MSEB HOLDING CO. LTD

11th Annual Report for Financial Year 2015-2016

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MSEB HOLDING COMPANY LIMITED

Board of Directors for the Financial Year 2015-16

(upto the date of Annual General Meeting)

Chairman

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

Vice - Chairman

Shri. Madan Yerawar, (Hon'ble Minister of State for Energy)
From 08-07-2016

Managing Director

Shri Mukesh Khullar - IAS, w.e.f. 25-02-2015 to 25-05-2016

Shri Bipin Shrimali - IAS, w.e.f. 25-05-2016

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
Shri S. P. Gupta - IPS, w.e.f. 27-08-2015 to 31-07-2016
Shri. Surendra N. Pandey - IPS, w.e.f. 26-10-2016
Shri Prakash Page w.e.f. 07-07-2005
Shri R. B. Goenka, w.e.f. 25-02-2015
Shri Vishwas Pathak, w.e.f. 25-02-2015

Director (Finance) & CFO

Smt. Anuradha Bhatia, IRS, w.e.f. 24-08-2015

Company Secretary

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

DIRECTORS' REPORT

To,
THE MEMBERS,
MSEB HOLDING CO. LTD.

The Directors have pleasure to present the 11th Annual Report on the business and the operations of your company during the financial year ended on 31st March, 2016 along with Audited Financial Statements for the year ended 31st March, 2016.

1. FINANCIAL RESULTS :

(Amount in ₹)

Particulars	Standalone		Consolidated	
	2015-16	2014-15	2015-16	2014-15
Income	41,22,18,637	41,50,72,929	589,76,20,12,059	591,00,90,35,885
Expenditure	77,72,21,797	179,36,06,102	605,66,69,17,479	581,38,91,22,637
Cost of Material Consumed	-	-	395,84,50,70,961	392,30,21,04,560
Employees remuneration and benefits	650,88,350	5,99,75,931	63,74,25,58,053	68,35,81,70,743
Repairs & Maintenance	-	-	776,45,25,253	11,18,39,83,773
Administration and General Expenses	-	-	25,98,22,45,624	25,29,28,80,471
Other Expenses	25,15,93,509	26,11,19,760	460,82,98,261	416,60,98,179
Finance Costs	0	145,75,36,102	57,23,98,41,136	56,13,87,33,125
Depreciation	46,05,39,938	1,19,92,720	49,50,35,38,167	35,75,64,83,163
Net Profit / (Loss) for the year before Prior Period, exceptional & extraordinary items	**(36,50,03,160)**	**(137,85,33,173)**		
Prior period items	(230,81,33,151)	(29,81,589)	98,08,40,021	(11,80,93,31,379)
Exceptional items	28,37,76,93,940	0	247,50,52,74,420	10,03,54,26,033
Profit/(Loss) before Tax	**25,70,45,57,629**	**(137,85,33,173)**	**263,41,01,79,840**	**19,65,53,39,280**
Provision for Tax-Current year tax, Previous year tax & deferred tax (net)	155,12,873	(9,95,89,747)	186,01,74,545	13,22,59,38,733
Profit / (Loss) after Tax	**25,72,00,70,502**	**(147,81,22,920)**	**(265,27,03,54,386)**	**642,94,00,546**

2. FINANCIAL HIGHLIGHTS :

i) The Financial Restructuring plan (FRP) has been approved in cabinet meeting held on 31.03.2016 and notified vide GR No. Reform 2010/pra.kra.117/Urja-3 dt. 31.03.2016.

ii) As per approved FRP, State Govt. Loans as on 5th June, 2005 have been transferred to the GOM against equity. Hence, no finance costs have been incurred during the year.

iii) Consequently, 7648,57,09,863 equity shares of Rs. 10 (Rupees Ten only) each were allotted to the Govt. of Maharashtra on 31.03.2016.

iv) The Income of the company which mainly comprises of Rental income and Interest on Fixed Deposits decreased merely by 0.68%.

v) The total expenses of the company including prior period expenses have increased to Rs. 308.53 Crs. as compared to Rs. 179.36 Crs. of previous year. This is primarily due to increase in depreciation on increased value of assets. As per approved FRP, new assets values have been determined by the GOM as per the valuation carried out in the year 2006. Depreciation has been charged on the increased value of assets with retrospective effect from F.Y. 2005-2006.

vi) There has been an increase in Employee Remuneration and benefits to the tune of Rs. 51.12 lakhs as compared to previous year which is due to appointment of Whole-time Director (Finance) on deputation and Company Secretary on 3 years' contract basis.

vii) There has been increase in the administration and general expenses as compared to last year due to the increase of various costs such as Electricity Charges, Water Charges, House Keeping, Security Charges etc. These costs have been considered with respect to new Memorandum of Understanding dated 09/05/2014 executed between MSEBHCL and its Subsidiaries with effect from 01/04/2013.

3. 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 "I".**

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

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

5. DIVIDEND :

There has been net profit during the current financial year. However, the same is due to write back of Interest on GOM loans as per approved FRP. Hence, no dividend has been declared by the Company during the year.

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

Your Company had applied for extension for holding of the 11th Annual General Meeting to the Registrar of Companies, Ministry of Corporate Affairs, Govt. of India. The ROC has vide its letter dated 29th September, 2016 granted extension of 3 months in holding the Annual General Meeting.

7. DIRECTORS :

Shri. Madan Yerawar, Hon'ble Minister of State, Energy, Govt. of Maharashtra was appointed as Additional

Director & Vice-Chairman of the Company w.e.f. 8th July, 2016.

Shri. Bipin Shrimali, was appointed as Managing Director of the Company w.e.f 25th May, 2016 in place of Shri. Mukesh Khullar, who was transferred as Pr. Secretary (GAD) pursuant to Govt. Order.

Shri. Surendra Pandey has been appointed as Director (S&E) w.e.f. 26th October, 2016 pursuant to Govt. Order.

Shri. Surya Pratap Gupta tendered his resignation on account of superannuation w.e.f. 31st July, 2016.

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

8. KEY MANAGERIAL PERSONNEL (KMP) :

During the financial year 2015-16, 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. Mukesh Khullar	Managing Director	25th February, 2015	25th May, 2016
2.	Shri. Bipin Shrimali	Managing Director	25th May, 2016	1st March, 2017
3.	Smt. Anuradha Bhatia	Director (Finance) & CFO	24th August, 2015	---
4.	Shri. Subodh R. Zare	Company Secretary	21st August, 2015	---

9. 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, 2016, 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, 2016 on a 'going concern basis; and

e) 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.

10. DECLARATION BY INDEPENDENT DIRECTORS :

The Independent Director of the Company has 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.

11. 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.

12. 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.

13. SHARE CAPITAL :

The Authorised Share capital of the Company has been increased from Rs. 25,000 crores to Rs. 99,000 crores during the year.

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

Particulars	Share Capital (Rs.)
Share Capital as on 31.03.2015	8385,29,59,000
Allotments during the year	77914,47,61,630
Share Capital as on 31.03.2016	86299,77,20,630

14. AMOUNT TRANSFERRED TO RESERVES :

There has been net profit during the current financial year which is due to write back of Interest on GOM loans as per approved Financial Restructuring Plan (FRP). In view of the same, the Board of Directors does not propose to transfer any amount to reserves.

15. CONSOLIDATED ACCOUNTS :

In accordance with section 129(3) of the Companies Act, 2013, 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.

16. RELATED PARTY TRANSACTIONS :

The transactions with related parties entered during the year have been disclosed in the financial statements.

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

The Company has in place adequate internal financial controls with reference to financial reporting.

18. 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.

19. 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.

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

The details of Loans, Guarantees, securities and Investments to the extent applicable are given in the notes to the Standalone Financial Statements.

21. 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.

22. 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.

23. 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, the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 has been notified on 9th December, 2013. Under the said Act, every company is required to set up an Internal Complaints Committee to look into complaints relating to sexual harassment at work place of any woman employee.

During the year, no complaint was received.

24. MEETINGS OF THE BOARD :

The Board of Directors duly met 12 (twelve) times during the financial year from 1st April, 2015 to 31st March, 2016. The dates on which the meetings were held are as follows :

Sr. No.	Number of the Meeting	Date of the Meeting
1.	57th Board Meeting	15.04.2015
2.	58th Board Meeting	18.06.2015
3.	59th Board Meeting	27.08.2015
4.	60th Board Meeting	29.09.2015
5.	61st Board Meeting	23.11.2015
6.	62nd Board Meeting	02.12.2015
7.	63rd Board Meeting	23.12.2015

8.	64th Board Meeting	30.12.2015
9.	65th Board Meeting	28.01.2016
10.	66th Board Meeting	11.02.2016
11.	67th Board Meeting	22.02.2016
12.	68th Board Meeting	31.03.2016

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	12	12
2.	Shri. Mukesh Khullar	12	12
3.	Shri. Bipinkumar Punambhai Shrimali	12	12
4.	Shri. Sanjeev Kumar	6	3
5.	Shri. Om Prakash Gupta	4	4
6.	Shri. Surya Pratap Gupta	10	9
7.	Shri. Rajeevkumar Prembhushan Mital	12	12
8.	Shri. Prakash Vithal Page	12	12
9.	Smt. Irawati Dani	1	1
10.	Shri. Vishwas Vasant Pathak	12	12
11.	Shri. Rajendra Balbhadra Goenka	12	10
12.	Shri. Surya Pratap Gupta	10	9
13.	Smt. Anuradha Bhatia	10	9

25. 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 :

25.1 Audit Committee

25.1.1 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.

25.1.2 The audit committee of the Board was reconstituted during the year. The Audit Committee met 3 (three) times during the year, i.e. on 28.09.2015, 23.12.2015 and 09.02.2016. The details are as under :

Sr. No.	Name of the member	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. Mukesh Khullar	Member	3	3

25.2 Nomination & Remuneration Committee

25.2.1 The Nomination & Remuneration Committee of the Company consists of Shri. Rajeev Kumar Mital (Chairman), Shri. P. V. Page and Shri. Vishwas Pathak as Members.

25.2.2 The Committee met once during the year on 20.08.2015, the details of which are as under:

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

25.3 Corporate Social Responsibility (CSR) Committee

The CSR committee of the Company was reconstituted during the year. The Committee met once during the year, on 09.02.2016, the details of which are as under :

Sr. No.	Name of the member	Designation	Total number of meetings entitled to attend	Number of meetings attended
1	Shri. Mukesh Khullar	Chairman	1	1
2	Shri. P. V. Page	Member	1	1
3	Shri. Bipin Shrimali	Member	1	1

26. STATUTORY AUDITORS :

M/s. Doogar & Associates, Chartered Accountants, Mumbai, were appointed by Comptroller & Auditor General of India as Statutory Auditors for the year 2015-16 under section 139 of the Companies Act, 2013.

The Board of Directors of your Company has fixed Rs. 6,50,000 (Rupees Six lacs and fifty thousand only) plus applicable service tax as the Statutory Audit fees.

27. STATUTORY AUDITOR'S REPORT :

The Statutory Auditors have qualified their opinion in relation to various matters appearing in the Financial Statements for the year ended March 31, 2016.

The Board's responses to the qualifications and other observations made by the Auditors in their Report on the Standalone and Consolidated Financial Statements for the year ended March 31, 2016 and in their CARO Report on these Financial Statements are appended to this Report as **Annexure "II"**.

28. 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 Financial Statements of the Company for the year ended 31.03.2016.

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

29. INTERNAL AUDITORS :

M/s. A N A R & Co., Chartered Accountants, Mumbai were appointed as Internal Auditors by the Board of Directors for the financial year 2015-16.

30. 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, 2016. The Secretarial Audit Report submitted by Company Secretary in Practice is appended to this report as **Annexure “V”**.

31. 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 2015-16. The Board's responses to the observations of the Secretarial Auditor are appended to this Report as **Annexure “VI”**.

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

The disclosures pertaining to conservation of energy and technology absorption as stipulated in the Companies (Accounts) Rules, 2014 are not applicable, as the Company is not engaged in any manufacturing activity. Similarly, there is no inflow or outgo of foreign exchange during the year under review.

33. PARTICULARS OF EMPLOYEES :

There were no employees of the Company who received remuneration in excess of the limits prescribed under Companies Act, 2013 read with Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014.

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, 2016, has 3 (three) direct subsidiaries and 4 (four) step down subsidiaries.

During the year under review, Maharashtra State Electric Power Trading Company Ltd. ceased to be a subsidiary of the Company consequent upon its amalgamation with your Company pursuant to section 391-394 of the Companies Act, 1956 sanctioned by the Ministry of Corporate Affairs, Govt. of India.

36. STATEMENT OF SUBSIDIARIES :

In accordance with section 129(3) 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.

