC	4,131.55	2,525.66	1,049.47
Other Liabilities	103.68	138.57	0.48
Statutory Dues	0.54	0.06	--
Contingency Reserve	237.00	108.00	--
Grants	377.78	322.41	--
Evonik Energy Services India Pvt.Ltd	--	--	122.07
Total	**5,541.24**	**3,793.44**	**1,862.54**

29.1 i) Inter Company Payable: MSETCL of Rs. 745,193,846/- (Rs. P.Y. 744,368,035/-) includes transfer of common and specific liabilities, asset and reserves amounting to net balance of rs. 517,638,283/- whcih are under reconsiliation, discussion and diliberations.

ii) Inter Company payable:MSPGCL of Rs.2,227,865,300/- (Rs. P.Y. 2,226,927,202/- debit balance) includes transfer of common and specific liabilities asset and reserves amounting to balance of Rs. 862,730,471/- which are under reconciliaion, discussion and deliberations.

iii) Inter Company Payable: MSEB residual of Rs. 5,546,170 (Rs. 5,746,170) consists of Payable to band holders who could not be de indetified traced at stated.

Note 30: Provisions

(Amt in Crores)

Particulars	As at 31st March 2018	As at 31st March 2017	As at 1st April 2016
Provision for gratuity	542.47	541.84	502.00
Provision for leave encashment	492.17	513.94	534.06
Provision for CSR Expenditure	79.20	80.92	81.44
Provision for late interest payment	2.67	2.67	76.91

Provision for Tree/Land Compensation	4.82	0.00	2.67
Provision for decrease in value of Investment	0.00	-0.61	15.17
Provision for expenses	0.07	0.07	0.43
Other Provision	2.09	1.62	--
Total	**1,123.50**	**1,140.46**	**1,212.69**

Note 31: Revenue from operations

(Amt in Crores)

Particulars	**For the Year ended 31st March 2018**	**For the Year ended 31st March 2017**
a) Operating Revenue :		
Revenue from sale of power	62,411.55	53,424.54
Transmission charges recoveries	591.07	314.47
Transmission charges recoveries (goa)	97.68	97.68
Transmission charges recoveries (dadar nagar)	164.96	43.62
Open Access Charges	10.25	23.61
SLDC Charges	3.28	16.99
Rescheduling Charges	1.11	1.86
b) Other Operating Revenue		
Miscellaneous Operating Income	3.14	33.51
Sale of Fly Ash	2974.76	26.79
Less: Transferred to Fly Ash Utilisation Fund	-2974.76	-26.79
Standby charges	397.79	402.03
Revenue from operating subsidy & grant	406.79	1,464.32
Regulatory Income	4,555.03	5,239.71
Miscellaneous charges from consumers	56.43	56.49
Total	**68,699.08**	**61,118.84**

Note 32: Revenue from operations

(Amt in Crores)

Particulars	**For the Year ended 31st March 2018**	**For the Year ended 31st March 2017**
Other Income		
On Deposits	0.41	0.51
Income from Rent, Hire Charges,etc	13.01	11.67
Profit from sale of assets/stores/scarp	76.97	16.16
Sale of tender forms	1.26	2.59
Sundry credit balance write back	105.91	95.44
Other receipts	64.58	78.69
Govt Grant Amortisation	0.47	0.53
Interest income	45.37	46.76

Profit on sale of Property , Plant and Equipment	3.49	3.71
Sale of tender forms	1.34	1.01
Income from sale of scrap	8.18	6.26
Government Grant	8.10	8.11
Amortisation of investments	0.00	-0.24
Other Miscellaneous Income	101.34	683.20
Interest from Investment valued at Amortised Cost	15.65	15.79
Interest from Consumers	1287.71	1016.16
Other	99.04	67.52
Contribution, Grants and Subsidies towards cost of Capital Assets	634.31	391.85
Grant under UDAY Scheme	992.00	991.75
Miscellaneous Receipts	358.57	100.69
Interest on Fixed Deposits with bank	2.61	3.39
Delayed Payment Charges	205.88	261.66
Cash Discount Received	0.05	0.06
Interest on IT refund	0.00	0.75
Other miscellaneous receipts	0.13	0.14
Total	**4,026.17**	**3,804.16**

Note 33: Cost of material consumed

(Amt in Crores)

Particulars	**For the Year ended 31st March 2018**	**For the Year ended 31st March 2017**
Coal	10,548.78	10,269.37
Gas	574.78	502.62
Oil	242.00	176.36
Water	193.48	72.07
Power Purchase Cost		
Conventional Power	21,411.11	19,190.77
Less: Rebate	**-280.31**	**-56.03**
Non Conventional Sources	7,591.91	5,894.99
Transmission Charges	4,462.20	4,510.51
Total	**44,743.96**	**40,560.66**

Note 34: Employee Benefit Expense

(Amt in Crores)

Particulars	**For the Year ended 31st March 2018**	**For the Year ended 31st March 2017**
Salaries, allowances, bonus etc.	5,018.42	4,862.48
Contribution to provident funds	992.35	1,212.53

Gratuity Leave Encashment and other Employee Benefits	463.29	409.65
Employee Welfare expenses	259.14	251.74
Other Staff Costs	5.26	26.40
Directors Remuneration	0.10	0.26
	6,738.56	**6,763.07**
Less: Employees cost capitalised	-329.82	-435.13
Total	**6,408.74**	**6,327.94**

Note 35: Finance Costs

(Amt in Crores)

Particulars	**For the Year ended 31st March 2018**	**For the Year ended 31st March 2017**
Interest Expenses		
a) On Loan from		
Banks	36.56	353.36
Others	6,564.05	6,547.14
Exchange difference regarded as an adjustment to borrowing cost	44.28	0.00
b) On Security Deposits from Consumers	632.60	603.32
c) Payable to Suppliers and Contractors	482.02	178.46
Other Borrowing Costs	2.45	76.29
Financial Charges	17.86	114.37
Bank Charges	27.57	33.20
Guarantee charges	0.01	0.07
Miscellaneous Costs	0.17	0.63
Amortisation of borrowings	1.86	0.96
Interest Cost on Gratuity & Leave Encashment	0.00	0.00
Less: Interest and Finance Charges Capitalised	-144.03	-1070.76
Total	**7,665.39**	**6,837.02**

Note 36: Depreciation & Amortisation

(Amt in Crores)

Particulars	**For the Year ended 31st March 2018**	**For the Year ended 31st March 2017**
Depreciation & Amortisation Expenses	**6,727.84**	**6,068.62**
Amortisation on intangible fixed assets	16.75	16.38
Provision for impairment of CWIP	6.26	0.00
Total	**6,750.86**	**6,085.00**

Note 37: Other Expenses

(Amt in Crores)

Particulars	For the Year ended 31st March 2018	For the Year ended 31st March 2017
Rent	10.17	7.29
Hydro Lease rent	452.09	452.10
Repairs & Maintenance		
Plant & Machinery & Building	1,938.88	1,585.28
Vehicle	0.04	0.04
Furniture	0.44	0.45
Office Equipment	2.28	1.78
Others	**234.63**	**137.12**
Ash Handling Expenses	0.00	0.00
Repairs &Maintenance – others	0.00	0.00
Insurance Charges	26.68	16.58
Rates & Taxes	30.93	35.84
Others -		
Lubricants, consumables stores including obsolescence	3.89	-0.71
Domestic water	6.92	0.49
Legal & Professional Charges	48.75	37.32
Commission to Agents	76.04	69.64
Other Bank charges	0.26	0.52
Contribution towards assets not owned by company/CSR expenditure	10.20	9.46
Provision for doubtful advances	0.00	199.21
Allowance for expected credit losses	0.00	0.00
Other General Expenses	208.45	193.82
Obsolescence of Stores	21.75	81.26
Loss on Obsolescence of Fixed Assets	3.16	0.00
Loss on foreign Exchange variance (net)	40.82	0.00
Sundry Expenses	75.73	42.43
Payment to the auditors for		
Audit Fees	1.89	1.96
Other services	0.00	0.05
Reimbursement of Expenses	0.15	0.15
Reimbursement of Service Tax	0.17	0.12
Advertisement Expenses	8.69	13.33

Advertisement of tenders / notices and other purchase related advertisement	17.98	26.12
Electricity Charges	35.26	47.92
Freight Charges	0.04	0.04
Government Inspection Fees	0.00	0.00
Insurance	3.04	3.41
Membership & Subscription	1.88	7.25
Miscellaneous Expenses	74.74	55.56
Miscellaneous losses and provisions	111.63	28.69
Octroi Charges	89.84	181.17
Postage Telephone & Telex	4.49	4.88
Printing & Stationery	18.02	16.64
Security Expenses	172.76	155.83
Travelling & Conveyance	80.33	84.93
Upkeep of office	12.32	13.35
Vehicle Running & Maintenance Expenses	9.78	8.37
Water charges	5.93	6.13
Expenditure on Hire	21.11	18.50
Fees & Subscription	4.44	32.39
Foreign Exchange Loss	16.07	2.69
Telephone	0.02	0.02
Corporate Social Responsibility Expenses	0.00	7.87
Refund of Regulatory Reliabilty Charges (RLC) as per MERC Order	0.70	176.59
Expenses towards Consumer Grievance Redressal Fourm	0.50	1.77
Expenditure on Computer Billing	260.74	189.30
Insurance on Fixed Assets	0.02	0.01
Provision for Expected Credit Loss	1,020.25	609.13
Meeting Expenses	0.02	0.02
Prior Period Expenses (net)	0.00	0.54
Interest on Deposit	0.13	0.13
Other Excess provision in Prior Period	0.00	0.01
Contribution to Contigency Reserve as per MERC Regulation	129.00	108.00
Less:Administration expenses capitalised	-54.06	-68.24
Total	**5,240.00**	**4,604.33**

Note 38: Contingent Liabilities and commitments:

In respect of MSEBHCL:

a) Contingent Liabilities

(Amt in Rs.)

Nature of Dues	As at 31st March 2018	As at 31st March 2017	Period to which the amount relates
Penalty	141.66	--	A.Y 2006-07
Penalty	137.17	137.17	A.Y 2007-08
Penalty	127.11	--	A.Y 2008-09
Penalty	113.48	113.48	A.Y 2009-10
Penalty	98.03	--	A.Y 2010-11
Tax and Interest	9.23	9.23	A.Y 2010-11
Tax and Interest	8.25	8.25	A.Y 2011-12
Tax and Interest	15.83	7.23	A.Y 2012-13
Tax and Interest	11.59	11.59	A.Y 2013-14
Stamp Duty on issue of shares	2.70	2.01	A.Y 2016-17

1) Out of the penalty of Rs. 137.17 Cr (P.Y. Rs. 137.17 Cr for the A.Y. 2007-08 Rs. 25.00 Cr have been paid under protest against which stay proceeding are pending under PCIT.
2) Out of the penalty of Rs. 113.48 Cr (P.Y. Rs. 113.48 Cr/-) for the A.Y. 2009-10 Rs. 10.00 Cr have been paid under protest against which stay proceeding are pending under PCIT.
3) Application has been made to the Revenue Department of Government of Maharashtra for stamp duty exemption on issuance of shares to GOM. The Management is confident that the exemption will be granted.
4) During the year, the company has given Corporate Guarantee amounting Rs 1200 crores in favour of Rural Electrification Corporation (REC) on behalf of MSEDCL for grant of loan.

b) Commitments:

The estimated amount of contracts remaining to be executed on capital account and not provided for In respect of Others Rs.Nil (P.Y. Rs. Nil/-)

In respect of MSPGCL:

Contingent Liabilities & Commitments

I	Contingent Liabilities	31.03.2018	31.03.2017
1)	MSPGCL may be contingently liable for interest claim of SECL,WCL and SCCL amounting to Rs 461.59 Crs (P.Y.Rs 109.00 Crs).plus performance incentive Rs. 602.65 Crores and short lifting Rs. 392.77 crs. Total Contingent Liability RS. 1457.01 Crs. (P.Y. Rs 849.00 crs.)	1457.01	849.00

2)	Contingent liability for demand from Irrigation Department for excess water charges and establishment charges amounted to Rs. 2,15,28,63,437/-(Excess water charges bill Rs. 31,28,63,437 + Establishment Charges Rs. 1,84,45,00,000/-) (Pa)	215.29	
3)	Contingent liability of approximately estimated to 178.33 Crores plus 32.10 crores int total RS 210.43 Crs (PY Rs.151.13 Crores/-plus 27.20 Crores int). This is related to work of construction of RCC lower Mum with associated works including manufacturing, providing, erection, testing and commissioning of radial gates , stoplog gates, goliath crane and rope drum hoist etc. claimed by M/s Mahalaxmi Infra Project Ltd., Kolhapur. Agency has been requested to submit claim amount based on which the members in arbitration tribunal would be decided, as provided in tender conditions. Arbitration award is declared on 20-11-2014. The sole Arbitrator Shri. S.P. Kurdukar, Mumbai directed to pay Rs. 56 crores. Award is challenged at High Court on vide OSARBP/466/2015. The claimants have filed petition vide no. 5260/2015. New advocate Shri. S.R. Nargolkar is appointed to represent MSPGCL in this matter. Bombay High Court appointment Shri Thakkar as Sole Arbitrator for further proceedings.	210.43	178.33
4)	Arbitation between M/s. TATA Projects Ltd., and MAHAGENCO for Bhusawal 2x500 MW project. M/s. TATA claimed for prolongation cost, Bank Guarantee charges for BG submitted, payment against performance Guarantee tests & extra BG charges incurred towards furnished BG, wrongful recoveries made by MAHAGENCO from contractual payments, additional work and return of contract performance Bank Guarantee: Total Bank Guarantee to be returned - Rs. 467,89,50,000/- Total Amount claimed - Rs. 118,12,08,976/- Total Interest claimed - Rs. 79,33,54,185/- (118,12,08,976 + 79,33,54,185 = Rs. 197,45,63,161)	197.46	197.46
5)	MSPGCL may be contingently liable for Counter claims lodged by Washery Operator Amounting Rs 40.81 crores (P. Y. Rs. 169.01 crores)	40.81	169.01

6)	Contingent liabilities of approx Rs. 443.73 Crores demanded by Irrigation Dept. for water supplied Due to non-renewal of water use agreement penal charges, interest rate, rate of water sewage etc. Details as follows: 1. Chanrapur Super Thermal Power Station: Rs. 28.52 Cr 2. Nashik Thermal Power Station: Rs. 50.20 Cr 3. Bhusawal Thermal Power Station: Rs. 40.09 Cr 4. Khaperkheda Thermal Power Station: Rs. 2.54 Cr 5. Koradi Thermal Power Station: Rs.0.30 Cr 6. Paras Thermal Power Station: Rs. 2.03 Cr Total Amount Rs.123.68 Cr	123.68	
7)	Contingent liabilities of approx Rs. 103.20 Crores (P.Y. 103.20 crores) demand of Irrigation Dept.for water supplied at Shiral Pump House and given to Ratnagiri Power & Gas Ltd.	103.20	103.20
8)	Arbitration before Justice Shri. V. G. Palshikar Mumbai. ABN/C/No.63/2014 – Sole Arbitrator - Adv. Rathod – Asian Natural Resources Ltd(eastwhile M/s. Bhatia International Ltd. Indore) vs Mahagenco Major pending issue is change in railway freight and 16 refree sample and subsequent other claims on various accounts for contract of import coal for the year 2010-11. Sole Arbitrator justice V.G. Palahikar (Retd). Appointed with mutual consent on 17.04.2014. Claim and counterclaim filed. Hearing is in process. The claim amount is Rs. 102.63 crores (P.Y. Rs. 127.45 crores) (FMC)	102.63	127.45
9)	Other miscellaneous claims lodged against the company but not acknowledged as debt	287.15	223.11
10)	M/s AMPL has claimed compensation of Rs. 399.79 Crores (PY 317.39 Crs.) towards expenditure made in development of Machhakata coal blocks due to cancellation of coal block by Supreme Court of India which has been disputed by the company. Consequently, company has recognised contingent liability to this extent.	399.79	317.39
	Total Claims	**3137.45**	**2164.95**
	Tax Demands Outstanding and disputed by the company	**273.75**	**68.64**
	Guarantees extended by the company	**814.66**	**803.77**
	Total Contingent Liabilities	**4225.86**	**3037.36**
II	**Commitments**		
A	Estimated amount of contracts remaining to be executed on Capital Account not provided for	685.84	344.14

<table>
<tr><td>III</td><td>Other Significant Commitments</td><td></td><td></td></tr>
<tr><td></td><td>Other Significant Commitments
a) Company has entered into Power Purchase Agreement with MSEDCL for Sale of power generated by the company & this agreement remains operative for the period of twenty-five years unless extended or terminated earlier.
b) Agreement / Order has been made / placed with M/s. Ultra Tech cement Ltd. for Sale/ Disposal of fly ash on long term for 15 years basis ending in FY 2023-24.
c) Coal linkage (including Bridge Linkage and MOU) of 57.42 Million MT has been allocated to company, consequently company is committed to purchase coal from allocated coal companies at the relevant market price.
d) Company has gas purchase and transportation agreement with Gas Authority of India Ltd. towards 3.5 MMSCMD upto 05.07.2021.</td><td></td><td></td></tr>
<tr><td></td><td>Contingent Assets</td><td></td><td></td></tr>
<tr><td></td><td>Mahagenco has entered into contract with M/s. Dirk India for the sale of fly ash contract. As per interim court verdict on the case filed by M/s. Dirk gainst Mahagenco, the Sale of fly ash to M/s. Dirk India is effected at the rate of Rs. 350 per Metric Tonne, out of this the Rs.6.44 crores(225 per Metric Tonne) is paid to Mahagenco & Rs.3.58 crores (125 per Metric Tonne) is deposited by Ms/ Dirk India with Court. The amount deposited with court is disclosed as contingent asset.</td><td></td><td></td></tr>
<tr><td></td><td>Mahagenco has lodged counter claims with coal companies and washery operators which that companies has not considered as debt. The details of the same is as follows:
<table><tr><td>1)</td><td>SRN Claims</td><td>100.81</td></tr><tr><td>2)</td><td>Interest Claims</td><td>32.10</td></tr><tr><td>3)</td><td>Moisture Claims</td><td>27.47</td></tr><tr><td>4)</td><td>Short Delivery</td><td>1202.65</td></tr></table></td><td></td><td></td></tr>
</table>

In respect of MSETCL:

Contingent Liabilities (Ind AS 37):

The Company has due process of assesssing the impact of the pending litigation on it's finanacial reporting.

Annexure - A

1. Amravati Zone

a. 1210 EHV O&M Dn. Akola

Case No WP/715/06 for discontinued from NMR Service High court in favour fo Ex-

NMR for Compessetion hence Appeal in Supreme Court Delhi against Md Sadiq. Imdadul Haq in Supreme Court Delhi amount involved Rs 70 Lakhs. Case not yet started.

Case no W.C.A.10/2015 in High Court Aurangabad for compessation for Late Husbond who dead on duty by Sou.Rekha S.Dikondwar & other one Latur amount involved Rs 34.90 Lakhs. Amount deposited in court Rs 7.78 Lakhs

b. 1620 EHV Const.Div.Amravati

In the matter of Arbitration and conciliation act 1996 for grant of interim injuction against M/S H.T.Associates proceeding started before Hon'ble Arbitrator,Nagpur amount involved is Rs 57.73 Lakhs

2. Aurangabad Zone

a. 2100 : O&M Circle, Aurangabad

Application for grant of Higher Grade Benefit on 3rd occasion to Ex Emp (Shri Vishnukumar D Mukkirwar, Dy Manager(F&A)) is pending against SE, EHV O&M Circle Aurangabad before Aurangabad Bench of Bombay High Court vide WP No. 2873/2015 Dt 12.03.2015. As there is no Financial Implication or Loss to the Company because the Employee's claim is not valid & not tenable as per MSETCL's Circulars & Service Regulation

b. 2710 : CCCM Dn.Aurangabad

The contract of Construction of gantry equipment foundation and other works (Matter-I) and construction of WBM road, road side Gutter and other works (Matter-II) at 220 KV S/Stn, MIDC, Jalna was awarded to M/s. Balraje Construction, Geroi by erstwhile MSEB.

Special Leave Petition No. 15749/2011 Dt. 09.05.2011 which is converted into Civil Appeal No. 8157 of 2014

The contractor failed to execute the assignment as per terms and conditions of the Contract; hence its payment was withheld. The Contractor opted to resolve dispute with then MSEB through arbitration. Sole Arbitrator, Mr. M. D. Tambekar declared to pay Rs. 33.37 Lakhs (matter-I) and Rs. 11.96 Lakhs (matter- II) to Contractor and interest @15% per annum thereon. The company after taking legal opinion, has filed appeal in the Hon. High Court, Bombay (Bench at Aurangabad), against the award declared by the sole arbitrator.

Meanwhile, on 18/01/2010, judgement was held in favour of Company at Principle District Court, Aurangabad. Accordingly, assessment of claims & interest charges over the claims delivered by the Hon. Principle District Judge, Aurangabad, were prepared & submitted to concerned pleader. The total amount due to M/s Balraje Constructions was Rs. 9.68 Lakhs (Matter-I) and Rs. 3.38 Lakhs (Matter-II) i.e. Rs. 13.06 Lakhs including interest. The same has been deposited in the Hon'ble District Court Aurangabad.

Further, summons from Hon. High court Mumbai, Aurangabad bench for arbitration appeal No.8/2010 & 7/2010 scheduled at 16/07/2010.The judgement was given by the Hon’ble High Court Mumbai Bench Aurangabad on dated 25/04/2011 & referred the matter to the sole Arbitrator. But MSETCL opted to file SLP against the order. Now special leave petition vide SLP No. 15457/2011 dated 09/05/2011 (Matter-I) and SLP No.15309/2011 dated 06-05-2011 (Matter-II) is filed in Hon’ble Superme Court New Delhi. As per supreme court order against SLP No. 15457/2011 dated 09/05/2011 (Matter-I) granted stay and SLP No.15309/2011 dated 06/05/2011

(Matter-II) the amount involved is small, the SLP is dismissed and again referred the matter to the sole arbitrator.

The liability which may be encumbered by MSETCL, will be Rs. 76.06 Lakhs i.e. total liability including interest upto 31/03/2015 is Rs. 89.12 Lakhs less amount deposited in the court of Rs. 13.06 Lakhs.

c. 2610: EHV Project Division, Aurangabad

MSETCL has filed 6 Nos Special Leave Petitions in Apex court against the land compensation order passed by District Collector, Abad & MERC decision on revision petition. Collector orders for compensation are not as per the Govt Resolution dtd 01.11.2010. 6 Nos Writ petitions were filed before Hon. High Court A'bad & same are dismissed by the High Court Abad stating that the remedy of appeal available to the applicant. Rs. 139 Lakhs equivalent to the order amount passed by the District COllector, Aurangabad was deposited by MSETCL to the High Court, Aurangabad.Matter is under process at Apex court.

d. 2610: EHV Project Division, Aurangabad

District Collector, Jalna has passed an order for land compensation in r/o Shri. Sandeep A. Sawande & others involved in 132kV Jalna - Jafrabad line which was commissioned long back before the provision of GR for land compensation & also the area considered for calculation of land compensation is non factual. Hence, this office appealed before District Court, Jalna for cancellation of compensation. Due to non receipt of any decision from District Collector, Jalna, MSETCL has approached to the court as per the directives from CLA, Mumbai.

e. 2630:- EHV Projects Division, Nanded

Case filed Dadarao Pungal & 15 Other:-The cultivator namely Shri Dadarao Purbhaji Mungal & 15 Others had filed petition againts land compensation for old transmision line namely 132Kv Nanded-Umari line ,132Kv Kurunda -Hingoli line which were commissioned in 1998 & 1989 respectively.But the said cultivators are demanding for land compensation as per GR Energy-4 date01/11/2010 for tower occupied land,hence they have cliamed of compensation in Rs. 20 Lakhs in court of Hon.District Magistrate ,Nanded for final hearing was also conducted by hon DM ,Nanded and final decision is awaited.Hence the liability may comes to Rs.20 Lakhs.

3. Karad Zone

a. 3700 : EHV CCCM Circle, Kolhapur Petition No. 39/2017

Agency Name: M/S Lustre Engineering Corporation, Navi Mumbai

At: Joint Director of Industries Kokan Region, Thane under MSMED Act, 2006

Work : Replacement of existing Transformers by higher Capacity funded JICA under Sangli & Satara District. (Package 15B) W.O. No. CE/EHV CCO&M/ZONE/ KRD/440 Dt.05.02.2010

Claims for Interest on deleyed payment of R.A. Bill (Civil+Electrical) and Retention amount of Rs. 76.63 Lakhs as on 14.02.2018

b. 3230 : 400 KV R S Division Talandage

Case pertaining to Grampanchyat Talandage Tal-Hatkangale Dist Kolhapur before BDO Hatkangale amounting to Rs 124 Lakhs.

4. Nagpur Zone

a. 4210:EHV (O&M) Div Ballarshah case No 172/13

Truck Accident case of EHV (O&M) Div Ballarshah vs Smt Malan w/o Ramu Alam before motor accident tribunal chandrapur, in this case amount involved of Rs. 20.11 Lakhs and tribunal has grant immediate compulsory relief of "No Fault Liability" claim of Rs.50.000/- to the applicants/claimants and final decision of court is awaited.

b. 4710 : CCCM Dn. Nagpur Case No. 42/2003

Superintending Engineer, EHV Construction Circle, Aurangabad had accepted tender of M/s. S. K. Sahni for construction of gantry, equipment foundation, control room building, G. I. Pipe line, water sump, providing metal spreading etc at 132/33 KV S/s, Sindewadi, Dist. Chandrapur. M/s. S. K. Sahni has claimed Rs. 19.27 Lakhs from MSETCL on count of Loss of idling of camp labour, work done but not paid, price escalation, interest on claim etc.

The Case No. 569/2009 between Sudhir Sahani and MSETCL is pending before civil court, Nagpur.The last date of hearing was 19/03/2015. The contingent liability in this case amounts to Rs. 19.27 Lakhs.

Mr. N.S Suryawanshi & others have filed suit against MSETCL at District Court, Nasik. The Hon, District court Nasik, passed order against MSETCL, and ordered MSETCL to pay Rs. 145.58 Lakhs as compensation for land acquisition.Mr. N.S Suryawanshi & others have filed suit against MSETCL at District Court, Nasik. The Hon, District court Nasik, passed order against MSETCL, and ordered MSETCL to pay Rs. 145.58 Lakhs as compensation for land acquisition.

Against this, MSETCL has filed an appeal at High Court, Bombay. The Hon. High Court, Bombay has given stay on order passed by District court Nasik. Further the Hon. High Court has ordered MSETCL to deposit Rs. 80.38 Lakhs and the same has been deposited in May/June 2002 in the District Court, Nasik by the Head Office. The amount was paid on 5th June.2002 & 14th June 2002. On 30th March 2005 MSETCL has paid Rs. 71.73 Lakhs as interest with Hon. High Court, Bombay, as security deposit.

The case is disposed off by the High Court of Mumbai and has refered the same to the Reference Court to determine total compensation payable after hearing all parties. The contingent liability is however not quantified as the Reference Court has to determine the compensation payable under Section 23(1-A), 23(2) and 28 of the Land Acquisition Act, 1894.

Mr. Satish R. Vani & others has filed civil suit No. L.A.R.5361994 in the Civil Court, Sheogaon, claiming additional compensation for land acquired for erection of 132KV S/station at Sheogaon. The Civil Court Sheogaon has held the case against MSETCL and has ordered MSETCL to pay the additional compensation Rs. 55.40 Lakhs against which MSETCL has appealed before Hon'ble High Court for 50% of amount i.e. Rs. 27.70 Lakhs and deposited Rs. 27.70 Lakhs in the Court. After that Court permitted withdrawal of Rs. 15.00 Lakhs and balance amount Rs. 12.70 Lakhs remained with Court. The Contingent liability in the case is Rs. 12.70 Lakhs.

c. 4310 : HVDC TL O&M Division, Chandrapur Case No.410 dt. 27.04.1993

M/s. Ganesh Engg. Company, Nagpur has filed a suit in Nagpur District Court, claiming dues of Rs. 80.95 Lakhs against tender No.T-13, T-16, T-17 & two work orders issued in the year 1987-88 for the sub setting & erection of 400KV Chandrapur-Parli D. C. Line. Counter claim of Rs. 3.08 Lakhs was filed by erstwhile

MSEB against above agency towards recovery of charges of T&P, Material, Vehicle etc. Hon. Court has decided the aforesaid matter in favour of M/s. Ganesh Engg. Co. and directed to pay the claim Rs. 80.95 Lakhs alongwith interest @ 6% from the date fo filing of suit (27.04.1993) till the scheduled date of deposit (20.08.2009) which totally amounts to Rs. 160.35 Lakhs. The Counter claim was dismissed by the court. However, on application of MSETCL, Hon.High Court, Nagpur Bench granted stay on decree after deposit of Rs. 160.35 Lakhs in the Court. Accordingly MSETCL has deposited Rs. 160.35 Lakhs in the High Court, Nagpur bench

M/s Ganesh Engg. Company, Nagpur has requested Hon. High Court to give decision at the earliest, however, Hon. Court rejected the plea of M/sGanesh Engg. Co., Nagpur on 23/07/2012 and ordered to submit the papers within 10 weeks from 23/07/2012. The matter has been admitted for final hearing from 21/10/2013 and M/s Ganesh Engg. has been given time to remove the objections as a last chance within 3 weeks from Dt. 11/02/2014. The contingent liability in this case may amount to Rs. 160.35 Lakhs.

The Micro and Small Enterprises Facilitation Council (MSEFC) passed the order dated 28th January 2010 directing MSETCL to pay total interest of Rs. 267.69 Lakhs i.e. M/s Minerva Switchgears, Nagpur Rs. 194.60 Lakhs and M/s Sigma Transformers Pvt. Ltd Rs. 73.09 Lakhs. Out of total interest claim, MSETCL has deposited Rs. 200.76 Lakhs on 26.04.2010 towards 75% of the claim with the “Principal District and Session Judge, Nagpur” while filling an appeal. The contingent liability in this case may amount to Rs. 267.69 Lakhs.

d. 4710 : CCCM Dn.Nagpur Case Dated 03.03.2014

Work of construction of gantry foundation & allied Civil works at 132 K.V S/tn Hingna-II Nagpur to M/s. Unique Associates, Nagpur. Work order plaeed by SE(C). WO Amt. Rs. 4566.03 Lakhs. Due to slow progress work terminated by SE(C) Agency invoked arbitration. Arbitration claim Rs. 48.13/- Lakhs. Revised claim submitted by the agency on 28.09.2015 for Rs. 65.52/- Lakhs.