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. It primarily focuses on inclusive socio-economic growth for development of marginalized and under-privileged sections of the society residing around its areas of operation. With this approach, your Company carries out various CSR activities with thrust on Rural Development/Infrastructural Development, Skill Development, Health, Education, Environment, etc.

The detailed note on CSR is placed in **Annexure "IX"** to this report.

38. GENERAL :

Your Directors state that no disclosure or reporting is required in respect of the following items as there were no transactions on these items during the year under review :

a) There were no transactions of material nature with the directors or the management or their relatives during the year.

b) Issue of equity shares (including sweat equity shares) to employees of the Company under any scheme.

39. 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

Director Managing Director

Place: Mumbai
Date: 31.05.2017

Registered Office:
Hongkong Bank Bldg., 3rd and 4th Floor,
Mahatma Gandhi Road,
Fort, Mumbai - 400001
Maharashtra.

CIN: U40100MH2005SGC153649
Email ID: msebhcl@gmail.com
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Annexure - I

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.

FINANCIAL HIGHLIGHTS :

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

[Rs. In Crs]

Particulars	2015-16	2014-15
Total Income	3570	5432
Total Expenditure	2902	2792
Profit before tax and Prior Period Adjustment	**667**	**2640**
Less: Net Prior Period Expenses / (Income)	95	40
Profit Before Extraordinary Items and Tax	**572**	**2600**
Extraordinary Items :		
Depreciation due to FRP Scheme	4654	-
Profit Before Tax	**(4082)**	**2600**
Provision for Tax	174	836
Net Profit/(Loss) after Tax available for Appropriation	**(4256)**	**1764**

There is a loss before Tax for the year 2015-16 of Rs. 4082 crores as profit of Rs. 2,600 crore during the previous FY 2014-15. The total loss after provisions of tax is Rs. 4256 crores for F.Y. 2015-16 as against profit of Rs. 1764 crore during the previous FY 2014-15. The Major element of Revenue for the Company is Transmission Charges which is collected from State Transmission Utility (STU). This loss is due to implementation of FRP and effect of depreciation on the financial position of the Company.

The total gross asset base of Mahatransco at the end of 31.03.2016 was Rs. 29,444 Crores. The Company has delivered record performance across most of its operating indicators during 2015-16. Mahatransco's performance as per regulatory standards has also been excellent. However, For FY 2015-16 the company has posted loss of Rs. 4256 crores, this is mainly due to depreciation impact of around Rs.4654 crores on account of FRP notified by GoM against profit of Rs. 1764 crore in the previous year. Capital expenditure was pegged at Rs. 1263 Crore for up gradation for the transmission infrastructure. Assets increased by Rs.8380 crore which includes impact of Rs. 6289 crores on account of FRP during 2015-16.

Just Like other power utilities in the country Mahatransco work under a regulated environment wherein 15.5% return on equity is allowed. But the company has been fairly successful in generating revenue from other source as well.

(ii) Maharashtra State Electricity Distribution Co. Ltd.

FINANCIAL HIGHLIGHTS :

(Rs. in Lakhs)

PARTICULARS	FINANCIAL YEAR	
	2015-16	**2014-15**
Revenue from Sale of Power	5,370,737	5555,561.45
Other Income	288,204	193,664.34
Profit/ (loss) before Depreciation and Finance Cost	(279,392.88)	(267,900.52)
Depreciation	275,969	167,989
Finance Cost	304,907	281,868
Profit/Loss before Tax	(15,02,108)	(46,215)
Less : 1) Provision for Taxation	-	-
2) Deferred Tax Adjustment	(4,235.35)	(9,649.91)
Profit/Loss After Tax	(1,497,873.29)	(36,569.55)

OPERATIONAL PERFORMANCE:

During the 11th year of operations, MSEDCL sold 98,383 MUs of power generating revenue of Rs. 5094226.01 Lakhs. After providing for depreciation, interest, Finance Charges & other debits, however there was a loss of Rs. 15,02,108 Lakhs (Before Tax). The main reasons for loss are changing consumer mix, delay in issue of tariff orders, Open Access, disallowance of interest on working Capital, etc.

(iii) Maharashtra Power Generation Co. Ltd.

(Rs. in crores)

	2015-16	2014-15
MU's generated gross		49313
Income		
Revenue from Sale of Power(net)	19293	18970
Other Income	103	267
Gross Income	19396	19237
Expenditure		
Cost of Material consumed	11375	12182
Other Exp	1732	1595
Employee Cost	1268	1415
Depreciation/ amortization	1276	1092
Finance Cost	2008	1952
Prior Period Items (Net)	(41)	(8)
Net Profit before tax and extraordinary items	1778	1009

Extraordinary Items (Extra Ordinary Depreciation charged on finalization of FRP)	10520	-
Profit before Tax	(8742)	1009
Tax (net)	52	573
Net Profit after tax	(8794)	436

Financial Performance

During the year under review, the income from sale of power increased by 1.70% from Rs 18970 crores to Rs 19293 crores. Increase in revenue from sale of power was due to MERC True up order for the earlier years as well as increase in generation due to new units. Other income during this period decreased by 61.18% by Rs 163 crores thereby making overall increase in total income by 0.83%. The cost of material consumed decreased from Rs 12182 crores to Rs 11375 crores. The main reason for decrease in this cost was decrease in imported coal by Rs 804 Crs. The Finance cost increased by 2.85% from Rs 1953 crores to Rs 2008 crores mainly on account of full impact of interest burden on commissioning of Koradi Unit -8. Employee cost has decreased from Rs 1415 crores to Rs 1268 crores (10.36%) due to decrease in leave encashment and gratuity provision which was higher due to pay revision impact previous year. Depreciation /amortization have increased by 16.75 % due to Koradi U-8 commissioning and impact of life based depreciation. The other expenses have increased from Rs 1595 crores to Rs 1732 crores which is mainly attributed to foreign exchange loss of Rs 94 Crs and increase in provisioning of old balances and normal increase in general expenses etc. Consequently, there is overall profit before tax was Rs 1778 Crs as against Rs 1009 Crs previous year. During the year under review extra-ordinary depreciation of Rs 10520 Crs was charged to revenue due to finalization of Financial re-structuring plan of erstwhile MSEB. As a result there is overall net loss of Rs 8794 crores as against profit of Rs 436 crores of previous year.

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 31st March 2016	Consolidated as on 31st March 2015	Variation
1.	Revenue from Operations	76,314	79,672	(3,358)
2.	Other Income	3,282	2,529	753
3.	**Total Income**	**79,596**	**82,201**	**(2,605)**
4.	Total Expenses	74,856	75,627	(771)
5.	**Profit Before Depreciation**	**4,740**	**6,574**	**(1,834)**
6.	Depreciation for the year	4,942	3,567	1,375
7.	**Profit After Depreciation**	**(202)**	**3,007**	**(3,209)**
8.	Exceptional Depreciation	27,910	-	27,910
9.	Exceptional Income	2,837	-	2,837
10.	**Profit Before Tax**	**(25,275)**	**3,007**	**(28,282)**
11.	Income Tax & Deferred Tax Provision	268	1,323	(1,055)
12.	**Profit After Tax**	**(25,543)**	**1,684**	**(27,227)**

HIGHLIGHTS

- Decrease in Profit Before Depreciation in the F.Y. 2015-2016 as compared to previous year majorly on account of decrease in Total Revenue of MSEDCL by Rs 903 crores & MSETCL by Rs 1863 crores in the current year as compared to previous year.
- Losses after tax during the Current Year majorly on account of substantial increase in Depreciation on the increased value of assets as per the approved FRP from the period 05/06/2005 to 31/03/2015.
- Exceptional income includes write back of Interest on GOM loans of Erstwhile MSEB for the period 05/06/2005 to 31/03/2016 in the books of MSEBHCL.
- Value of Fixed Assets in the books of all the Companies have increased by Rs 62,600 Crores on account of FRP.
- Shares worth Rs 76,486 crores have been issued to GOM during the year on account of approved FRP.
- Net worth Increased substantially by Rs 53,722 crores.

MSETCL - Reasons for Variation

1	**Revenue From Operation :**	
	Decrease in Revenue from Operation is due to Decrease in Monthly Tariff for FY 15-16	
	Tariff in FY 14-15	(Rs. in Crs.)
	Rs.414 Crore from April-14 to Aug-14	2070
	Rs.425 Crore from Sept-14 to March-15	2975
	Total in FY 14-15	**5045**
	Tariff in FY 15-16	(Rs. in Crs.)
	Rs. 461.33 Crore From April-15 to May-15	923
	Rs. 223.67 Crore From June-15 to March-16	2237
	Total in FY 15-16	**3159**
2	**Other Operating Revenue :**	
	Other Operating Revenue includes decrease in sale of scrap in FY 15-16 compared to FY 14-15	

MSEDCL-Reasons for decrease in Revenue in FY 2015-16

- The share of Industry Sector is dropped by approximately Rs. 3000 Crs.
- The share of Railway Traction is dropped by approximately Rs. 500 Crs. due to switching to open Access
- The Share from Distribution Franchisee & other categories is dropped by approximately 900 Crs.
- The share of Industry Sector (L.T.) is dropped by approximately Rs.446 Crs.
- Regulatory Income Increase by Rs. 2300 Crs.
- The share of Residential Consumers increased by Rs, 643 Crs.
- The share of Open Access Category increased by Rs. 300 Crs.
- Interest income from banks increased byRs.700 Crs.

Thus the net decrease in the Revenue of MSEDCL is Rs. 903 Crs.

Annexure - II

REPLIES TO AUDITORS REPORTS FOR THE PERIOD 01.04.15 TO 31.03.16

Sr. No.	AUDITOR'S COMMENT	MANAGEMENT'S REPLY
1.	**Report on the Standalone Financial Statements** We have audited the accompanying Standalone Financial statements of MSEB HOLDING COMPANY LIMITED (the Company), which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.	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 Financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. 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 Financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.	Factual
3.	**Auditor's Responsibility** Our responsibility is to express an opinion on these Standalone Financial statements based on our audit. We have taken into account the provisions of the Act,	Factual

	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 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 Financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Standalone 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 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 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 Financial statements.	
4.	**Basis of Qualified Opinion** a) We have not been able to obtain necessary information and explanations for the purposes of our audit in case of the following; I. 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 144,534,00,000/-(refer note no. 11.1);	Transfer of ownership of Land & Building from erstwhile MSEB in the name of MSEBHCL is in process. Letters have been issued to the concerned authorised for the transfer.
	b) The Company has not created any provision for gratuity and leave encashment for the employees deputed from MSEDCL & MSPGCL. The amount is not quantifiable as no actuarial valuation is available.	The same will be created tn the next year.

	c) The Share Application money amounting to Rs.231,79,00,000 has been retained by the company in contravention of section 42 of the Companies Act, 2013.	The said contravention was on account of non issuance of Equity shares by the Subsidiaries to MSEBHCL within the prescribed time limit. Directors have been issued to all the subsidiaries to issue shares within the prescribed time limit and consequently MSEBHCL shall issue shares to GOM within prescribed time limit.
	d) Interest provided on State Government loans, CPSU Dues Power Purchase Loan and CPSU Dues Coal Loan for the period 6th June 2005 to 31st March 2015 amounting to Rs 28,377,693,940 has been written back in the accounts as an exceptional income without any authentic document/authorization/order in this behalf by the GOM or the respective CPSU. In the absence of the same, the write back of Interest during the year as an Exceptional Item, cannot be commented upon. (refer note no 23)	On finalization of FRP the interest provided on GOM loans for the period 06/06/2015 to 31/03/2015 has been written back as exceptional Income. Qualification will be dropped in the next year.
	e) The diminution in value of shares held as investment of the company in MSEDCL amounting to Rs.464,965,849,040/-(Including share application money of Rs 3,370,000,000) has not been provided for in the books though the same is getting depreciated due to continuous losses incurred by MSEDCL. Till last year the losses of MSEDCL amounted to Rs 1,25,665 lacs and the figures for 31-03-2016 have not been finalized. (refer note no 12.5)	The losses of MSEDCL are of temporary nature. Explanations have been given by MSEDCL regarding the same and forwarded to the Auditors.
	f) 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 7.4 & 13.1)and which may have impact on the financial position and certain disclosures in the financial statements. Consequential impact of Para a) to g) above on the profit, reserves and EPS are neither quantified/ quantifiable nor disclosed.	The inter Company balances outstanding are due to the differences of opinions 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 differences in Inter Company balances have emerged. The same will be resolved in the F. Y. 2016-2017.
5.	**Qualified Opinion**	Factual

	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 7.3 (d) below on the non compliance of certain Accounting Standards, the aforesaid Standalone 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, of the state of affairs of the Company as at 31st March 2016, and its profit and its cash flows for the year ended on that date.	
6.	**Emphasis Matter** We draw attention to the following matters in the Notes to the financial statements:	Income Tax Department has been disallowing several expenses from the F. Y. 2005-2006. The Income tax cases for all the years since F. Y. 2005-2006 are in appeals. In order to avoid the huge penalties Management has decided to pay advance tax on Income form Rentals and Interest income although there is no liability as per the financial statements.
6.1	Refer note no 13.2 where the company has shown advance tax of Rs 1144,387,750 net of the provision of tax in the books of accounts amounting to Rs 498,704,675 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 Company's judgment only.	
6.2	Refer note no 15.2 where the debts outstanding against rentals from property due from subsidiaries amounting to Rs. 2,045,379,375/-(P.Y. Rs. 2,097,467,029/-) have been long outstanding.	Factual
6.3	Refer note no 30.3 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.	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 a.	As required by section 143(3) of the Act, we report that: We have sought and obtained all the information and explanations except as referred in para 4 above which to the best of our knowledge and belief were necessary for the purposes of our audit;	Factual
b.	In our opinion, 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, Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;	
d.	In our opinion, the aforesaid Standalone Financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 except for the below;	
i.	AS 15 Employee Benefits.	Will be complied in the next financial year.
ii.	AS 19 Accounting for Leases (refer note no.32);	Transfer of Lease agreements in the name of MSEBHCL form erstwhile MSEB is in process.
iii.	AS 28 Impairment of Assets	Physical verification of Fixed Assets will be conducted in the F.Y. 2016-2017 and impairing if any will be provided.
iv.	AS 29 Provisions, Contingent Liabilities and Contingent Asset (refer note no. 8 & 30)	This includes 1) Income tax demands and penalties form the A.Y. 2006-2007 to A. Y. 2013-2014. The income tax cases are in process. 2) Non payment of stamp duty on issuance of shares to GOM other FRP- Application has Revenue Department for grant of exemption. The same is awaited. The said contingent liability has been disclosed in the Notes to Accounts. The para will be discussed with the Auditors.

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 "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 31 to its Standalone Financial statements.	Factual
b.	The company does not have any log term contract 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
i)	**ANNEXURE"A" TO INDEPENDENT AUDITORS' REPORT** Referred to in Paragraph 7.1 under the heading of "Report on Other Legal and Regulatory Requirements" of our report of even date 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.12.2).	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.12.2).	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:-	Factual

(Amount in ₹)

Description of Asset	No of cases	Area in acres (₹)	Gross Block as on 31/03/2016 (₹)	Net Block as on 31/03/2016	Remarks
Land-Leasehold	2	7.10	20459,34,468	17451,95,607	The Company is taking appropriate steps for completion of legal formalities for transfer of title.
Land-Freehold	3	1.89	7088,80,000	7088,80,000	
Building and structures	13	Not Available	117942,82,028	91788,07,218	

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) 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 189 of the Companies Act, 2013. Accordingly clause 3 (iii) (a) & (b) are not applicable to the company.	Factual

iv.	The Company has not granted any loans or given any guarantee and security covered under Section 185 and 186 of the Companies Act, 2013. In respect of investment in the Subsidiary, 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 2016 on account of Income-tax, Sales-tax, Service-tax, duty of custom, duty of excise or value added tax are as under:	Factual

Sr. No.	Name of Statute	Nature of dues	Amount (₹)	Period to which the amount relates	Forum where dispute is pending
1	Income Tax Act, 1961	Penalty	84,76,52,847	AY 2007-08	Commissioner of Income Tax (Appeals)
2	Income Tax Act, 1961	Penalty	1,134,815,207	AY 2009-10	Commissioner of Income Tax (Appeals)
3	Income Tax Act, 1961	Tax & Interest	9,23,10,540	AY 2010-11	Income Tax Appellate Tribunals
4	Income Tax Act, 1961	Tax & Interest	8,24,90,910	AY 2011-12	Income Tax Appellate Tribunals
5	Income Tax Act, 1961	Tax & Interest	7,25,25,020	AY 2012-13	Commissioner of Income Tax (Appeals)
6	Income Tax Act, 1961	Tax & Interest	11,58,98,560	AY 2013-14	Commissioner of Income Tax

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. Reform 2010/ 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 accounting standards.	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 have been used for the purpose for which funds were raised. In addition to this the Company has also issued the shares on account of provisional Transfer Scheme, since finalised on 31st March'2016 vide GR No.Reform2010/Pr.Ka.117/Urja.	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

As referred to in Para 7.2, our report for the year 2015-16 on the accounts for MSEB Holding Company Limited.

Annexure B – Directions under sub section (5) of section 143 of the Companies Act, 2013

Sr. No.	Auditor's Comment		Managament's Reply
	Directions	**Replies**	
1	Whether the company has clear title/lease deeds for freehold and leasehold-land respectively? If not please state the area of freehold and leasehold land for which title/lease deeds are not available.	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 under the provisional Transfer Scheme, since finalised on 31st March'2016 vide GR No.Reform 2010/ Pr. Ka. 117/ Urja. Details of the area of freehold and leasehold land for which title/lease deeds are not available is given as per Annexure-I (below).	Factual
2	Whether there are any cases of waiver/ write off of debts/ loans/ interest etc., if yes, the reasons there for and the amount involved.	According to information and explanations given to us, the company has written back interest amounting to Rs. 28,377,726,835 provided in the earlier years payable to GOM on their loans without suitable direction / confirmation from GOM. Further an amount Rs. 32,895 provided as interest payable to NABARD and Rs 48,900 payable as REP on loan and Rs. 34,860 being Share Application money of GOM have also been reversed. As explained, this interest was being provided on a conservative basis till the FY 2014-15. Except as above there are no cases of waiver/write off of debts/ loans/interest etc.	Factual

<table>
<tr><td>3</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><td>Factual</td></tr>
<tr><td></td><td colspan="2">

Annexure - I

(Amount in ₹)

Description of Asset	No of cases	Area in acres (₹)	Gross Block as on 31/03/2016 (₹)	Net Block as on 31/03/2016	Remarks
Land-Leasehold	2	7.10	20459,34,468	17451,95,607	The Company is taking appropriate steps for completion of legal formalities for transfer of title.
Land-Freehold	3	1.89	7088,80,000	7088,80,000	
Building and structures	13	Not Available	117942,82,028	91788,07,218	

</td><td>Factual</td></tr>
</table>

Annexure B - Sector specific Sub Directions

Sr. No.	AUDITOR'S COMMENTS	
	Directions	**Replies**
1	Comment on confirmation of balances of trade receivables, trade payables, term deposits, bank accounts and cash obtained.	As per table below:
2	Report the cases of diversion of grants / subsidies received from Central / State Government or other agencies for performing certain activities.	The Company is in receipt of funds in the form of grant for the purpose of payment of interest and repayment of principal on maturity of the bonds issued by erstwhile MSEB. In current year the Company has received Rs. NIL for the above mentioned purpose. However, Rs. 57,46,170 (including interest) pertaining to earlier years are still payable. As explained to us the claimants could not be traced and hence payable.

Sr. No.	Particulars	Confirmation Obtained (%)
1	Trade Receivables	99.98%
2	Trade Payables (Excluding Inter Unit Payables)	0.00%
3	Trade Payables (Inter Unit Payables)	12.92%
4	Term deposits (Fixed Deposit)	100%
5	Bank Account (Current Account)	100%

Factual

1	**"Annexure C" 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, 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.	Factual
2	**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
3	**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 as specified 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. Because of the matter described in Disclaimer of Opinion paragraph below, we was 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	Factual

4	**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.	Factual
5	**Disclaimer of Opinion** According to the information and explanation given to us, the Company has not established its internal financial 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 Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. Because of this reason, we are unable to obtain sufficient appropriate audit evidence to provide a basis for my / our opinion whether the company had adequate internal financial control over financial reporting and whether such internal financial controls were operating effectively as at March 31, 2016. We have considered the disclaimer reported above in determining the nature, timing, and extent of audit tests applied in our audit of the standalone financial statements of the Company, and the disclaimer does not affect our opinion on the standalone financial statements of the Company.	Factual

REPLIES TO AUDITORS REPORTS FOR THE PERIOD 01.04.2015 TO 31.03.2016

Sr. No.	AUDITOR'S COMMENT	MANAGEMENT'S REPLY
	Basis of Qualified Opinion	
a)	We have not been able to obtain necessary information and explanations for the purposes of our audit in case of the following; I. Determining the ownership of certain Tangible Fixed Assets transferred under provisional Transfer Scheme since finalized on 31st March'2016 vide GR No.Reform2010/Pr.Ka.117/Urja of Rs. 144,534,00,000/- (refer note no. 48(i));	Transfer of ownership of Land & Building from erstwhile MSEB in the name of MSEBHCL is in process. Letters have been issued to the concerned authorised for the transfer.
b)	The Company has not created any provision for gratuity and leave encashment for the employees deputed from MSEDCL & MSPGCL. The amount is not quantifiable as no actuarial valuation is available.	The same will be created tn the next year.
c)	The Share Application money amounting to Rs.231,79,00,000 has been retained by the company in contravention of section 42 of the Companies Act, 2013.	The said contravention was on account of non issuance of Equity shares by the Subsidiaries to MSEBHCL within the prescribed time limit. Directors have been issued to all the subsidiaries to issue shares within the prescribed time limit and consequently MSEBHCL shall issue shares to GOM within prescribed time limit.
d)	Interest provided on State Government loans, CPSU Dues Power Purchase Loan and CPSU Dues Coal Loan for the period 6th June 2005 to 31st March 2015 amounting to Rs 28,377,693,940 has been written back in the accounts as an exceptional income without any authentic document/authorization/order in this behalf by the GOM or the respective CPSU. In the absence of the same, the write back of Interest during the year as an Exceptional Item, cannot be commented upon. (refer note no 64.2(vii))	On finalization of FRP the interest provided on GOM loans for the period 06/06/2005 to 31/03/2015 has been written back as exceptional Income. Qualification will be dropped in the next year.
e)	The diminution in value of shares held as investment of the company in MSEDCL amounting to Rs.464,965,849,040/- (Including share application money of Rs 3,370,000,000) has not been provided for in the books though the same is getting depreciated due to continuous losses incurred by MSEDCL. Till last year the losses of MSEDCL amounted to Rs 1,25,665 lacs and the figures for 31-03-2016 have not been finalized. (refer note no 48 (v))	The losses of MSEDCL are of temporary nature. Explanations have been given by MSEDCL regarding the same and forwarded to the Auditors.

f)	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 43.1) and which may have impact on the financial position and certain disclosures in the financial statements. Consequential impact of Para a) to f) above on the profit, reserves and EPS are neither quantified / quantifiable nor disclosed.	The inter Company balances outstanding are due to the differences of opinions 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 differences in Inter Company balances have emerged. The same will be resolved in the F.Y. 2016-2017.
	In case of MSETCL	
a)	The Assets and Liabilities of the company contain balances transferred under the 'Transfer Scheme' notified as on 4th June, 2005 by the Maharashtra Electricity Reforms Transfer Scheme 2005. Industries, Energy & Labour department vide their notification dated 31/03/16 further notified 'Maharashtra Electricity Reforms Transfer (First Amendment) Scheme, 2016' which carried instructions for enhancing the value of Net Fixed Assets so transferred to the company as on 5/06/05 by Rs. 628893.27 Lacs. Such retrospective enhancement in the value of Net Fixed Assets has resulted into one time extra depreciation of Rs. 465379.36 Lacs being charged during the current financial year for which no specific accounting policy has been adopted by the company. Attention is also drawn to Note no. 1(B) wherein the company has disclosed the facts of having charged such onetime extra depreciation of Rs. 465379.36 Lacs as per the above mentioned notification. The same has resulted into decrease in profit to that extent.	Government of Maharashtra vide notification dt 31.03.2016 has amended the Maharashtra electricity Reforms Transfer Scheme, 2005. According to this notification, the value of the Net Fixed Assets of the successor companies as on 5th June, 2005 will be increased by Rs. 6,28893.27 Lakhs. The consequential increase in the value of assets shall be treated as Equity share capital. Pursuant to this notification, MSETCL has given effect and accordingly additional depreciation due to this FRP scheme is Rs. 465379.36 Lakhs, which is shown as extra-ordinary item. Company has profit before tax of Rs. 57171.59 Lakhs. However due to this extra ordinary item of FRP depreciation Company has incurred net loss of Rs. 425579.12 Lakhs.
b)	Balances of account heads namely (i) Sundry Debtors, (ii) Sundry Creditors , (iii) Obsolete Material Stock (including scrap), (iv) Loss due to Material pending investigation, (v) Assets Under Construction, (vi) Adv to Contractor/ supplier, (vii) Capital Adv for Projects, (viii) Miscellaneous Loans & Advances, (ix) Expense Recoverable from Vendors, (x) Provision for Capital Work, (xi) Security Deposit Job Work , (xii) MSEB holding company ltd and its fellow subsidiaries & (xiii) Provision for Expenses (accounted for under GL Code 150030 & 150040) are subject to confirmations and adjustments necessary upon reconciliation. The effect of the adjustments arising from reconciliation and settlement of old dues and possible loss that may arise on account of non recovery or partial recovery of such dues is not ascertained.	Balances of Bank Loans have been confirmed with the respective banks, balances with MSEB holding Co. & its subsidiaries is being reconciled. Balance confirmation letters have been send to respective Sundry Drs & Creditors.