5. Nashik Zone

a. 5620 : EHV Project Division Jalgaon_60/95 FA 687/ 2001_dt. 23-06-1995

132 KV Shahada-Taloda line erection work was given to M/s Mistry Construction Co., at cost of Rs. 9.25 Lakhs. But the contractor has not completed the work. Hence 63 Towers work was completed departmentally. The respondent has submitted the final bill for full completed work, which was not carried out by him and hence, his claim was refused.

The Jalgaon Court on 23.03.2001 passed the order against erstwhile MSEB to pay Rs. 6.96 Lakhs to the contractor towards final bill after recovering Rs.10,354 from the petitioner which is due to MSETCL & Rs. 1.54 Lakhs against supply of water cost, risk. The MSEB had deposited Rs. 5.32 Lakhs in the court by deducting the abovementioned amount. After receipt of certified copy of the judgement, the MSEB appealed in High Court of Mumbai Bench at Aurangabad on 03.03.2002 against the decision of Hon Senior division Court Jalgaon. At present Hon' High Court Bench Aurangabad transferred to Dist. Court Jalgaon on dtd 08.02.2012. Now the case is still pending at Dist. Court Jalgaon. The contingent liability may amount to Rs. 5.32 Lakhs.

b. 5720: CCCM.Dn.Jalgaon Special Darkhast No. 03/2013 dt. 11.09.2013

Award towards additional land compensation declared on 5.11.2011 by Shri JM

Phadke, Sole Arbitrator, Pune is challanged in court of Law at Dhule & now at Jalgaon in Sep-2013. Contractor M/s.Varsha Constn.Co.Dhule. The liability maycomes to Rs. 15.54 Lakhs

c. **5720: CCCM Dn. Jalgaon Case no. 331/2008 & RTS Appeal No. /2010. dt. 04.06.2010**

Regarding decision of Commissioner Nasik for payment of Royalty charges to Shri Babulal Shaligram Bhartia, Dhule, in respect of 220KV Amalner sub-stn. Dist. Jalgaon. Royalty charges for Hard Murum (used for Land Development work) extracted from Sub-stn premises for Cutting & Filling so as to bring both surfaces in one Level. The liability may be of Rs. 12.77 Lakhs. Hearing is done on 18-12-2017 in front of Collector Jalgaon & Order is awaiting.

6. **Pune Zone**

a. **6100 : EHV O&M Circle, Pune**

Name of Court - Labour Court, PMT BUILDING NO.1, FIRST FLOOR, SWARGATE, PUNE. Case against - Shri. Milind Madhukar Wagh. This case is transfered to Hon.Civil Court Pune. Amount involved is Rs.12/- Lakhs and amount deposited in court Rs.10.69/- Lakhs.

b. **6130 : 400KV RS Division, Lonikand**

The case is regarding excess Grampanchayat Tax levied by Grampanchayat, Vadhu Budruk. Rs. 83.61 Lakhs deposited on 25.01.2018. Amount involved Rs. 83.61 Lakhs. Name of Court where suit was file - Bombay High Court

c. **6210 : EHV O&M Division, Solapur**

The case is against - Sarpanch Grampanchyat, Malinagar. Amount involved is Rs.17.24 Lakhs. Name of Court where suit was file-District Court I.

d. **6700 : EHV CCCM Circle, Pune**

Shri. S R Bansal, the then SE (Civil) has been imposed with the punishment of "Removal from Services wef 25.10.2011". Shri. Bansal has been paid 1/3 rd of Gratuity Advance as per prevailing rules and he was suspended on 21.01.2010 due to red handed caught by ACB trap. Shri. Bansal has been charged with two cases viz. An ACB Trap case and Disproportionate Property case and the proceedings for both the cases are still going on and the decisions are awaited. The approximate amount of final Gratuity Rs.8.17 Lakhs and final leave encashment is Rs 8.63 Lakhs. Total Amount involved is Rs.16.80/- Lakhs

e. **6720 : EHV CCCM Division, Pune**

The case is against M/s R.R.Kapoor. Arbitration case is in process. Amount involved is Rs.109/- Lakhs.

7. **Vashi Zone**

a. **7100 : EHV O&M Circle, Kalwa**

Petition No- 41/2017-Petition No- 41/2017 in r/o Luster Engineering Corporation for interest on delay payment. Amount involved Rs. 4.61 Lakhs

b. **7210 : EHV (O&M) Division Panvel**

Court Case Number-No. 178/09, Suit No. 178/2009. M.A.Segar Vs EHV (O&M) Division Panvel. This case is about accident of hired vehicle (Indica Car) No.MH 14 BA 181 at EHV (O&M) DN.Panvel.(Motisingh Haanumansingh Seger). Amount involved Rs. 2.47 Lakhs.

c. 7630: EHV Project Division, Kalwa case no. 66/2017 and case no. 37/2017

M/s Lustre Engineering corporation awarded work contract of shifting of 220kv Kalwa- Mulund-II & Mulund- Trombay line in MCGM area of Kanjur Landfill.on dated 14.02.2013. Agency had stopped work since 26.10.2016 and claiming idling charges for the time taken for approval of the extra item proposal by MSETCL. Agency has filed an arbitration petition no. 66/2017 in the Hon. High Court, Bombay dt. 03.04.2017, Amount involved in case is Rs. 2,999.29 Lakhs.

current status: Agency submitted statement of claim on 11.01.2018 before the sole Arbitrator Retd. Justice Shri Anand V. Nrigude to which MSETCL submitted its statement of defence on 27.02.2018. now the disput is at the stage of framing the issues which shall be done on 11.06.2018.

Also Agency has filed a petition no. 37/2017 in Micro & Small Enterprises Facilitation Council, Wagale Estate, Thane for claim of retention Money of Rs. 85.22 Lakhs which is not paid by MSETCL and interest thereon @ 41.1% (approx) of Rs. 27.25 Lakhs

d. 7630: EHV Project Division, Kalwa case no. 36/2017

M/s Lustre Engineering corporation awarded work contract of Augmentation work at 220KV Nerul S/S by 50MVA, 220/33-22KV Transformer on dt 24.09.2010. Agency has filed petition no. 36/2017 in the Hon'ble Director Micro and Small Enterprises Facilitation Council, Konkan Division, Thane for Interest on Late payment of Bills. Amount involve in case is Rs. 46.28 Lakhs.

e. 7710 : CCCM Dn.Airoli Case No. 398 of 2008

The contract of construction of Chief Engineer's Bunglow & Class I Jr. at Sector-19, Vashi, Navi Mumbai was awarded to M/s. D.S. Construction, Ulhasnagar by the Suprintending Engineer (Civil) CCCM Circle, Kalyan MSEB (Now MSEDCL) 7th & final bill was not acceptable, hence the dispute was placed before Arbitral Tribunel. The arbitration tribunal finaly awarded total amount of Rs. 41.59 Lakhs against various claims of the agency. Hence, Arbitration Petition No. 398/2008 in Bombay High Court. The liability may come to Rs. 75.50 Lakhs

f. 7710 : CCCM Dn, Airoli

Land dispute with M/s Yogeshwar Developers. Case is with Civil Court, Vasai. No Financial Liability involved.

g. 7110: Bhandup Division

Received the Property Tax demand notice for Sonkhar substation in the month of November 2016 for 6 years. The total amount demanded by the department of Navi Mumbai Municipal Corporation is Rs 6388 Lakhs.The Executive Engineer of the respective division has visited the NMMC's department for the discussion of this issue, based on which they have confirmed that this demand may come below 50% of the total notice value.Amount involved of Rs.1318 Lakhs.

h. 7720: CCCM Dn. Panvel

100kv Nerul S/stn. Acquisition of land (Existing 220kv Nerul S/s). Amount shown is Approximate figure. Rs 10.00 Lakhs.

The agreement is yet to be executed, which is pending due to dispute between CIDCO & MSETCL regarding D.P.C. and area of plot in possession. The matter is referred to the marketing Manager –I, CIDCO. Letter no 249 dtd. 27.07.2010 from the Dy.EE(Civil), EHV CCCM S/dn. Kharghar

i. **7720: CCCM Dn. Panvel Case no 175/2014_ Smt .Godavari Shantaram Shahane and others**

Case no 175/2014_ Smt .Godavari Shantaram Shahane and others:

The land admeasurisuring 331sqm (s.No.27a/8a) of village Shil. Tal. Khalapur was utilised previously for watersupply arrangement for 100kv khopolis/s. The sathe karar was executed in year 1971.Now Smt.Shahane (present Owner) had field regular Civil suit no91/2008 for cancelation of agreement (Sathe Karar)for sale and permanant injection. The Jt.Civil Judge, Junior Division Khalapurhad dismissed the case. Now the plaintiff has field Civil appeal No.175/2014 in District Court Alibag amount involve Rs 10 Lakhs

8. **SLDC Zone**

a. **8000 : SLDC, Kalwa**

Court Case no-A NO. 122 OF 2016 IN-MSLDC appealed against the CERC order in case 008/SM/2014; One lakh penalty imposed on SLDC for non-compliance of directions issued by RLDC (Adv M Y Deshmukh)

b. **8000 : SLDC, Kalwa**

MSLDC's Civil Appeal in SC 2902 of 2014 - MSLDC's appeal against APTEL's order in case 175.Appeal filed on 9 Dec 2013. Adv M Y Deshmukh is apponinted for it. SC stayed Rs 1 lakh cost to be paid as donation to the NGO. (Adv M Y Deshmukh)

All Zone Land Compensation, Crop Compensation and ROW Cases pending F.Y 2017-18.

Annexure - B

The information regarding contingent liabilities pending as on 31.03.2018

(Rs.in Lakhs)

Sr. No.	Profit Centre No of Office	Name of the Office	Name of Court where suit was file	Name of Party against whom case is pending	Amount involved in Case (Rs.)	Amount Deposited in the Court if any (Rs.)
1) Amravati Zone						
1	1210	EHV O&M Dn. Akola	Civil Court	Pushplata A.Aware Akola	8.2	2.25
2	1620	EHV Const. Div.Amravati	Civil Court (Lower) Pusad	EE MSETCL Amravati V/S Kausar Khan Akthar Khan Pusad	2.72	--
3	1620	EHV Const. Div.Amravati	Civil Court, Yavatmal	Mohmmad Aslam, PO- Yavatmal.	1.50	--
4	1710	EHV CCCM Div Amravati	C.J.S.D. Darwha	Shri Uttamrao Raut Land owner	27.44	--
5	1710	EHV CCCM Div Amravati	District & Session Judge Yavatmal	M/s AKD Associates Nagpur	5.81	--

6	1710	EHV CCCM Div Amravati	Adhoc D. J. 2 Amravati (Judge – P. R. Modak)	M/s A.K.D. Associate Nagpur	2.86	--
2) Auragabad Zone						
1	2000	EHV Projects Cum O & M Zone Aurangabad	High Court of Judicature At Bombay, Bench At Aurangabad	The Chief Engineer, EHV PC O&M Zone, Aurangabad	2.40	-
2	2000	EHV Projects Cum O & M Zone Aurangabad	High Court of Judicature At Bombay, Bench At Aurangabad	The Chief Engineer, EHV PC O&M Zone, Aurangabad	1.90	-
3	2100	EHV O & M Circle Aurangabad	Hon. High Court, Mumbai, Aurangabad Bench	SE EHV O&M Circle Aurangabad	-	As there is no Financial Implication or Loss to the Company because the Employee's claim is not valid & not tenable as per MSETCL's Circulars & Service Regulation
4	2610	EHV Project. Divn. Aurangabad	High Court of Bombay Bench at Aurangabad	Nandu Bala Rathod & others	8.29	8.29
5	2610	EHV Project. Divn. Aurangabad	High Court, Aurangabad	Arunabai Shivsigh Pardesi Vs State of Maharashtra	-	-
6	2610	EHV Project. Divn. Aurangabad	Hon. Supreme Court of India	District Collector, Abad, Kisanlala Bramhanath & 11 others	139.00	-
7	2610	EHV Project. Divn. Aurangabad	Hon. Supreme Court of India	District Collector, Abad, Babu R. Chavan & 7 others	-	-

8	2610	EHV Project. Divn. Aurangabad	Hon. Supreme Court of India	District Collector, Abad, Ambadas Dhavle & 56 others	-	-
9	2610	EHV Project. Divn. Aurangabad	Hon. Supreme Court of India	District Collector, Abad, Kalash Bala Bodkhe & 5 others	-	-
10	2610	EHV Project. Divn. Aurangabad	Hon. Supreme Court of India	District Collector, Abad, Dhansingh P. Rathod & 249 others	-	-
11	2610	EHV Project. Divn. Aurangabad	Hon. Supreme Court of India	District Collector, Abad, Shankar K. Rathod & 14 others	-	-
12	2610	EHV Project. Divn. Aurangabad	High Court of Aurangabad	District Collector, Abad, Ramkisan A. Jinwal & 13 others	-	-
13	2610	EHV Project. Divn. Aurangabad	District Court Aurangabad	Chainsingh A. Jonwal	2.00	-
14	2610	EHV Project. Divn. Aurangabad	Hon. High Court of Bombay Bench at Aurangabad	MSETCL Vs Chainsingh Asaram Jonwal	2.00	-
15	2610	EHV Project. Divn. Aurangabad	District Court, Jalna	Sandeep A. Sawade & others	12.00	-
16	2620	EHV Project Dn. Latur	High Court Aurangabad	Rukhminibai Sanjeevanrao Deshmukh died thru LRSSS Deshmukh & Others	184.60	90.00
17	2630	EHV Construction Division Nanded	District Magistrate Nanded	Shankar Laxman Dhange & Other 19	10.00	-
18	2630	EHV Construction Division Nanded	District Magistrate Nanded	Vimal Balaji Puyad	1.91	-

19	2630	EHV Construction Division Nanded	District Magistrate Nanded	Shri Dadarao Purbhaji Mungal & 15 Other	20.00	-
20	2630	EHV Construction Division Nanded	District Magistrate Parbhani,	Chander P. Kasture & Others i/r of 400KV Chandrapur-Parli line.	10.00	-
21	2630	EHV Construction Division Nanded	High Court Aurangabad	Shri.Pravin Nagnathrao Paldewar .	10.00	-
22	2710	EHV CCCM Division Aurangabad	Hon’ble Supreme Court New Delhi	M/s Balraje Construction, Georai, Dist. Beed	89.52	13.07
23	2720	EHV CCCM Division Parbhani	Hon. High Court bench Aurangabad	Shri. Namdev Ramji Gudetwar r/o Himayatnagar Dist.Nanded. V/S	20.06	-
24	2720	EHV CCCM Division Parbhani	Hon. C.J.S.D . Court Gangakhed.	.Anantrao K Ambekar Through LRS Smt. Ushatai A Ambekar & others.	1.20	-
25	2720	EHV CCCM Division Parbhani	Hon. HC Aurangabad	Smt. Budhabai Balaji Hamad R/o Kumdalwadi	1.57	0.75
26	2720	EHV CCCM Division Parbhani	Hon. High Court bench Aurangabad	Smt. Punjabai Dhondiba Madane r/o Umri	7.99	8.20
27	2720	EHV CCCM Division Parbhani	In the Court of 'HBLE' Civil Judge Sr. DN. at Nanded	1) Namdev S/o. Ramji Gudetwar 2) Narayan S/o. Ramji Gudetwar 2/1) Smt. Shantabai Narayanrao Gudetwar 2/2) udarshan S/o. Narayanrao Gudetwar 2/3) Gajanan S/o. Narayanrao Gudetwar	1.71	-

28	2730	EHV CCCM Division Latur	Hon. HC Aurangabad	Veermath Sansthan Trust. Ahmedpur Dist. Latur	107.00	10.80
29	2730	EHV CCCM Division Latur	Dist. Court Osmnabad	Smt. Pushpabai Vijaysingh Raje	25.00	-
30	2730	EHV CCCM Division Latur	Hon. Supreme Court, Delhi.	Rajendra N Gaikwad, Beed	79.26	-
31	2730	EHV CCCM Division Latur	Hon. HC Aurangabad	1) Haidarsab S/o Kasimsab Shaikh 2) Husensab S/o Haidarsab Shaikh 3) Abdulrheman S/o Haidarsab Shaikh 4) Amir S/o Haidarsab Shaikh	1,072.00	100.00
32	2730	EHV CCCM Division Latur	Dist. Court Latur	Sambappa Shankarappa Raut & others	125.00	-
33	2730	EHV CCCM Division Latur	CJSD Nilanga		43.07	43.07
34	2730	EHV CCCM Division Latur	Hon. HC Aurangabad	Veermath Sansthan Trust. Ahmedpur Dist. Latur	6.69	-
35	2730	EHV CCCM Division Latur	Dist Court Osmanabad	Shri. Gulam Mohuddin Imam Saheb & others	3.49	-
36	2730	EHV CCCM Division Latur	District Court Ambejogai	Chadrashekhar S/O Sadashiv Dhabikar	80.25	-
3) Karad Zone						
1	3610	Kolhapur	Higher Court, Kolhapur	M/s.Banchode Constn.Kolhapur	27.00	
4) Nagpur zone						
1	4610	EHV Const. Dn-I,Nagpur	High Court Bombay at Bench Nagpur	Smt. Kalpana Jain (Ravindra Rukhabdas Jain Gahankari) Vs. MSEB	24.52	4.84

2	4610	EHV Const. Dn-I,Nagpur	Distt Court Chandrapur	Shri Manohar Shantalwar Vs. MSETCL	0.76	-
3	4610	EHV Const. Dn-I,Nagpur	District Judge-7, Nagpur	Shri Bhudev C. Wandhe	220.00	-
4	4610	EHV Const. Dn-I,Nagpur	District Judge Nagpur	Shri Devanad Dattuji Awale	300.00	-
5	4610	EHV Const. Dn-I,Nagpur	District Judge Nagpur	Smt Anusaibai Dattuji Awale	750.00	-
6	4610	EHV Const. Dn-I,Nagpur	Distt. Judge, Wardha	Shri Ashok Shyamsunder Agarwal & 02 others	395.65	-
7	4610	EHV Const. Dn-I,Nagpur	District Court Civil,Nagpur	Shri Harish Daulatrao Ramteke	800.00	-
8	4610	EHV Const. Dn-I,Nagpur	District Judge No 3,Nagpur	Smt Sunanda Dhanraj Bhalerao	400.00	-
9	4610	EHV Const. Dn-I,Nagpur	High Court Nagpur Bench	Shri.Ramchandra Jagannath Kulkarni & others	70.37	-
10	4610	EHV Const. Dn-I,Nagpur	High Court Nagpur Bench	Shri Pandurang Haridas Kite & others	2.00	2.00
11	4610	EHV Const. Dn-I,Nagpur	Distt. Judge, Wardha	Shri Mohan Barole	5.04	-
12	4610	EHV Const. Dn-I,Nagpur	Distt. Judge, Wardha	Mrs. Chandrakala Mohan Barole	42.75	-
13	4610	EHV Const. Dn-I,Nagpur	District Judge 17, Suyog Building, Nagpur	Shri. Ghanshyam Umraoji Bhalerao	800.00	-
14	4630	EHV Projects Dn Chandrapur	District Judge-1 Warora	Shri Mahadeo Jivtode	90.00	-
15	4630	EHV Projects Dn Chandrapur	District Judge-1 Warora	Sau.Kalpana Mahadeo Jivtode		-
16	4630	EHV Projects Dn Chandrapur	District Judge-1 Warora	Sau.Suman Maroti Jivtode	60.00	-
17	4630	EHV Projects Dn Chandrapur	District Judge-1 Wardha	Sau. Kalpana Eknath Kapse	27.99	-

18	4630	EHV Projects Dn Chandrapur	Collector Chandrapur	Shri. Chandran Kuttapan Endu Ezshava	15.00	-
19	4210	Ex. Engineer EHV O&M Division, ballarshah	Labour Court, Chandrapur	Shri M.H. Kawade, Ex.Sr.optr	0.60	-
20	4710	EHV CCCM DIVISION, NAGPUR	3rd Ad-Hoc Distt Judge. Nagpur	Maharashtra State Textile Corporation V/S MSETCL Compensation of amount under award date 14.06.2000 in respect of land at Jattarodi	615.00	-
21	4710	EHV CCCM DIVISION, NAGPUR	CivilJudge Sr Dn..Nagpur	M/s Vijay Wargi & Sons V/S MSETCL - Claim for 220KV S/stn Umred	26.53	-
22	4710	EHV CCCM DIVISION, NAGPUR	5th Jt CivilJudge Sr Dn .Nagpur	Shriram Trading Co. Case filed against award of arbitrator	2.67	-
23	4710	EHV CCCM DIVISION, NAGPUR	6th Jt.CivilJudge Jr Dn .Nagpur	Lucky construction V/S MSETCL Case filed for non-handing over of complete site.-Jat-Tarodi	2.63	-
24	4710	EHV CCCM DIVISION, NAGPUR	3rd Ad-Hoc. Distt Judge, Nagpur Nagpur	Rajan Nagpal, Nagpur V/s MSETCL/ GOM/ Sp.LAO,Nagpur. Land case at Yenvva(katol)	0.12	-
25	4710	EHV CCCM DIVISION, NAGPUR	9th Jt CivilJudge Si Dn Nagpur	Sudhir Sahani V/S MSETCL claim for final bill amount in respect of gantry, equipment faoundations at sindewahi	19.27	

26	4710	EHV CCCM DIVISION, NAGPUR	3rd Ad-Hoc. Distt Judge, Nagpur Nagpur	Ajay Akhand, Fetri, Ashok Gormade, Chicholi, Nagpur V/s. MSETCL/ GOM/ Sp.LAO, Nagpur Land Case at Yenwa (Katol)	0.22	-
27	4720	Office of the Executive Enginneer (Civil) EHV CCCM Division, MSETCL Chandrapur	Court of Sub -Divisional Officer Hinganghat	MSETCL VS Tahasildar Samudrapur	15.55	5.51
28	4720	Office of the Executive Enginneer (Civil) EHV CCCM Division, MSETCL Chandrapur	CivilJudge Senior Division Warora	Maharashtra case & other VS Dadaji Thengane & Others	5.18	-
29	4720	Office of the Executive Enginneer (Civil) EHV CCCM Division, MSETCL Chandrapur	No case filed in Court, discussed on local level	MSETCL vs Grampanchayat Tulana	88.00	-
30	4720	Office of the Executive Enginneer (Civil) EHV CCCM Division, MSETCL Chandrapur	Appeal tobe made in the Court of Hon'ble SDO Warora	MSETCL VS Tahasildar Warora		2.89
5) Nashik Zone						
1	5610	EHV Project Division Nashik	District Court Nashik	Shri Jagannath Raghunath Dhikale	2.27	-
2	5610	EHV Project Division Nashik	Civil Court, Kopargaon	Shri Shankar Namdev Aher	15.60	-

3	5610	EHV Project Division Nashik	District Court, Ahmednagar	Smt. Jijabai Ramdas Nawale	9.03	-
4	5610	EHV Project Division Nashik	Civil Court, Kopargaon	Kamalabai Yadav Nibe	20.00	-
5	5620	EHV Project Division Jalgaon	Hon. Senior Divisional Court Jalgaon	MS. M. R. Mistry Construction Ltd. Dhule	9.25	5.32
6	5620	EHV Project Division Jalgaon	District Court Jalgaon	Shri Kishor Zope & Others	105.00	-
7	5710	EHV CCCM Dn. Nashik	HIGH Court, Bench, Aurangabad	Mr.R. C. Nawandar & others	79.71	79.71
8	5710	EHV CCCM Dn. Nashik	HIGH Court, Bench, Aurangabad	Heirs of Late Bahiru Raghinath Gunjal	9.06	14.12
9	5710	EHV CCCM Division Nasik.	High Court Mumbai Bench Aurangabad	Mr.R. C. Nawandar & others 5	84.69	84.69
10	5710	EHV CCCM Division Nasik.	Bombay High Court	Shubhashani Construction, Nashik & others 7	106.00	87.85
11	5710	EHV CCCM Division Nasik.	High Court Mumbai.	Shri N.S. Suryawanshi & 21 Others	45.58	-
12	5710	EHV CCCM Division Nasik.	High Court, Bench, Auranagabad	Mr. B. R. Gunjal & Ors. 7 Nominees	27.65	27.65
13	5710	EHV CCCM Division Nasik.	High Court, Bench, Auranagabad Dt.1.07.2009	Mr. S. R. Wani & Ors.6 Shevgaon, Dist. Nagar.	64.35	27.70
14	5710	EHV CCCM Division Nasik.	Section Court, Malegaon	Shri. P. V. Patankar & other	6.85	-
15	5720	EHV CCCM Dn Jalgaon	High Court Aurangabad	Shri R C Agrawal , Chopada	39.52	17.76
16	5720	EHV CCCM Dn Jalgaon	High Court Aurangabad	Shri K B Chavan , Chopada	14.52	6.51
17	5720	EHV CCCM Dn Jalgaon	High Court Aurangabad	Shri P N Patil & 03 others , Shahada.	10.25	9.97

18	5720	EHV CCCM Dn Jalgaon	High Court Aurangabad	Shri R G Patil & C G Patil Shahada	75.95	-
19	5720	EHV CCCM Dn Jalgaon	High Court Aurangabad	Smt Kalabai Khandu Patil, Parola	8.35	8.35
20	5720	EHV CCCM Dn Jalgaon	High Court Aurangabad	Shri Prakash S Patil, Parola	18.23	18.23
21	5720	EHV CCCM Dn Jalgaon	High Court Aurangabad	Shri Rama Shripat Patil, Parola	12.22	12.22
22	5720	EHV CCCM Dn Jalgaon	High Court Aurangabad	Shri Daga Shripat Patil, Parola	14.35	14.35
23	5720	EHV CCCM Dn Jalgaon	High Court Aurangabad	Smt Parvatabai Rajaram Mahajan , Raver	75.00	-
24	5720	EHV CCCM Dn Jalgaon	High Court Aurangabad	Mohd. Ali Hussain Ali , Chopada	84.14	21.04
25	5720	EHV CCCM Dn Jalgaon	CivilJudge JD Sakri Dist. Dhule	Smt Sindhubai V Patil & others	10.00	-
26	5720	EHV CCCM Dn Jalgaon	CivilJudge JD Chalisgaon Dist. Jalgaon	Abdul Rehman Abdul Razzak Khatik , Chalisgaon	80.00	-
27	5720	EHV CCCM Dn Jalgaon	2nd Jt.CivilJudge SD Dhule Dist. Dhule	Mohanlal Shaligram Bhartia, Dhule	10.00	-
28	5720	EHV CCCM Dn Jalgaon	2nd Jt.CivilJudge SD Dhule Dist. Dhule	Mohanlal Shaligram Bhartia, Dhule	12.00	-
6) Pune Zone						
1	6200	EHV O&M Cir.Solapur	Industrial Court, Solapur	CMD/ T N Bhimale	0.75	-
2	6210	EHV O&M Dn.Solapur	Civil Court Solapur	EE EHV Solapur/ V.D.Somvashi	3.50	3.50
3	6210	EHV (O&M) O&M Dn Solapur	District Court - I Malshiras	Sarpanch Grampanchyat, Malinagar	17.24	-
4	6210	EHV (O&M) O&M Dn Solapur	Civil Court , Barshi	Sidhhanath Developer, pune		
5	6230	EHV O&M Div Baramati	District Court Bramati	Shri.Anna Kondiba Bendre	10.50	-

6	6610	EHV Proj. Dn.I Pune	CivilJudge Jr.Dn.at Baramati Court.	Mrs. Shahnaj Jafer Mulani	30.00	-
7	6630	EHV Projects DIV. III Solapur	District & Session Court Malshiras	Vijaykumar Jadhav	225.00	-
8	6710	EHV CCCM Dn Solapur	District Court Solapur	Sou. Sulochana P. Birajdar, Solapur.	10.00	-
9	6710	EHV CCCM Dn Solapur	High Court Mumbai.	Shirish Yashwant Bhatlawande	185.00	-
10	6710	EHV CCCM Dn Solapur	District Court Solapur	Altafi ustad & other	-	-
7) Vashi Zone						
1	7240	EHV O&M Dn Dombivali	Mumbai H/C	Smt Suman Namdeo Zalte & others V/S E.E.MSEB Mohone Dist Thane	1.18	-
2	7620	EHV Project Division, Kalyan	Civil Court palghar Tal:-Palghar Dist:-Palghar	Chintaman Hiraji Patil	-	-
3	7620	EHV Project Division, Kalyan	Civil Court palghar	Smt.Meenakshi Dinesh Naik	-	-
4	7620	EHV Project Division, Kalyan	Civil Court Bhivindi Tal:-Bhivandi Dist:-Thane	Sudasrhan Namdeo Kene Patil & others	-	-
5	7620	EHV Project Division, Kalyan	Civil Court Bhivindi Tal:-Bhivandi Dist:-Thane	Smt Varsha Vilas Patil. & Smt. Sarika Sandip Bhagat	-	-
6	7620	EHV Project Division, Kalyan	Civil Court Bhivindi Tal:-Bhivandi Dist:-Thane	Abrar Ahmad Abdul Hannan Khan & Others	-	-
7	7620	EHV Project Division, Kalyan	Civil Court Kalyan Tal:- Kalyan Dist:-Thane	Ramesh D. Shah	-	-
8) SLDC Zone						
		NIL				