	In case of MSEDCL	
a)	**Government Grant, Subsidies and Consumer Contribution:** Amount received as Government Grants, Subsidies and Consumer Contributions towards cost of fixed assets are credited to capital reserve and the same is transferred from reserve to statement of profit and loss over a period of fifteen years and are not deferred in proportion to the depreciation charged on assets created out of such grants which is not in consonance with requirements of AS 12 Accounting for Government Grants / AS 10 Accounting for Fixed Assets. Due to non-availability of sufficient and appropriate audit evidences in respect of working of grant required to be credited to income equal to corresponding depreciation on the assets required to be created the impact thereof is not ascertainable.	The Company has changed the accounting policy for recognition of Government Grants, subsidies and Consumer Contribution from FY 2014-15 and the same has been followed consistently. The amount received as Government Grants, subsidies and Consumer Contribution is deferred in proportion to the depreciation charged on assets created out of such grants which fulfil the purpose of AS-12.
b) I.	**Capital Work in Progress and Fixed Assets:** As mentioned in Note No. 64.1.(iii) to the financial statements, due to non-availability of proper and complete records of capital work orders, we have come across instances of non-capitalisation or delayed capitalisation of fixed assets. Further, the capitalisation date is considered from the date of certificate which is after the date of its put to use despite certified in certificate itself. Resulting delay in capitalisation with corresponding impact on charging of depreciation for the delayed period. Further, we are unable to verify the details of opening and overdue CWIP. The impact of the same on the financial statements, if any, is not ascertainable.	Instruction have been given all field offices for Timely capitalisation. The progress of capitalisation is monitored through SAP report.
II.	Refer to para no. 1 of Note No. 1(D)(1)(c) of 'Significant Accounting Policies', regarding capitalisation of employee cost and office & administrative expenses amounting to Rs.39,115.17 Lacs on ad-hoc basis @15% of additions of Capital WIP made during the year, being consistently followed without identifying such expenses specifically attributable to construction of project or to the acquisition of fixed assets or bringing it to its working condition which is not in accordance with AS 10 Accounting for Fixed Assets. Further, such expenses, incurred during the year, have been allocated to the assets for full year irrespective of the actual date of capitalisation of the fixed assets. In absence of sufficient and appropriate audit evidences for verifying the basis of such allocation made available to us, we are not in a position to comment on the same.	MSEDCL is not having separate wings for handling capitalisation and O & M activities. Department / Staff carry out both the activities at field level & Head office. Thus the manpower & its cost and Administration cost directly allocable to Capital works cannot be easily identified. Hence the Accounting policy of capitalisation at rate of 15% has been consistently followed by the MSEDCL earlier as well a during the financial year 2015-16 consistently.

III.	Refer to para no. 2 Note No. 1(D)(1)(c) of 'Significant Accounting Policies' to the financial statements regarding Borrowing Cost allocated to addition to CWIP amounting to Rs.9,211.96 Lacs @ 12.32% (computed on the weighted average interest rate of previous year) without identifying qualifying assets and interrupted projects, which is not in accordance with "AS-16 Borrowing Cost". Further, required interest has not been capitalised on brought forward balance of CWIP, being qualifying assets, the possible impact thereof is not ascertainable in the absence of sufficient and appropriate audit evidences. In the absence of sufficient and appropriate audit evidences for verifying such allocation, we are unable to quantify the possible impact of the same on the financial statements.	
	The physical verification of Fixed Assets was not conducted during the year by the management. The possible impact on the financial statements, if any, based on outcome of such physical verification could not be ascertained.	During the F. Y. 2014-15 Charted Accountants were appointed to physically verify the General Fixed Assets at Head office & Circles offices.
c)	**Depreciation** We have observed that in certain cases, depreciation on fixed assets has not been worked out correctly as there are discrepancies/ variations observed in date of put to use of the various assets. In the absence of proper details, we are unable to quantify the impact of these discrepancies on the amount of depreciation and consequential impact on the financial statements.	It has been worked out correctly through SAP-ERP system based on work completion date. The field offices are instructed to consider WCR date.
d) I.	**Trade Receivables** Refer to Note No. 1(D)(17) 'Significant Accounting Policies' to Financial Statements, it has been stated that MERC allows provision for doubtful dues from the consumers @1.5% of the amount shown as receivables in the annual accounts provided such provision should not exceed 5% of the amount shown as receivable in the annual accounts. Based on such policy the Company has classified trade receivables into good and doubtful and also made lump sum provision without assessing the recoverability position of its trade receivables, without making the age wise analysis, without considering the efforts made for recoveries etc. In the absence of sufficient and appropriate audit evidences, we are unable to comment on classification of trade receivables as good or doubtful and adequacy of resulting provisions thereon. The position of	The Company provider for Bad & Doubtful debts @ 1.5% of the amount of receivables, as reflected in books of Accounts, as per MYT Regulations, 2011. This is assumed to be adequate, considering the nature of business of the Company and practice followed by the electricity Companies across India.

<table>
<tr>
<td></td>
<td>trade receivable and provisions made by the Company is as under:
<table>
<tr><th>S.No.</th><th>Receivables as per books of account</th><th>Outstanding Amount*</th><th>Amount of Provision Made</th></tr>
<tr><td>1</td><td>Short-term Trade Receivable</td><td>28,40,190.92</td><td>2,21,015.36</td></tr>
</table>
As mentioned in Note No. 52.2 to the Financial Statements, there is a difference of Rs. 3, 01,213 Lacs in the balances of trade receivable as per books of account and as per IT database, which is pending for reconciliation. As a result the Revenue from Sale of Power for the year and trade receivables are overstated to that extent.</td>
<td></td>
</tr>
<tr>
<td>II.</td>
<td>As mentioned in Note No. 64.1(XIII) to the Financial Statements, MSEB Holding Co. has transferred old receivables outstanding since 05.06.2005 of Rs. 481,921 Lacs and provision for bad debts of Rs. 149,725 Lacs resulting the net receivable of Rs. 332,196 Lacs. Since the receivables are very old and transferred without proper details the possibility of recovery is very remote, we are of the view that 100% provision amounting to Rs. 332,196 Lacs should have been made in the books of account.
Had this provision been made the loss of the company for the year would have been higher by Rs. 332,196 Lacs and the trade receivables would have been lower to that extent</td>
<td>The Company provides for Bad & Doubtful debts @1.5% of the amount of receivables, as reflected in books of Accounts, as per MYT Regulations, 2011, which the company assumes as adequate. Further, it will not be proper to assume the entire this old amount of trade receivables as irrecoverable.
The two balances will be reconciled and adjustment entries will be passed in FY 2016-17.</td>
</tr>
<tr>
<td>e)</td>
<td>**Security Deposits from Consumers:**
As mentioned in Note No. 64.1(i) to the Financial Statements, there is a difference of Rs. 5,442.79 Lacs in the balances of Security Deposits as per books of account and as per IT database, which is pending for reconciliation. In the absence of sufficient and appropriate audit evidences, we are unable to comment on the possible impact of pending reconciliation of security deposits on the Financial Statements.</td>
<td>Reconciliation of balances of security deposits from consumers as per books and as per the IT database will be done at the time for finalisation of Accounts for FY 2016-17.</td>
</tr>
<tr>
<td>f)</td>
<td>**Accrual System of Accounting:**
Refer Para 1(b) of Note No. 1(C) "Significant Accounting Policies" to Financial Statements - During the course of our audit, we have come across few expenses, more particularly repairs and maintenance, which have been accounted for on cash basis instead of accrual /mercantile basis. The same is not in accordance with the basic accounting assumptions and the company's accounting policy in absence of audit trails we are not in position to ascertain the impact of the same in the statement of profit & loss account.</td>
<td>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, However, to address the auditors concern, suitable instruction for accrual accounting are issued to the field offices.</td>
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<td>g)</td>
<td>Balances Confirmation
Refer Note No. 64.1(ii) to Financial S0tatements -Balances of trade receivables, loans and advances, credit balances of consumers, various other debit/credit balances, cash in transit, 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 absence of proper records / details, we are unable to ascertain the effect of the adjustments 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 the case of Sundry Debtors, the energy bills are issued to all the consumers periodically and this serves the purpose of sufficient communication of the amount receivable from them. In case of disagreement, the consumers are approaching to the respective officers by making complaints at various local levels. These complaints are attended by field offices and any wrong billing, if noticed after due scrutiny, is rectified. Hence, issue of bills itself is the confirmation of balance from the Debtors.
In case of loans, the confirmation from the financial institute and banks is 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. 30.2.</td>
</tr>
<tr>
<td>h)
I.</td>
<td>Post Office balance, Bank Balance etc:
Refer Note No. 23 and Note No. 64.1(ii) to the financial statements regarding non-availability of balance confirmation from post office and most of the DCC Bank Branches (District Central Co operative Bank) as per details given as under:
(Rs. In lacs)
<table>
<tr><th>Particulars</th><th>Total Debit balance as on 31.03.2016 as per books of accounts</th><th>Total Credit balance as on 31.03.2016 as per books of accounts</th></tr>
<tr><td>Post office</td><td>9,570.12</td><td>1784.39</td></tr>
<tr><td>DCC</td><td>4,827.02</td><td>1,759.24</td></tr>
<tr><td>Total</td><td>14,397.14</td><td>3,543.63</td></tr>
</table>
In absence of non-availability of balance confirmation, we are unable to comment on consequential impact of the same on the financial statement.</td>
<td>In some of the cases, reconciliation of balances with post office and DCC banks has been started, by appointing the outsourced agencies, and the reconciliation work is in progress.</td>
</tr>
<tr>
<td>II.</td>
<td>Refer Note No. 64.1(iv) to the financial statements regarding latest available position of bank reconciliation statements at various accounting units, there are many entries related to amount deposited by Company into bank but the same were not reflected in bank statements. Further, amount of cheques dishonored as per bank and credit given by bank have not been accounted for in books of account, and are lying in reconciliation. In absence of sufficient and appropriate evidence, we are unable to comment on the impact of non-reconciliation there of on the financial statements.</td>
<td>In case of Operative and Non-Operative accounts with Nationalised banks reconciliation is done by almost all the accounting units.</td>
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<td>i)</td>
<td>Power Purchase:
I. The company had made a short provision of delayed payment charges payable to various power supply companies on account of delay in payment of power purchase bills. The details are as under:
(Rs in lacs)
<table>
<tr><th>Vendor name</th><th>DPC as per vendor</th><th>DPC as per Company</th><th>Short Provision</th></tr>
<tr><td>JSW Energy</td><td>8,011</td><td>7,105</td><td>905</td></tr>
<tr><td>Adani 1200</td><td>15,075</td><td>11,713</td><td>3,362</td></tr>
<tr><td>Adani 1320</td><td>19,649</td><td>13,976</td><td>5,673</td></tr>
<tr><td>Adani 125</td><td>756</td><td>723</td><td>33</td></tr>
<tr><td>Rattan India 450</td><td>6,598</td><td>4,595</td><td>2,003</td></tr>
<tr><td>Rattan India 750</td><td>2,663</td><td>2,012</td><td>652</td></tr>
<tr><td>Rattan India</td><td>2,668</td><td>2,635</td><td>33</td></tr>
<tr><td></td><td></td><td>Total</td><td>13,086</td></tr>
</table>
The above results in understatement of loss to the extent of Rs. 13,086 lacs with a corresponding impact on current liability. However the company has treated the same as contingent liability.</td>
<td>DPC for FY 15-16 has been booked as per the calculation of MSEDCL for Adani Power Ltd.,JSW Energy Ltd. and for Rattan India Ltd. Whereas the DPC claimed by these companies are differing from MSEDCL calculation. Hence, the difference of Rs.130.86 Crs. is considered as contingent liability.</td>
</tr>
<tr>
<td>II.</td>
<td>In some cases, TDS on payments made for contracts/ rent/ professional fees has been deducted at the time of actual payment to them and not at the time of payment or credit whichever is earlier as required under the provisions of Income Tax Act, 1961. In the absence of audit trail, the impact there of is not ascertainable.</td>
<td>Payment of TDS is made at the time of payment or credit whichever is earlier. In some cases, TDS is deducted and paid at the time of payment. Necessary instruction has been given form time to time in this regard.</td>
</tr>
<tr>
<td>j)</td>
<td>Accounting Standard - 29 on 'Provisions, Contingent Liabilities and Contingent Assets[9]
In the absence of required details and documents, we are unable to obtain sufficient and appropriate audit evidence for examining and verifying the quantum of Contingent Liabilities disclosed in Note No. 60.2 to the Financial Statements. The company has maintained only the list of cases without quantifying the amount involved. In the absence of such examination and verification, any consequential impact on the financial statements is not ascertainable.</td>
<td>The company assesses afresh at each balance sheet date the liabilities which are contingent in nature. Since, the operations of the Company is decentralized and scattered, the relevant information is gathered from the field offices based on the available records and then complied at Head office.</td>
</tr>
<tr>
<td>k)</td>
<td>Financial Restructuring Plan (FRP) of erstwhile Maharashtra State Electricity Board :
Refer Note No. 64.1(xv) of Financial Statement, Financial Restructuring Plan (FRP) of erstwhile Maharashtra State Electricity Board, the scheme of transfer of assets and</td>
<td>The fixed asset register were maintained manually at the accounting locations i.e. individual division / circle. The same are maintained in SAP from FY 2013-14. While uploading the data in fixed asset register in</td>
</tr>
</table>