Annexure - C Details of Disputed dues of Income Tax as on 31.03.2018

Nature of Dues	Period (A.Y) to which amount relates	Forum where matter is pending	Amount Payable / Refundable / Adjustments
Employee State Insurance	Various Years from FY 1968-1996	Employee State Insurance Court, Pune	Amount of Rs 22 lakhs is pertaining to Pune Urban Zone of erstwhile MSEB regarding applicability of ESIC Scheme. The amount is pertaining to R.S O&M Division Pune transferred to Pune Urban Zone, MSEB. The ESIC authority appealed in 2006 in Mumbai High Court.
Fringe Benefit tax	2006-07	The Assistant Commissioner of Income-tax, Circle 14(2)(1) - Mumbai	A demand of Rs.17,57,875/- was raised by the income-tax department in terms of an Order dated 31 December 2008 passed under section 115WE (3) of the Income-tax Act,1961. A rectification application was preferred against the same - the same is pending with the Assessing Officer - after rectification of errors apparent on record viz., non credit of self-assessment tax paid and interest charged in excess under section 115WJ(3) of the Income-tax Act,1961 - no sum is payable by the Company.
Income-tax	2007-08	The Income-tax Appellate Tribunal	NIL
Fringe Benefit tax	2007-08	The Deputy Commissioner of Income-tax, Circle 14(2)(1) - Mumbai	A demand of Rs. 73,32,362/- also refer our emails dated 05 December 2017 and 28 September 2017
Income-tax	2008-09	The Income-tax Appellate Tribunal (Departmental Appeal)	A demand of Rs.3,28,40,877/- (In terms of OGE dated 22 September 2011 an amount of Rs. 3,28,40,877/- is payable. Rectification Letter dated 01 February 2012 filed with the ACIT-10(1) against the same pointing out the errors apparent on record - 1. Non granting of relief vis-à-vis the excess disallownace of depreciation to the tune of 28,11,46,639/-. After rectifying the errors amount refundable is Rs. 20,93,15,025/-.However the same has not been acted upon.)
Fringe Benefit tax	2008-09	The Deputy Commissioner of Income-tax, Circle 14(2)(1) - Mumbai	A demand of Rs. 24,45,709/- also refer our emails dated 05 December 2017 and 28 September 2017

Income-tax	2009-10	The Commissioner of Income-tax (Appeals) - 22, Mumbai	A demand of Rs. 1,90,00,83,669/- raised in terms of the Order dated 30 March 2011 passed u/s. 144 r.w.s. 147 of the Income-tax Act, 1961. The matter has been heard by the CIT(A) and a remand report from the AO is awaited.
Fringe Benefit tax	2009-10	The Deputy Commissioner of Income-tax, Circle 14(2)(1) - Mumbai	A demand of Rs. 25,74,948/- also refer our emails dated 05 December 2017 and 28 September 2017
Income-tax	2010-11	The Income-tax Appellate Tribunal	A demand of Rs. 35.19 Crs. (after adjustment of refund of Rs. 18.53 crores of AY 2011-12). The CIT(A) vide his Order dated 10.02.2015 has allowed the appeal, however, an Order giving effect is, as yet, pending to be passed.
Income-tax	2010-11	Commissioner of Income-tax(Appeals) - 22 - Mumbai	A demand of Rs. 3,10,34,590/- has been determined as payable in terms of an Order dated 21 December 2017 passed u/s. 143(3) r.w.s. 147 of the Income-tax Act, 1961
Income-tax	2011-12	The Commissioner of Income-tax (Appeals) - 22, Mumbai	Amount of Rs. 18,53,09,560/- determined as refundable as per Assessment Order (adjusted against the demand for the AY 2010-11)
Income-tax	2011-12	The Commissioner of Income-tax (Appeals) - 22, Mumbai	No demand has been determined as payable, however, an appeal is pending adjudication before the CIT(A) against the Order dated 21 December 2017 passed u/s. 143(3) r.w.s. 147 of the Income-tax Act, 1961
Income-tax	2012-13	The Assistant Commissioner of Income-tax, Circle 14(2)(1) - Mumbai	A demand of Rs. 3,11,05,282/- payable in terms of Order dated 31 March 2015 passed u/s. 143(3) of the Income-tax Act, 1961. The Commissioner of Income-tax (Appeals) - 22, Mumbai has fully allowed the appeal filed by the Company. Order giving effect to the CIT(A)'s Order is awaited and a request for same has already been made on 30 March 2017. Also in terms of an Order dated 04 December 2017 a sum of Rs. 4,48,120/- has been determined as payable to the Company

Income-tax	2012-13	The Commissioner of Income-tax (Appeals) - 22, Mumbai	A demand of Rs. 9,70,568/- has been determined as payable in terms of an Order dated 21 December 2017 passed u/s. 143(3) r.w.s. 147 of the Income-tax Act, 1961
Income-tax	2013-14	The Commissioner of Income-tax (Appeals) - 22, Mumbai	A demand of Rs. 9,36,86,930/- has been determined as payable in terms of Order dated 27 February 2017 passed u/s. 154 of the Income-tax Act, 1961 - appeal has been filed with the CIT(A) which appeal is pending adjudication.
Income-tax	2014-15	The Commissioner of Income-tax (Appeals) - 22, Mumbai	A demand of Rs. 1,75,24,46,620/- has been determined as payable in terms of Assessment Order dated 30 December 2016 passed u/s. 143(3) of the Income-tax Act, 1961. The said Order has not been accepted as correct and binding and an appeal against the same has been filed to the CIT(A) - the said appeal is pending adjudication. However, in terms of the Order dated 04 December 2017 passed u/s. 154 of the Income-tax Act, 1961 a sum of Rs. 40,56,58,030/- has been determined as refundable to the Company

In respect of MSEDCL:

1. Contingent Liabilities, Contingent Assets and Commitments :

(in Lakhs)

Sr. No.	Particulars	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
1.	Contingent Liabilities			
(a)	Bank Guarantees issued in favour of third parties against deposit (Datar Switchgear Ltd.)	-	10,000	10,000
(b)	Claims against the MSEDCL not acknowledged as debts-	66,032	59,916	59,916
(i)	Datar Switchgear Ltd. (refer para below i)	15,712	15,712	15,712
(ii)	Asian Electronics Ltd. (refer para below ii)	7,67,020	8,47,081	9,36,122
(iii)	Power Purchase (refer para below iii)	6,940	6,940	6,940
(iv)	MIDC Interest free Loan(refer para below iv)	42,839	39,419	-
(v)	Mula Pravara Electric Co-op. Society Ltd.	49,978	44,067	33,020
(vi)	Others			
	Total	**9,48,521**	**10,13,119**	**10,51,694**
c)	Disputed Duties / Tax Demands			

(i)	Income Tax	3,42,200	4,68,172	4,64,532
(ii)	Excise Duty	150	150	49
2.	Contingent Asset	53,349	53,025	52,702
3.	CapitalCommitment			
	Liability against capital commitments exceeding Work Order /Contract value of Rs. 500 Lakhs, outstanding (net of advances)	4,36,994	7,94,867	5,94,012

Contingent Liabilities include:

(i) Datar Switch Gear Limited:

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

During the year, the Hon. Supreme Court dismissed Company's appeal vide its order dated 18th Jan 2018. The payments required to be made by the Company to DSL in terms of the said order are as under:

Description	**Amount (Rs. in Lakhs)**
Damages in terms of Arbitral Award dated 18.06.2004	17,916.00
Interest @10% p.a. from date of Arbitral Award to the execution of final decree i.e. up to 23.03.2018	24,589.00
Costs awarded by various appellate authorities	131.25
Total	**42,636.25**

The said amount has been paid by MSEDCL after adjusting the amount of bank guarantee. Necessary accounting entries have been passed in this regard in the current year.

Further, DSL has filed the suit for damages of panels & cost of possession before Hon. Bombay High Court (BHC), Mumbai.The matter is pending before Hon. BHC The claim amount is Rs. 66,032 Lakhs (P.Y. Rs. 42,000 Lakhs)

(ii) Asian Electronics:

The lease rent payment to Asian Electronics towards Low Tension Load Management System (LTLMS) panels installed by them has been stopped since June 2006, as LTLMS panels were not working. The dispute has been referred to Arbitrator by Asian Electronics & a claim of Rs.15,712 lakhs has been lodged against the company. MSEDCL has lodged counter claim of Rs.50,231 lakhs against Asian Electronics.The case is pending in the Arbitral Tribunal for hearing.

(iii) Power purchase Liabilities:

a) In pursuance with Central Electricity Regulatory Commission (CERC) order in Aug 2000 and July 2004, the wheeling charges are to be paid to the OPTCL @10 Paise p/u. MSEDCL pays monthly transmission charges bill at the same rate only which is not accepted by Orissa Power Transmission Corporation Limited (OPTCL) and hence they have raised bills @ 17 Paise p/u and showing arrears in their bill. The arrears as shown by OPTCL as on 31st Mar 2014 are Rs.1661.36 Lakhs. MSEDCL vide letter dated 16.08.2011 has requested OPTCL to withdraw arrears and revise the bills. The reply from OPTCL is still pending and also bills from FY 2014-15 have not been received from them as the transmission charges pertaining to wheeling of power through OPTCL's transmission lines are to be recovered through the Point of Connection (POC) mechanism by them. Hence, the same amount is considered as contingent liability for FY 2017-18.

b) The monthly bill of SardarSarovar is paid by MSEDCL @ 2.05 Rs./KWH as decided in the meeting of Government of Maharashtra, whereas the bill is raised @ 3.00 Rs./KWH without showing any arrears. In case, it is decided to pay @ Rs. 3 p/u, MSEDCL will have an additional burden of Rs. 1,04,701.05 lakhs (including Rs. 2,336.47 Lakhs for FY 2017-18).

c) The Power Purchase Agreement (PPA), with Individual Power Plant (IPPs) provides for delayed payment surcharge(DPS) at SBI Prime Lending Rate plus 2%. MSEDCL has provided for DPS at this rate till March 16. However, the RBI has introduced Base Rate system in place of Primary Lending Rate (PLR) system w.e.f. 01.07.2010. Hence, MSEDCL has booked surcharge as per Marginal Cost of fund based Lending Rate (MCLR) rate/Base Rate in place of PLR. MSEDCL has recalculated the liability towards DPS of IPPs on the basis of Base Rate / MCLR as applicable . The IPPs are continuing to claim DPS as per PLR rate. Hence, there is difference of Rs. 44,694.87 Lakhs in the amount of DPS claim which is considered as contingent liability as detailed below.

(Rs. in Lakhs)

Particulars	**Contingent Liability on account of DPS**
Adani Power Maharashtra Ltd 1320 MW	23,646.51
Adani Power Maharashtra Ltd 1200 MW	10,095.86
Adani Power Maharashtra Ltd 125 MW	1,128.91
Adani Power Maharashtra Ltd 440 MW	601.17
Rattan India Power Ltd 450	883.63
Rattan India Power Ltd 750	193.42
JSW Energy Limited	7,616.24
GMR Warora Energy Ltd (EMCO)	529.12
TOTAL	**44,694.87**

d) DPS Liability towards Wind generators :

The payments of wind generators have been delayed. The Energy Purchase Agreement (EPA) provides for payment of DPS for delayed payment. The records of delayed payments calculations are available with field offices. As per the information received from field offices there is liability towards DPS amounting to Rs. 35,900.00 Lakhs as on March 18. The same has not been provided for and has been shown as contingent liability.

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

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

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

MERC vide Order dated 20.08.2014 approved Rs. 1.95 per Kwh forAdani Power Maharashtra Ltd. and Rs. 1.55 per Kwh for RattanIndia Power Ltd. as indicative compensatory fuel charge.

MSEDCL has preferred an appeal against the order before the Appellate Tribunal for Electricity (APTEL) wherein APTEL has remanded back the case to MERC for fresh hearing in view of Supreme Court judgment in Coastal Gujarat Power Ltd. matter on similar grounds.

In the matter of Rattan India Hon'ble MERC has passed the order on 03.04.2018 and there is no liability payable by MSEDCL.

In the matter of AdaniHon'bleMERC has passedthe order on 07.03.2018 and decided that NCDP is a change in law event. The liability is not accepted by MSEDCL noris it claimed by APML.Moreover, MSEDCL has referred the matter to Gov. of Maharashtra for further guidelines, hence the impact to MSEDCL is not assessed.Hence, the amount of Rs.2,91,741.00 Lakhs (Approx.) payable to as per MERC order (FY 2016-17 Rs.3,91,216.17 Lakhs, FY 2015-16 Rs. 5,38,716.78 Lakhs including Ratan India) payable to APML including Rattan India as per MERC order is considered as contingent liability.

f) In case of Ratnagiri Gas & Power Pvt. Ltd (RGPPL), the payment of fixed charges is pending in Supreme Court for recovery of full capacity charges. Power Purchase Agreement was executed between RGPPL and MSEDCL on 10.04.2007. Gas supply from Krishna-Godavari D6 Basin (KG D6) Basin was continuously reducing from September 2011 and subsequently completely stopped from January 2014 onwards. RGPPL explored the possibility of alternative fuel i.e. Re liquefied Natural Gas (R-LNG) for part generation at high cost. However, due to such high cost and to avoid financial burden on consumers, MSEDCL has not accepted the power in accordance with clause 5.9 of PPA. Due to acute shortage of gas situation, RGPPL was changing schedule quantum frequently and power varies from 0 to 1200 MW. Hence, MSEDCL has informed to RGPPL that as and when RGPPL changes the quantum of schedule power frequently, this power will be treated as infirm power and payment will be made accordingly. MSEDCL did not pay capacity charges to the RGPPL from May 2013 onwards. RGPPL has not declared capacity from 13.09.2014 onwards Gas Supply Agreement (GSA) from KG D-6 basin is expired on 31.03.2014 and thereafter RGPPL has not approached MSEDCL to facilitate Gas Supply Agreement (GSA) for future period. Hence, MSEDCL vide letter dated 08.05.2014, has terminated the PPA w.e.f. 01.04.2014. However, RGPPL is claiming DPC & also fixed charges without any generation &without schedulingany power for MSEDCL. RGPPL had filed petition (Petition No. 166/MP/2012) in CERC to recover full capacity charges based on availability declared on R-LNG.

CERC vide order dt. 30.7.2013 has allowed RGPPL to declare availability on R-LNG to recover capacity charges. MSEDCL has filed an appeal in Appellate Tribunal (APTEL) against the CERC Order dated 30.07.2013. APTEL, vide order dated 22.04.2015, has dismissed the appeal . MSEDCL has filed an Appeal in the Hon'ble Supreme Court of India against the APTEL Order dated 22.04.2015. Hon'ble Supreme Court of India has declined to entertain the appeal. However, Hon'ble Supreme Court of India gave liberty to the appellant to move the SupremeCourt once again in the event it becomes so necessary.

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

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

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

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

Out of Rs. 4728.99 Lakhs, MSEDCL has repaid Rs. 2224.33 Lakhs to MIDC on the basis of WCR and Handing Over Taking Over document received from field offices. The balance amount of Rs. 2504.66 Lakhs is under scrutiny and Rs. 6940.11 Lakhs has been considered as Contingent Liability.

Further, MIDC has sanctioned Rs. 9848.00 Lakhs vide letter dtd. 23.01.2017, and the same is received by MSEDCLon 24.01.2017.

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

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

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

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

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

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

Accordingly, MERC started hearing of following matters:-

i. MSEDCL's application for revocation of license of MPECS in MPECS area.

ii. MPECS's application for grant of license in MPECS area.

iii. MPECS's petition for determination of charges for use of MPECS's assets by MSEDCL.

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

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

MPECS has thereafter filled appeal before Hon'bleAPTEL in this regard in which Hon'ble APTEL vide its order dated 13.3.32015 directed MSEDCL to pay Rs. 100 lakhs to MPECS as interim arrangement and also directed MERC to carry out valuation of assets. The order of APTEL was challenged by MSEDCL before Hon'ble Supreme Court and Hon'ble Supreme Court has directed to deposit Rs. 100 lakhs per month to MERC instead of paying it to MPECS.

As directed by Hon'ble APTEL vide its order dt.13.03.2015 , MERC appointed Alia Consultant to carry out valuation of assets of MPECS. Accordingly, Alia Consultant has carried out valuation of assets of MPECS as on 1st April 2016 and submitted their valuation report to MERC. As per the said valuation report, MERC determined monthly charges payable to MPECS vide its order dt. 02.05.2016. MSEDCL, being aggrieved by the said order, has challenged MERC order dt. 02.05.2016 before Hon'ble APTEL and Hon'ble APTEL on said appeal has passed an order directing as under-

a. The amount of Rs. 7,464.25 Lakhs deposited by MSEDCL with the MERC together with interest accrued thereon be released to MPECS and consequently adjusted as user charges.

b. MSEDCL will continue to pay an amount of Rs. 100 Lakhs per month to MPECS.

c. MSEDCL to deposit monthly charges as per monthly schedule determined with MERC, after deducting Rs. 100 lakhs paid to MPECS.

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

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

Contingent Asset includes:

Contingent Asset includes following billing dispute Cases.

Amount (Rs. in Lakhs)

Sr. No.	Particular	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
1.	Vodafone India Ltd.	1,049	932	814
2	Idea Cellular Ltd	2,069	1,863	1,657
3	Asian Electronics	50,231	50,231	50,231
	Total	**53,349**	**53,025**	**52,702**

Note 39: Operating Leases (IND AS 17)

In respect of MSEBHCL:

In the absence of information about Lease period, amount etc of the leasehold land, it is not possible to provide lease disclosure in accordance with Indian Accounting Standard-17.

In respect of MSETCL:

A. Finance Lease

The Company has taken land on lease from Government of Maharashtra, CIDCO, MIDC, etc for construction of substation and lines for 99 years and more by payment of upfront premium.Such lease arrangements have been considered as finance lease.

As at 31.03.18	**(Rs in Lakhs)**
Particulars	**Land**
Gross carrying amount	1,21,58,86,296.17
Accumulated amortisation	10,29,19,946.81
Amortisation recognised in statement of P&L	77,70,400.51
As at 31.03.17	**(Rs in Lakhs)**
Particulars	**Land**
Gross carrying amount	10,451.86
Accumulated amortisation	922.99
Amortisation recognised in statement of P&L	72.61

Particulars	As at 31.03.2018 (Audited)		As at 31.03.2017 (Unaudited)	
	Minimum Lease payment	Present value of MLP	Minimum Lease payment	Present value of MLP
Within one year	-	-	-	-
After one but not more than five years	-	-	-	-
More than five years	-	-	-	-
Total minimum lease payments	**-**	**-**	**-**	**-**
Less : amounts representing finance charges	-	-	-	-
Present value of minimum lease payments	**-**	**-**	**-**	**-**

B Operating lease

a. Leases as lessee

i) The Company has an operating leases for office facilities and residential premises under a non-cancellable operating lease agreements. The lease rentals paid for the same are charged to Statement of Profit and Loss.

ii) Future minimum rentals payable under non-cancellable operating leases are as follows

(Rs in Lakhs)

	As at 31.03.2018 (Audited)	As at 31.03.2017 (Unaudited)
Not later than one year	4.88	1,086.49
Later than one year and not later than five years	4.22	7.13
Later than five years		0.00

iii) Amounts recognised in profit or loss

(Rs in Lakhs)

	As at 31.03.2018 (Audited)	As at 31.03.2017 (Unaudited)
Lease expense	1220.29	1,185.98
Contingent rent expense	-	-

b. Leases as lessor

The Company has given land to Maharashtra Eastern Grid Power Transmission Company Limited for 20 years for construction of 765/400 sub-station. The said lease is considered as operating lease in the books of MSETCL.

As at 31.03.18 **(Rs in Lakhs)**

Particulars	Land
Gross carrying amount	339.40
Accumulated amortisation	-
Amortisation recognised in statement of P&L	-

As at 31.03.17 **(Rs in Lakhs)**

Particulars	Land
Gross carrying amount	339.40
Accumulated amortisation	-
Amortisation recognised in statement of P&L	-

In respect of MSEDCL:

Accounting For Operating Lease (IndAS17):

i. The Company has numerous operating leases for office and residential premises for employees that are renewable on periodic basis and cancellable at its option. An expense lease rent for operating leases recognised in the Statement of Profit and Loss for the year is Rs. 2839.25Lakhs (previous year Rs. 2917.20 Lakhs).

ii. The Company has entered into the lease agreement with MSEB Holding Company Ltd. in respect of office premises occupied at Head Office i.e. 'Prakashgad' and 'Dharavi', Guest House at New Delhi and residential quarters at various places in Mumbai on which lease charges paid during the year amounting to Rs.1872.76 Lakhs (Previous Year 1808.20 Lakhs) included in the amount shown at (i) above.

iii. Ascertainment of Lease in the Power Purchase Arrangement:

MSEDCL has entered into the power purchase agreement with MSPGCL and other generators. The significant output of power generated from the MSPGCL and other many generators is purchased by MSEDCL. Hence MSEDCL has tested the said power purchase arrangement in terms of Appendix C to Ind AS 17 so as to determine whether the arrangement contains element of lease. It is identified that the arrangement conveys that the MSEDCL has "right" to use the assets of the MSPGCL and other generators.However, the MSEDCL has no obligation over the losses arising out of non-availability of power plant for power generation due to non-maintenance and the costs are borne by them. Accordingly, there is no transfer of risks & rewards to the Company from MSPGCL and other generators to this extent. Consequently, the arrangement does not satisfy the criteria of financial lease.

In respect of MSPGCL

Leases - Operating Lease

A. Leases as lessee

The Company enters into cancellable/non-cancellable operating lease arrangements for land, office premises, staff quarters and others. Payments made under operating leases are generally recognised in statement of Profit and Loss based on corresponding periods contractual terms of the lease, since the Company considers it to be more representative of time pattern of benefits flowing to it.The lease rentals paid for the same are charged to the Statement of Profit and Loss.

The future minimum lease payments and payment profile of non-cancellable (Hydro

Plant Leases) operating leases are as under:

i) Future minimum lease payment

At March 31, the future minimum lease payments under non-cancellable leases were payable as follows:

	31.03.2018	31.03.2017
Less than one year	452.08	452.10
Between one and five years	1,812.73	1,809.84
More than five years	7,326.60	7,781.57
	9,591.41	**10,043.51**
ii. Amounts recognised in profit or loss	**31.03.2018**	**31.03.2017**
Lease expense	452.09	452.10

Ascertainment of Lease in the Power Purchase Arrangement:

The company has entered into the power purchase agreement with MSEDCL. The significant output of power generated from the Company's plants is sold to MSEDCL. Hence company tested the said power purchase arrangement in terms of Appendix C to Ind AS 17 so as to determine whether the arrangement contains element of lease. It is revealed that the arrangement conveys the right to use the assets to MSEDCL, however, the losses arising out of non-maintenance of availability of power plant for power generation are borne by Mahagenco. Accordingly, there is no transfer of risks & rewards to MSEDCL to this extent. Consequently, the arrangement does not satisfy the criteria of financial lease.

Note 40: Employee Benefit (IND AS 19)

In case of MSEBHCL:

During the year the Company has carried out Actuarial Valuation of Gratuity and Leave Encashment. Short\Excess provision arising out of the same is charged/credited to Profit & Loss Account and Other Comprehensive Income. Disclosure as per IND AS 19 has been given to the extent available in the Report of Actuary.

Particulars	Gratuity (Unfunded)		Leave Encashment (Unfunded)	
	2017-18	2016-17	2017-18	2016-17
Discount	7.15%	7.70%	7.70%	7.70%
Salary Increase Rate	6.00%	6.00%	6.00%	6.00%
Withdrawal Rate	2.00%	2.00%	2.00%	2.00%
Retirement Age	58 & 60 yrs	58 & 60 yrs	58 & 60 yrs	58 & 60 yrs

Table 1. Total Expenses Recognised in the Statement of Profit & Loss Account

Particulars	Gratuity (Unfunded)		Leave Encashment (Unfunded)	
	2017-18	2016-17	2017-18	2016-17
Service cost				
a. Current Service cost	1,756,549	1,693,842	1,664,961	1,551,554
b. Past Service Cost	254,942	-	-	-

c. (Gain)/Loss on settlements	-	-	-	-
d. Total Service cost		1,693,842	1,664,961	1,551,154
Net Interest Cost				
a. Interest expense on DBO	2,297,509	2,739,343	1,980,373	2,238,590
b. Interest (income) on plan assets	-	-	-	-
c. Interest expense on effect of (asset ceiling)	-	-	-	-
e. Total net interest cost	2,297,509	2,739,343	1,980,373	2,238,950
Immediate Recognition of (Gains)/Losses- Other Long Term Benefits	-	-	(7,545,459)	2,767,279
Other expenses/adjustments	-	-	-	-
Defined Benefit cost included in P & L	4,309,000	4,433,185	(3,900,125)	6,557,423

Table 2: Remeasurement Effects Recognized in other Comprehensive Income (OCI)

	Gratuity (Unfunded)		**Leave Encashment (Unfunded)**	
	2017-18	**2016-17**	**2017-18**	**2016-17**
a. Actuarial (Gain)/Loss due to Demographic Assumption changes in DBO	-	-	-	-
b. Actuarial (Gain)/Loss due to Financial Assumption changes in DBO	(772,127)	795,007	-	-
c. Actuarial (Gain)/Loss due to Experience on DBO	(9,662,011)	2,504,237	-	-
d. Return on Plan Assets (Greater)/ Less than Discount rate	-	-	-	-
e. Changes in asset ceiling / onerous liability (excluding interest income)	-	-	-	-
f. Total Actuarial (Gain)/ Loss included in OCI	(10,434,139)	3,299,243	-	-

Table 3: Total Cost Recognised in Comprehensive Income

	Gratuity (Unfunded)		**Leave Encashment (Unfunded)**	
	2017-18	**2016-17**	**2017-18**	**2016-17**
Cost Recognised in P&L	4,309,000	4,433,185	(3,900,125)	6,557,423

Remeasurements Effects Recognised in OCI	(10,434,139)	3,299,243	-	-
Total cost Recognised in Comprehensive Income	(6,125,139)	7,732,428	(3,900,125)	6,557,423

Table 4 : Change in Defined Benefit Obligation

	Gratuity (Unfunded)		**Leave Encashment (Unfunded)**	
	2017-18	**2016-17**	**2017-18**	**2016-17**
Defined Benefit Obligation as of Prior Year	40,827,426	39,938,620	34,038,668	32,431,092
Service Cost				
a. Current Service cost	1,756,549	1,693,842	1,664,961	1,551,554
b. Past service cost			-	-
c. (Gain)/Loss on settlements			-	-
Interest Cost	2,297,509	2,739,343	1,980,373	2,238,590
Benefit payments from plan assets		-	-	-
Benefit payments directly by employer	(2,616,457)	(6,843,622)	(1,950,472)	(4,949,847)
Settlements		-	-	-
Participant contribution				
Acquisition/ Divestiture		-		
Actuarial (Gain)/ Loss – Demographic Assunmptions	-	-	-	-
Actuarial (Gain)/ Loss – Financial	(772,127)	795,007	(931,390)	792,852
Actuarial (Gain)/ Loss – Experience	(9,662,011)	2,504,237	(6,614,070)	1,974,427
Other Expenses/adjustments				
Defined Benefit Obligation as of Current Year	32,085,830	40,827,426	28,188,071	34,038,668

Table 5 : Change in Fair Value of Plan Assets

	Gratuity (Unfunded)		**Leave Encashment (Unfunded)**	
	2017-18	**2016-17**	**2017-18**	**2016-17**
Fair value of plan assets at end of prior year	-	-	-	-
Expected Return on Plan Assets	-	-	-	-
Employer contributions	-	-	-	-
Participant contributions				
Benefit payments from plan assets	-	-	-	-
Settlements	-	-	-	-
Acquisition / Divestiture	-	-	-	-

Actuarial (Gain) / Loss on Plan Assets	-	-	-	-
Fair value of plan assets at end of year	-	-	-	-

Table 6 : Net Defined Benefit Asset/ (Liability)

	Gratuity (Unfunded)		Leave Encashment (Unfunded)	
	2017-18	2016-17	2017-18	2016-17
Defined Benefit Obligation	32,085,830	40,827,426	28,188,071	34,038,668
Fair Value of Plan Assets		-		-
(Surplus)/ Deficit	32,085,830	40,827,426	28,188,071	34,038,668
Effect of Asset Ceiling		-		-
Net Defined Benefit Liability/ (Asset)	32,085,830	40,827,426	28,188,071	34,038,668

Table 7 : Reconciliation of Amounts in Balance Sheet

	Gratuity (Unfunded)		Leave Encashment (Unfunded)	
	2017-18	2016-17	2017-18	2016-17
Net defined benefit liability (asset) at prior year end	40,827,426	39,938,620	34,038,668	32,431,092
Defined benefit cost included in P&L	4,309,000	4,433,185	(3,900,125)	6,557,423
Total remeasurements included in OCI	(10,434,139)	3,299,243	-	-
Other significant events/ One time Ind AS 19 Adjustment	-	-	-	-
Acquisition/ Divestiture	-	-	-	-
Amounts recognized due to plan	-	-	-	-
Employer contributions	-	-	-	-
Direct benefit payments by Employer	(2,616,457)	(6843,622)	(1,950,472)	(4,949,847)
Effect of changes in foreign exchange rates				-
Net defined benefit liability (asset)- end of period	32,085,830	40,827,426	28,188,071	34,038,668

Table 8: Reconciliation of Statement of Other Comprehensive Income

	Gratuity (Unfunded)		Leave Encashment (Unfunded)	
	2017-18	2016-17	2017-18	2016-17
Cumulative OCI- (Income)/Loss, Beginning of Period	1,448,901	(1,850,342)	-	-

Total remeasurements included in OCI	(10,434,139)	3,299,243	-	-
Cumulative OCI- (Income)/Loss, End of Period	(8,985,237)	1,448,901	-	-

Table 9: Current / Non Current Liability

	Gratuity (Unfunded)		Leave Encashment (Unfunded)	
	2017-18	2016-17	2017-18	2016-17
Current Liability	5,509,618	17,388,879	4,284,323	12,682,275
Non Current Liability	26,576,212	23,438,547	23,903,748	21,356,392
Non Current asset		-		-
Total	32,085,830	40,827,426	28,188,071	34,038,668

Table 10 : Expected Future Cashflows

	Gratuity		Leave Encashment	
	2017-18	2016-17	2017-18	2016-17
Year 1	5,509,618	17,388,879	42,84,323	12,682,275
Year 2	8,449,398	1,442,374	59,51,316	1,526,840
Year 3	4,265,126	6,056,801	32,35,722	4,811,355
Year 4	4,516,739	5,529,875	37,21,609	4,555,061
Year 5	3,491,641	3,111,920	26,40,942	2,610,552
Year 6 to 10	10,119,671	13,270,770	92,40,287	12,347,447

Table 11 : Components of Defined Benefit Cost for Next Year

	Gratuity (Unfunded)	Leave Encashment (Unfunded)
	01/04/2017 to 31/3/2018	01/04/2017 to 31/3/2018
Service cost		
a. Current Service cost	1,333,576	16,43,011
b. Past Service Cost	--	--
c. (Gain) / Loss on settlements	--	--
d. Total Service cost	1,333,576	16,43,011
Net Interest Cost		
a. Interest expense on DBO	2,258,489	2,005,535
b. Interest (income) on plan assets	--	--
c. Interest expense on effect of (asset ceiling)	--	--
d. Total net interest cost	2,258,489	2,005,535

Administrative expenses and taxes	-	-
Defined Benefit cost included in P & L	35,92,065	36,48,546

Plan Assets

Particulars	Gratuity (Unfunded)		Leave Encashment (Unfunded)	
	2017-18	2016-17	2017-18	2016-17
The weighted- average asset allocations at the year end were as follows:	0.00 %	0.00 %	0.00 %	0.00 %
Equities	0.00 %	0.00 %	0.00 %	0.00 %
Bonds	0.00 %	0.00 %	0.00 %	0.00 %
Gilts	0.00 %	0.00 %	0.00 %	0.00 %
Pooled assets with an insurance company	0.00 %	0.00 %	0.00 %	0.00 %
Other	0.00 %	0.00 %	0.00 %	0.00 %
Total	0.00 %	0.00 %	0.00 %	0.00 %
Actual return on plan assets	-	-		

Sensitivity Analysis

Defined Benefit Obligation	Gratuity (Unfunded)		Leave Encashment (Unfunded)	
	2017-18	2016-17	2017-18	2016-17
Discount rate				
a. Discount rate – 100 basis points	33,526,001	42,392,779	29,937,860	35,615,770
a. Discount rate - 100 basis points impact(%)	4.49%	3.83%	6.21%	4.74%
b. Discount rate - 100 basis points	30,793,369	39,413,190	26,664,856	32,632,132
b. Discount rate - 100 basis points impact(%)	-4.03%	-3.46%	-5.40%	-4.13%
Salary increase rate				
a. Discount rate – 100 basis points	30,786,458	39,387,249	26,628,275	32,604,953
a. Discount rate - 100 basis points impact(%)	-4.05%	-3.53%	-5.53%	-4.21%
b. Discount rate + 100 basis points	33,511,288	42,389,589	29,950,083	35,618,177
b. Discount rate - 100 basis points impact(%)	4.44%	3.83%	6.25%	4.64%

Valuation done by the actuary is relied upon.

In respect of MSEDCL:

2. IndAS19- Employee Benefits :

Post-Employment Benefits:

Defined Benefit Plan:

(i) Provident Fund :

The Company makes separate contribution towards provident fund to a defined benefit retirement plan. The provident fund is administered by the Trustees of the Maharashtra State Electricity Board's Contributory Provident Fund Trust (CPF Trust). Under the Scheme, the Company is required to contribute a specified percentage of salary to the retirement benefit schemes to fund the benefit. In keeping with the guidance on implementing Ind AS 19 Employee Benefits, employer established provident funds are treated as Defined Benefit Plans, since the Company is obliged to meet interest shortfall, if any, with respect to covered employees. However, there is no further liability which remained to be provided as at the end of the year, on account of shortfall in interest payable to the beneficiaries.

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

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

(Rs. in Lakhs)

Sr. No.	Particulars	As at 31.03. 2018	As at 31.03. 2017	As at 01.04.2016
1.	Liability for subscriptions and interest payable to employees at the end of year	5,46,732.28	5,61,523.01	5,25,473.79
2.	Fair Value of Plan Assets at the end of year	5,92,811.98	5,76,569.60	5,42,147.54
3.	Surplus	46,079.70	15,037.59	16,673.76

(b) Description of Plan Assets:

Sr. No.	Particulars	For the year ended 31st March, 2018 (in %)	For the year ended 31st March, 2017 (in %)	For the year ended 31st March, 2016 (in %)
1.	Central Government Securities	14.78	16.47	28
2.	Other Securities	19.81	15.43	7
3.	Listed Debt Securities	5.27	5.92	35
4.	Basel III Tier-I Bonds	32.17	33.35	.28
5.	Exchange Traded Funds (EFT's)	1.43	1.12	.52
6.	Special Deposit Scheme	26.53	27.51	29

(ii) Gratuity (Unfunded Defined Benefit Plan):

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

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

Leave encashment is payable to all employees as per the Company's Employees Service Regulations, 2005. The Earned Leave (EL) and Half Average Pay (HAP) Leave can be accumulated upto300 and 360 days respectively.

Gratuity

Gratuity and Long Term Compensated Absences- as per actuarial valuations by independent actuaries at the yearend by using projected unit credit method as on 31stMarch, 2018 are recognized in the financial statements in respect of Employees Benefits Schemes.

Details of Gratuity disclosure as required by Ind AS –19 are detailed hereunder:

Table 1 - Total Expense Recognised in the Statement of Profit & Loss Account.

(Rs. in Lakhs)

Particulars	Gratuity		
	01.04.2017 to 31.03.2018	01.04.2016 to 31.03.2017	01.04.2015 to 31.03.2016
Current Service Cost	12,396	11,699	11,729
Past Service Cost	962	-	-
Interest Cost	14,623	15,795	15,800
Expected Return on Plan Asset	-	-	-
Past Service Cost	-	-	-
(Gain)/Loss due to Settlement/ Curtailments	-	-	-
Unrecognised Asset due to limit in Para 59(B)	-	-	-
Net Actuarial Losses/(Gains)	-	-	-
Total Expense/(Income) included in "Statement of Profit & Loss"	27,981	27,494	27,529

Table 2 - Remeasurment effects recognised in Other Comprehensive Income (OCI)

(Rs. in Lakhs)

Particulars	Gratuity		
	01.04.2017 to 31.03.2018	01.04.2016 to 31.03.2017	01.04.2015 to 31.03.2016
Actuarial (Gain)/ Loss due to Demographic Assumptions changes in DBO	-	-	-
Actuarial (Gain)/Loss due to Financial Assumption changes in DBO	(8,042)	7,891	715
Actuarial (Gain)/ Loss due to Experience on DBO	13,062	3,767	16,393
Return on Plan Assets(Greater)/ Less than Discount rate	-	-	-

Return on reimbursement right (excluding interest income)	-	-	-
Changes in asset ceiling /onerous liability (excluding interest income)	-	-	-
Total Actuarial (Gain)/ Loss included in OCI	5,020	11,658	17,109

Table 3 - Total Cost Recognised in Comprehensive Income

(Rs. in Lakhs)

Particulars	Gratuity		
	01.04.2017 to 31.03.2018	01.04.2016 to 31.03.2017	01.04.2015 to 31.03.2016
Cost Recognised in P & L	27,981	27,494	27,529
Re-measurements Effects Recognised in OCI	5,020	11,658	17,109
Total Cost Recognised in Comprehensive Income	33,001	39,152	44,638

Table 4 - Change in Defined Benefit Obligation during the period

(Rs. in Lakhs)

Particulars	Gratuity		
	01.04.2017 to 31.03.2018	01.04.2016 to 31.03.2017	01.04.2015 to 31.03.2016
Opening Defined Benefit Obligation	2,19,732	2,23,499	2,21,968
Current Service Cost	12,396	11,699	11,729
Past Service Cost	962	-	-
Interest Cost	14,623	15,795	15,800
Actual Plan Participants' Contributions	-	-	-
Acquisition / Business Combination / Divestiture	-	-	-
Benefits Paid	(42,828)	(42,919)	(43,107)
Past Service Cost	-	-	
Curtailments/Settlements	-	-	
Actuarial (Gains)/Losses	5,020	11,658	17,108
Closing Defined Benefit Obligation	2,09,905	2,19,732	2,23,499

Table 5 - Net Defined Benefit Asset/ (Liability)

(Rs. in Lakhs)

Particulars	Gratuity		
	01.04.2017 to 31.03.2018	01.04.2016 to 31.03.2017	01.04.2015 to 31.03.2016
Defined Benefit Obligation	2,09,905	2,19,732	2,23,499

Fair Value of plan Assets	-	-	-
(Surplus)/Deficit	2,09,905	2,19,732	2,23,499
Effect of Asset Ceiling	-	-	-
Net Defined Benefit Liability/(Asset)	2,09,905	2,19,732	2,23,499

Table 6 - Reconciliation of Amounts in Balance Sheet

(Rs. in Lakhs)

Particulars	**Gratuity**		
	01.04.2017 to 31.03.2018	**01.04.2016 to 31.03.2017**	**01.04.2015 to 31.03.2016**
Net defined benefit liability (asset) at prior year end	2,19,732	2,23,499	2,21,968
Defined benefit cost included in P&L	27,981	27,494	27,529
Total Amounts included in OCI	5,020	11,658	17,109
Other significant events/ Onetime INDAS 19	-	-	-
Acquisition/Divestiture	-	-	-
Amounts recognized due to plan combinations	-	-	-
Employer contributions	-	-	-
Direct benefit payments by Employer	(42,828)	(42,919)	(43,107)
Net defined benefit liability (asset)-end of period	2,09,905	2,19,732	2,23,499

Table 7 - Reconciliation of Statement of Other Comprehensive Income

(Rs. in Lakhs)

Particulars	**Gratuity**		
	31.03.2018	**31.03.2017**	**01.04.2016**
Cumulative OCI – (Income)/Loss, Beginning of period	28,767	11,658	-
Total remeasurments included in OCI	5,020	17,109	11,658
Cumulative OCI – (Income)/Loss, End of period	33,787	28,767	11,658

Table 8 - Current /Non Current Liability

(Rs. in Lakhs)

Particulars	**Gratuity**		
	31 March 2018	**31 March 2017**	**01-Apr-16**
Current Liability	32,686	36,073	39,395
Non Current Liability	1,77,219	1,83,660	1,84,125
Non Current assets	-	-	-
Total	**2,09,905**	**2,19,732**	**2,23,520**

Table 9 - Major Actuarial Assumptions

(Rs. in Lakhs)

Particulars	31 March 2018	31 March 2017	01 April 2016
Discount rate	7.70%	7.25%	7.75%
Future Basic salary increase	7.00%	7.00%	7.00%
Withdrawal rate	Age based Upto 50 years–0.5%:	Age based Upto 50 years–0.5%:	Age based Upto 50 years–0.5%:
Mortality rate	IALM (2006-08) ultimate	IALM (2006-08) ultimate	IALM (2006-08) ultimate
Retirement age	Class I, II, III-58 years	Class I, II, III-58 years Class IV - 60 years	Class I, II, III-58 years Class IV - 60 years

Table10 - Sensitivity Analysis

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

(Rs. in Lakhs)

Description of Discount Rate	Gratuity	
	31 March 2018	**31 March 2017**
a. Discount rate – 100 basis points	2,28,644	2,37,549
b. Discount rate – 100 basis points impact (%)	8.93%	8.11%
c. Discount rate + 100 basis points	1,94,023	2,04,539
d. Discount rate – 100 basis points impact (%)	(7.57%)	(6.91%)
Salary increase rate		
e. Rate – 100 basis points	1,93,795	2,04,385
f. Rate – 100 basis points impact (%)	(7.68%)	(6.98%)
g. Rate + 100 basis points	2,28,581	2,37,405
h. Rate + 100 basis points impact (%)	8.90%	8.04%

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

Table11 - Expected future cash flows

(Rs. in Lakhs)

Period	Gratuity
	31 March 2018
Year 1	32,686
Year 2	28,164
Year 3	21,720
Year 4	16,225

Year 5	13,758
Year 6 to 10	65,813
Average Expected Future	17.1

Table 12 :Investment in Planned Assets :

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

In respect of MSPGCL

The Company contributes to the following post-employment defined benefit plans in India.

Defined Benefit Plan:

(i) Provident Fund:

The Company's contribution to the Provident Fund is remitted to a separate trust established for all the Group companies based on a fixed percentage of the eligible employee's salary and charged to Statement of Profit and Loss. Shortfall, if any, in the fund assets, based on the Government specified minimum rate of return, will be made good by the Company and charged to Statement of Profit and Loss.

The Company has recognised Rs. Nil Crores towards the above stated shortfall (previous year Rs. Nil Crores) in the Statement of Profit and Loss.

The Contributions payable to these plans by the company are at rates specified in the rules of the scheme.

(ii) Gratuity & Leave encashment:

Liability towards long term defined employee benefits - leave encashment and gratuity are determined on actuarial valuation by independent actuaries at the year-end by using Projected Unit Credit method. Liability so determined is unfunded.

GRATUITY

A. Movement in net defined benefit (asset) liability

The following table shows a reconciliation from the opening balances to the closing balances for net defined benefit (asset) liability and its components

	Defined benefit obligation	
	31 March 2018	**31 March 2017**
Opening balance	470.70	490.31
Interest Cost Included in profit or loss	34.22	39.18
Current service cost	16.67	14.65
Past service cost	146.03	--
Interest cost (income)	--	--
	667.62	**544.14**
Included in OCI		
Remeasurement loss (gain):		
Actuarial loss (gain) arising from:		
Demographic assumptions		
Financial assumptions	(14.43)	17.30
Experience adjustment	49.81	40.81

Return on plan assets excluding interest income		
	35.38	**58.11**
Other		
Contributions paid by the employer		
Benefits paid	(121.91)	(131.54)
Closing Balance	**581.09**	**470.71**
Represented by		
Net defined benefit asset		
Net defined benefit liability	581.09	470.71
	581.09	**470.71**

B. Defined benefit obligations

i. Actuarial assumptions

Further, assumptions regarding future mortality have been based on published statistics and mortality tables. The current longevities underlying the values of the defined benefit obligation at the reporting date were as follows:

	31st March, 2018	**31st March, 2017**
Discount rate	7.78%	7.27%
Salary escalation rate	5.00%	5.00%
Mortality rate During Employment	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)

ii. Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

	31st March, 2018		**31st March, 2017**	
	Increase	Decrease	Increase	Decrease
Discount rate (0.5% movement)	(13.30)	14.14	(12.18)	12.99
Future salary growth (0.5% movement)	14.46	(13.70)	13.21	(12.49)
Employee Turnover (0.5% movement)	2.90	(3.06)	2.21	(2.34)
Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.				

iii. Maturity Analysis of Defined Benefit Obligation

Defined Benefits Payable in Future Years From the Date of Reporting.

	31st March, 2018	**31st March, 2017**
1st Following Year	135.04	95.49
2nd Following Year	59.79	47.28
3rd Following Year	81.74	58.97
4th Following Year	71.11	51.92
5th Following Year	58.42	45.82
Sum of Years 6 To 10	197.06	169.33
Sum of Years 11 and above	368.16	329.80

LEAVE ENCASHMENT

A. Movement in net defined benefit (asset) liability

The following table shows a reconciliation from the opening balances to the closing balances for net defined benefit (asset) liability and its components

	Defined benefit obligation	
	31st March, 2018	**31st March, 2017**
Opening balance	565.20	568.27
Included in profit or loss (Interest Cost)	41.09	45.40
Current service cost	12.36	11.15
Past service cost		
Interest cost (income)		
	618.65	624.83
Remeasurement loss (gain):		
Actuarial loss (gain) arising from:		
Demographic assumptions		
Financial assumptions	(16.42)	20.87
Experience adjustment	45.65	35.15
Return on plan assets excluding interest income		
	29.24	56.02
Other		
Contributions paid by the employer		
Benefits paid	(87.38)	(115.64)
Closing Balance	560.51	565.21
Represented by		
Net defined benefit asset		
Net defined benefit liability	560.51	565.21
	560.51	**565.21**

B. Defined benefit obligations

i. Actuarial assumptions

The following were the principal actuarial assumptions at the reporting date (expressed as weighted averages).

	31st March, 2018	31st March, 2017
Discount Rate	7.78%	7.27%
Salary escalation rate	5.00%	5.00%
Mortality rate During Employment	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)

B) The provident fund plan of the Company is operated by the “Maharashtra State Power Generation Company Limited Employees Provident Fund Trust” (the “Trust”). Eligible employees receive benefits from the said Provident Fund. Both the employees and the Company make monthly contributions to the Provident Fund Plans equal to a specified percentage of the covered employee’s salary. The minimum interest rate payable by the Trust to the beneficiaries every year is being notified by the Government. The Company has an obligation to make good the shortfall, if any, between the return from the investments of the Trust and the notified interest rate. During the year, since the market value of investment is more than subscription liability of the Trust, the liability on this account recognised in Profit & Loss account is Rs. Nil (P.Y. Rs. Nil)

The amount recognized in balance sheet in respect of Company's share of assets and liabilities of the fund managed by the CPF Trust is as follows (based on provisional accounts of CPF Trust).

Particulars	**31st March, 2018**	**31st March, 2017**
Liability for subscriptions and interest payable to employees at the end of year	9201.71	8667.51
Fair Value of Plan Assets at the end of year	9232.83	8911.02
Net Liability whether Payable	Nil	Nil
Description of Plan Assets		
Particulars	**31st March, 2018**	**31st March, 2017**
Category -I (a)- GOI	14.78%	16%
Category -I (a)-SDL	19.81%	15%
Category - I(b)	5.27%	6%
Category - II(a)	31.21%	34%
Category - II(b)	0.96%	
Category - IV(c)	1.43%	1%
Special Deposit Scheme	26.53%	28%

Mahaguj Collieries Limited

Retirement Benefits

Provident & other Fund Rules and Payment of Gratuity Act are not applicable to the Company. However, employees on deputation from M/s MSPGCL and M/s GSECL are covered under the said benefit as per policy of the respective Companies.

MAMSL

No Provision for Gratuity is required; Since the Company did not have any employee during the year.

In respect of MSETCL:

Employee benefits

Defined Contribution Plans

The Company's contribution to the Provident Fund is remitted to separate trusts established for this purpose based on a fixed percentage of the eligible employee's salary and charged to Statement of Profit and Loss. Shortfall, if any, in the fund assets, based on the Government specified minimum rate of return, will be made good by the Company and charged to Statement of Profit and Loss. According to the Management, the Actuary has opined that actuarial valuation can not be applied to reliably measure provident fund liabilities in absence of guidance from the Actuary Society of India. The investment value is excess by Rs. 2551.64 Lakhs (P.Y. Rs. 3460 Lakhs shortage) than subscription value, hence provision is made accordingly. The Company recognised Rs. 7476.19 lakhs (previous year Rs. 7384.84 lakhs) for Provident Fund contribution in the Statement of Profit and Loss. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes.

Provident Fund

i. The amount recognized in balance sheet in respect of Company's share of assets and liabilities of the fund managed by the CPF Trust are as under:

(Rs. in Lakhs)

Particulars	As at 31.03.2018 (Audited)	As at 31.03.2017 (Unaudited)
Liability for subscriptions and interest payable to employees at the end of the year	1,29,670.20	1,26,715.79
Fair value of plan assets at the end of the year	1,32,221.84	1,23,255.73
Net Liability	**-2,551.64**	**3,460.07**

ii. Description of plan assets

Particulars	As at 31.03.2018 (Audited)	As at 31.03.2017 (Unaudited)
Special Deposit Schemes(SDS)	26.53%	27.51%
Other Security Gaurantee by Central/ State Govt	5.27%	5.92%
Government Securities (GOI)	14.78%	16.47%
State Development Loan (SDL)	19.81%	15.43%
Debt's and Other Related Instrument	31.21%	33.55%
Exchange Traded Fund (ETF)	1.43%	1.12%
Others	0.96%	0.00%

b. Defined Benefit Plan : Gratuity

Liability towards long term defined employee benefits - leave encashment, gratuity are determined on actuarial valuation by independent actuaries at the year-end by using Projected Unit Credit method. Liability so determined is unfunded in the case of leave encashment and gratuity.

Gratuity (Unfunded)

Movement in net defined benefit (asset)/ liability

i) Reconciliation of opening and closing balances of Gratuity obligation

(Rs. in Lakhs)

Particulars	As at 31.03.2018 (Audited)	As at 31.03.2017 (Unaudited)
Defined benefit obligation at the beginning of the year	41,286.97	42,104.36
Current service cost	1,988.84	1,888.01
Past Service Cost	224.22	-
Interest cost	3,051.10	3,309.40
Actuarial (gain)/loss	(258.66)	3,113.70
Benefits paid	(7,891.15)	(9,128.51)
Defined benefit obligation at the end of the year	38,401.32	41,286.97

ii) Reconciliation of opening and closing balances of fair value of plan assets

(Rs. in Lakhs)

Particulars	As at 31.03.2018 (Audited)	As at 31.03.2017 (Unaudited)
Fair value of plan assets at the beginning of the year	-	-
Expected return on plan assets	-	-
Actuarial (gain)/loss	-	-
Employer contribution	-	-
Benefits paid	-	-
Fair value of plan assets as at the end of the year	-	-

iii) Reconciliation of fair value of assets and obligations:

(Rs. in Lakhs)

Particulars	As at 31.03.2018 (Audited)	As at 31.03.2017 (Unaudited)
Fair value of plan assets as at the end of the year	-	-
Present value of obligations as at the end of the year	(38,401.32)	(41,286.97)
Unfunded (Liability)/asset recognized in the Balance Sheet*	(38,401.32)	(41,286.97)

iv) Amount recognized in the Statement of Profit and Loss:

(Rs. in Lakhs)

Particulars	As at 31.03.2018 (Audited)	As at 31.03.2017 (Unaudited)
Current service cost	1,988.84	1,888.01
Interest cost	3,051.10	3,309.40
Past Service Cost	224.22	-
Expected return on plan assets	-	-
Net Actuarial (gain)/loss	-	-
Total expenses recognized in the Statement of Profit and Loss account	5,264.16	5,197.41
Actual return on plan assets	-	-

v) Amount recognised in Other Comprehensive Income:

(Rs. in Lakhs)

Particulars	As at 31.03.2018 (Audited)	As at 31.03.2017 (Unaudited)
Actuarial (Gains)/ Losses		
- Changes in Demographic assumptions		
- Changes in Financial arrangements	(783.67)	1,031.79

- Changes in the effect of limiting a net defined benefit asset ceiling, excluding amounts included in interest		
- Experience adjustments	525.01	2,081.91
- Return on Plan assets excluding amounts net interest cost		

vi) Major Actuarial Assumptions

Particulars	As at 31.03.2018 (Audited)	As at 31.03.2017 (Unaudited)
Discount rate	7.73%	7.39%
Estimated return on plan assets	NA	NA
Salary increment	5%	5%
Employee turnover	2%	2%
Mortality rate during employment	India Assured Lives Mortality (2006-08)	India Assured Lives Mortality (2006-08)
Mortality rate after employment	N.A	N.A

vii) The expected future cash flows as on:

(Rs. in Lakhs)

Particulars	As at 31.03.2018 (Audited)	As at 31.03.2017 (Unaudited)
Projected benefits payable in future years from the date of reporting		
1st following year	8,013.97	8,387.96
2nd following year	4,821.74	4,827.14
3rd following year	4,593.03	6,745.79
4th following year	3,815.20	4,268.51
5th following year	2,933.16	3,588.03
Sum of year 6 to 10	11,610.43	11,341.44
Sum of Year 11 and above	37,524.62	34,382.86

viii Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

Particulars	As at 31.03.2018 (Audited)	As at 31.03.2017 (Unaudited)
(+) 1% change in rate of discounting	(2,097.37)	(2,118.17)
(-) 1% change in rate of discounting	2,420.99	2,438.62
(+) 1% change in rate of salary increase	2,462.24	2,473.00
(-) 1% change in rate of salary increase	(2,166.24)	(2,182.49)
(+) 1% change in rate of employee turnover	541.22	457.68
(-) 1% change in rate of employee turnover	(608.93)	(515.53)

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

Based on the actuarial valuation obtained in this respect, the following table sets out the status of the gratuity plan and the amounts recognised in the Company's financial statements as at balance sheet date:

c) Long Term Benefits: Leave Encashment

i) The Projected Benefit Obligation towards this Accumulating paid absences (Earn Leave Valuation) is tabulated below:

Particulars	As at 31.03.2018 (Audited)	As at 31.03.2017 (Unaudited)
Projected Benefit Obligation	24,845.89	24,860.39
Funding Status	Unfunded	Unfunded
Fund Balance	N.A	N.A

ii) Major Actuarial Assumptions (Earn Leave Valuation)

Particulars	As at 31.03.2018 (Audited)	As at 31.03.2017 (Unaudited)
Discount rate	7.73%	7.39%
Salary Escalation rate	5%	5%
Attrition rate	2%	2%
Mortality rate during employment	India Assured Lives Mortality (2006-08) Ultimate	India Assured Lives Mortality (2006-08) Ultimate
Retirement Age	58 & 60 years	58 & 60 years
While in service encashment rate	10% for the next year	10% for the next year

iii) The Projected Benefit Obligation towards this Accumulating paid absences (Half paid leave) is tabulated below:

Particulars	As at 31.03.2018 (Audited)	As at 31.03.2017 (Unaudited)
Projected Benefit Obligation	11,157.00	11,792.36
Funding Status	Unfunded	Unfunded
Fund Balance	N.A	N.A

iv) Major Actuarial Assumptions (Half paid leave)

Particulars	As at 31.03.2018 (Audited)	As at 31.03.2017 (Unaudited)
Discount rate	7.73%	7.39%
Salary Escalation rate	5%	5%
Attrition rate	2%	2%
Mortality rate during employment	India Assured Lives Mortality (2006-08) Ultimate	India Assured Lives Mortality (2006-08) Ultimate
Retirement Age	58 & 60 years	58 & 60 years

Note 41 - Related Party Disclosure (IND AS 24)

a) In respect of MSEBHCL

Sr No.	List of related parties over which control exists	Relationship
1	Maharashtra State Electricity Distribution Co. Ltd.	Wholly owned subsidiary
2	Maharashtra State Electricity Transmission Co. Ltd.	Wholly owned subsidiary
3	Maharashtra State Power Generation Co. Ltd.	Wholly owned subsidiary
5	Aurangabad Power Company Ltd	Subsidiary of MSEDCL
6	Dhule Thermal Power Company Ltd	Subsidiary of MSPGCL
7	MahagujColliaries Ltd	Subsidiary of MSPGCL
8	Dhopave Coastal Power Ltd	Subsidiary of MSPGCL

The above disclosure is based on representation received from the Company. In view of the exemption given in Para 25 of the Accounting Standard 24, the company is not required to disclose transactions with its subsidiaries since they are state-controlled enterprises.

Name of related party	Relationship
Ratnagiri Gas and Power Pvt Ltd	Enterprise over which Key Management Personnel, Relatives of Key Management Personnel etc are able to exercise significant influence.

Name of related party	Relationship	
Ratnagiri Gas and Power Pvt Ltd	Dividend Received	Nil
	Investment made during the year	Nil
	Closing Balance Investment	442,226,131 shares of Rs. 10/- each and net realisable value is Nil
Kokan LNG Private Ltd	Dividend Received	Nil
	Investment made during the year	74,053,869 shares of Rs. 10/- each
	Closing Balance Investment	74,053,869 shares of Rs. 10/- each and net realisable value is Nil

b) Key Management Personnel:

Name	Designation	With effect from
Shri Arvind Singh	Managing Director	1st April 2017 to 31st March 2018
Shri Jaikumar Srinivasan	Director (Finance) & CFO	12th August 2017 to 2nd Feb 2018
Shri Sharad Sathe	Director (Finance) (Additional Charge)	3rd Feb 2018 to
Shri Sunil Pimpal Khute	Director (Finance) & CFO	
Shri Subodh Zare	Company Secretary	1st April 2017 to 31st March 2018

c) **Remuneration paid to Key Management Personnel**

(Amt in Rs)

Name	Designation	2017-18	2016-17
Shri Jaikumar Srinivasan	Director(Finance) & CFO	10,14,026	-----
Shri Subodh Zare	Company Secretary	11,78,150	11,41,447

d) **Sitting fees paid to Directors during the year**

Name of the Director	Total Sitting Fees
Shri Vishwas Pathak	Rs 1,500/-
Shri Prakash Page	Rs 1,500/-
Shri R.B.Goenka	Rs 1,500/-
Total	Rs 4,500/-

In respect of MSEDCL

3. **Related Party :**

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

a) **Ultimate Controller :**

Government of Maharashtra

b) **Holding Company:**

MSEB Holding Company Ltd (MSEBHCL)

c) **Fellow Subsidiaries:**

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

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

d) **Subsidiaries:**

- Aurangabad Power Company Limited (APCL)

e) **Subsidiary of Fellow Subsidiaries**

- Dhopave Coastal Power Limited (DCPL)

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

- Shri.O.P.Gupta,Chairman and Managing Director, MSEDCL (w.e.f. 05.01.2015 to 16.10.2015)
- Shri. Sanjeev Kumar, Chairman and Managing Director, MSEDCL (w.e.f. 21.12.2015)
- Shri. D.D.Wavhal, Director (Finance), MSEDCL (up to 31.05.2015)
- Shri. Sunil Pimpalkhute, Director (Finance), MSEDCL (up to 31.01.2018)
- Shri. Jaikumar Srinivasan, Director (Finance), MSEDCL (w.e.f. 02.02.2018)
- Shri. Abhijeet Deshpande Director (Operations) (w.e.f. 01.04.2017 to 25.05.2017, from 15.06.2017 to 31.03.2018)
- Shri Dinesh R. Saboo, Director (Project) (w.e.f 20.09.2016)
- Shri. Satish Chavan, Director (Commercial) (w.e.f. 22.01.2018)

- Shri. Suryapratap Gupta, Director (Vigilance & Security) (w.e.f. 05.08.2014)
- Shri. Arvind Haribhau Salve, Director (Vigilance & Security)
- Shri. Prabhakar U. Shinde, Director (Project) (upto 29.08.2016)
- Mrs. Anjali Gudekar Company Secretary, MSEDCL.

g) Independent Directors :

- Shri. P.V.Page, Independent Director (up to 29.09.2015)
- Shri. Vishwas Pathak, Independent Director(from 14.08.2015)
- Shri. Ashok Harane, Independent Director (from 02.01.2009)
- Mrs. Juelee Wagh, Independent Director (from 04.06.2014)

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

APCL :

a) Holding Company :

Maharashtra State Electricity Distribution Company Ltd.

b) Key Management Persons (KMP):

- Shri. Dinesh R.Saboo - Director
- Shri.SatishChavan - Director
- Smt.PushpaChavan - Director

i) Difference between balances of the MSEDCL and Related Parties :

There is a difference in outstanding balances as on 31.03.2018, as appearing in the books of accounts of the Company and the related parties. details of which are as under.