	liabilities, originally transferred on 5th June 2005, by Government of Maharashtra to the Company has been finalised and accounted for during the year. We observed that:	SAP, there may be error in the date of capitalisation of some assets existing on 05-06-2005, being old records. So there is difference of Rs. 2000 Lacs in figures as per books of Accounts and fixed asset register. This difference being immarerial (less than 1%) is adjusted to match with the audited value as on 05.06.2005.
I.	The company has adjusted Rs. 2,000 Lacs being the net difference in the figures as per books of Accounts and fixed assets register maintained in SAP as on 05.06.2005. No details have been provided to us for our verification.	
II.	The details of asset wise accumulated depreciation and WDV as on 05.06.2005 has not been made available for verification. The total accumulated depreciation up to that date has been allocated to each asset item on pro-rata basis, instead of actual asset wise depreciation. In absence of proper details we are not in a position to comment on the correctness of WDV and the accumulated depreciation on each asset.	The fixed asset register were maintained manually at individual division / circle. The same are maintained in SAP from FY 2013-14. As the WDV as per SAP records as on 5.06.2005 was not available, depreciation up to that date has been allocated to each asset item on pro-rata basis.
III.	Certain Assets having written down value (WDV) to the tune of Rs. 15400 lacs which are available in fixed assets Register maintained in SAP but did not appeared in valuation report. As such the company has deducted the same from revalued figure of Rs. 4338815 lacs and adjusted the balance on pro-rata basis. In absence of proper details we are not in a position to comment on the correctness of WDV and the accumulated depreciation on each asset.	The revaluation of fixed assets has been carried on 05-06-2005. Meanwhile new circle / division have been formed or the existing divisions / circles have been bifurcated into new divisions / circles. The fixed asset register were maintained manually at individual division / circle. The same are maintained in SAP from FY 2013-14. Also certain assets have been transferred from one circle / division to other circle / division during the period form 05-06-2005 to 31-03-2016. Due to this certain assets are available in fixed assets Register maintained in SAP but did not appear in valuation report.
I)	**Change in Accounting of Delay Payment Surcharge (DPS) and interest on arrears:** Refer Note No. 64.1(viii) to the financial statements regarding accounting of Revenue towards Delay Payment Surcharge (DPS) and Interest on arrears, in case of consumers defaulting payment of bill for consecutive three months, which has been changed to receipt basis instead of accrual basis w.e.f. billing month October 2015. The company has not reversed the income accounted and remained outstanding on this account as on 30th Sep 2015. In absence of availability of adequate information, the impact thereof cannot be ascertained.	Company has changed the Accounting policy of Accounting in Delay Payment Charges & Interest on arrears w.e.f. billing month October 2015. Hence the Company has not reversed the income accounted and remained outstanding on this account as on 30th September2015.

m)	**Component Accounting** In line with the notification no G.S.R. 627 (E) dated 29th August 2014 issued by the ministry of Corporate Affairs regarding identification of the components having significant cost and/or separate useful life then the main assets and to determine the useful life of that component separately, the company has not done any exercise to implement the same. In absence of availability of adequate information, the impact thereof cannot be ascertained.	Considering the nature and volume of assets, Company will decide the course of Action in this matter.
n)	**Other Matters** Note No. 55.3 to the financial statements of the additional Notes to Accounts regarding non identification of accounts relating to Micro, Small and Medium Scale Enterprises (MSME) and provision for interest payable thereon, the liability on this account has not been quantified by the company. As such we are unable to ascertain the interest provision (if any) required and its consequential impact on the loss for the period. Due to non-identification of MSM, the disclosure as required by the relevant Statute has not been made by the company.	In view of multiplicity and difficulty in identification of accounts relating to Micro, Small and Medium Enterprises, information with regard to amount unpaid at the year-end together with the interest paid / payable as required by MSMED Act, 2016 is not disclosed. This is disclosed in our notes to accounts Note No. 30.19.
	The Company has not dealt with the discrepancies noticed on physical verification of inventory as compared to book records. In absence of proper compilation of relevant information and data, we are not in a position to quantify the discrepancies thereon and impact thereof on the financial statement of the company.	It has been communicated vide letter No. Director (OP)/MSEDCL/F-1435 dt. 21.01.2017, to all field offices that, the exercise of physical verification of inventory will be carried on in the Month end of February 2017, by a team consisting of Technical & Accounts Employee and a CA firm of Internal Audit. It had been directed to all field offices that, discrepancies noticed on Physical Verification of inventory shall be rectified by properly accounting for Excess / Shortage (Profit / Loss) with due approval of Competent Authority & such proposal shall be sent to CE / (MM Cell) immediately.
	Refer to Note No. 19 to the financial statements regarding loan to Maharashtra Power Development Corporation Limited (MPDCL) amounting to Rs. 246.73 lacs. As per the confirmation received from MPDCL there is a difference of Rs. 16.17 Lacs, which is subject to reconciliation.	The reconciliation of Rs. 16.17 Lakhs in process.
	In case of MSPGCL	
(a)	The 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	MSPGCL has raised surcharge bills to MSEDCL as per the agreed term of Power Purchase Agreement and are binding on MSEDCL. These are genuine and valid

	payment amounting to Rsl039.26 crore under the head 'Surcharge Income from Customers'. MSEDCL has not paid such Surcharge amounting to Rs.2638.27 crore as on March 31, 2016. Further, as per Multi Year Tariff (MYT) Regulation 2011 and subsequent amendment, reactive power bills raised by the Company to Maharashtra State Electricity Transmission Company Limited (MSETCL) for Rs.62.37 Crores have not been accepted by the MSETCL. Considering the non-acceptance of billing by MSEDCL and MSETCL, we are unable to comment on the realisability of such income and the impact on the Loss for the year, Trade Receivables, Revenue and the Reserves and surplus of the Company.	receivable. On the contrary, non-accounting of these bills has resulted into underbooking of expenses and liability by MSEDCL to this extent. Company has carried out reconciliation with MSEDCL and the same has been shared with the Auditors in the reporting year. Similarly MSETCL has also not accounted for the valid bills raised by MSPGCL, in their Books of Accounts.
(b)	As stated in note no. 64.3 (v) of Notes on Accounts 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 confirmation and reconciliation, the consequential adjustments are not made. Further, due to non-availability of account-wise overdue amounts beyond reasonable period for certain balances of loans and advances, the amount of provision required, if any, for a specific account could not be ascertained. In view of the same, we are unable to comment on the consequential impact on the status of these balances and the loss for the year of the Company.	Company has adopted SAP integrated system wherein the vendor-wise, customer-wise, employee-wise balances payable and receivable etc. are available. As a part of operation of the system, the subsidiary records automatically get generated in Accounting System. However, since company was channelizing its efforts in implementing Financial Restructuring Plan as notified by Government of Maharashtra, it could not devote much time on reconciliation of records due to time limitations. From ensuring year, all out efforts would be carried out to reconcile subsidiary records with the control ledger. As regards, balance confirmation, company has already issued balance confirmation letters at certain locations. During current year, company would ensure that balance confirmation letters are issued at all Accounting Units. Wherever the balances are un-linkable being too old, suitable action of write off / write back would be taken with proper justification so as to arrive at the clean balances tallying with control ledger in respect to above.
(c)	As stated in note no. 64.3 (vi) of Notes on Accounts, the loans and advances include Rs. 760.88 crore towards advance paid to coal suppliers. Against the said advance the Company have provided liability towards supply of coal amounting to Rs.373.52 crore. Pending final passing of the bills, the Company has not set off the said liability against the advance paid. This has resulted in overstatement of the respective assets and liabilities of the	The payment of advance to coal company and their clearance is a continuous ongoing exercise. These advance and liabilities were pending to the tune of Rs. 5500 Crs. which were brought down to the level of Rs. 2700 Crs. and subsequently to the level of Rs. 1200 Crs. upto previous year. The said exercise of clearance of coal advance and liabilities would be further

	Company to that extent. The impact of the above on the loss of the Company is not ascertained.	improved in FY 2016-17 thereby bringing down the advances and liabilities to the optimum level.
	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 consolidated Financial statements, read together with the matter described in the "Emphasis of matters" paragraph and based on the consideration of the reports of the other auditors on the financial statement of the subsidiaries as noted below, the aforesaid consolidated 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, of the state of affairs of the Company as at 31st March 2016, and their consolidated profit and consolidated cash flows for the year ended on that date.	Company has maintained books of Accounts in conformity with the generally accepted accounting principles, standard and Rules & Regulations applicable thereto.
	Emphasis of Matters:	
1.	Refer note no 49.1(ii) where the company has shown advance tax of Rs 1144,387,750 net of the provision of tax in the books of accounts amounting to Rs 498,704,675 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 disallowing several expenses from the F.Y. 2005-2006. The Income tax cases for all the years since F. Y. 2005-2006 are in appeals. In order to avoid the huge penalties Management has decided to pay advance tax on Income from rentals and Interest Income although there is no liability as per the financial statements.
2.	Refer note no 52.1 (ii) where the debts outstanding against rentals from property due from subsidiaries amounting to Rs. 2,045,379,375/- (P.Y. Rs. 2,097,467,029/-) have been long outstanding.	Factual
3.	Refer note no 60.1(iv) foot note 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.	Factual
	In case of MSPGCL	
	We draw attention to following notes to the consolidated financial statements::	