(Amt. in Lakhs)

Name of the Company	Nature of transactions	Balance as per MSEDCL	Balance as per other Group Company	Difference
Maharashtra State Power Generation Co. Ltd. (MSPGCL)	Loans and Advances	46,849.84	46,951.07	101.23
Maharashtra State Power Transmission Co. Ltd. (MSETCL)	Loans and Advances	1,579.48	0	1,579.48
Maharashtra State Electricity Board Holding Co. Ltd. (MSEBHCL)	Other Current Liabilities	4,05,600.05	3,85,208.04	20,392.01

j) Transaction with Government of Maharashtra :

(Amt. in Lakhs)

Sr. No.	Particulars	As at 31.03.2018	As at 31.03.2017
1	Inspection Fees - Payable	498.29	548.87
2	Electricity Duty - Payable	4,30,344.20	3,33,043.40
3	Tax on Sale – Payable	12,627.78	8,918.76
4	Subsidy - Receivable	2,12,421.28	3,48,810.61
5.	Grant	3,25,176.66	2,48,939.18

In respect of MSPGCL

Related Party Disclosure:

A. Names of and Relationship with Related Parties

1. Associate entities

i. M/s. UCM Coal Company Limited

2. Fellow subsidiaries:

i. M/s Maharashtra State Electricity Distribution Company Ltd.

ii. M/s Maharashtra State Electricity Transmission Company Ltd.

B. The Company has not included disclosure in respect of following related parties which are Govt. related entities as per Ind AS 24.

1. Associate entities

i. M/s. UCM Coal Company Limited

2. Fellow subsidiaries:

i. M/s Maharashtra State Electricity Distribution Company Ltd.

ii. M/s Maharashtra State Electricity Transmission Company Ltd.

3. Key Management Personnel

Sr. No	Designation	Key Management Personnel Name	With effect from
1	Chairman & Managing Director	Shri. Bipin Shrimali	05.01.2015
2	Director (Mining)	Shri. Shyam Wardhane	14.09.2016
3	Director (O)	Shri. Chandrakant Thotwe	19.09.2016
4	Director (F)	Shri. J. K. Srinivasan	26.05.2014 to 11.08.2017
5	Director (F)	Shri. S. J. Amberkar	11.08.2017
6	Director (P)	Shri. Vikas Jaideo	19.09.2016
7	Company Secretary	Shri. Rahul Dubey	17-01-2006

4. Non Executive Directors in Mahagenco

Sr. No	Designation	Key Management Personnel Name	With effect from
1	Director	Smt. Irawati Dani	26.06.2014 to 31.05.2017
2	Director	Shri. Vishwas Pathak	21.07.2015
3	Director	Shri. Chandrakant Thotwe	19.09.2016

C. Remuneration paid to Key Management Personnel*

(Rs. In crores)

Sr. No	Name of Related Party	Nature of Relationship	2017-18	2016-17
1	Shri. Bipin Shrimali	Chairman & Managing Director	0.31	0.25
2	Shri. Chandrakant Thotwe	Director (Operation)	0.35	0.32
3	Shri. Vikas Jaideo	Director (Projects)	0.36	0.29
4	Shri. Shyam Wardhane	Director (Mining)	0.19	0.08
5	Shri. J. K. Srinivasan	Director (Finance)	0.21	0.33
6	Shri. Santosh Amberkar	Director (Finance)	0.21	--

Remuneration to Key Managerial Persons

1	Shri. A.R. Nandanwar	Executive Director	0.69	0.26
2	Shri. Vinod Bondre	Executive Director (HR)	0.20	0.10
3	Shri. Raju Burde	Executive Director	0.27	0.24
4	Shri. Kailash Chirutkar	Executive Director	0.27	0.24
5	Shri. Satish Chaware	Executive Director	0.29	0.24
6	Shri. Rahul Dubey	Company Secretary	0.18	0.18

C. Sitting Fee paid to Non-Executive Directors:

Details of Meeting	Smt. Irawati Dani	Shri. Vishwas Pathak
Board	0.0012	0.0077
Audit Committee	0.0006	0.0006
Total Sitting Fees Paid	**0.0018**	**0.0083**

In respect of MSTECL

Related Party Transactions

1 Names of related parties

a) Associates/Joint Venture

Jaigad Power Transco Limited

Maharashtra Transmission Communication Infrastructure Limited

b) Key Managerial Personnel

Key Management Personnel Name	Designation	With effect from
Shri. Rajeevkumar Prembushan Mital	Chairman & Managing Director	06.01.2015 to 01.05.2018
Shri Parrag Jaiin Nainutia	Chairman & Managing Director	02.05.2018
Shri. Vinayak Sathe	Director Finance	02.04.2016
Ms. Vineeta Shriwani	Company Secretary	22.06.2015
Shri. Omprakash Kanhayya Yempal	Director (Operations)	06.07.2011 to 25.05.2017
Shri Ganpat T Munde	Director (Operations)	20.07.2017
Shri. Ravindra Dinkarrao Chavan	Director (Projects)	05.05.2015 to 04.05.2018 18.05.2018
Smt. Pushpa Ramcharan Chavan	Independent Director	26.06.2014
Shri. Vishwas Pathak	Independent Director	24.08.2015

c) Remuneration paid to Key Managerial Personnel

(Rs. In Lakhs)

Key Managerial Personnel Name	2017-18 (Audited)	2016-17 (Unaudited)
Shri. Rajeevkumar Prembushan Mital	21.41	23.64
Shri. Vinayak Sathe	17.73	20.12
Ms. Vineeta Shriwani	18.86	14.84

Shri. Omprakash Kanhayya Yempal	26.67	30.77
Shri. Ravindra Dinkarrao Chavan	29.02	25.24
Shri. Ganpat T Munde	17.01	-

d) Sitting Fees paid to Independent Directors

(Rs. In Lakhs)

Name of Independent Directors	2017-18 (Audited)	2016-17 (Unaudited)
Smt. Pushpa Ramcharan Chavan	1.00	0.60
Shri. Vishwas Pathak	1.10	0.90

e) Transactions during the year with Associates/Joint Venture:

(Rs. In Lakhs)

Particulars	2017-18 (Audited)	2016-17 (Unaudited)
Jaigad Power Transco Limited		
Dividend income	1608.75	357.50
Bay Maintenance income	105.08	33.18
Investment in Associates	--	--
A	**1713.83**	**390.68**
Maharashtra Transmission Communication Infrastructure Limited		
Investment in Equity Shares	-28.30	-
Investment in Preference Shares	522.37	-
B	**494.08**	**0.00**
Total (A+B)	**2207.91**	**390.68**

f) Outstanding balances with Associates/Joint Venture:

(Rs. In Lakhs)

Name of Associates/Joint Venture	As at 31.03.2018 (Audited)	As at 31.03.2017 (Unaudited)
Investments in Equity Shares		
Jaigad Power Transco Limited	3947.01	3,575.00
Maharashtra Transmission Communication Infrastructure Limited	494.07	522.37
Investments in Preference Shares	--	--
Maharashtra Transmission Communication Infrastructure Limited	522.37	0.00

1. Key Managerial Personnel are not entitled for post-employment benefits and other long term employee benefits recognised as per Ind AS 19 - 'Employee Benefits' in the financial statements.
2. The Company has not included disclosure in respect of following related parties which are Government related entities as per Ind AS 24:

   Maharashtra State Power Generation Company Limited (MahaGenco)

Maharashtra State Electricity Distribution Company Limited (MahaVitaran)

MSEB Holding Company Limited (MSEB Holding Company Limtied)

Note 42 - Earnings per share as per (IND AS 33)

(Rs. In Crores)

Particulars	**As at 31st March 2018**	**As at 31st March 2017**
Profit/(Loss) after taxes Rs	2191.08	429.91
Number of equity shares outstanding	8,765	8,668
Face Value of Equity Shares Rs/share	10	10
Earnings per share (basic)	0.26	0.05
Earnings per share (diluted)	0.26	0.05

Note 43 - Other notes in respect of MSEBHCL

1) Loans and Advances to related parties - MSEDCL of Rs. 3698.91/- Cr (P.Y. Rs. 3719.30/- Cr) and includes transfer of common and specific liabilities, assets and reserves amounting to net balance of Rs. 207.05/- Cr which are under reconciliation, discussions and deliberations.

2) The Company has shown advance tax of Rs. 142.68/- Cr net of the provision of tax in the books of accounts amounting to Rs. 40.07/- Cr and there is no such liability as per income tax records as cases are in appeal. The amount of provision made in the books are as per companies judgement only.

3) The debts outstanding against rentals from property due from subsidiaries amounting to Rs. 287.43/-Cr (P.Y. Rs. 250.55/- Cr) have been long outstanding.

4) Deferred Tax Liability/Asset (net)

(Amt in Rs.)

	As at 31st March 2018	**As at 31st March 2017**
Deferred Tax Liabilities		
Fixed Assets/Depreciation	224.80	238.83
Employee Benefits		
Deferred Tax Assets		
Employee Benefits	-	0.25
Unabsorbed Depreciation	522.28	14.16
Others	1444.02	1966.31
Net Deferred Tax Asset/Liability	**1741.51**	**1741.88**

Based on schedule of reversal of time differences of deferred Tax liabilities, historical pre-tax earnings and projection for future taxable income over the period, which the Deferred tax assets are deductible, management believes it is more likely than not that the Deferred Tax assets would be realized.

5) Details of Dues to Micro and Small Enterprises:

Disclosure in accordance with Section 22 of the Micro, Small and Medium Enterprises Act, 2006: The Company has obtained confirmations from suppliers and service providers in who have registered themselves under the Micro Small and Medium Enterprises Development Act, 2006 (MSMED Act, 2006) and based on the information available with the Company, the balance due to Micro, Small and Medium Enterprises as defined under the MSMED Act, 2006 is Rs. NIL

a) The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year:

Sr. No.	Particulars	31.03.2018	31.03.2017
1	Principal Amount due and remaining Unpaid	Nil	Nil
2	Interest Due on above and the unpaid interest thereon	Nil	Nil
3	Interest paid	Nil	Nil
4	Payment made beyond the appointed day during the year	Nil	Nil
5	Interest due and payable for the period of delay	Nil	Nil
6	Interest accrued and remaining unpaid	Nil	Nil
7	Amount of further interest remaining due and payable in succeeding years	Nil	Nil

6) **The Company has elected to continue with the carrying amount of Inter Company Payables and use that carrying amount as their fair value.**

Inter Company Payables:

i) Inter Company Payables : MSETCL of Rs. 74.52/- Cr (Rs. P.Y. 74.44/- Cr) includes transfer of common and specific liabilities, assets and reserves amounting to net balance of Rs. 51.76/- Cr which are under reconciliation, discussions and deliberations.

ii) Inter Company Payables : MSPGCL of Rs.222.79/-Cr (Rs. P.Y 222.69/- Cr debit balance) includes transfer of common and specific liabilities, assets and reserves amounting to net balance of Rs. 86.27/- Cr which are under reconciliation, discussions and deliberations.

iii) Inter Company Payables: MSEB Residual of Rs. 0.55 Cr (Rs. 0.57 Cr) consists of amount payable to the bond holders who could not be identified / traced as stated.

7) Salary includes payment made to employees of MSPGCL, MSEDCL and MSETCL working with the Company on deputation basis.

Full time Director - Finance MrJaikumar Srinivasan was appointed for the period 24-08-17 to 02-02-2018 and then additional charge was given to Director Finance to MSETCL.

8) The Buildings and Other Assets owned by the Company are maintained by the Civil Maintenance Department of MSEDCL. The expenditure incurred by MSEDCL on repairs, maintenance and other incidentals have been accounted for on the basis of Inter Branch Adjustments (IBA's) received from MSEDCL.

9) As per the Memorandum of Understanding dated 08/06/2009, the expenditure amounting the Rs. 3.05 Cr/- (P.Y. Rs.3.00/- Cr) incurred during the year on account of all taxes including property tax, Non Agricultural tax, Insurance premium, service tax, lease tax if levied by the local authorities, State or Central Government, have been accounted for on the basis of advices received from MSEDCL – Civil Circle, Bandra.

10) As per New Memorandum of Understanding dated 09/05/2014 , the expenditure amounting the Rs.19.63/- Cr (P.Y. Rs 23.04/- Cr) on account of Electricity Charges, Water Charges, House Keeping, Security Measures, Consultancy charges, Legal Charges, Printing & Stationery, Expenditure on Civil and Electrical Maintenance work

and salaries and allowance of employees of Civil Division Bandra, Chief Engg (C) Corporate Office MSEDCL have been borne by MSEBHCL on the basis of advices received from MSEDCL Civil Circle Bandra.

11) In order to comply with provisions of IND AS 8, prior period items (which include items of income or expenses which arise in the current period as a result of error or omission in the preparation of financial statements of one or more prior years.) are separately accounted for either by –

   a) Restating the comparative amounts for the prior period(s) in which the error occurred, or

   b) When the error occurred before the earliest prior period(s) presented, restating the opening balances of assets, liabilities and equity for that period, so that the financial statements are presented as if the error had never occurred.

   Only where it is impracticable to determine the cumulative effect of an error on prior periods can an entity correct an error prospectively.

As the error due to oversight discovered during the year ended March 2018 relates to the previous year ended 31st March 2017 the comparative figures in the balance sheet and the statement of profit and loss for the year ended 31st March 2017 have been restated by giving effect to each of the affected financial statement in line items. Accordingly "Employees Benefit" and "Other expenses" have been increased by Rs.0.01/- Cr and Rs.3.14/Cr- respectively with a consequential impact on the provisions and other current assets. The net effect of restatement of Rs 3.15/- Cr is reflected in the restated retained earnings as at 31st March' 2017.

Sr. No.	**Particulars**	**Prior Period Items reflected in accounts of F.Y 2017-18 Amt (Rs.)**
1	Printing & Stationery	82,049
2	Salaries	101,784
3	Rent, rates and taxes	7,600,705
4	Telephone charges	15,175
5	Repairs and Maintenance (Office Equipment)	4,963,692
6	Conveyance	875
7	Repairs and Maintenance (Furniture)	339,725
8	Security Charges	215,029
9	Advertisement charges	12,758
11	Office Expenses	813,752
12	Water Charges	7,62,573
13	Exp on Vehicle Hire Charges	170,062
14	Audit Fees	100,000
15	Legal &Professional Fees	289,514
16	Repairs and Maintenance (Civil Works)	15,997,346
	Total	**31,465,039**

The cumulative effect of the above can be bifurcated into four parts –

a) **Increase in expenses:** Expenses amounting Rs. 3.15 Cr have increased in the accounts of F.Y 2016-17 as follows-

Amt (in Rs.)

Sr. No.	Particulars	Figures of adopted Financials F.Y 2016-17	Figures of Financials F.Y 2016-17 (after restatement)	Net Effect
1	Printing & Stationery	1,763,549	1,845,598	82,049
2	Employee Benefit Expenses	70,912,167	71,013,951	101,784
3	Rent, rates and taxes	29,995,602	37,596,306	7,600,705
4	Telephone charges	193,980	209,155	15,175
5	Repairs and Maintenance (Office Equipment)	16,161,265	21,124,957	4,963,692
6	Conveyance	67,886	68,761	875
7	Repairs and Maintenance (Furniture)	4,131,730	4,471,455	339,725
8	Security Charges	16,390,709	16,605,738	215,029
9	Advertisement charges	2,098,100	2,110,858	12,758
10	Legal & Professional Fees	4,672,956	4,962,470	289514
11	Office Expenses	19,305,578	20,119,330	813,752
12	Water Charges	6,269,532	7,032,105	7,62,573
13	Exp on Vehicle Hire Charges	6,665,242	6,835,304	170,062
14	Audit Fees	650,000	750,000	100,000
15	Repairs and Maintenance (Civil Works)	53,972,257	69,969,603	15,997,346
	Total	**233,250,553**	**264,715,592**	**31,465,039**

In presence of loss in the F.Y 2016-17, the question of corresponding effect on taxation does not arise.

b) Decrease in Loans Advances to related parties (MSEDCL): The receivable amount of Rs. 372.15 Cr will decrease to Rs. 2.20 Cr On account of increase in liability.

c) Increase in Loss in F. Y 2016-17: The loss of Rs. 32.34 Cr has increased to Rs. 35.49 Cr on account of increased expenses.

d) Change in Earning Per Share (EPS) of F.Y 2016-17: Earning Per Share (EPS) has effectively remained unchanged; however the working of the same has differed as below:

Particulars	2016-17	2016-17 (after restating)
Profit/(Loss) after taxes Cr	(32.97)	(35.49)
Number of equity shares outstanding	87,653,160,664	86,683,063,679
Face value of equity shares Rs/Share	10	10
Earnings per share- Basic Rs.	(0.004)	(0.004)
Earnings per share- Diluted Rs.	(0.004)	(0.004)

12) Auditor's Remuneration :

(Amt in Rs)

Sr. No	Particulars	FY 2017-18	FY 2016-17
1.	Statutory Audit	7,50,000	6,50,000
2.	Service tax/GST on Audit Fees	1,35,000	1,17,000

13) Corporate Social Responsibility (CSR)

The provisions of Section 135 of the Companies Act, 2013 relating to Corporate Social Responsibility are applicable to the Company. However, no expenditure had been incurred on CSR by the Company had been incurring losses.

	Year Ended 31/03/2018	Year Ended 31/03/2017
2% of average net profits over the last three years	(2.11)	(2.68)
Amount expended on CSR activity during the year	---	---
Pending obligations towards expenditure on CSR	---	---

14) Financial Instruments – Accounting, Classification and Fair Value Measurements

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair value.

1) Fair value of cash and short term deposits, trade and other short term receivables, trade receivables, trade payables, other current liabilities, short term loans from banks and other financial institutions approximate their carrying amounts largely due to the short-terms maturities of these instruments.

2) Financial instruments with fixed and variables interest rates are evaluated by the Company based on parameters such as interest and individual credit worthiness of the counterparty. Based on this evaluation, allowances are taken to account for the expected losses of these receivables.

   The Company uses the following hierarchy for the determining and disclosing the fair value of financial instruments by valuation technique:

   Level 1: quoted (unadjusted) process in active markets for identical assets or liabilities.

   Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

   Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

15) Financial risk management objectives and policies

The Company's financial risk management is an integral part of how to plan and execute its business strategies. The Company's financial risk management policy is set by the Managing Board.

Market risk is the risk of loss of future earnings, fair values or future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as a result of changes in the interest rates, foreign currency exchange rates, equity prices and other market changes that affect market risk sensitive instruments. Market risk is attributable to all market risk sensitive financial instruments including investments and deposits, foreign currency receivables, payables and loans and borrowings.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of financial instrument will fluctuate because of changes in market interest rates.

The Company is not exposed to significant interest rate risk as the respective reporting dates.

Foreign currency risk

The Company is not exposed to foreign currency risk at the respective reporting dates.

Credit risk

Credit risk arises from the possibility that counter party may not be able to settle their obligations as agreed. To manage this, the Company periodically assesses the financial reliability of customers, taking into account the financial condition, current economic trends, and analysis of historical bad debts and ageing of accounts receivable. Individual risk limits are set accordingly.

The Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as the date of initial recognition. It consists reasonable and supportive forwarding looking information such as:

1) Actual or expected significant adverse changes in business.
2) Actual or expected significant changes in the operating results of the counterparty.
3) Financial or economic conditions that are expected to cause a significant change to the counterparty's ability to meet its obligations.
4) Significant increases in credit risk on other financial instruments of the same counterparty.
5) Significant changes in the value of the collateral supporting the obligation or in the quality of third party guarantees or credit enhancements.

Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Company. The Company categorises a loan or receivable for write off when a debtor fails to make contractual payments greater than 2 years due. Where loans or receivables have been written off, the Company continues to engage in enforcement activity to attempt the receivable due. When recoveries are made, these are recognised in profit or loss.

No significant changes in estimation techniques or assumptions were made during the year.

Liquidity risk

Liquid risk is defined as the risk that the Company will not be able to settle or meet its obligations on time or at a reasonable price.

The Company is not exposed to liquidity risk at the respective reporting dates.

16) **Standards issued but not yet effective**

The standards issued, but not yet effective up to the date of issuance of the Company financial statements is disclosed below. The Company intends to adopt this standard when it becomes effective.

12) **IND AS 115 Revenue from Contracts with Customers**

IND AS 115 was issued in February 2015 and establish a five step model to account for revenue arising from contracts with customers. Under IND AS 115 revenueis recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The new revenue standard will supersede all current revenue recognition requirements under IND AS. This standard will come into force from accounting period commencing on or after 1st April, 2018. The Company will adopt the new standard on the required effective date. During the current year, the Company performed a preliminary assessment of IND AS 115, which is subject to changes arising from a more detailed ongoing analysis

Note 44: Other notes in respect of MSEDCL

1. Going Concern Assumption :

a. MSEDCL :

The accumulated losses of the Company as at 31st March, 2018 are Rs. 27,22,522.98 Lakhs. Considering the fact that Government of Maharashtra is expected to infuse additional equity funds whenever required, the financial statements have been drawn up on going concern basis and no adjustment is required to the carrying value of assets and liabilities.

b. APCL :

The company has incurred a net loss of Rs. 625.43 Lakhs during the year ended 31st March,2018 and accumulated losses are Rs. 623.62 Lakhs as on that date. The losses in the current year are mainly on account of provision for diminution in value of pre-operative expenses i.e. capital work in progress. Considering the fact that holding company is expected to infuse additional equity funds whenever required, the financial statement have been drawn upon on going concern basis and no adjustment are required to the carrying the value of assets and liabilities.

2. The Payments to MSETCL and MSPGCL are delayed in FY 2017-18 and as such they have claimed Delayed Payment Charges/ Surcharge. MSEDCL could not pay to these parties as per Power Purchase Agreement (PPA), as there is delay in issue of various orders from MERC and due to billing issues. MSEDCL and MSEB Holding Co. have requested them to waive the interest. Further, the matter is taken up with GoM as per MSEB Holding Co. Ltd.'s directives for extending financial assistance for discharging the liability. However, the provision for DPS payable to MSPGCL and MSETCL has been made up to March 2018 as per the clauses of PPA & prevailing regulations. Thus the contingent liability shown hitherto towards the DPS payable to MSPGCL & MSETCL stands deleted. The details of DPS are as under.

(Amt in Lakhs)

Particulars	Financial Year	DPS claimed	DPS provided so far in the books	DPS provided during the year
Maharashtra State Power Generation Co. Ltd.	Upto 2015-16	3,74,065.00	74,829.65	2,99,235.35
	During 2016-17	1,69,786.00	-	1,69,786.00
	During 2017-18	2,04,709.00	-	2,04,709.00
Maharashtra State Electricity Transmission Co. Ltd.	Upto 2015-16	90,000.00	-	90,000.00

	During 2016-17	27,499.00	-	27,499.00
	During 2017-18	15,783.27	-	15,783.27
Total		**8,81,842.27**	**74,829.65**	**8,07,012.62**

3. Change in the tariff between Continuous & Non Continuous Supply:

MSEDCL has given credit to HT consumers on account of change in tariff against the application received after one month of the tariff order. MERC denied the claim of 18713 lakhs in MSEDCL's Annual Revenue Requirement vide its MYT order dt.26.06.2015.

MERC in its earlier order directed to change HT tariff category from continuous to non-continuous, only if, consumers apply for the same within one month of the tariff order.

On MSEDCL's review petition of the above MYT order, MERC in its judgment dt.19.08.2016 accepted MSEDCL's stand that Regulation prevails over tariff order as it is statutory provision.

MERC SoP Regulation, cl.9.2 says that tariff change is to be effected within second billing cycle from receipt of consumer application.

MERC accepted MSEDCL review petition and ordered in favor of MSEDCL with directives to take appropriate action for all applicants of tariff change and submit the impact to MERC.

The impact due to tariff change to be refunded to the consumers as at 31st March 2017 was to the tune of Rs.15,124 Lakhs and same was provided for in the books of account. During FY 2017-18 Rs. 9,954 Lakhs have been refunded to consumers on account of such change in tariff.

4. Balance Confirmation :

a. MSEDCL :

Balances of Trade Receivables & Trade Payables, Loans & Advances given & taken, Other Current as well as Non- Current Assets/Liabilities are subject to reconciliation / confirmation and necessary adjustments, if any, from the respective parties. The management does not expect any material difference affecting the current year financial statement due to the same.

Balance confirmation of various post offices balances and DCC Bank Balances are not available. Hence these balances are subject to reconciliation/confirmation and necessary adjustments, if any. The management does not expect any material difference affecting the current year financial statement due to the same.

b. APCL :

Balance of Loans and Advances given and taken. Other Current as well as Non-Current Assets/Liabilities are to reconciliation/confirmation and necessary adjustments, if any, from the respective parties. The Management does not except any material difference affecting the current year financial statement due to the same.

5. Capital Work in Progress and Property Plant Equipment :

a. MSEDCL :

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

b. APCL :

The Ministry of coal vide letter dtd.17/-7/2018 has allocated the Bhivkund coal block (100mt) in Wardha valley Maharashtra to M/s Aurangabad Power Company Ltd.(APCL) erstwhile SPVof M/s Maharashtra State Power Generation Company Limited (Mahagenco) for setting up 1*500 Mw Greenfiled Power project under the tariff based competitive bidding route.

Maharashtra State Electricity Distribution Company Limited (MSEDCL) has singed long term Power Purchase Agreement (PPA) with various generators under MOU route and competitive bidding process. The Power requirement upto 2019-20 will be met from this long term PPA. Further considering upcoming NCE project the power will be surplus.

In the Joint meeting of MSEDCL and MSPGCL held on 01.07.2015, it has been submitted that the power from long term PPA signed by MSEDCL will be sufficient upto 2019-20 and thus the bidding process for procurement of power by utilizing coal from Bhivkund block, at this stage may not be required.Further, it has been decided that the biding process may not be initiated.

In view of this, the Pre-operative expenditure such as Feasibility and DRP Report expenses, exploration expenses, Geological Report expenses, Processing fees for land acquisition, professional and consultancy fees etc., incurred till now seems to be unfruitful. Therefore the provision has been made for writing off this pre-operative expenditure of Rs. 625.85 Lakhs.

6. Bank Reconciliation Statements :

In case of accounts with nationalised/scheduled banks, reconciliation has been done. There were many old outstanding items in Bank Reconciliation Statement. During the current year MSEDCL has undertaken rigorous efforts to clear old balances and necessary accounting effect has been givenin respect of majority of the items.Few bank accounts are showing un-reconciled items more than one year and the reconciliation is under process.The amount of such unreconciled amounts as at 31st March 2018 is Rs. 543.36 Lakhs (Previous year Rs. 5856.56 Lakhs.

7. Financial Instruments:

The classification of assets and liabilities has been given as below:

A) Financial Risk Management :

Risk management framework

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

B) Regulatory Risk

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

Regulatory provisions or perception will have impact on the income from sale of the power of the company.

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

i) Credit Risk :

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

a) Trade Receivables :

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

Trade receivables of MSEDCL are of a short duration and do not carry any contractual rate of interest unless there is a default in payment. Even in such circumstances when a consumer pays the arrears, the interest is the last element to be recovered. Accordingly, effective interest rate of trade receivables is considered to be negligible and discounting of expected cash shortfalls to reflect the time value of money are considered to measure the expected credit losses.

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

Further, while making the provision for expected credit loss:

(a) The Company has considered trade receivables after deducting security deposits received from consumers. The said deposits have been allocated against the trade receivables in proportion to the value of trade receivables in the respective age category instead of allocating the same against attributable trade receivables. As a result, ECL has not been provided on some categories of consumers where the allocated security deposit exceeds the outstanding trade receivables.

(b) The Company has not considered trade receivables from customers against whom legal proceedings have been initiated.

(c) The Company has not considered trade receivables due from distribution franchisees

(d) In respect of trade receivables exceeding 3 years [other than those referred in (b) and (c) above], the Company has considered only 65% of the trade receivables.

The total receivables from consumers as per books of accounts are Rs.45,38,208.15Lakhs(FY 2016-17 Rs.38,09,848.38 Lakhs, FY 2015-16 Rs. 32,51,934.88 Lakhs) and as per Information Technology (IT) data base Rs.38,22,247.10 lakhs (FY 2016-

17 Rs. 36,16,089.88 lakhs, FY 2015-16 Rs. 30,64,923 Lakhs). The total receivable from consumers as per IT data base includes Interest of Rs. 14,70,482 Lakhs (FY 2016-17 Rs. 11,97,065 Lakhs). The difference is old & accumulated, which is mainly due to wrong or lack of timely feeding of bill revision or cheque dishonoured entries in accounts in the past. During the year MSEDCL has streamlined the consumer billing accounting process, whereby revenue & collection are posted through billing interface without manual intervention. The mapping of GLsis verified and corrected, wherever required. There is no difference in the total receivables as per SAP-ERP system and IT data base for the current year. The opening difference is carried forward, which has been carried forward from earlier years, amounting to Rs. 5,41,907.46 Lakhs has been accounted in the books and recognised as revenue. Accordingly, financial statements for FY 2015-16 & FY 2016-17 are restated for correction of old differences, in accordance with requirements of Ind AS 8. Thus the trade receivable as per books of accounts match with IT data base and the same are considered for computation of ECL.

The trade receivables to the extent of security deposit amount, is considered as secured receivables and the ECL are provided on such remaining unsecured receivables. The security deposit from consumers as per books of account and Information Technology (IT) data base are Rs. 6,97,518.59 Lakhs and Rs. 6,93,640.98lakhs respectively. There is a difference of Rs. 3,877.61 lakhs (FY 2016-17 Rs. 1,618lakhs, FY 2015-16 Rs. 5442.79 Lakhs) between the security deposit from consumers as per books of accounts and Information Technology (IT).

The movement in allowance for expected credit losses on trade receivable is as under.

(Rs. in Lakhs)

Particulars	**Amount**
ECL Allowance as on April 1, 2016	5,96,043.34
Addition during the FY 2015-16	1,16,811.77
Write-offs during FY 2015-16	1,606.02
ECL Allowance as on March 31, 2016	**7,11,249.10**
Addition during the FY 2016-17	70,802.61
Write-offs during FY 2016-17	6,014.08
ECL Allowance as on March 31, 2017	**7,76,037.62**
Addition during the FY 2017-18	1,15,865.97
Write-off during FY 2017-18	3,720.36
ECL Allowance as on March 31, 2018	**8,88,183.23**

b) Other Receivables :

Besides Trade Receivables, the Company has recognised an allowance for expected credit losses on other financial assets from 1st April 2015.

The movement in allowance for expected credit losses on other receivables is as under.

(Rs. in Lakhs)

Particulars	**Amount**
ECL Allowance as on April 1, 2015	**0.00**
Movement during FY 2015-16	5,481.44
Addition during the FY 2015-16	0.00

ECL Allowance as on March 31, 2016	**5,481.44**
Movement during FY 2016-17	4,206.01
ECL Allowance as on March 31, 2017	**9687.45**
Movement during FY 2017-18	899.55
ECL Allowance as on March 31, 2018	**10587.00**

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

Note on Credit Risk Concentration

MSEDCL does not have any credit risk concentration. It has more than 255 lakhs consumers in various categories with diverse patterns of consumption of electricity.

c) i. Cash and cash equivalents:

(Rs. in Lakhs)

Particulars	**As at 31.03.2018**	**As at 31.03.2017**	**As at 01.04.2016**
MSEDCL - Cash and cash equivalents	1,14,844.46	139,489.16	51,524.87
APCL - Cash and cash equivalents	9.68	9.17	8.59

Credit loss is not provided forcash and cash equivalents as they are held with the banks, having good reputation.

ii. Other Long Term borrowings:

APCL's other long term borrowing includes payable to MSEDCL and MSPGCL.

(Rs. in Lakhs)

Particulars	**As at 31.03.2018**	**As at 31.03.2017**	**As at 01.04.2016**
MSEDCL	143.00	142.79	142.42
MSPCGL	485.22	485.22	471.17

d) Investments:-

Investments are in subsidiary companies and other investments are for specific purposes.

ii) Liquidity Risk :

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

a) Financing arrangements :

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

b) Arrangement for working capital facilities &securities given :

An arrangement for working capital facilities (fund based and non-fund based) including cash credit facility and working capital demand Loan aggregating to Rs. 7,00,000 Lakhs (FY 2016-17 Rs. 7,00,000 Lakhs, FY 2015-16 Rs. 7,00,000 Lakhs) has been made with the various banks, details of which are under:

(Rs. in Lakhs)

Particulars	Fund Based Limits (Cash Credit Facility/ WCDL)	Balances of Fund Based Limits as at 31.03.2018	WCDL balance as at 31.03.2018	Non Fund Based Limits	Balances of Non Fund Based Limits as at 31.03.2018
Canara Bank	1,50,000	-	1,50,000	2,05,000	1,84,634
Bank of Maharashtra	63,750	-	0	11,700	1,836
Bank of India	34,000	-	34,000	95,000	52,845
United Bank of India	49,000	-	29,000	-	-
Syndicate Bank	38,250	-	38,000	3,300	-
*Untied GAP	15000	-	0	35000	-
Total	**3,50,000**	**-**	**2,51,000**	**3,50,000**	**2,39,315**

Arrangement for working capital facilities (fund based and non-fund based) for FY 2016-17.

(Rs. in Lakhs)

Particulars	Fund Based Limits (Cash Credit Facility/ WCDL)	Balances of Fund Based Limits as at 31.03.2017	WCDL balance as at 31.03.2017	Non Fund Based Limits	Balances of Non Fund Based Limits as at 31.03.2017
Canara Bank	1,50,000	-	1,50,000	2,05,000	1,82,673
Bank of Maharashtra	63,750	-		11,700	1,836
Bank of India	34,000	-	34,000	95,000	20,244
IDBI Bank	15,000	-		35,000	-
United Bank of India	49,000	-	49,000	-	-
Syndicate Bank	38,250	-	35,000	3,300	-
Total	**3,50,000**	**-**	**2,68,000**	**3,50,000**	**2,04,753**

Arrangement for working capital facilities (fund based and non-fund based) for FY 2015-16.

(Rs. in Lakhs)

Particulars	Fund Based Limits (Cash Credit Facility/ WCDL)	Not Fund Based Limits	Total	Balance of Fund Based Limits as ta 01.04.2016	Balances of Non Fund Based Limits as at 01.04.2016
Canara Bank	1,50,000	2,05,000	3,55,000	1,38,352	1,41,516
BoM	63,750	11,700	75,450	46,902	1,679
BoI	34,000	95,000	1,29,000	31,219	60
IDBI	15,000	35,000	50,000	14,700	-
United BOI	49,000	-	49,000	48,928	-
Syndicate Bank	38,250	3,300	41,550	38,220	-
Total	**3,50,000**	**3,50,000**	**7,00,000**	**3,18,321**	**1,43,255**

*Note : (IDBI Bank has been moved out of consortium in FY 2016-2017, its share is being tied up with existing/ new consortium bank.)

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

MSEDCL has availed WCDL as per the respective sanction from the consortium Banks instead of cash credit facility, as the rates of interest are lower on WCDL facility.

c) Maturities of financial liabilities :

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

iii) Market Risk - Market Risk is further categorisedas (a) Currency Risk, (b) Interest Rate Risk.

a) Currency Risk:

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

b) InterestRate Risk :

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

(Rs. in Lakhs)

	Carrying amounts		
	As At 31.03.2018	**As At 31.03.2017**	**As At 01.04.2016**
Fixed-rate instruments			
Financial liabilities- Borrowings	12,11,381	11,23,436	4,74,089
Variable-rate instruments			
Financial liabilities- Borrowings	17,04,425	15,95,228	13,21,463

c) Cash flow sensitivity analysis for variable-rate instruments

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

(Rs. in Lakhs)

	25 bp increase	25 bp decrease	25 bp increase	25 bp decrease	25 bp increase	25 bp decrease
	31.03.2018		31.03.2017		01.04.2016	
Floating rate borrowings	(4261)	4261	(3988)	3988	(3304)	3304
Cash flow sensitivity (net)	(4261)	4261	(3988)	3988	(3304)	3304

8. Regulatory Assets :

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

MERC Multi Year Tariff Regulations 2015, (MYT Regulations) is applicable for the period beginning from 1st April 2016. Accordingly, MERC has determined tariff for MSEDCL for the period from F.Y. 2016-17 to F.Y.2019-20.

MSEDCL used to recognise Regulatory Assets / Liabilities under the erstwhile GAAP to the extent of estimated Revenue gap/surplus expected to be allowed by MERC while carrying out the True-up and determining tariff of next year.As per Ind AS 114 it has continued to recognise the same.

MERC vide order dated 12.09.2018 has approved the final truing up of Aggregate Revenue Requirement (ARR) FY 2015-16, FY 2016-17 and provisional truing up of FY 2017-18. Necessary effect to the said order has been given in the financial statements for the year ended 31st March 2018.

The variation in the Regulatory Income and Asset, to the extent the variation is on account of errors / omissions of error occurred in computation of regulatory income is restated in respective years, in accordance with Ind AS 8. The balance effect has been given during the year ended 31st March 2018 considering the same as an adjusting event.The details of Regulatory Asset of MSEDCL as at 31st March 2018 are as follows:

(Rs. in Lakhs)

		As at 31.3.2018	As at 31.3.2017	As at 01.04.2016
A	Opening Regulatory Asset	4,92,371	(31,599)	22,400
	Regulatory income during the year	-	-	-
	i) Power purchase cost	52,66,700	47,45,250	47,69,600
	ii) Other expenses as per the terms of Tariff Regulations including ROE)	13,18,839	12,95,180	11,66,910
	iii) Revenue billed during the year	61,82,300	55,45,191	59,95,288
	iv) Carrying Cost Allowed	52,263	28,731	4,779
B	Regulatory income / (expenses) (i+ii-iii+iv)	4,55,502	5,23,970	(53,999)
C	Allowance/(disallowance) of income of previous year(s)	-	-	-
D	Closing Regulatory Asset/ (Liability) (A+B+C)	9,47,873	4,92,371	(31,599)

9. Subsidy from GoM towards concession in Tariff :

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

MERC, while determining the electricity tariff does not consider the concession/ subsidy given by the State Government in electricity tariff to any consumer or class of consumers. The electricity tariff determined by MERC is full tariff and not subsidised/ concessional tariff. Thus the revenue from sale of power is not booked at the concessional tariff rate, but at MERC Tariff Rate i.e. rate without the concession/ subsidy in electricity tariff to any consumer or class of consumers given by the State Government. The subsidy given by the Government of Maharashtra is just like partial payment (to the extent of concession/subsidy) on behalf of concerned consumers / categories of consumers.

(Rs. in Lakhs)

Year	Opening Balance Receivable from GoM.	Subsidy Accounted	Subsidy Received/ Adjusted	Balance Receivable from GoM.
2015-16	2,62,076	6,77,561	7,71,604	1,68,033
2016-17	1,68,033	7,78,081	6,23,088	3,23,026
2017-18	3,23,026	7,61,591	8,74,363	2,10,254

10. Termination of Distribution Franchisee Agreement:

i) Global Tower Ltd. (GTL):

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

The DFA with GTL was terminated with effect from 10th November, 2014 and the designated Distribution Franchisee (DF) area has been taken over by MSEDCL for further operations. The final dues from GTL are yet to be settled with due deliberation by the Board. The legal proceedings are initiated for recovery of receivable amount Rs. 26,373.83 Lakhs (Prev. Year Rs. 13,621.22 Lakhs).

ii) Crompton Greaves Limited (CGL) :

Crompton Greaves Limited (CGL) was appointed as Distribution Franchisee for the designated distribution franchisee area of Jalgaon Urban Cum Rural division and the Distribution Franchisee Agreement (DFA) was signed between MSEDCL and CGL on 01/06/2011. The designated DF area was handed over to CGL on 01/11/2011.

Due to payment default by CGL, appropriate notices were served to CGL as per provision of DFA & finally DFA was terminated on 10/08/2015 and the Jalgaon DF area had been taken over by MSEDCL on 12th August 2015.After take over DF area, the termination claims of CGL have been settled as per provision of DFA.

Payment of Rs. 626.00 Lakhs (including interest) has been made on 31.03.2018 to CGLin a full and final settlement of the termination claims.

11. Prior Period Items&Changes in Significant Accounting Policies:

(A) Under Ind AS 8' Accounting Policies, Changes in Accounting Estimates and Errors' material prior period errors shall be corrected by retrospective effect. MSEDCL has restated the financial statements of previous year in case the total amount of income / expenditure (Net) pertaining to previous year is more than the threshold limit.

(B) During the year, following changes to the accounting policy has been made:

(a) In FY 2015-16, the accounting policy for accounting delayed payment charges (DPC) and interest on consumers defaulting payment of bill for consecutive 3 months, was changed to receipt basis instead of accrual basis, with retrospective effect from billing month of Oct 2015.

During the year MSEDCL has changed the Accounting Policy, for recognizing revenue on account of Delay Payment Charges even in case of consumers defaulting payment of bills for consecutive three months on accrual basis instead of receipt basis and it will be applied retrospectively w.e.f. billing month of Oct 2015. Further, MSEDCL has changed the accounting policy for recognizing interest from consumers on principal amount order than two years on receipt basis instead of accrual basis w.e.f. 1st April, 2015 i.e. the year from when accounting policy was changed to receipt basis.

(b) Earlier MYT Regulations 2011 were applicable. As per MYT Regulation 2011 No 36.1, MSEDCL is required to make appropriationto the Contingency Reserve, a sum not less than 0.25 per cent of the original cost of fixed assets annually. As per MYT Regulation 2015 No 34.1, MSEDCL is required to make contribution to the Contingency Reserve, a sum not less than 0.25 per cent of the original cost of fixed assets annually.

MSEDCL has changed the accounting policy with retrospective effect from FY 2016-17 for accounting for contingency reserve. Contribution to the Contingency Reserve is now charged to statement of profit &loss and other current liability is created to that effect. Earlier the same was accounted at appropriation to Profit & Loss account.

Items of Balance Sheet before and after change in accounting policy as at 31 March 2018.

(Rs. in Lakhs)

Sr. No.	Particulars	Before	Impact	After
1)	Deferred Interest	4,45,364.52	(32,209.86)	4,13,154.66
2)	Deferred DPC	4,414.55	(4,414.55)	-
3)	Current Liability	10,800.00	12,900.00	23,700.00

Items of Balance Sheet before and after change in accounting policy as at 31 March 2017.

(Rs. in Lakhs)

Sr. No.	Particulars	Before	Impact	After
1)	Deferred Interest	2,12,087.69	40,478.43	2,52,566.11
2)	Deferred DPC	4,995.32	(4,995.32)	-
3)	Current Liability	-	10,800.00	10,800.00

Items of Balance Sheet before and after change in accounting policy as at 31 March 2016.

(Rs. in Lakhs)

Sr. No.	Particulars	Before	Impact	After
1)	Deferred Interest	9,057.34	95,889.90	1,04,947.24
2)	Deferred DPC	906.50	(906.50)	-

Items of Profit & Loss before and after change in accounting policy for the year ended on 31 March 2018.

(Rs. in Lakhs)

Sr. No.	Particulars	Before	Impact	After
1)	Interest from Consumer	1,20,502.60	8,268.54	1,28,771.14
2)	DPC from Consumer	21168.38	(580.77)	20,587.61
3)	Contribution to contingency reserve	-	(12,900.00)	(12,900.00)

Items of Profit & Loss before and after change in accounting policy for the year ended on31 March 2017.

(Rs. in Lakhs)

Sr. No.	Particulars	Before	Impact	After
1)	Interest from Consumer	46,204.06	55,411.48	1,01,615.54
2)	DPC from Consumer	22,076.95	4,088.82	26,165.77
3)	Contribution to contingency reserve	-	(10,800.00)	(10,800.00)

Items of Profit & Loss before and after change in accounting policy for the year ended on31 March 2016.

(Rs. in Lakhs)

Sr. No.	Particulars	Before	Impact	After
1)	Interest from Consumer	1,77,313.03	(95,889.90)	81,423.13
2)	DPC from Consumer	26,449.79	906.50	27,356.29

12. Disclosure as per Ind AS 1 ‘Presentation of financial statements’ :

Reclassifications and Comparative figures:

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

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

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

13. Taxation :

(i) Current Tax –

In the absence of any taxable income for the year as per the provisions of the Income Tax Act, 1961, no provision for income tax has been made. Further, there is no tax liability as per Minimum Alternate Tax (MAT) under section 115-JB of the Income Tax Act, 1961.

(ii) Deferred Tax -

Deferred Tax consists of the following items:

(Rs. in Lakhs)

Sr. No.	Particulars	As At 31-03-2018	As At 31-03-2017	As At 01-04-2016
	Deferred Tax Liability			
1.	Difference in Depreciation	5,88,481	5,30,004	4,53,751
2.	Regulatory Asset	2,92,893	1,52,143	-
	Deferred Tax Asset			
1.	Expenses Allowable on payment basis	1,30,974	1,35,283	1,29,872
2.	Unabsorbed Depreciation / loss	5,24,358	4,26,264	3,18,313
3.	Provision for Doubtful Debts -	2,80,578	2,47,337	68,370
4.	Regulatory Liability	-	-	9,764
	Net Deferred Tax Asset / (Liability)	**54,536**	**1,26,737**	**72,568**

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

14. Impairment of Assets:

In accordance with IndAS36 on ‘Impairment of Assets’ the Management of MSEDCL has carried out a review of its assets with respect to economic performance. On the basis of the review, the Management is of the opinion that economic performance of the assets of the Company is reasonable and therefore there is no impairment as on the date of the Balance Sheet.

15. Micro, Small and Medium Enterprises information :

In view of multiplicity and difficulty in identification of accounts relating to Micro, Small and Medium Enterprises, information with regard to amount unpaid at the yearend together with the interest paid/payable as required by MSMED Act, 2006 is not disclosed. However, due care has been taken to release the payment within due date.

16. Foreign Currency Contracts :

The company has not given any contracts to out of India entities and therefore nothing is done or receivable on account of foreign currency contracts. The Company does not have any foreign currency exposure and accordingly did not have any foreign exchange contracts during the year under audit.

17. Revenue from Contracts with customers (Ind AS 115) :

The Ministry of Corporate Affairs (MCA) has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 on 28th March 2018 which includes IndAS 115 “Revenue from Contracts with Customers”. This will replace Ind AS 18 which covers Contracts for goods and services and Ind AS11 which covers construction contracts. Ind AS 115 “Revenue from contracts with Customers” outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. The Standard replaces most current revenue recognition guidance. The core principle of the new Standard is for companies to recognize revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration to which the Company expects to be entitled in exchange for those goods or services. The new Standard also will result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively including service revenues and contract modifications and improve guidance for multiple-element arrangements. The new Standard will come into effect for the annual reporting periods beginning on or after 1st April, 2018. The Standard permits either a full retrospective or a modified retrospective approach for the adoption. In order to identify the potential impact of the Standard on the Company's financial statements, the Company is analysing contracts of the revenue streams of the Company. The Company has begun the analysis on the key areas identified, in order to estimate the effect of the application of the new Standard for which the work is ongoing and impact areas may be identified as the Company progresses further in the implementation process. As a result, at this stage the Company is not able to estimate the impact of the new Standard on the Company's financial statements. The Company will make more detailed assessments of the impact over the future periods.

18. Quantitative Details :

Quantitative details for electricity units purchased and sold:

(In MKWH)

Particulars	FY 2017-18	FY 2016-17
Total Power Purchase	128339.70	1,18,328
Input Open Access	4578.01	7,661
Total Power Available for Sale	132917.71	1,25,989
Grid and Transmission Losses	9045.59	9,195
Grid and Transmission Losses (%)	6.80%	7.30%
Power available for sale	123872.12	1,16,794
Open Access Sale	4303.33	7,202
Power sold (including OA Sale)	106652.89	99,647
Distribution Loss	17219.22	17,147
Distribution Loss (%)	13.90%	14.68%

19. Expenditure in foreign Currency (on account basis):

No travelling expenses in foreign currency during the financial year 2017-18 (FY 2016-17 Rs. 0.82 Lakhs).

20. Auditors' Remuneration:

a. MSEDCL :

(Rs. in Lakhs)

Sr. No.	Particulars	FY 2017-18	FY 2016-17
1.	Statutory Audit	81.00	90.00
2.	Reimbursement of Expenses	4.03	8.35
3.	Service tax/GST on Audit Fees	14.58	16.20

b. APCL :

Sr. No.	Particulars	FY 2017-18	FY 2016-17
1.	Statutory Audit	0.17	0.08
2.	Reimbursement of Expenses	-	-
3.	Service Tax/GST on Audit fees	0.03	0.01

21. Government grants and Consumers Contributions :

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

(Rs. in Lakhs)

Particulars	**31.3.2018**	**31.3.2017**	**01.04.2016**
As at 1 April	6,29,098.84	5,00,489.17	3,70,594.98
Received during the year*	1,45,139.42	1,83,998.14	1,77,116.34
Amortised to the statement of profit and loss	63,432.81	55,388.47	47,222.15
As at 31 March	**7,10,805.45**	**6,29,098.84**	**5,00,489.17**
Current	68,269.01	65,060.86	56,547.89
Non-current	6,42,536.44	5,64,037.98	4,43,941.28

*It includes repayments & rectification entries.

22. Refund of 'Service Line Charges' (SLC) :

MSEDCL had recovered the service line charges from consumers while releasing new connections. MERC passed an order dated 08.09.2006 and directed MSEDCL that the cost towards infrastructure from delivery point of transmission system to distributingmains should be borne by MSEDCL.

Further, MERC issued Electricity Supply Code and Other Conditions of Supply Regulations, 2005 w.e.f. January 20, 2005 in accordance with Section 50 of Electricity Act (EA) 2003. Accordingly, MSEDCL submitted proposal for Schedule of Charges (SoC) to MERC on 02nd Apr 2005. MERC in its order dt. 08th Sept 2006 disallowed the proposed 'Service Line Charges' from new consumers.

MSEDCL filed appeal to Appellate Tribunal for Electricity (ATE) against the denial of recovery of SLC on the MERC's orderdt. 08/09/2006. The appeal was dismissed by the ATE. Further,MSEDCL filed Civil Appeal in Hon'ble Supreme Court of India against ATE's order. Hon'ble Supreme Court of India disposed off the appeal on 10th Nov.2016, upholding MERC's decision not to recover any charges other than approved Scheduled Charges.

MERC vide letter dt. 20/07/2017 has directed to comply with the Commission's Order dated 17th May, 2007 and 21st August, 2007 and refund the collected amount to the consumers.

As per the IT report of MSEDCL, the tentative amount to be refunded to consumers who had paid during the period 20th Jan-2005 to 20th May-2008 is as follows:

- Service Line Charges (SLC) : Rs. 22665 Lakhs
- Out-right Contribution (ORC) charges : Rs. 9361 Lakhs
- Meter Cost : Rs. 13629 Lakhs

- Total Refundable Amount (Approx) : Rs. 45655 Lakhs.

Some amountof Meter Cost was refunded to consumers. Therefore after verification with audited statement/ report of concerned Circle Offices of MSEDCL the remaining amount along with interest will be refunded to consumers as per MERC's order.

The amount refunded during FY 2017-18 is as follows:

- LT Consumers (1117 nos.) : Rs. 23.203 Lakhs
- HT Consumers (10 nos.) : Rs. 113.657 Lakhs.

23. UjjwalDiscom Assurance Yojana (UDAY) :

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

To participate in the UDAY scheme, a tripartite agreement is to be signed between Central Govt., State Govt. and Distribution utilities.

Tri-partite MOU was executed on 07/10/2016 amongst Ministry of Power, Govt. of India, Govt. of Maharashtra and MSEDCL.

As per the MOU, Government of Maharashtra shall take over Medium Term and Short Term debt of Rs. 4,95,975 Lakhs (Being the 75% of Rs. 6,61,300lakhs, the debt of MSEDCL as on 30th September 2015. The debt shall be taken over shall be transferred to MSEDCL as Grant/loan as described in the following table:

(Rs. in Lakhs)

Year	Total Debt taken-over	Transfer to the DISCOM in the form of Loan	Transfer to the DISCOM in the form of Grants	Outstanding State loan of the DISCOM
16-17	20% of debt taken Over	4,95,975	99,175	3,96,800
17-18	20% of debt taken Over		99,200	2,97,600
18-19	20% of debt taken Over		99,200	1,98,400
19-20	20% of debt taken Over		99,200	99,200
20-21	20% of debt taken Over		99,200	-
	Total		**4,95,975**	

In the F.Y.2016-17 the debt taken over and transferred to MSEDCL in the form of State Loan of Rs. 4,95,975Lakhshas beenaccounted as by way of grant from Govt of Maharashtra as shown in the above table. Govt. of Maharashtra vide G.R. Dtd.31/03/2017 and 13/02/2018 has resolved that Rs. 99,175 lakhs and Rs. 99,200 lakhs respectively to be adjusted by way of Grant to MSEDCL as repayment of 1st and 2ndInstallment respectively towards State Loan of Rs. 4,95,975 Lakhs.

The grant received from GOM under UDAY scheme is treated as Revenue Grant for accounting purpose.

MSEDCL is paying interest to the Government of Maharashtra, on the outstanding Government of Maharashtra Loan at the rate at which Government of Maharashtra issued non-SLR Bonds.

Govt. of Maharashtra has issued G.R. Dtd. 27/12/2016 for issuance of Bonds of Rs. 4,95,975 Lakhs and to provide guarantee to MSEDCL for the balance 25% debt remaining with MSEDCL.

GoM issued Bonds through RBI and transferred Rs. 495975 Lakhs (Rs. 2,95,975Lakhs @7.38 % p.a. and Rs. 2,00,000Lakhs @7.33 % p.a.) to MSEDCL on 13/02/2017.

Actual interest paid to GOM on the loan under UDAY Scheme is as below:

(Rs. in Lakhs)

Interest Paid date	For the period	Interest
14/08/2017	13/02/2017 to 13/08/2017	15,575
14/02/2018	14/08/2017 to 13/02/2018	14,602

Provision of Rs. 2,799 Lakhshas been made as on 31.03.2018 towards payment of interest on outstanding loan of GoM under UDAY Scheme.

For the 25% of the debt remaining with it, MSEDCLis required to fully/partially issue State Government Guaranteed Bonds or get them converted by Banks/FIs into loans or bonds with interest not more than the Banks Base Rate plus 0.1%. MSEDCLs and the Government of Maharashtra are also required to ensure timely payment of lender's dues towards principal / interest for the balance Medium Term and Short Term debt remaining with MSEDCL.

The Government of Maharashtra shall take over the future losses of the MSEDCLs in a graded manner as follows:

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

MSEDCL has requested GoM vide letter Dtd. 20/02/2017 to provide guarantee for repayment of principal and interest payment for the balance Medium Term and Short Term debt of Rs.1,65,325 Lakhs remaining with MSEDCL. The guarantee from GoMis awaited.

24. Revenue Grant for providing additional supply to AG Consumers :

As per Directives from GoM, 8 to 12 Hrs of supply has been provided to the Agriculture Consumers of the State during FY 16-17. Similarly, during period FY 2017-18 as per similar instruction from GoM additional 3 to 4 hrs of Supply was given to the consumer of Bhandara, Gondia&Bramhapuri for period of 03.03.2017 to 15.05.2017.

MSEDCL has claimed subsidy from GoMfor FY 2017-18 & FY 2018-19 is Rs. 1,25,432 Lakhs & 1,147 Lakhs respectively

After deducting the regular subsidy given through system amounting to Rs. 11,176 Lakhs in F.Y. 2017-18 amount of Rs. 1,15,403 Lakhs has been claimed from GoM. Accordingly, necessary accounting has been done in FY 2017-18.

25. DDUGJY, IPDS& Smart Grid :

Government of India has launchedDeendayalUpadhyaya Gram JyotiYojna (DDUGJY) for the rural areas for separation of agriculture & non agriculture feeders, strengthening & augmentation of sub transmission & distribution infrastructure& rural electrification. The earlier program of Rajiv Gandhi GrameenVidyutikaranYojna (RGGVY) is subsumed in this Scheme. Rural Electrification Corporation (REC) is the Nodal Agency.

The "Integrated Power Development Scheme" (IPDS) was launched by Ministry of Power, Government of India with the objectives of strengthening of sub-transmission and distribution network in the urban areas &metering of distribution transformers /feeders / consumers in the urban areas. The Scheme will help in reduction in Aggregate Technical &Commercial losses (AT & C Losses); establishment of IT enabled energy accounting / auditing system, improvement in billed energy based on metered consumption and improvement in collection efficiency. Power Finance Corporation (PFC) is Nodal Agency.

Smart grid being a new and evolving concept for deployment of Smart Meters and AMI &technical up gradation with deployment of Gas Insulated Subs-stations (GIS) wherever economically feasible. It also covers development of medium sized micro grids up to 1 MW & Development of distributed generation in form of Roof Top PVs. It beginning a Real-time monitoring and control of Distribution Transformers, Provision of Harmonic Filters and other power quality improvement measures.

MSEDCL participated in DDUGJY and IPDS projects under these Schemes are implemented on Turnkey basis. The amount received under this scheme is deposited in separate bank account and as per the directives of Ministry of Power (MoP), the interest earned on utilized subsidy component is to be remitted to Govt. of India's account on regular basis.

The details of Grant received, utilised, balance to be utilized and Fixed deposit amount as on 31.03.2017 are as under.

(Rs. in Lakhs)

Particulars	**DDUJGY**	**IPDS**	**TOTAL**
Opening Balance	NIL	NIL	NIL
Grant Received	25288	17683	42971
Grant Utilized	565	1570	2135
Balance to be Utilized	24723	16113	40836
FD Amount (Canara Bank)	24797	16360	41157
Interest payable to Govt. of India	116	*89	369

*Note – Rs. 163.lakhs paid to GoM during 2016-17

The details of Grant received utilised, balance to be utilized and fixed deposit amount as on 31.03.2018 are as under.

(Rs. in Lakhs)

Particulars	**DDUGJY**	**IPDS**	**Smart Grid**	**TOTAL**
Opening Balance	24,723	16,113	0	40,836
Grant Received	*12,386.16	17,410.70	270.00	30,066.86
Grant Utilized	19,507.20	20,382.13	0	39,889.33
Balance to be Utilized	17,601.96	13,141.57	270.00	32,261
FD Amount (Canara Bank)	19,318.37	13,554.15	279.12	33,151.64
Interest payable to Govt. of India	294.00	303.12	10.31	607.43

Note - Rs. 629.41 Lakhs paid to MoP (Govt. of India) on account of Interest earned on unutilized subsidy of IPDS and that of Rs. 726.06 Lakhs paid to MoP (Govt. of India) on account of Interest earned on unutilized subsidy of DDUGJY.

*Grant of Rs. 1516.65 Lakhs received on account of Saubhagya Scheme is deposited in DeendayalUpadhyaya Gram JyotiYojna (DDUGJY).

26. Conversion of Loan into Grant under R-APDRP Scheme (Part 'A' and Part 'B'):

Ministry of Power, Government of India, has launched the Restructured Accelerated Power Development and Reforms Programme (R-APDRP) in July 2008 with focus one establishment of base line data, fixation of accountability, reduction of Aggregate

Technical& Commercial losses (AT & C) upto15% level through strengthening & upgradation of Sub Transmission and Distribution network and adoption of information technology during XI Plan. Projects under the scheme wastobe taken up in two parts.

R-APDRP Part A

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

The objective of Part A is establishment of Base Line Data and IT applications for energy accounting /Auditing and IT Based Consumer Service centres.

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

(Rs. in Lakhs)

Particulars	R-APDRP Part A	R-APDRP Part A SCADA	Remark
Sanctioned amount	26009	11700	R-APDRP Part A The initial Sanction was Rs. 31545 Lakhs. PFC has accorded approval for revised sanction of Rs. 26009 Lakhs on 30.01.2017 The Initial Sanction was 16162 Lakhs, however due to reduction in DMS in towns the sanction cost was amended to Rs. 11700 Lakhs
Disbursement form PFC as on 31.03.2018	22648	7300	
Expenditure as on 31.03.2018	22648	5891	
Eligible amount for conversion ofGrant after tenderization	22648	8670	As per LOA awarded (with 1 year FMS and Bandwidth)

All 128 towns under part A are completed and declared as go live up to Oct 2014.The establishment of R-APDRP Part A is verified by the Third Party independent Agency appointed by PFC and their reports have been accepted by PFC. Final R-APDRP Closure amounting to Rs 22648 Lakhshas been approved by PFC/MOP. The letter for conversion of Loan into grant is awaited from PFC.