(a)	Note no. 53.4 regarding accounting of shortfall/excess if any, based on the provisional accounts of the CPF, in the absence of the requisite details and information.	Acturial valuation of CPF investments could not be done since CPF trust could not provide the requisite details for valuation purpose, in a timely manner. However, the matter would be taken up with CPF Trust in the ensuing year.
(b)	Note no. 61.3 regarding agreements with the government of Maharashtra in respect of various hydro power generation facilities that are yet to be executed and the consequent disclosures as required under Accounting Standard 19 "Leases" issued under the Companies (Accounting Standards) Rules, 2006 pending execution of the lease.	MSPGCL has accounted for lease rent on the basis of MERC order fixing lease rent for Hydro Power Stations owned by Government of Maharashtra.
(c)	Note no. 64.3(x) regarding the justification of the company not to recognize any impairment loss on the investment in its subsidiary company, Mahaguj Collieries Ltd.	
(d)	Note no. 59.3 regarding accounting of the increase in value of the net Fixed Assets as on the date of transfer, depreciation on such increased value and consequent increase in equity capital based on the notification dated March 31, 2016 issued by the Government of Maharashtra through First Amendment in "Maharashtra Electricity Reforms Transfer Scheme 2005".	
(e)	In case of Dhopave Coastal Power Ltd, the Company has borrowed loans aggregating to Rs. 8.32 crores from its holding company and sister subsidiary of the holding company, which is substantially higher than its share capital of Rs. 0.05 crores. Attention is invited to Note no. 1(B) of the notes stating that the accounts of the Company has not been prepared on going concern basis, and accordingly provision for losses on account pre-operative expenses has been made in the Books of Accounts.	
	Our opinion is not qualified in respect of these matters	
	Other Matters	
	We did not audit the financial statement/ financial information of the four subsidiaries, whose financial statement reflect total assets of Rs.1,62,17,100.68 Lacs and revenue of Rs.59,07,394.78 Lacs 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.	
1.	**Report on Other Legal and Regulatory Requirements**	
1.1	As required by the section 143(3) of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements and the other financial information of subsidiaries as noted in the “other matter” paragraph, we report, to the extent applicable:	
a.	We have sought and except for the effect/possible of the matters mentioned under Para 'Basis of 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 of the consolidated financial statements;	
b.	Except for the effects/possible effects of the matters described in the Basis for Qualified Opinion paragraph, in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;	
c.	The consolidated Balance Sheet, consolidated Statement of Profit and Loss, and the consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;	
d.	Except for the effects/possible effects of the matters described in the Basis for Qualified Opinion paragraph, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;	
e.	The matters described in the Basis for Qualified Opinion paragraph above, in our opinion, may have an adverse effect on the functioning of the Company.	
f.	Being a Government Company, pursuant to the Notification No. GSR 463(E) dated 5th June 2015 issued by Ministry of Corporate Affairs, Government of India, provisions of sub-section (2) of Section 164 of the Companies Act, 2013, are not applicable to the Holding Company. Further, on the basis of the reports of the	

	statutory auditors of its subsidiary companies, and jointly controlled companies incorporated in India, none of the directors of the Group companies, and its jointly controlled companies incorporated in India is disqualified as on 31st March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.	
g.	The qualification relating to the maintenance of accounts and other matters connected therewith are as stated in the Basis for Qualified Opinion paragraph above.	
h.	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".	
i.	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.	Due to effects/possible effects of the matters described in the Basis for Qualified Opinion Paragraph, we are unable to state whether the Company has disclosed the impact of pending litigations on its financial position in its consolidated financial statements.	
b.	Due to effects/possible effects of the matters described in the Basis for Qualified Opinion Paragraph, we are unable to state whether the Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts. According to the information and explanations given to us, the Company has not entered into any derivative contracts; and	
c.	There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.	
j.	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.	

Annexure B- Report on Directions / Sub-Directions issued by Comptroller and Auditor General of India under Sub-Section (5) of Section 143 of the Act

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

1. In Case MSEBHCL

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

	Auditor's Comment		Managament's Reply
Sr. No.	Directions	Replies	
1	Whether the company has clear title/lease deeds for freehold and leasehold land respectively? If not please state the area of freehold and leasehold land for which title/lease deeds are not available.	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 under the provisional Transfer Scheme, since finalised on 31st March'2016 vide GR No. Reform 2010 / Pr.Ka. 117 / Urja. Details of the area of freehold and leasehold land for which title/lease deeds are not available is given as per Annexure I(below).	
2	Whether there are any cases of waiver/write off of debts / loans / interest etc., if yes, the reasons there for and the amount involved.	According to information and explanations given to us, the company has written back interest amounting to Rs. 28,377,726,835 provided in the earlier years payable to GOM on their loans without suitable direction/ confirmation from GOM. Further an amount Rs. 32,895 provided as interest payable to NABARD and Rs 48,900 payable as REP on loan and Rs. 34,860 being Share Application money of GOM have also been reversed. As explained, this interest was being provided on a conservative basis till the FY 2014-15. Except as above there are no cases of waiver/write off of debts/ loans/interest etc.	
3	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.	

ii. Sector specific Sub Directions

	Auditor's Comment		Managament's Reply
Sr. No.	Directions	Replies	
1	Comment on confirmation of balances of trade receivables, trade payables, term deposits, bank accounts and cash obtained.	As per table below:	
2	Report the cases of diversion of grants/ subsidies received from Central/ State Government or other agencies for performing certain activities	The Company is in receipt of funds in the form of grant for the purpose of payment of interest and repayment of principal on maturity of the bonds issued by erstwhile MSEB. In current year the Company has received Rs. NIL for the above mentioned purpose. However, Rs. 57,46,170 (including interest) pertaining to earlier years are still payable. As explained to us the claimants could not be traced and hence payable.	

Sr. No.	Particulars	Confirmation Obtained (%)
1	Trade Receivables	99.98%
2	Trade Payables (Excluding Inter Unit Payables)	0.00%
3	Trade Payables (Inter Unit Payables)	12.92%
4	Term deposits (Fixed Deposit)	100%
5	Bank Account (Current Account)	100%

2.	**In Case of MSPGCL**	
i.	**Directions under sub-section (5) of section 143 of the Act**	
1)	**If the company has been selected for disinvestment, a complete status report in terms of valuation of assets (including intangible assets and land) and liabilities (including Committed & General Reserves) may be examined, including the mode and present stage of disinvestment process.** **Holding Company: Maharashtra State Power Generation Co. Ltd.** The Company has not been selected for 'Disinvestment' purpose. Hence, the information sought is not applicable to the Company. **Subsidiary Company: Dhule Thermal Power Co. Ltd.:** No, Company has not been selected for disinvestment. **Subsidiary Company: Mahaguj Collieries Limited:** Not Applicable. **Subsidiary Company: Dhopave Coastal Power Limited:** No, Company has not been selected for disinvestment.	The company has not been selected for 'Disinvestment' purpose. Hence, the information sought is Not Applicable to the company.
2)	**To report whether there are any cases of waiver/write off of debts/loans/interest etc. if yes the reasons thereof, and the amount involved.** **Subsidiary Company: DhuleThermal Power Co. Ltd.:** There are no cases of waiver/write off of loans/interest etc. observed during the year. **Subsidiary Company: Mahaguj Collieries Limited:** No waiver of loan. **Subsidiary Company: Dhopave Coastal Power Limited:** Yes, These are write off of Pre-operative Expenses of the Company, incurred for the project during its commissioning stage, and Since Company has already decided to scrap the Project, amount Involved is Rs. 8.29 crore	During the course of audit and as per information and explanations given to us, there were no cases/instances of waiver/write-off of any loans/debts/interest etc., by the company during F.Y.2015-16. The Company has received a letter from MSEB Holding Company Ltd (its company) to recognize in its books certain unidentified assets/liabilities lying in the books of MSEB Holding Company that belonged to the erstwhile Maharashtra State Electricity Board. The parent company has transferred these unidentified assets / liabilities to the Company fellow subsidiaries on a certain proportionate basis without specifying the rationale thereof. The company has informed the Company to write off / write back these unidentified assets / liabilities. Such balances include transfer of capital reserve amounting to Rs.265 Crore. (Company's share Rs.66 crores) The Company has not yet recognized these unidentified assets / liabilities (net liabilities of Rs.86 crores) and as informed to us by the Management, has sought

<table>
<tr><td></td><td></td><td>additional details of the same from the parent company.</td></tr>
<tr><td>3)</td><td>**Whether proper records are maintained for inventories lying with third parties & assets received as gift from Government and other authorities?**
Holding Company: Maharashtra State Power Generation Co. Ltd.
The Company sends its inventories / materials to third parties only for maintenance operations or fabrication activities. As informed to us, the Company has proper records for such inventories. We have been informed that there are no assets received as gift from the Government or other authorities during the year.
Subsidiary Company: Dhule Thermal Power Co. Ltd.:
Not Applicable.
Subsidiary Company: Mahaguj Collieries Limited:
Not Applicable.
Subsidiary Company: Dhopave Coastal Power Limited:
Not Applicable.</td><td>The Company sends its inventories / materials to third parties only for maintenance operations or fabrication activities. As informed to us, the Company has proper records for such inventories. We have been informed that there are no assets received as gift from the Government or other authorities during the year.</td></tr>
<tr><td>4)</td><td>**A report on age-wise analysis of pending legal/ arbitration cases, including the reasons of pendency and existence/effectiveness of a monitoring mechanism for expenditure on all legal cases (foreign and local) may be given.**
Holding Company: Maharashtra State Power Generation Co. Ltd.
Company discloses pending legal/arbitration cases as Contingent Liabilities as identified by the company. The age wise analysis of 380 pending legal/arbitration cases given below:
<table>
<tr><th>Age of Cases</th><th>No. of Cases</th></tr>
<tr><td>Less than 1 year</td><td>38</td></tr>
<tr><td>1 to 2 Years</td><td>58</td></tr>
<tr><td>2 to 3 Years</td><td>19</td></tr>
<tr><td>3 to 5 Years</td><td>40</td></tr>
<tr><td>More than 5 Years</td><td>195</td></tr>
<tr><td>Others unattended</td><td>30</td></tr>
<tr><td>**Total**</td><td>**380**</td></tr>
</table>
Due to unavailability of relevant information from the Company, including details of reasons of pendency for all</td><td>Company discloses pending legal / arbitration cases as Contingent Liabilities as identified by the company. The age wise analysis of 380 pending legal/arbitration cases given below:
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<tr><td>Others unattended</td><td>30</td></tr>
<tr><td>**Total**</td><td>**380**</td></tr>
</table>
Due to unavailability of relevant information from the Company, including details of reasons of pendency for all the cases, we are not able to comment upon the effectiveness of monitoring mechanism for on all legal cases and reasons of pendency.</td></tr>
</table>

<table>
<tr>
<td></td>
<td>the cases, we are not able to comment upon the effectiveness of monitoring mechanism for expenditure on all legal cases and reasons of pendency.

Subsidiary Company: Dhule Thermal Power Co. Ltd.:
Not Applicable.

Subsidiary Company: Mahaguj Collieries Limited:
<table>
<tr><td>Age of Cases</td><td>No. of Cases</td></tr>
<tr><td>Less than 1 year</td><td>1</td></tr>
</table>
Subsidiary Company: Dhopave Coastal Power Limited:
Not Applicable.</td>
<td></td>
</tr>
<tr>
<td>ii.</td>
<td><u>Comments on Sub-directions u/s 143 (5) of the Companies Act 2013</u></td>
<td></td>
</tr>
<tr>
<td>5)</td>
<td>In the cases of Thermal Power Projects, compliance of various Pollution control Acts end the impact thereof including utilization and disposal of ash and the policy of the company in this regard, may be checked and commented upon.

Holding Company: Maharashtra State Power Generation Co. Ltd.
The Company has represented that it has complied with the requirements of various pollution control acts including utilization and disposal of ash during the year 2015-16. However, the above information regarding compliance of various Pollution Control Acts and the impact thereof including utilization and disposal of ash has not been independently verified by us.

Subsidiary Company: Dhule Thermal Power Co. Ltd.:
Not Applicable.

Subsidiary Company: Mahaguj Collieries Limited:
Not Commented by Auditor

Subsidiary Company: Dhopave Coastal Power Limited:-
Not Commented by Auditor</td>
<td>The Company has represented that it has complied with the requirements of various pollution control acts including utilization and disposal of ash during the year 2015-16. The above information regarding compliance of various Pollution Control Acts and the impact thereof including utilization and disposal of ash has not been independently verified by us.</td>
</tr>
<tr>
<td>6)</td>
<td>Has the company entered into revenue sharing agreements with private parties for extraction of coal at pitheads and it adequately protects the financial interest of the company?

Holding Company: Maharashtra State Power Generation Co. Ltd.
No. The Company has not entered into revenue sharing agreements with private parties for extraction of coal.</td>
<td>No. The Company has not entered into revenue sharing agreements with private parties for extraction of coal.</td>
</tr>
</table>

	Subsidiary Company: Dhule Thermal Power Co. Ltd. Not Applicable as no generation activity started so far. **Subsidiary Company; Mahaguj Collieries Limited:** Not Commented by Auditor **Subsidiary Company: Dhopave Coastal Power Limited:** Not Commented by Auditor	
7)	**Does the company have a proper system for reconciliation of quantity/quality of coal ordered and received and whether grade of coal/moisture and demurrage etc, are properly recorded in the books of accounts?** **Holding Company: Maharashtra State Power Generation Co. Ltd.** Yes. The company has the system for reconciliation of quantity/quality of coal ordered and received. However, the current process needs to be strengthened. Company recognizes the liability of coal on the basis of grades mentioned in suppliers' invoice instead of the grade determined by the technical analyst appointed by the MSPGCL. Claim for coal grade slippage has been made on the basis of coal grade differences observed at loading end by such technical analyst and suppliers' representatives jointly vis-a-vis Grade allocated to Colliery. However, such claims have not been recognized by the coal suppliers which results into difference in the outstanding balance with such companies along with other reasons. Further, during the year, MSPGCL has lodged a claim against coal suppliers, for grade slippage of coal as per agreement amounting to Rs.803.38 Crores. However, the supplier has claimed an amount of Rs.50 Crores from the Company for short lifting of material. Due to non availability of proper documentary evidence, it is difficult to reach a conclusion on correctness of the claims by either party. The Company has disclosed the claim by coal supplier as contingent liability. The Company has also not accounted for the performance incentives claimed by the same coal supplier. **Subsidiary Company: Dhule Thermal Power Co. Ltd.:** Not Applicable as no generation activity started so far. **Subsidiary Company: Mahaguj Collieries Limited:** Not Commented by Auditor **Subsidiary Company: Dhopave Coastal Power Limited:** Not Commented by Auditor	Yes, company has the system for reconciliation of quantity/quality of coal ordered and received. However, the current process needs to be strengthened. Company recognizes the liability of coal on the basis of grades mentioned in suppliers' invoice instead of the grade determined by its internal chemist in the respective unit. Claim for coal grade slippage has been made on the basis of coal grade differences observed at loading end by Companies representative and suppliers representatives jointly vis-a-vis Grade allocated to Colliery. However, such claims have not been recognized by the coal suppliers which results into difference in the outstanding balance with such companies along with other reasons. Further, during the year, MSPGCL has lodged a claim against coal suppliers, for grade slippage of coal as per agreement amounting to Rs.803.38 Crores. However, the supplier has claimed an amount of Rs.50 Crore from the Company for short lifting of material. Due to non-availability of proper documentary evidence, it is difficult to reach a conclusion on correctness of the claims by either party. The Company has disclosed the claim by coal supplier as contingent liability. The Company has also not accounted for the performance incentives claimed by the same coal supplier.