R-APDRP Part A SCADA

SCADAat all 8 towns i.e. Amravati, Solapur, Sangli, Malegaon, Pune, Nashik Kolhapur and Greater Mumbai townhas been completed.

The Third Party verification by TPIEA is completed in 6 towns

The eligible amount of Rs 8670Lakhs is expected to be converted into grant after verification of all towns is completed by the Third Party independent Agency appointed by PFC.

R-APDRP Part B

RAPDRP Part B is implemented in 123 towns (120 Part Band 3 towns SCADA enabling component) of MSEDCL with Population more than 30,000 as per Census 2001 and AT&C loss greater than 15 %. R-APDRP Part B is sanctioned From June 2010 to Feb -2012.

(Rs. in Lakhs)

Particulars	RAPDRP Part B
Sanctioned Amount	311164
Final Project Cost	223476
Eligible amount for conversion into grant	i.e. 50 % of the Project Cost in proportion to the reduction in the AT&C losses

The Objective of Part B is distribution strengthening and augmentation projects to reduce AT&C Losses below 15%.

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

The grant will be converted in five equal tranches of 10 % in 5 years.

If the utility fails to achieve or sustain the 15%AT&C loss target in a particular year, that year's tranche of conversion of loan to grant will be reduced in proportion to the shortfall in achieving 15% AT&C loss target from the base line AT&Closs figure.

All Towns are declared as completed

The PFC has appointed the TPIEA for verification of the AT&C losses of towns declared as completed.

The conversion of loan into grant will be considered by PFC on fulfilment of stipulated conditions.

27. Recovery towards Infra Charges :

Nagpur Municipal Corporation (NMC) had undertaken a scheme for development of road under its jurisdiction. However, for such development the electric poles were to be shifted at many places. Hence, after due deliberation and as per HC order MSEDCL agreed to bear the 50% expenditure required for such shifting of poles on Integrated Road Development Project (IRDP) road only. Total expenditure as per estimates of NMC was Rs. 9145 Lakhs and MSEDCL was to spend Rs. 4500Lakhs. MSEDCL had submitted the proposal to Hon’ble MERC for recovery of such additional charges from consumers, as the work was to be done for consumers only. MERC vide order dt.16.08.2012 has decided to allow MSEDCL to collect an additional charge of 9 paise per unit of consumption from the consumers in the O & M Divisions of MSEDCL at Mahal , Gandhibaug ,Congress Nagar ,& Civil Lines under Nagpur Urban Circle. As per Commission’s analysis, MSEDCL shall be able to recover the entire cost of Rs. 4500 Lakhs within the next three years based on the per unit charge of 9 paise per unit of consumption. Accordingly, MSEDCL has recovered Rs. 4765.00Lakhs. from consumers during the period Aug.12 to Mar.16. The Shifting works are covered under 39 estimates amounting to Rs. 9145 Lakhs. NMC has placed work orders for 19 works amounting to Rs. 4098 Lakhs & MSEDCL has paid Rs, 2005 Lakhs towards its 50% share of 19 on going works which includes Rs. 250 Lakhs kept with Court Authority. NMC has been requested to complete the balance work.

28. Contribution to Contingency Reserve :

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

MSEDCL has created Contingency Reserve amounting to Rs. 81400 lakhs (including Rs. 12900 lakhs during the current year).Out of this Rs. 57700 lakhs is included under Other Equity(Note 17) and Rs. 23700 lakhs is included under Other Current Liabilities (Note 26). However due to paucity of fund, MSEDCL has invested Rs. 18522.29 lakhs up to March 2018 in the permitted securities.

29. Refund of Regulatory Liability Charges:

In FY 2003-04 to 2006-07 Regulatory Liability charges were collected from the consumers, MERC had passed an order to refund an amount of Rs.3,22,700 Lakhs to the consumers. The Company has subsequently refunded Rs.3,12,050 Lakhs upto 31.03.2018. No provision has been made for the balance amount as in the opinion of the management, no further amount is payable.

30. Statement of Net Assets and Profit and Loss attributable to Owners and Non Controlling Interests

Name of the Entity	Net Assets i.e Total Assets minus total liabilities		Total Income i.e. Revenue Plus Other Income		Share of Profit and loss		Share in Other Comprehensive income		Share in Total Comprehensive Income	
	As % of Conso of net assets	Amt in Rs Crs	As % of conso. net assets	Amount (Rs in crore)	As % of conso. net assets	Amount in Rs Crs	As % of Conso of net assets	Amount in Rs Crs	As % of Conso.of net assets	Amount in Rs Crs
MSEDCL	100.03	2059702.51	100.00	6990478.16	101.29	49224.42	100.00	-5019.96	100.00	44204.46
Subsidiary										
APCL	-0.03	-618.62	0.00	0.74	-1.29	-625.43	0.00	0.00	0.00	0.00
Total	**100.00**	**2059083.89**	**100.00**	**6990478.90**	**100.00**	**48598.99**	**100.00**	**-5019.96**	**100.00**	**44204.46**

31. On account of prior period transactions and change in accounting policies, financial statements of F.Y. 2015-16 and F.Y. 2016-17 has been restated in accordance with the requirements of Ind AS 8 " " Accounting Policies, Changes in Accounting Estimates and Errors"- Hence the comparative statements are restated wherever it was required.

Note 45: Other notes in respect of MSPGCL

1) Capital / Government grants

(Rs. in Crores)

Capital / Government grants		
As at 31.03.2016		**34.05**
Received during FY 2016-2017		20.04
Government Grant amortised during FY 2016-2017		0.46
As at 31.03.2017		**53.64**
Received during FY 2017-18		8.72
Government Grant amortised during FY 2017-18		0.46
As at 31.03.2018		**61.89**
	31.03.18	**31.03.17**
Current	0.46	0.46
Non-current	61.44	53.17
	61.89	**53.63**

Government grant have been received for the purchase of certain item of Property, Plant and Equipment at Pophali Hydro Power Station. The same have been accounted for as government grant and being amortised over the useful life of such assets.There are are no other unfulfilled contions or contingencies attached to this grant. Further during the year Company has received Rs. 8.72 Crs (PY Rs.20.04 Crs.) from World Bank towards Koradi U-6 Renovation & Modernisation. The asset under the scheme of Renovation & Modernisation is part of Asset under construction.

2) Intangible assets under development

(Rs. in Crores)

Particulars	**As at 31.03.18**	**As at 31.03.17**
Opening balance	129.77	120.78
Additions for the year	2.78	8.98
Closing Balance	132.55	129.77
Company has acquired the right to develop the coal block at Gare Palma, Chattishgarh & Company is in the process of appointing the mine developer for this purpose.		

3) Assets classifies as held for sale

	31.03.18	**31.03.17**
Non-current assets held for sale		
Plant & Machinery	153.24	250.05
Factory Buildings & Others	9.34	7.17
Hydraulic Works	8.18	6.94
Railway Sidings, Roads & Others	26.25	16.89
Lines & Cable Networks	8.84	8.43
Vehicles	0.32	0.22
Furniture & Fixtures	0.36	0.27
Office Equipments	0.71	0.46
Other Miscellaneous Assets	0.07	0.07
Total	207.31	290.50

Note- Operations of the power generating unit no. 5 at Koradi TPS & unit no.3 at Parali TPS have been discontinued during FY 2016-17. The Company is in the process of disposing of these assets. During the year ended March 2018, the Company has reclassified the said assets as assets held for sale. No impairment loss has been recognised on reclassified the said assets as assets held for sale. No impairment loss has been recognised on reclassification as the Company expects that the fair value (estimated based on the recent market prices of similar properties) less costs to sell is higher than its carrying amount as on 31st March 2018.

4) Assets hypothecated / pledged as security

The carrying amount of assets hypothecated / mortgaged as security for current and non-current borrowings are

(Rs. in Crores)

	As at 31.03.18	As at 01.04.17
Security created in respect of Non-current Borrowings		
Property, plant and equipment excluding leasehold land	38,399.19	40,569.78
Security created in respect of Current Borrowings		
i) Inventories	933.43	1413.70
ii) Trade receivables	12980.89	0.00
Total assets as security	**13,914.32**	**1413.70**

5) **Investment in related party**

(Rs. in Crores)

Details of Transactions	Aurangabad
Opening Balance as on 01-04-2016	
-Quasi Equity investment	4.71
Quasi Equity investment during the year	
Balances outstanding as on 31-03-2017	
-Quasi Equity investment	4.71
Opening Balance as on 01-04-2017	
-Quasi Equity investment	4.71
Quasi Equity investment during the year	**0.14**
Balances outstanding as on 31-03-2018	
-Quasi Equity investment	4.85

6) During the current financial year 2017-18, Revenue Subsidy towards Solar power sales from Central Government amounting to Rs. 1.78 Crores (2016-17: Rs. 1.08 Crores) has been accounted.

7) Inter- company transactions are reconciled on a continuous basis. However, year end balances are subject to confirmation/reconciliation which is not likely to have a material impact.

8) The net worth of following associate/subsidiaries is eroded. Hence, Management has considered following impairment in the value of Investment and accordingly, a provision has been made in the books of accounts.

Particulars	Investment including advance	Provision for Impairment
M/s. Mahaguj Collieries Limited	34.75	34.75
M/s. UCM Coal Company Limited	0.31	0.31
Dhopave Coastal Power Limited	6.32	6.32

9) Outstanding balances of fellow subsidiaries at the end of financial year.

Particulars	As at 31-03-2018	As at 31-04-2017
Payable to MSEDCL	500.52	49.84
Receivable from MSETCL	2.72	6.83

10) Corporate Social Responsibilities: During the year 2017 – 18, Company has spent Rs. 10.20 Crores (2016-17: Rs. 9.45 Crores) towards Corporate Social Responsibility (CSR).

(Rs. in Crores)

Sr. No	Head of Expenses	2017-18	2016-17
1	Community development and welfare expenses	2.30	3.23
2	Education expenses	0.07	0.51
3	Tree Plantation	0.36	0.00
4	Jalyukta Yogna Shivar	0.16	1.06
5	Drinking water supply & construction, repairs of tubewells, hand pumps etc	5.20	0.79
6	Construction / repair of road, compound wall, RCC drain, etc	2.11	3.86
	Total	**10.20**	**9.45**

11) Classification of Financial Assets and Financial Liabilities:

The following table shows the carrying amounts of Financial Assets and Financial Liabilities which are classified at Amortised Cost.

	31.03.2018			31.03.2017		
	FVTPL	FVTOCI	Amortised Cost	FVTPL	FVTOCI	Amortised Cost
Financial assets						
(i) Trade Receivables			129,80.90			10,671.94
(ii) Cash and Cash Equivalents			0.20			34.08
(iii) Bank Balances other than (ii) above						
(iv) Loans			13.09			54.48
(v) Other Financial Assets			2,736.24			2,403.89
TOTAL			**15,730.42**			**13,164.39**
Financial liabilities						
(i) Borrowings			32,420.49			33,317.21
(ii) Trade Payables			1,438.50			1,706.40
(iii) Other Financial Liabilities			7,203.73			6,393.44
TOTAL			**41,062.72**			**41,417.05**

Financial risk management

Risk management framework

In its ordinary operations, the Company's activities expose it to the various types of risks, which are associated with the financial instruments and markets in which it operates. The Company has its risk management process which has been carried out at regular interval. In case of Mahaguj Colieries Limited, Mahagams Limited & Dhopave coastal power Limited there are no borrowings from Banks/ Financial Institutions.

A. Regulatory risk

Mahagenco: The company submits the Annual revenue requirement to Maharashtra Electricity Regulatory Commission, based on these approved tariffs the company raises monthly energy bills to its customers. The tariff so determined by MERC are based on the MERC (Mutly Year Tariff) regulations which get revised periodically. These tariff are determined based on normative parameters as set out in the said regulations. Any change in the normative parameters or guding regulatory provisions will have impact on the income from sale of the power of the company.

B. Company has identified financial risk and categorised them in three parts Viz. (i) Credit Risk, (ii) Liquidity Risk & (iii) Market Risk. Details regarding sources of risk in each such category and how Company manages the risk is explained in following notes:

B.1 - Credit risk:

Mahagenco: Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and investment securities. The Company establishes an allowance for doubtful debts and impairment that represents its estimate of incurred losses in respect of trade and other receivables and investments.

The maximum exposure to credit risk in case of all the financial instuments covered below is resticted to their respective carrying amount.

Trade receivables

Mahagenco: The Company works out the expected credit losses of trade receivables (which are considered good) using the Government Bond yield as discounting factor for the respective years to assess the time value risk associated with such trade receivables. The trade receivables refer to receivables against supply of power to MSEDCL, being fellow subsidiary and soverign entity, no credit risk has been envisaged. The following table provides information about the exposure to credit risk and loss allowance (including expected credit loss provision) for trade receivables:

	31.03.2018		**31.03.2017**	
	Gross carrying amount	**Loss allowance**	**Gross carrying amount**	**Loss allowance**
Past due 0-90 days	8,742.23	-	7,725.08	-
Past due 91–360 days	-	-	1,039.26	-
More than 360 days	5,247.55	1,008.88	2,701.39	793.81
	13,989.77	**1,008.88**	**11,465.74**	**793.81**

The movement in the allowance for expected credit loss in respect of trade receivables during the year was as follows:

Balance as at 01.04.2016	**515.65**
Add : Expected Credit loss recognised	278.16
Less : Amounts written off	-
Balance as at 31.03.2017	**793.81**
Add : Expected Credit loss recognised	285.96
Less : Amounts written off	70.88
Balance as at 31.03.2018	**1,008.88**

Cash and Cash Equivalents:

	As at 31.03.2018	As at 31.03.2017
Cash and cash equivalents	**0.20**	**34.08**

B.2. Liquidity risk

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

(i) Financing arrangements

Maahgenco: The Company has an adequate fund and non-fund based limits from various banks. The Company has sufficient borrowing limits in place duly, approved by its shareholders and board. Domestic credit rating from reputed credit rating agencies enables access of funds from domestic market. It's diversified source of funds and strong operating cash flow enables it to maintain requisite capital structure discipline. Mahagenco diversifies its capital structure with a mix of financing products across varying maturities and currencies. The financing products include, buyer's credit loan, clean & secured domestic Term loan (and Foreign Currency Loans on back to back arrangement basis through Government of India and Government of Maharashtra etc.). Mahagenco taps domestic as well as foreign financial institutions like IBRD & KFW from time-to-time to ensure appropriate funding mix and diversification of geographies.

(ii) Maturities of financial liabilities

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

	Contractual cash flows					
	31.03.2018			31.03.2017		
	Upto 1 year	1-3 years	more than 3 years	Upto 1 year	1-3 years	more than 3 years
Non-derivative financial liabilities						
Borrowings	2,513.00	4,856.32	19,394.37	2,228.49	7,060.01	17,437.94
Borrowings for working capital	8,169.81			8,819.26		
Trade payables	-			1,706.39		
Other financial liabilities	7,203.47			6,393.42		
Total	**17,886.28**	**4,856.32**	**19,394.37**	**19,147.56**	**7,060.01**	**17,437.94**

C. Market Risk - Market Risk is further categorised in (i) Currecy risk , (ii) Interest rate risk & (iii) Commodity risk:

C.1. Currency risk:

The Company is exposed to currency risk mainly on account of its borrowings from KfW Germany and IBRD (World Bank) in foreign currency. Our exposures are 7.39 Crores Euro and 3.04 Crores U.S. dollars. However, Company operates in rate regulatory environment. Consequently, any variation in the foreign exchange rate is allowed to be recovered from consumers at actuals. Hence, company doesn't have significant risk on account of variation in foreign currencies.

C.2 Interest rate risk

Interest rate risk exposure

	Carrying amount in Rs crores	
	31.03.2018	31.03.2017
Fixed-rate instruments		
Financial assets	-	-
Financial liabilities	594.24	658.71
Variable-rate instruments		
Financial assets	-	-
Financial liabilities	34,339.25	34,886.99

Cash flow sensitivity analysis for variable-rate instruments

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

This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

	Profit or loss			
	25 bp increase	**25 bp decrease**	**25 bp increase**	**25 bp decrease**
	31.03.2018		**31.03.2017**	
Floating rate borrowings	85.85	(85.85)	87.22	(87.22)
Interest rate swaps (notional principal amount)	-	-	-	-
Cash flow sensitivity (net)	85.85	(85.85)	87.22	(87.22)

C.3. Commodity Risk

Company operates in rate regulatory environment. Company's cost comprises mainly of coal cost. Any variation in the coal cost is allowed to be recovered from consumers at actuals subject to performance parameters to be achieved. Hence, company doesn't have significant risk on account of variation in coal price.

Note No. D

The company has restated the financial statements of the previous year in case of the following prior period items which are more than the threshold limit fixed by the management.

Particulars	**Amount Restated for FY 2016-17**	**Amount as was originally stated in FY 2016-17**	**Impact on brought forward other Equity as at the beginning of the year i.e. 01-04-2017**
Other operating revenues-Delayed Payment Surcharge	1,731.15	1,540.18	190.97
Deferred Tax Liability (Net)			

-Due to Restatement Rate of tax, Revision in un-absorbed losses Due to certain changes in computation of income	1,507.34	1173.61	(333.73)

Note 46: Other notes in respect of MSETCL

1. Government Grants- **(Rs. in Lakhs)**

Capital / Government grants		Amount
As at 1 April 2016		**19,468.82**
Received during FY 2016-2017		-
Government Grant amortised during FY 2016-2017		811.26
As at 31.03.2017		**18,657.56**
Received during FY 2017-2018		10,183.91
Government Grant amortised during FY 2017-2018		809.98
As at 31.03.2018		**28,031.59**
	31.03.2018 (Audited)	**31.03.2017 (Unaudited)**
Current	795.98	809.98
Non-current	27,235.52	17,847.58
Total	**28,031.59**	**18,657.56**

MSETCL has received Government Grant for the purpose of strengthening of Transmission Network by constructing Substations and Lines in various Districts in Maharashtra.

F.Y	Grants Received (Rs in lakhs)	Purpose for which grant received	Reasons for unfulfilled conditions
2006-07	6,850.00	Construction of Substations and Lines for strentening of Transmission Network in 14 Districts	Total 29 Schemes out of which only 2 schemes are still ongoing
2007-08	8,000.00		Total 21 Schemes out of which only 4 schemes are still ongoing
2008-09	9,000.00		Total 79 Schemes out of which only 3 schemes are still ongoing.
2017-18	874.53	Power System Development Fund for System improvement	Schemes are yet to start
2017-18	7,500.00	Received as per the recommendation of 13th Finance Commission towards equity portion of MSETCL (the Parent) for Green Energy Corridor project	Schemes are yet to start
2017-18	1,809.38	The grant is received from State Government towards 50% construction cost of Jawahar substation in Thane district under Tribal Sub Plan Area (TSP)	Schemes are yet to start
Total	**34,033.91**		

2. Tax Expense-

(a) Amounts recognised in statement of profit and loss

(Rs. In Lakhs)

Particulars	For the year ended March 31, 2018 (Audited)	For the year ended March 31, 2017 (Unaudited)
Current year	-19,518.91	1221.00
Short/Excess provision for earlier years	--	--
Current tax expense (A)	**-19,518.91**	**1221.00**
Origination and reversal of temporary differences	10,866.10	8,120.97
Deferred tax expense (B)	**10,866.10**	**8,120.97**
Tax expense recognised in the current statement		

(b) Amounts recognised in Other Comprehensive Income

(Rs. In Lakhs)

Particulars	For year ended 31.03.2018 (Audited)			For year ended 31.03.2017 (Unaudited)		
	Before tax	Tax (expense) benefit	Net of tax	Before tax	Tax (expense) benefit	Net of tax
Items that will not be reclassified to profit or loss : Remeasurements of the defined benefit plans	258.66	(90.39)	168.27	(3113.70)	1077.59	(2036.11
Equity Instruments through Other Comprehensive Income						
	258.66	**(90.39)**	**168.27**	**(3113.70)**	**1077.59**	**(2036.11**

(c) Reconciliation of effective tax rate

(Rs. In Lakhs)

Particulars	2017-18 (Audited)		2016-17 (Unaudited)	
	%	Rs. In lakhs	%	Rs. In lakhs
Profit before tax		80,574.77	0.00	8835.03
Tax using the Company's domestic tax rate	34.61	27,885.32	21.34	3057.63
Increase in tax rate				
Tax effect of:				
Non-deductible tax expenses				
Tax-exempt income				
Deduction u/s 80-IA				
Others				
	34.61	**27,885.32**	**21.34**	**3057.63**

(d) Movement in deferred tax balances

Particulars	Net balance April 1, 2017	Recognised in profit or loss	Recognised in OCI	Recognised directly in equity	March 31, 2018 (Audited)		
					Net	Deferred tax asset	Deferred tax liability
Deferred tax Asset/ (Liabilities)							
Property, plant and equipment (includes intangible assets, critical spares and revaluation impact)	(2,52,751.54)	(9305.06)		-	(2,62,056.59)		(2,62,056.59)
Loans and borrowings	(155.98)	(550.68)			(706.66)		(706.66)
Employee benefits	21,603.73	(1,087.77)	(90.39)		20,425.57	20,425.57	
Provisions	963.09	--			963.09	963.09	
Government grant	170.12	66.46			236.58	236.58	
Investment in government security	1,567.09	10.94			1578.03	1578.03	
Other items	7,778.41				7,778.41	7,778.41	
Tax assets (Liabilities)	(2,20,825.08)	(10,866.11)	(90.39)		(2,31,781.58)	30,981.67	(2,62,763.25)
Reversal of Opening DTL	3,499.92				3,499.92	3499.92	
Tax assets (Liabilities) (Net)	(2,17,325.16)	(10,866.11)	(90.39)		(2,28,281.66)	34,481.59	(2,62,763.25)

(e) Movement in deferred tax balances

(Rs. In Lakhs)

Particulars	Net balance April 1, 2018	Recognised in profit or loss	Recognised in OCI	Recognised directly in equity	March 31, 2017 (Unaudited)		
					Net	Deferred tax asset	Deferred tax liability
Deferred tax Asset/ (Liabilities)							
Property, plant and equipment (includes intangible assets, critical spares and revaluation impact)	(2,43,734.81)	(9,016.73)			(2,52,751.54)		(2,52,751.54)
Loans and borrowings	(189.07)	33.09			(155.98)		(155.98)
Employee benefits	20,852.85	750.89			21,603.74	21,603.74	
Provisions	50.68	912.40			963.08	963.08	
Government grant	102.27	67.85			170.12	170.12	
Investment in government security	1357.98	209.11			1567.09	1567.09	
Other items	7,778.40				7,778.40	7,778.40	
Tax assets (Liabilities)	(2,13,781.70)	(7,043.39)			(2,20,825.09)	32,082.43	(2,52,907.52)
Reversal of Opening DTL	3,499.92				3,499.92	3,499.92	
Tax assets (Liabilities) (Net)	(2,10,281.78)	(7,043.39)			(2,17,325.17)	35,582.35	(2,52,907.52)

The Company offsets tax assets and liabilities if and only if it has a legally enforcable to offset current tax assets and current tax liabilties and deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority

3. Financial Assets and Financial Liabilities

The following table shows the carrying amounts of Financial Assets and Financial Liabilities which are classified at Amortised Cost:

(Rs. In Lakhs)

Particulars	FVT-PL	FV-TOCI	Amortised Cost	Fair Value of items carried at Amortised cost	FVT-PL	FV-TOCI	Amortised Cost	Fair Value of items carried at Amortised cost
Non -current financial Assets								
Investments			55831.04				41,209.43	
Loans #			9496.84				23,644.86	
Current Financial assets								
Investments			6628.35				6,896.69	
Loans #			210.45				705.74	
Other Financial Assets #			2,303.28				2,835.55	
Total	-	-	**74,469.97**	-	-	-	**75,292.26**	-
Non - current Financial Liabilities								
Borrowings #			544,421.65				577,217.35	
Other non - current Financial Liabilities #			160,572.39				146,789.34	
Current Financial liabilities								
Borrowings #			102,787.18				16,4604.07	
Trade Payables #			24,562.55				24,767.33	
Other Financial Liabilities #			32,290.80				73,776.13	
Total	-	-	**864,634.56**	-	-	-	**987154.23**	-

The above amounts are considered at cost

Trade receivables:

The Company works out the expected credit losses of trade receivables (which are considered good) using the Government Bond yield as discounting factor for the respective years to assess the time value risk associated with such trade receivables. The trade receivables refer to receivables against wheeling charges to MSEDCL, being fellow subsidiary and soverign entity, no credit risk has been envisaged. The following table provides information about the exposure to credit risk and loss allowance (including expected credit loss provision) for trade receivables:

(Rs. In Lakhs)

Particulars	31.03.2018 (Audited)		31.03.2017 (Unaudited)	
	Gross carrying amount	Loss allowance	Gross carrying amount	Loss allowance
Past due 0-180 days	95,973.93		131,003.72	
Past due 180-360 days	1,875.37		115,537.34	
More than 360 days	138,408.68	12,470.78	21,392.00	2,636.39
TOTAL	**236,257.98**	**12,470.78**	**267,933.06**	**2,636.39**

The movement in the allowance for expected credit loss in respect of trade receivables during the year was as follows:

(Rs. In Lakhs)

Balance as at 01.04.2016	-
Add : Expected Credit loss recognised	-
Less : Amounts written off	-
Balance as at 31.03.2017	-
Add : Expected Credit loss recognised	
Less : Amounts written off	-
Balance as at 31.03.2018	-

Cash and cash equivalents:

(Rs. In Lakhs)

	As at 31.03.2018 (Audited)	As at 31.03.2017 (Unaudited)
Cash and cash equivalents	9,202.08	6,359.98

Liquidity risk:

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

(i) Financing arrangements

The Company has an adequate fund and non-fund based limits from various banks. The Company has sufficient borrowing limits in place duly, approved by its shareholders and board. Domestic credit rating from reputed credit rating agencies enables access of funds from domestic market. It's diversified source of funds and strong operating cash flow enables it to maintain requisite capital structure discipline. MSETCL diversifies its capital structure with a mix of financing products across varying maturities and currencies. The financing products include, clean & secured domestic Term loans. These loans are taken from REC, PFC and banks.

(ii) Maturities of financial liabilities

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

(Rs. In Lakhs)

	Contractual cash flows					
	31.03.2018 (Audited)			31.03.2017 (Unaudited)		
	Upto 1 year	1-3 years	more than 3 years	Upto 1 year	1-3 years	more than 3 years
Non-derivative financial liabilities						
Borrowings	958	2,917	3,485	91,965	275,895	401,470
Total	**958**	**2,917**	**3,485**	**91,965**	**275,895**	**401,470**

Market Risk - Market Risk is further categorised in (i) Currecy risk , (ii) Interest rate risk & (iii) Commodity risk:

Currency risk:

Interest rate risk exposure:

Company's interest rate risk arises from borrowings. The interest rate profile of the Company's interest-bearing financial instruments as reported to the management of the Company is as follows.

	Carrying amount	
	31.03.2018 (Audited)	31.03.2018 (Unaudited)
Fixed-rate instruments		
Financial assets	62,459.39	48,106.12
Financial liabilities	27,749.75	32,089.16
Variable-rate instruments		
Financial assets		
Financial liabilities	5,16,671.90	5,45,128.19

Cash flow sensitivity analysis for variable-rate instruments:

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

This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

(Rs. in Lakhs)

	Profit or loss			
	25 bp increase	25 bp decrease	25 bp increase	25 bp decrease
	31.03.2018 (Audited)		31.03.2017 (Unaudited)	
Floating rate borrowings	1,291.68	(1,291.68)	1,362.82	(1,362.82)
Interest rate swaps (notional principal amount)	-	-	-	-
Cash flow sensitivity (net)	**1,291.68**	**(1,291.68)**	**1,362.82**	**(1,362.82)**

4. Assets hypothecated/pledged as security

The carrying amount of assets hypothecated / mortgaged as security for current and non-current borrowings are:

(Rs. in Lakhs)

	Profit or loss	
	As at 31.03.2018 (Audited)	**As at 31.03.2017 (Unaudited)**
Security created in respect of Non-current Borrowings Property, plant and equipment excluding leasehold land	1,893,162	1,898,786
Security created in respect of Current Borrowings	-	-
i) Inventories	**140,000**	**60,000**
ii) Trade receivables	**-**	**-**
Total assets as security	2,033,162.00	1,958,786.00

5. Capital Management

The Corporation's objective is to maximize the shareholders' value by maintaining an optimum capital structure.Management monitors the return on capital as well as the debt equity ratio and makes necessary adjustments in the capital structure for the development of the business.

(Amt. in Rs.)

Particulars	**31.03.2018 (Audited)**	**31.03.2017 (Unaudited)**
Long term borrowings (Rs. Lakhs)	54,442,165,485.89	57,721,735,401.45
Equity share Capital (Rs. Lakhs)	89,849,747,330.00	89,849,747,330.00
Debt to Equity ratio	**0.61**	**0.64**

MSETCL in terms of Power purchase Agreement with MSEDCL has recognized income during the year of Surcharge being Interest on delayed payments amounting to Rs 755 crores . MSEDCL has not paid such surcharge neither provided for the same.

6. Contigency Reserve and Special Reserve

As per directions of MERC vide Order No. 31 of 2016 dated 7th July, 2016, the Company for FY 2017-18 has appropriated an amount of Rs. 5881 Lakhs (Previous Year Rs. 5546 Lakhs) towards Contingency Reserve.

Furthermore, an amount of Rs. NIL (Previous Year Rs. NIL) has been appropriated towards Special Reserve.