8)	**How much share of free power was due to the State Govt, and whether the same was calculated as per the agreed terms and depicted in accounts as per accepted accounting norms?** **Holding Company: Maharashtra State Power Generation Co. Ltd.** As informed by the Company, there is no share of free power to the State Govt., under any agreement. **Subsidiary Company: Dhule Thermal Power Co. Ltd.:** Not applicable as no generation activity started so far. **Subsidiary Company: Mahaguj Collieries Limited:** Not Commented by Auditor **Subsidiary Company: Dhopave Coastal Power Limited:** Not Commented by Auditor	As informed by the Company, there is no share of free power to the State Govt., under any agreement.
9)	**In the case of Hydroelectric Projects, the water discharge is as per policy/guidelines issued by state govt, to maintain biodiversity. For not maintaining it penalty paid/ payable may be reported.** **Holding Company: Maharashtra State Power Generation Co. Ltd.** Water discharge is governed by Water Resource Department (WRD) of State Govt., and as informed, the Company has no role in the same. No penalty has been payable/ paid towards water discharge. **Subsidiary Company: Dhule Thermal Power Co. Ltd.:** Not Applicable as no generation activity started so far. **Subsidiary Company: Mahaguj Collieries Limited:** Not Commented by Auditor **Subsidiary Company: Dhopave Coastal Power Limited:** Not Commented by Auditor	Water discharge is governed by Water Resource Department (WRD) of State Govt., and as informed, the Company has no role in the same. No penalty has been payable/ paid towards water discharge.
10)	**Does the company have a set of operational norms? Has the management measured its performance against the norms and taken suitable action in case of deviation?** **Holding Company: Maharashtra State Power Generation Co. Ltd.** Not Applicable. **Subsidiary Company: Dhule Thermal Power Co. Ltd.:** Not Applicable **Subsidiary Company: Mahaguj Collieries Limited:** Operation not yet started.	Factual

	Subsidiary Company: Dhopave Coastal Power Limited:- Not Applicable.	
11)	**Comment on the confirmation of balances of trade receivables, trade payables, term deposits, bank accounts and cash obtained.** **Holding company : Maharashtra State Power Generation Co. Ltd.** Not Applicable. **Subsidiary Company: Dhule Thermal Power Co. Ltd.:** Not Applicable **Subsidiary Company: Mahaguj Collieries Limited:** All the required confirmations are obtained. **Subsidiary Company: Dhopave Coastal Power Limited:-** Not Applicable	Factual
12)	**Examine pricing policy framed by the Company to ensure that all cost components are covered.** **Holding Company: Maharashtra State Power Generation Co. Ltd.** Not Applicable. **Subsidiary Company: Dhule Thermal Power Co. Ltd.:** Not Applicable **Subsidiary Company: Mahaguj Collieries Limited:** Not Applicable. **Subsidiary Company: Dhopave Coastal Power Limited:** Not Applicable	Factual
13)	**Report on the extent of utilization of plant & machinery and its obsolescence, if applicable.** **Holding Company: Maharashtra State Power Generation Co. Ltd.** Not Applicable. **Subsidiary Company: Dhule Thermal Power Co. Ltd.:** Not Applicable **Subsidiary Company: Mahaguj Collieries Limited:** Not Applicable. **Subsidiary Company: Dhopave Coastal Power Limited:-** Not Applicable	Factual

14)	**Report the cases of diversion of grants/subsidies received from Central/State Govt, or their agencies for performing certain activities.** Not Applicable. **Subsidiary Company: Dhule Thermal Power Co. Ltd.:** Not Applicable **Subsidiary Company: Mahaguj Collieries Limited:** Not Applicable. **Subsidiary Company: Dhopave Coastal Power Limited:** Not Applicable	Factual
3.	**In Case of MSETCL**	
	Directions under sub-section (5) of section 143 of the Companies Act, 2013	
1.	**To report whether there are any cases of waiver/ write off of debts/loans/interest etc. if yes, the reasons thereof, and the amount involved.**	
 (a) (b)	It may be noted that total trade receivables of the company as per Note No. 22 are Rs. 259263.30 Lacs as at 31/03/16 (Previous Year Rs. 298293.91 Lacs as at 31/03/15) and major portion of the same is against Maharashtra State Electricity Distribution Company Ltd. (MSEDCL). Receivables from MSEDCL are against two parts: Transmission charges approximately being Rs.232605.75 Lacs as at 31/03/16 (Previous Year Rs. 233747 Lacs as at 31.03.2015) which the company recovers through STU. The said amount recoverable from MSEDCL is considered good and no provision for Bad Debts has been made against such outstanding dues. Dues from MSEDCL are received in parts but on a regular basis. Dues recoverable on account of IUT (Inter Unit Transactions) which are Rs. 19726.39 Lacs as at 31/03/16 (Previous Year Rs. 19697 Lacs as at 31.03.2015). The said **IUT** balances cannot be written off until it is fully reconciled. Thereby total amount recoverable against MSEDCL accounts for 97.33% (Previous Year 85% as at 31/03/15) of the total debtors of the company.	Factual
	It was observed that company follows the practice of deducting "Liquidated Damages (LD)" from payments made to contractors / vendors for non fulfillment/ non compliance with either scheduled date of delivery or other terms and conditions of contract. The said amount of LD gets accounted for under 'Other Non Current	Factual

	Liabilities - Deposits' in Liability side of Balance Sheet. A portion of such LD retained gets accounted for as income and the balance gets refunded back to the respective vendor / contractor, as the case may be, after final billing. Total amount of such LD getting reflected under liability side of balance sheet was Rs. 6788.42 Lacs as at 31.03.16 (Previous Year Rs. 4981.57 Lacs as at 31.03.2015) whereas the amount of LD getting booked as income was only Rs. 479.58 Lacs as at 31/03/16 (Previous Year Rs. 72.09 Lacs as at 31.03.2015). The company vide its accounting policy stated at Para 2(I)(iv) of Notes forming part of Financial statements has clarified that such LD charges gets accounted for under "Other Income" upon 'realization basis' only.	
	As per the information available on record, invoices have been raised by STU on distribution licencees for claiming 'Delayed payment charges' (DPC). The total share of MSETCL of the DPC amount as at 31.03.16 was Rs. 83495.25 Lacs (Previous Year as at 31.03.15 was Rs. 48422.05 Lacs) which has not been considered as income for the F.Y.2015-16 as per the significant accounting policy of the company disclosed at Para 2 (I) (ii) read along with Notes to Accounts No. 64.4 (xvii)"Other Notes" to Balance Sheet.	Factual
	The amount receivable by the Company including the advances given to the suppliers/ sub contractors by the Company were found critically analyzed/ reviewed on regular basis. With respect to other outstanding debtors (for expenses) of the company, provision for 'Doubtful Debts' for Rs. NIL (Previous year 2014-15 Rs. 149.11 Lacs) has been made by the company as at 31.03.16.	Factual
	During the course of audit and as per information and explanations given to us, there were no other cases/ instances of waiver/ write off of any loans/debts/interest being given by the company during F.Y.2015-16.	Factual
2.	**Whether proper records are maintained for inventories lying with third parties & assets received as gift from Government or other authorities.** As per information and explanations provided to us by the Management of the Company, there were no inventories or items of stores & spares lying with third parties at any time during the year under audit. Further, no assets have been received as gift from Government or other agencies by the Company during F.Y. 2015-16.	Factual

3.	**A report on age-wise analysis of pending legal/arbitration cases, including the reasons of pendency and existence/ effectiveness of a monitoring mechanism for expenditure on all legal cases (foreign and local) may be given.** The Operations of the company are spread all across the state of Maharashtra and for operational convenience, the working of the company has been divided into 7 Zones. Details of all pending/arbitration cases, individually more than Rs. 10.00 Lacs, have been duly disclosed in Notes to Accounts under the head "Contingent Liability" for F.Y. 2015-16 at Note No. 60.3 to Balance Sheet. In addition to above, there are 40 number of small pending legal/ arbitration cases individually less than Rs.10.00 Lacs which are also of 'Contingent' nature. Legal expenses as and when incurred are accounted for on mercantile basis and are separately shown as "Legal and Professional Fess" under the head 'Other Expenses' in Note No. 33 of Profit & Loss Account. The total legal expenses incurred during the year amounts to Rs. 979.17 Lacs (F.Y. 2014-15 Rs 632.55 Lacs). The legal expenses were found sanctioned, paid and accounted for in routine manner as in the case of other administrative expenses.	Factual
4.	**If the Company has been selected for disinvestment, a complete status report in terms of valuation of Assets (including intangible assets and land) and Liabilities (including Committed & General Reserve) may be examined, including the mode and present stage of disinvestment process.** The company has not been selected for 'Disinvestment' purpose. Hence, the information sought is Not Applicable to the company.	Factual
	<u>Sub-directions under sub-section (5) of section 143 of the Companies Act, 2013</u>	
(I)	**Whether there is appropriate classification of Inventory with value such as Scrap, Obsolete Material etc.** It has been observed during the course of audit that there exists an appropriate system for classification of Inventory in the company. The details of GL Codes used along with their outstanding balance as at 31/03/16 for	Factual

<table>
<tr>
<td></td>
<td>accounting various types of Inventory under SAP are as under:
<table>
<tr><th>GL Codes</th><th>Description of Inventory</th><th>o/s bal as at 31/03/16 (Amt in Rs.Lacs)</th></tr>
<tr><td>250010</td><td>Steel</td><td>1146.27</td></tr>
<tr><td>250020</td><td>Cement</td><td>-</td></tr>
<tr><td>250030</td><td>Transformers</td><td>6398.75</td></tr>
<tr><td>250040</td><td>Metering Equipment & substation Equipment</td><td>7827.17</td></tr>
<tr><td>250050</td><td>Cables & Conductors</td><td>8235.62</td></tr>
<tr><td>250060</td><td>Poles</td><td>-</td></tr>
<tr><td>250070</td><td>Service Connection Material & Electrical Fittings</td><td>-</td></tr>
<tr><td>250080</td><td>Spares</td><td>880.55</td></tr>
<tr><td>280090</td><td>Others</td><td>2712.75</td></tr>
<tr><td>255010</td><td>Material Pending Investigation</td><td>7.10</td></tr>
<tr><td>255020</td><td>Loss due to Material pending investigation</td><td>202.91</td></tr>
<tr><td>255030</td><td>Spl GL stores Inventory Diff</td><td>-</td></tr>
<tr><td>255040</td><td>MASA Stock rectification</td><td>249.20</td></tr>
<tr><td>256010</td><td>Obsolete Material Stock (including scrap)</td><td>174.44</td></tr>
<tr><td>256020</td><td>Damaged/ Rejected Material</td><td>-</td></tr>
</table>
During the course of audit it was duly observed and verified that accounting for inventory was made in a proper manner except:</td>
<td></td>
</tr>
<tr>
<td>a)</td>
<td>GL Code: 256010- Obsolete Material- wherein it was observed that unreconciled balances are getting reflected for past many years. It has been given to understand that such unreconciled old balances getting reflected in the said GL account were mainly on account of price variations of different inventory items which have already been issued from the respective stores. In our opinion, the nomenclature of the account i.e. 'Obsolete Material' is</td>
<td>The GL code balances will be reconciled during the FY 2016-17 & necessary accounting entry will be passed.</td>
</tr>
</table>