7. Secured Loans:

(Rs. in Lakhs)

Loan Secured By				
Name of the Institution	**Guarantee from State Government**	**Hypothecation against future assets**	**Mortgage against existing assets**	**Total**
Rural Electrification Corporation	NIL	386,612.43	-	386,612.43
Power Finance Corporation	12	209,152.39		209,164.39
Union Bank of India	-	6,118.59	-	6,118.59
Bank of Baroda	-	5,940.78	-	5,940.78
Bank of India	-	2,699.46	-	2,699.46
Oriental Bank of Commerce	-	1,935.61	-	1,935.61

Repayment Schedule of Long Term Loan Liabilities

Particulars	Rural Electrification Corporation	Power Finance Corporation	Union Bank of India	Bank of Baroda	International Financial Corporation	Japan International Corporation Agency	Oriental Bank of Commerce	Bank of India
Nature of Loan	Term Loan	Term Loan	Term Loan	Term Loan	Term Loan	Term Loan	Term Loan	Term Loan
Loan Amount	Up to Borrowing Limit	Up to Borrowing Limit	Rs 33570.00 Lakhs	Rs 26400.00 Lakhs	Rs 24460.00 Lakhs	RS.61849.00 Lakhs (16749 million Yen) (12070.58 MJPY)	27673.00 Lakhs	30000.00 Lakhs
Period (Term)	13 Years (3+10)	18 Years (3+15)	15 Years (2+13)	15 Years (2+13)	11 Years (3+8)	15 Years (5+10)	10 years	13 Years (3+10)
Moratorium Period	3 Years	3 Years	2 Years	2 Years	3 Years	5 Years	-	3 Years
Repayment	Repayment is ongoing	Repayment is ongoining	Repayment is Started	Repayment is Started	Pre-Payment	Repayment is Started	Repayment is started	No.start Repayment
Purpose of Use	Capex Funding	Capex Funding	Capex Funding	Capex Funding	Capex Funding	Capex Funding	Debt Restructuring	Capex Funding
Rate of Interest (Floating)	10.66%	11.00%	8.90% p.a. With annually reset	8.85% p.a. With annually reset	10.57%	0.75%	8.90% p.a. With annually reset	8.93% p.a. With annually reset
Terms of Payment	Yearly	Quarterly	156 monthly installments	156 monthly installments	Semi Annually	Semi Annually	Quarterly & yearly	20 Half yearly
Upfront Fees	Upto 500 Cr - Nil Above 500 Cr - 0.01 % of loan amount	Upto 500 Cr - Nil Above 500 Cr - 0.01 % of loan amount	Nil	Nil	1% of the Loan Sanctioned	Nil	Nil	Nil
Commitment Charges	Upto 500 Cr - Nil Above 500 Cr - 0.25% P.A. on undrawn Amount of Quarter till the Date of Actual Drawl	Upto 500 Cr - Nil Above 500 Cr - 0.25% P.A. on undrawn Amount of the Previous Quarter from the first day of following Quarter till the Actual Date of Drawl	Nil	Nil	0.50% of the undrawn amount of Loan has not been disbursed	Nil	Nil	Nil
Margin Money Requirement (Equity) From 01.04.2017	25.00%	25.00%	20.00%	20.00%	20.00%	VAT,CST/ ED Paid by MSETCL	Nil	25.00%

Foreign Currency Loan

Loan Secured by	JICA (Rs.) in Lakhs	JICA (¥) in Million
Guarantee from Central Government	27,745.97	4,546.52

¥ Japanese Yen

8. 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 interst paid/payable as required by MSEMED Act, 2006 is not disclosed.

9. **Capital Commitments**

   Capital Expenditure contracted for at the end of reporting period but not recognised as liabilities is as follows:

(Rs. in Lakhs)

Particulars	31.03.2018 (Audited)	31.03.2017 (Unaudited)
Property, Plant and Equipment	100,354.30	23,943.75
Less: Capital Advances	-	(7,592.20)
Net Capital Commitments	100,354.30	16,351.55

10. Balances of Trade Receivables, Financial assets - Loans and advances are subject to confirmation and reconciliation if any. The Company is taking necessary steps for reconciliation and confirmation of the same.

11. The group Company's Receivables & Payables are subject to confirmation and reconciliation. These items interalia includes an adjustments. It's long pending inter-unit advise payable balances of Rs 21183.49 lakhs(P.Y 21183.49 lakhs) (Receivables Rs 19679.53 lakhs and Payables Rs 40863.03 lakhs i.e Net payable Rs 21183.49 lakhs) pertaining to MSEDCL through the Receivable against Transmission Charges from MSEDCL.

12. In accordance with Ind AS 36 - Impairment of assets, impairement analyis of assets of Transmission activity of MSETCL by evaluation of its Cash Generating Units, was carried out by outside agency in the year 2006-07 and since recoverable was more than the carrying amount thereof, no impairment loss was recognised. In the current year, there is no indication of impairment which requires re-estimating the recoverable amount of the assets.

13. MSETCL is consistently following its accounting policy regarding recognition of other income on ‘accrual basis except when ultimate realization of such income is uncertain’ as mentioned in Note no. 2.12 which is in commensurate with applicable accounting standard. As such Delayed Payment Charges being part of other income is recognized only to the extent of realized amount. Thus by adopting this policy the accounts of each financial years have been finalized on the basis of which Truing-up (Provisional / Final) is done by MERC as mentioned in clause 11.3 of MYT Regulations 2011 (applicable upto FY 2015-16).

    MERC has done truing-up for every financial year based on the accounts and not adjusted the amount of Delayed Payment Charges upto truing up of FY 2014-15 as the same was not accounted for in the accounts. However, MERC while carrying out provisional true-up for FY 2015-16 has reduced ARR by Rs.85499 lakhs towards Delayed Payment Charges related to the earlier financial years including FY 2015-16 which have been not accounted for in accounts as per accounting policy. Apart from this adjustment, MSETCL is entitled for its legitimate ARR of Rs.394437 lakhs as is evident from MERC order dtd. 7th July 2016 in case no. 31 of 2016. To match with this entitled ARR accrued in FY 2016-17, MSETCL has accounted for Rs.85499 lakhs as other income being shortfall in ARR which has resulted on account of adjustment towards DPC in FY 2016-17. Further, MSETCL has filed an appeal before APTEL against the order of MERC in case No 31 of 2016 vide Appeal No 67 of 2017.

Considering the above adjustment, an amount of DPC accumulated as on 31st March 2018 Rs.51981.82 lakhs have not been booked as per consistent accounting policy followed.

14. Company is not required to make provision u/s 135 (Corporate Social Responsibility) of Company's Act 2013 in Current year as Average Net Profit calculated as per section 198 is negative.

15. Expenses identified pertaining to previous years to the tune of Rs 1152.86 lakhs have been adjusted against the Provisions made in the previous years. Income to the tune of Rs 316.46 lakhs relating to previous period have been included in the respective heads of Current Year.

16. As per the directives of MERC, MSETCL has to invest foreign exchange loss in securities authorized under Indian Trust Act, 1882 . Vide Order No 102 of 2011, MERC is of the opinion that forex loss is notional in nature and may turn into income or expenses on accounts of currency fluctuation later on. Considering the above fact, MSETCL has taken a stand that it will invest this amount before final true up of years in which the loss has been occurred. As on 31-03-2018, accumulated foreign exchange loss is Rs. 11267 lakhs against which MSETCL has invested an amount of Rs. 5228 lakhs . There is a shortfall of Rs. 6039 lakhs as on 31.03.2018. Since the Final true up of the year 2017-18 is pending, it is felt that shortfall in investment amount will be invested subsequently before trueup. However MSETCL has invested an amount of Rs. 4190 lakhs on 09.04.2018.

Note 47:

Reactive Energy Charges of Rs 26.38 crores raised by MSPGCL has not been recognised by MSETCL .

Delayed Payment Charges of Rs.157.83 crores consider by MSEDCL has not been recognised by MSETCL.

Therefore on the principles of prudence, Net Expense of Rs 131.45 crores has been reversed in the Consolidated Financial Statements. The tax impact due to such reversal has not been recognised.

Note 48:

According to the Management the investment of the Company in Ratnagiri Gas & Power Pvt Ltd and Konkan LNG Private Ltd is not treated as Joint Venture as there is no control of MSEBHCL in its operations.

Note 49 - Part I

Related Party Transactions with respect to Income & Expenses and Assets and Liabilities have been eliminatedin the consolidated accounts to the extent of lower of the two balances as under:

Elimination of Related Party Transactions for the year 2017-18 with respect to Income & Expenditure

Name of the co	Particulars	Nature of Transaction	Amount	Note No	Name of the co	Particulars	Nature of Transaction	Amount	Note No	Eliminaion lower of the two
MSPGCL	Sale of Power	Income	19,396.33	31	MSEDCL	Purchase of Power	Expenses	17,405.35	33	17,405.35
MSEDCL	Sale of Power	Income	49.38	31	MSETCL	Electircity Charges	Expenses	49.38	37	49.38
MSEDCL	Sale of Power	Income	14.16	31	MSPGCL	Electircity Charges	Expenses	14.16	37	14.16
MSPGCL	Surcharge Income from consumers	Income	2,047.31	31	MSEDCL	Finance Costs	Expenses	2,047.31	35	2,047.31
MSETCL	Transmission charges	Income	2,890.99	31	MSEDCL	Transmission Charges	Expenses	2,890.99	33	2,890.99
MSETCL	SLDC Charges	Income	15.53	31	MSEDCL	Transmission Charges	Expenses	15.53	33	15.53
MSETCL	Sale of Transformer Oil	Income	1.80	31	MSEDCL	Purchase of Power	Expenses	1.80	33	1.80
MSETCL	Rescheduling Charges	Income	1.25	31	MSPGCL	Purchase of Power	Expenses	1.25	33	1.25
MSETCL	Rescheduling Charges	Income	0.16	31	MSEDCL	Purchase of Power	Expenses	0.16	33	0.16
MSEBHCL	Other Income	Income	10.76	32	MSPGCL	Administration & General Expenses Lease Rent	Expenses	12.33	37	10.76
MSEBHCL	Other Income	Income	9.54	32	MSETCL	Administration & General Expenses Rent	Expenses	11.01	37	9.54
MSEBHCL	Other Income	Income	18.08	32	MSEDCL	Administration & General Expenses Lease Rent	Expenses	20.54	37	18.08
MSPGCL	Reactive Charges	Income	26.38	31	MSPGCL	Trade Receivables	Assets	26.38		26.38
MSEBHCL	Trade Receivables	Assets	2.38	12	MSEBHCL	Provision for Expected Credit Losses	Expenses	2.38	37	2.38
MSPGCL	Trade Receivables	Assets	9.03	12	MSPGCL	Provision for Doubtful Advance	Expenses	9.03	37	9.03

MSETCL	Trade Payable	Assets	0.01	27	MSETCL	Water Charges	Expenses	0.01	37	0.01
MSETCL	Trade Payable	Assets	0.01	27	MSETCL	Drawing Charges	Expenses	0.01	37	0.01
MSETCL	Trade Payable	Assets	0.00	27	MSETCL	Staff Quarter Rent	Expenses	0.00	37	0.00
MSETCL	Trade Payable	Assets	0.04	27	MSETCL	Vehicle Running & Maintenance Expenses	Expenses	0.04	37	0.04
MSPGCL	Trade Receivables	Assets	296.98	12	MSPGCL	Provision for Expected Credit Losses	Expenses	296.98	37	296.98
MSEDCL	Trade Receivables	Assets	157.83	12	MSEDCL	Finance Costs	Expenses	157.83	35	157.83
MSEDCL	Trade Receivables	Assets	3.28	12	MSEDCL	Provision for Expected Credit Losses	Expenses	3.28	37	3.28
MSEDCL	Trade Receivables	Assets	96.62	12	MSEDCL	Provision for Expected Credit Losses	Expenses	96.62	37	96.62
MSPGCL	Investments in Subsidiaries, associates and joint ventures	Assets	46.23	4	MSPGCL	Provision for Expected Credit Losses on quassi Investment	Expenses	46.23	37	46.23

Elimination of Related Party Transactions for the year 2016-17 with respect to Income & Expenditure

Name of the co	Particulars	Nature of Transaction	Amount	Note No	Name of the co	Particulars	Nature of Transaction	Amount	Note No	Eliminaion lower of the two
MSPGCL	Sale of Power	Income	16,454.18	31	MSEDCL	Purchase of Power	Expense	16,454.18	33	16,454.18
MSEDCL	Sale of Power	Income	51.71	31	MSETCL	Electircity Charges	Expense	50.83	37	50.83
MSEDCL	Sale of Power	Income	6.15	31	MSPGCL	Electircity Charges	Expense	6.15	37	6.15
MSPGCL	Surcharge Income from consumers	Income	1,697.64	31	MSEDCL	Finance Costs	Expense	1,697.64	35	1,697.64
MSETCL	Transmission charges	Income	1,661.58	31	MSEDCL	Transmission Charges	Expense	1,661.58	33	1,661.58
MSETCL	Delay Payment Charges	Income	274.99	32	MSEDCL	Finance Costs	Expense	274.99	33	274.99
MSETCL	Delay Payment Charges	Income	0.33	32	MSEDCL	Finance Costs	Expense	0.33	33	0.33
MSETCL	Sale of Transformer Oil	Income	2.24	31	MSEDCL	Transmission Charges	Expense	2.24	33	2.24

MSEBHCL	Other Income	Income	10.76	32	MSPGCL	Administration & General Expenses Lease Rent	Expense	10.76	37	10.76
MSEBHCL	Other Income	Income	9.54	32	MSETCL	Administration & General Expenses Rent	Expense	9.54	37	9.54
MSEBHCL	Other Income	Income	18.08	32	MSEDCL	Administration & General Expenses Lease Rent	Expense	18.08	37	18.08
MSPGCL	Reactive Charges	Income	11.58	31	MSPGCL	Trade Payables	Liabilities	11.58		11.58
MSEBHCL	Trade Receivables	Assets	187.25	12	MSEBHCL	Provision for Expected Credit Losses	Expense	187.25	37	187.25
MSPGCL	Trade Receivables	Assets	97.49	12	MSPGCL	Provision for Doubtful Advance	Expense	97.49	37	97.49
MSPGCL	Trade Receivables	Assets	1.77	12	MSPGCL	Provision for Expected Credit Losses	Expense	1.77	37	1.77
MSEDCL	Trade Receivables	Assets	32.73	12	MSEDCL	Provision for Expected Credit Losses	Expense	32.73	37	32.73
MSEDCL	Trade Receivables	Assets	63.37	12	MSEDCL	Provision for Expected Credit Losses	Expense	63.37	37	63.37
MSPGCL	Investments in Subsidiaries, associates and joint ventures	Assets	45.10	4	MSPGCL	Provision for Expected Credit Losses on quassi Investment	Expense	45.10	37	45.10

Note 49

Part II

Elimination of Inter Company Balances for the Financial year 2017-18

Name of the co	Particulars	Amount (Cr)
ASSETS		
	Non Current Assets: Investments in Subsidiaries, associates and joint ventures	
MSEBHCL	MESBHCL Equity	(81,477.36)
MSEBHCL	MSEBHCL Share Application Pending Allotement	(150.17)
MSPGCL	Expected Credit Loss charged to P & L of F.Y. 2016-17	45.10
MSPGCL	Expected Credit Loss charged to P & L	46.23
	Financial Assets: (ii)Trade Receivables	
MSPGCL	Expected Credit Loss charged to P & L of F.Y. 2016-17	187.25
MSPGCL	Expected Credit Loss charged to P & L	296.97
	Financial Assets: (iii) Loans	
MSPGCL	Inter Company Balances	(21.01)
MSETCL	Inter Company Balances	(15.79)
MSEDCL	Expected Credit Loss charged to P & L	3.28
	Financial Assets: Other Non Current Assets	
MSEDCL	Inter Company Balances	(3,378.67)
	Current Assets: (ii) Trade Receivables	
MSEDCL	Liability for purchase of Power	(17,405.35)
MSETCL	Liability for purchase of Power	(49.38)
MSPGCL	Liability for purchase of Power	(14.16)
MSEDCL	Liability for purchase of Power	(2,047.31)
MSEDCL	Liability for transmission charges	(2,890.99)
MSEDCL	Liability for transmission charges	(15.53)
MSEDCL	Liability for transmission charges	(1.80)
MSPGCL	Liability for transmission charges	(1.25)
MSEDCL	Liability for transmission charges	(0.16)
MSETCL	Inter Company Balances	(36.88)
MSPGCL	Inter Company Balances	(97.38)
MSEDCL	Inter Company Balances	(153.17)
MSPGCL	Reactive Chgs- MSPGCL (current year)	(26.38)
MSEBHCL	Inter Company Balances	1.77
MSEBHCL	Inter Company Balances	2.38

MSEDCL	Provsison for doubtful advances (earlier year)	97.49
MSEDCL	Provsison for doubtful advances (current year)	9.03
MSPGCL	Reactive Chgs- MSPGCL (earlier year)	(11.58)
MSETCL	Expenses MSETCL	(0.02)
	Current Asset: (v) Loans	
MSPGCL	Intercompany Balances	(371.87)

Annx 1: Reconcilation of Other Equity for the F.Y 2017-18

Particulars	MSPGCL	MSTECL	MSEDCL	MSEBHCL	Total
Other Equity	-6,487.66	1,602.01	-26,652.99	-1,540.03	-33,078.66

(A) Adjustment for restated balance sheet of F.Y 2016-17		**3,887.06**
(B) Adjustment of Related Party Transactions		
i) For F.Y 2016-17		
Reactive Chgs- MSPGCL	-11.58	
Provision for Expected Credit Loss	97.87	
Provision for Expected Credit Loss (Investments)	45.10	
Provsison for doubtful advances	97.49	
Impairment of Financial Instruments	187.25	**416.13**
ii) For F.Y 2017-18		
DPC- MSPGCL	26.38	
DPC- MSETCL	-157.83	
Provision for Expected Credit Loss	-102.28	
Provision for Expected Credit Loss (Investments)	-46.23	
Provsison for doubtful advances	-9.03	
Impairment of Financial Instruments	-296.98	
Expenses MSETCL	-0.06	**-586.03**
(C) Share Application Money Pending Allotment (MSPGCL)		**37.00**
(D) Share Capital Equity Difference (MSPGCL)		**0.02**
(E) Consolidated Other Equity		**-28,226.42**
Net Adjustment Effect (A) + (B) -(C) -(D) +(E)		**4,852.24**

Part III

Elimination of Inter Company Balances for the Financial year 2016-17

Name of the co	Particulars	Amount (Cr)
ASSETS	**Non Current Assets: Investments in Subsidiaries, associates and joint ventures**	
MSEBHCL	MESBHCL Equity	(80,335.94)
MSEBHCL	MSEBHCL Share Application Pending Allotement	(693.79)
MSPGCL	Expected Credit Loss charged to P & L of F.Y. 2016-17	45.10
	Financial Assets: (ii)Trade Receivables	
MSPGCL	Expected Credit Loss charged to P & L of F.Y. 2016-17	187.25
	Financial Assets: (iii) Loans	
MSPGCL	Inter Company Balances	(20.94)
MSETCL	Inter Company Balances	(237.27)
MSEDCL	Expected Credit Loss charged to P & L	32.72
	Financial Assets: Other Non Current Assets	
MSEDCL	Inter Company Balances	(3,322.35)
	Current Assets: (ii) Trade Receivables	
MSEDCL	Liability for purchase of Power	(16,454.18)
MSETCL	Liability for purchase of Power	(50.83)
MSPGCL	Liability for purchase of Power	(2.24)
MSEDCL	Liability for purchase of Power	(0.33)
MSEDCL	Liability for transmission charges	(1,697.64)
MSEDCL	Liability for transmission charges	(274.99)
MSEDCL	Intercompany Balance	(242.79)
MSPGCL	Intercompany Balance	1.77
MSEDCL	Provsison for doubtful advances	97.49
MSETCL	Provsison for doubtful advances	(17.73)
MSETCL	Intercompany Balance	(7.76)
MSPGCL	Intercompany Balance	3,514.00
	Current Asset: (v) Loans	
MSPGCL	Intercompany Balances	(404.99)
		(99,885.44)
EQUITY AND LIABILITIES		
	Equity	
MSEBHCL	Investment in Subsidiaries	(80,335.94)
MSEBHCL	Minority Interest	(0.02)

	Other Equity	
	Other Equity	3,910.42
	(ii) Trade Payables	
MSEDCL	Liability for purchase of Power	(16,454.18)
MSETCL	Liability for purchase of Power	(50.83)
MSPGCL	Liability for purchase of Power	(6.15)
MSPGCL	Inter Company Balances	(63.37)
MSEDCL	Liability for transmission charges	(1,697.64)
MSEDCL	Liability for transmission charges	(274.99)
MSPGCL	Inter Company Balances	(2.24)
	Other Financial Liabilities	
MSPGCL	Inter Company Balances	22.67
MSETCL	Inter Company Balances	(28.73)
MSEDCL	Inter Company Balances	(237.28)
MSETCL	Inter Company Balances	(0.33)
MSPGCL	Inter Company Balances	(87.38)
MSEDCL	Inter Company Balances	(404.99)
MSEDCL	Inter Company Balances	(20.93)
MSEDCL	Inter Company Balances	(3,757.79)
MSEDCL	Inter Company Balances	(199.67)
MSPGCL	Inter Company Balances	(173.39)
	Other Current Liabilities	
MSEBHCL	Inter Company Balance MSEBHCL	(22.67)
		(99,885.43)

Annx 2: Reconcilation of Other Equity for the F.Y 2016-17

Particulars	MSPGCL	MSTECL	MSEDCL	MSEBHCL	Total
Other Equity	-6,830.04	1,098.39	-26,849.88	-1,411.07	-33,993

(A) Adjustment for restated balance sheet of F.Y 2016-17		**3,887.06**
(B) Adjustment of Related Party Transactions		
i) For F.Y 2016-17		
Reactive Chgs- MSPGCL	-11.58	
Provision for Expected Credit Loss	97.87	
Provision for Expected Credit Loss (Investments)	45.10	
Provsison for doubtful advances	97.49	

Impairment of Financial Instruments	187.25	**416.13**
(C) Share Application Money Pending Allotment (MSPGCL)		**392.77**
Consolidated Other Equity		**-30,082.17**
Net Adjustment Effect (A) + (B) - (C)		**3,910.42**

Note : 50

Part I

Reconciliation and Restatement of Consolidated Profit & Loss for the year ended 31st March 2017

Sr. No	Particulars	Note No	Reported Amount as at 31st March 2017	Reclassification /Restatement	Reinstated Amount as at 31st March 2017
(i)	Revenue from operations	31	58,257.67	2,861.17	61,118.84
(ii)	Other Income	32	2,729.31	1,074.85	3,804.16
I	**Total Income**		**60,986.98**	**3,936.02**	**64,923.00**
	Expenses				
	Cost of materials consumed	33	40,517.16	43.50	40,560.66
	Employee Benefits Expenses	34	6,328.40	-0.46	6,327.94
	Finance Costs	35	6,844.60	-7.58	6,837.02
	Depreciation and amortization expense	36	6,093.22	-8.22	6,085.00
	Others expenses	37	7,239.84	-2,635.51	4,604.33
II	**Total Expenses**		**67,023.22**	**-2,608.26**	**64,414.96**

Part II

Reconciliation and Restatement of Consolidated Balance Sheet as at 31st March 2017

Sr. No	Particulars	Note No	Reported Amount as at 31st March 2017	Reclassification /Restatement	Reinstated Amount as at 31st March 2017
	ASSETS				
(1)	Non Current Assets				
a	Property, Plant & Equipment	2	117,654.54	-111.30	117,543.24
b	Capital Work in Progress	2A	7,505.99	-10.13	7,495.86
c	Investment Properties	3	876.92	-0.00	876.92
d	Goodwill			-	
e	Other Intangible Assets	2B	36.86	-1.09	35.77
f	Intangible Assets under Development	2C	129.77	-0.00	129.77

g	Investments in Subsidiaries, associates and joint ventures	4	-40.32	88.58	48.26
h	Financial Assets			-	
	(i) Investments	5	606.37	-2.06	604.31
	(ii)Trade Receivables	6	3,231.58	0.01	3,231.59
	(iii) Loans	7	1,506.81	-1,287.24	219.57
	(iv) Others (to be specified)	8		853.61	853.61
i	Deferred Tax Assets (Net)			-	
j	Other Non Current Assets	9	2,198.70	213.92	2,412.62
(2)	**Current Assets**				
a	Inventories	10	2,339.86	-0.10	2,339.76
b	Financial Assets				
	(i) Investments	11	85.81	-16.84	68.97
	(ii) Trade Receivables	12	18,416.33	10,790.43	29,206.76
	(iii) Cash & cash Equivalents	13	1,531.68	-0.10	1,531.58
	(iv) Bank Balances Other than (iii) above		-	-	-
	(v) Loans	14	229.17	-167.63	61.54
	(iv) Others	15	2,391.80	1,181.79	3,573.59
c	Current Tax Assets (Net)		-	-	-
d	Other Current assets	16	3,098.04	-881.31	2,216.73
	Assets held for sale/Assets included in disposal group(s) held for sale	17	328.61	0.00	328.61
	Regulatory Assets	18	2,315.00	2,608.71	4,923.71
	Total Assets		**164,443.52**	**13,259.23**	**177,702.75**
	EQUITY AND LIABILITIES				
	EQUITY				
a	Equity Share capital	19	87,392.77	-0.02	87,392.75
b	Other Equity	20	-38,470.57	8,388.40	-30,082.17
	Equity attributable to owners of the parent		48,922.20	8,388.38	57,310.58
	Non Controlling interest			21.69	21.69
			48,922.20	8,410.08	57,332.28
	LIABILITIES				
(1)	**Non Current Liabilities**				
a	Financial laibilities				
	(i) Borrowings	21	50,017.71	-1,802.06	48,215.65
	(ii) Trade Payables		-		-
	(iii) Other fianancial Liabilities (other than those specified in item (b))	22	8,000.58	4.85	8,005.43
b	Provisions	23	5,145.17	-0.05	5,145.12

c	Deferred Tax Liabilities (Net)	24	3,346.86	333.73	3,680.59
d	Other Non Current Liabilities	25	5,998.01	-117.42	5,880.59
(2)	**Current Liabilities**				
a	Financial laibilities				
	(i) Borrowings	26	16,154.44	-1,109.97	15,044.47
	(ii) Trade Payables	27	4,907.27	6,202.86	11,110.13
	(iii) Other fianancial Liabilities (other than those specified in item (c))	28	16,837.25	1,517.36	18,354.61
b	Other Current Liabilties	29	3,156.40	637.04	3,793.44
c	Provisions	30	1,957.62	-817.16	1,140.46
d	Current Tax Liabilities (Net)		-	-	-
	Liabilities classified as held for sale/ Liabilities included in disposal group held-for sale				
	Total Liabilities and Equity		**164,443.52**	**13,259.23**	**177,702.75**

Part III

Reconciliation and Restatement of Consolidated Balance Sheet as at 1st April 2016.

Sr. No	Particulars	Note No	Reported Amount as at 31st March 2016	Reclassification /Restatement	Reinstated Amount as at 1st April 2016
	ASSETS				
(1)	**Non Current Assets**				
a	Property, Plant & Equipment	2	101,555.40	-118.01	101,437.39
b	Capital Work in Progress	2A	23,058.51	1,143.51	24,202.02
c	Investment Properties	3	917.88	0.00	917.88
d	Goodwill			-	
e	Other Intangible Assets	2B	56.46	-1.17	55.29
f	Intangible Assets under Development	2C	120.78	0.00	120.78
g	Investments in Subsidiaries, associates and joint ventures	4	-6.20	-0.00	-6.20
h	Financial Assets			-	
	(i) Investments	5	641.46	-0.00	641.46
	(ii)Trade Receivables	6	3,453.90	0.00	3,453.90
	(iii) Loans	7	1,059.59	-753.99	305.60
	(iv) Others (to be specified)	8	-	533.98	533.98
i	Deferred Tax Assets (Net)			-	
j	Other Non Current Assets	9	2,125.48	-476.04	1,649.44
(2)	**Current Assets**				
a	Inventories	10	2,719.57	0.00	2,719.57

b	Financial Assets				
	(i) Investments	11	59.63	-0.00	59.63
	(ii) Trade Receivables	12	12,400.98	5,552.10	17,953.08
	(iii) Cash & cash Equivalents	13	772.17	0.00	772.17
	(iv) Bank Balances Other than (iii) above		-	-	
	(v) Loans	14	883.75	-2.29	881.46
	(iv) Others	15	1,411.71	2,099.80	3,511.51
c	Current Tax Assets (Net)		-	-	
d	Other Current assets	16	3,627.46	-1,863.21	1,764.25
	Assets held for sale/Assets included in disposal group(s) held for sale	17	178.23	-0.00	178.23
	Regulatory Assets	18	2,524.00	-	2,524.00
	Total Assets		**157,560.76**	**6,114.68**	**163,675.44**
	EQUITY AND LIABILITIES				
	EQUITY				
a	**Equity Share capital**	**19**	**86,299.79**	**0.00**	**86,299.79**
b	Other Equity	20	-32,893.54	3,151.04	-29,742.50
	Equity attributable to owners of the parent		53,406.25	3,151.04	56,557.29
	Non Controlling interest		-	-	
			53,406.25	3,151.04	56,557.29
	LIABILITIES				
(1)	**Non Current Liabilities**				
a	**Financial laibilities**				
	(i) Borrowings	21	40,427.88	1,165.36	41,593.24
	(ii) Trade Payables				
	(iii) Other fianancial Liabilities (other than those specified in item (b))	22	7,907.55	-247.01	7,660.54
b	Provisions	23	4,907.14	0.00	4,907.14
c	Deferred Tax Liabilities (Net)	24	3,636.13	-0.00	3,636.13
d	Other Non Current Liabilities	25	4,786.48	72.62	4,859.10
(2)	**Current Liabilities**				
a	**Financial laibilities**				
	(i) Borrowings	26	17,220.76	-4,022.55	13,198.21
	(ii) Trade Payables	27	4,422.15	2,912.34	7,334.49
	(iii) Other fianancial Liabilities (other than those specified in item (c))	28	17,680.87	2,857.20	20,538.07
b	Other Current Liabilties	29	991.39	871.15	1,862.54
c	Provisions	30	2,174.15	-961.46	1,212.69

d	Current Tax Liabilities (Net)				
	Regulatory Liabilities		-	316.00	316.00
	Total Liabilities and Equity		**157,560.76**	**6,114.68**	**163,675.44**

Note 51:

Figures for the previous year have been regrouped wherever necessary for appropriate presentation of financial statements to comply with the provisions of schedule III as per the Companies Act, 2013.

As per our report of even date

For DOOGAR & ASSOCIATES
Chartered Accountants
Firm Registration Number: 000561N

Sunil Pimpalkhute
Director (Finance) & CFO
(DIN: 01915725)

Arvind Singh
Managing Director
(DIN: 02780573)

Mukul Marwah
Partner
Membership Number : 511239

Pankaj Sharma
CGM (Finance)

Subodh Zare
Company Secretary

Place : Mumbai
Date : 28-12-2018

Place : Mumbai
Date : 28-12-2018