<table>
<tr><td></td><td>factually incorrect and gives a wrong understanding of the adjustments made at a later date due to price variations of inventory items. Further, the said GL code also has 'negative balances' (i.e. credit balance) outstanding in many profit centers.</td><td></td></tr>
<tr><td>b)</td><td>GL Code 255020 / 150070- Loss due to Material pending investigation-wherein old balances are outstanding in the books since many years.</td><td>The GL code balances will be reconciled during the FY 2016-17 & necessary accounting entry will be passed.</td></tr>
<tr><td>c)</td><td>GL Code 255040 - MASA Stock Rectification - wherein it was observed that unreconciled balances are getting reflected for past many years.</td><td>The GL code balances will be reconciled during the FY 2016-17 & necessary accounting entry will be passed.</td></tr>
<tr><td></td><td>It is emphasized that company should either reconcile or write off balances in the above mentioned GL codes at the earliest.</td><td>After verification / scrutiny, necessary rectification will be carried out during the FY 2016-17.</td></tr>
<tr><td>**(II)**</td><td>**Negative balances under "Advances to Contract" may be analyzed and commented with reasons and impact on financial statements.**
The company is in the business of transmission of power across the state of Maharashtra. To undertake such transmission work, the company has to construct sub stations, install transformers & transmission lines and execute all other related contractual / construction activities. In order to achieve such objective the company has a well documented and established "Contract Management System". All contractors / suppliers/vendors having business relations with the company have been allotted a unique 'Vendor Code' which in turn serves the purpose of individual vendor identification in SAP.
The company has accounted for all such advances given to its contractors/ suppliers/ vendors under following GL Codes:
(Rs. in Lacs)
<table>
<tr><th>GL Code</th><th>Description</th><th>Opening Balance as at 1/04/15</th><th>Addition/ Clearance/ adjustment during the year</th><th>Closing Balance as at as at 31/03/16</th></tr>
<tr><td>290010</td><td>Adv to Contractor/ supplier</td><td>10858.81</td><td>-8499.74</td><td>2359.07</td></tr>
<tr><td>290020</td><td>Capital Adv for Projects</td><td>7592.20</td><td>-767.63</td><td>6824.57</td></tr>
</table>
The data of all registered vendors, whose balances appear in either of the two GL Codes given in the table</td><td>Factual</td></tr>
</table>

<table>
<tr>
<td></td>
<td>above, were individually verified so as to identify the cases (vendors) which were having 'Negative Balances' as at 31/03/16. Details of all such vendors are given as under :
<table>
<tr><th>Particulars</th><th>In No.</th></tr>
<tr><td>Vendors / Contractors wherein opening amount & closing amount had positive balance (i.e. debit balance) i.e. advances were continuing</td><td>212</td></tr>
<tr><td>Vendors / Contractors wherein opening amount had debit balance & closing amount had become NIL i.e. advances were squared off</td><td>39</td></tr>
<tr><td>Vendors / Contractors wherein opening amount had debit balance but closing amount had credit balance (i.e. adverse balance)</td><td>13 (Cr. bal of Rs. 1054.25 Lacs as at 31.03.2016)</td></tr>
<tr><td>Vendors / Contractors wherein both opening amount & closing amount had adverse balance (i.e. Credit balance)</td><td>70 (Cr. bal of Rs. 4822.14 Lacs as at 31.03.2016)</td></tr>
</table>
From analysis of the data mentioned herein above, it can be observed that the overall advances given by the company as at 31.03.2016 do not have 'Adverse / Negative Balance'. However, there are 83 individual instances / cases which had outstanding negative balance i.e, credit balance as on 31.03.2016.
It has been informed that discrepancies in such 83 individual advances may be due to (i) wrong allocation of GL Codes or (ii) shifting of data in the system at the time of implementation of SAP (i.e. Legacy data) for which the reconciliation process has been initiated.</td>
<td>After verification / scrutiny, & reconciliation necessary rectification will be carried out during the FY 2016-17.</td>
</tr>
<tr>
<td>(III)</td>
<td>Whether Profit / Loss mentioned in Audit Report is as per Profit & Loss Accounts of the Company?
The Independent Auditor's Report vide its Para VII (c) specifically states that "The Balance Sheet, Statement of Profit & Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account/"</td>
<td>Factual</td>
</tr>
<tr>
<td>(IV)</td>
<td>Is the system of evacuation of power commensurate with power available for transmission with the generating company? If not, loss, if any, claimed by the generating company may be commented.</td>
<td>Factual</td>
</tr>
</table>

The company is having adequate infrastructure -which includes 633 no. of substations, transformers, and transmission lines for making transmission of the v power so generated by the generation companies operating in the state of Maharashtra.

Information relating to the transmission network of the company is given in the table below:

Voltage Level	**EHV Substation**	**Transformation Capacity (MVA)**	**EHV Lines (CKT KM.)**
765 KV	1	1500	0
500KV HVDC	2	3582	1504
400KV	28	23395	8224.96
220KV	211	49747.5	16325.847
132KV	306	26779	14553.9118
110KV	36	2280	1736.63
100KV	38	2678	700.664
66KV	11	853	683.995
Total	**633**	**110814.5**	**43730.0078**

Present transmission system availability and losses as against MERC benchmark are narrated as under:

HVAC System (MERC Benchmark 98%)		
Year	2014-15	2015-16
Avail	99.73%	99.72%
HVDC System (MERC Benchmark 95%)		
Year	2014-15	2015-16
Avail	97.96%	94.53%

It is a constant and ongoing endeavor of the company to improve, strengthen and further augment its infrastructural capacities so as to cope with ever increasing futuristic needs of power.

(V) **How much transmission loss in excess of prescribed norms has been incurred during the year and whether the same been properly accounted for in the books of accounts?**

The benchmark set by MERC for Transmission Losses is 4.85% and the Transmission Losses incurred by MSETCL during the F.Y. 2015-16 as computed by Maharashtra State Load Dispatch Center (MSLDC) are tabulated below:

Factual

<table>
<tr>
<td></td>
<td>
<table>
<tr><th colspan="4">Intra State Transmission System (In. STS) Grid Loss for F.Y. 15-16</th></tr>
<tr><th>Month</th><th>Energy Input Intra STS (In Million Units)</th><th>Energy Output Intra STS (In Million Units)</th><th>Transmission Loss (in % age)</th></tr>
<tr><td>Apr-15</td><td>11979.66</td><td>11486.13</td><td>4.12</td></tr>
<tr><td>May-15</td><td>12678.62</td><td>12186.92</td><td>3.88</td></tr>
<tr><td>Jun-15</td><td>10940.52</td><td>10498.43</td><td>4.04</td></tr>
<tr><td>Jul-15</td><td>11985.82</td><td>11533.17</td><td>3.78</td></tr>
<tr><td>Aug-15</td><td>11529.16</td><td>11061.04</td><td>4.06</td></tr>
<tr><td>Sep-15</td><td>11244.54</td><td>10802.28</td><td>3.93</td></tr>
<tr><td>Oct-15</td><td>12932.72</td><td>12407.68</td><td>4.06</td></tr>
<tr><td>Nov-15</td><td>11825.32</td><td>11386.25</td><td>3.71</td></tr>
<tr><td>Dec-15</td><td>11719.00</td><td>11298.24</td><td>3.59</td></tr>
<tr><td>Jan-16</td><td>11348.28</td><td>10909.26</td><td>3.87</td></tr>
<tr><td>Feb-16</td><td>11135.60</td><td>10716.83</td><td>3.76</td></tr>
<tr><td>Mar-16</td><td>12447.00</td><td>11929.10</td><td>4.16</td></tr>
<tr><td>Total</td><td>141766.247</td><td>136215.337</td><td>3.92</td></tr>
</table>
<p>From perusal of the table above, it is evident that Transmission Loss incurred by MSETCL for was 3.92% which is well below the MERC's bench mark. In other words, the said loss in accounting parlance will be termed as "Normal Loss" and will not require any separate accounting in the books of accounts. It has been verified that company has duly accounted for the energy so transmitted by it during the year under audit.</p>
</td>
<td></td>
</tr>
<tr>
<td>(VI)</td>
<td>
<p>Whether the assets constructed and completed on behalf of other agencies and handed over to them has been properly accounted for in the financial statements.</p>
<p>The Company has divided its field operations amongst seven different zones in the state of Maharashtra. The major activity of the company is 'transmission of power'. Company also undertakes construction of small sub stations, towers, plants etc., on behalf of other agencies on 'order specific basis'. Such works are identified in the company as 'ORC works'. The company charges 'Supervision Fees' over and above the expenditure incurred for executing such "ORC Work" which gets recognized as company's income.</p>
<p>As per information made available by the company, details of ORC works across its different zones are given in the table below:</p>
</td>
<td>Factual</td>
</tr>
</table>

Sr. No.	Zones	ORC works as at 01.04.15	ORC works added during the year	ORC works completed during the year	Balance ORC works remaining as at 31.03.16
1	Amravati	1	-	-	1
2	Aurangabad	14	-	2	12
3	Karad	6	-	-	6
4	Nagpur	25	11	7	29
5	Nasik	10	-	-	10
6	Pune	45	-	-	45
7	Vashi	28	18	5	41
	Total	**129**	**29**	**14**	**144**

"Supervision Charges" accounted during F.Y. 2015-16 on ORC Works were of Rs. 1601 Lacs.

"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")

Re : Holding Company:

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.

Re :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	
	Re : Holding Company: MSEBHCL	
	Disclaimer of Opinion	
	According to the information and explanation given to us, the Company has not established its internal financial 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 Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. Because of this reason, we are unable to obtain sufficient appropriate audit evidence to provide a basis for my / our opinion whether the Company had adequate internal financial controls over financial reporting and whether such internal financial controls were operating effectively as at March 31, 2016. We have considered the disclaimer reported above in determining the nature, timing, and extent of audit tests applied in our audit of the financial statements of the Company, and the disclaimer does not affect our opinion on the financial statements of the Company.	
	Re : Subsidiary Companies: 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.	Factual

	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 March 31, 2016, 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".	
	Re : Subsidiary Companies: APCL	
	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 March 31, 2016, 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
	Re : Subsidiary Company: MSPGCL	
	Disclaimer of Opinion According to the information and explanation given to us, the Company has not established its internal financial 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 Controls Over Financial Reporting issued by the Institute of	

	Chartered Accountants of India. Because of this reason, we are unable to obtain sufficient appropriate audit evidence to provide a basis for my / our opinion whether the Company had adequate internal financial controls over financial reporting and whether such internal financial controls were operating effectively as at March 31, 2016.	
	Re : Subsidiary Companies: 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. **Qualified Opinion** According to the information and explanation given to us and based on our audit, the following material weakness has been identified in the operating effectiveness of the Company's internal financial controls over financial reporting as at 31 st March, 2016 :	
1.	The company did not have an appropriate internal control system for identification of overheads to be capitalized with the cost of fixed assets which could potentially result into under/over/delayed capitalization of fixed assets and corresponding impact on the depreciation charged and operational results of the company.	Overheads are capitalised on addition to CWIP during the year as per Accounting Circular No 65 dtd. 02.08.2008
2.	The company did not have appropriate internal control system for ensuring capitalization of fixed assets as and when the same is ready for use due to delayed issue of work completion certificate by engineering department or due to delay in receipt of bills from the vendors for bought out items. This could potentially result into under capitalization of Fixed Assets and corresponding impact on the operational results due to lower charge of depreciation.	From F.Y. 2016-17 work completion certificate is generated through SAP/ERP system. This will resolve the issue of delayed work completion certificate. Morever, the capitalization pendency is monitored at Head office level, through various SAP reports.
3.	The company did not have appropriate internal control system for capitalization of employee cost and office and Admin Expenses, the same is done on ad-hoc basis	MSEDCL is not having separate wings for handling capitalization out both the activities at field and Head office level.

	@15% of additions or CWIP made during the year without identifying the expenses directly attributable to the capital asset / project/CWIP. Moreover such capitalization rate is applied for the full year irrespective of the actual date of capitalization and period of interruptions if any.	Thus the manpower & its cost and Administration cost directly allocable to Capital works cannot be easily identified. Hence, the Accounting policy of capitalization at rate of 15% was consistently followed by the MSEDCL earlier as well as during the financial year 2015-16 consistently.
4.	The Company did not have appropriate Internal control system for physical verification of items of Fixed Assets of the company at various divisions circles and Head office at reasonable interval and adjustment of material discrepancies noticed during such verification.	During the F.Y. 2014-15 Charted Accountant firms were appointed to physically verify the General Fixed Assets at Head office & Circles offices.
5.	The Company has not designed effective internal control for timely verification of Stores / inventories lying at Division/Circle and to tally them with the balance appearing in financial ledger and appropriate treatment of discrepancies therein. This significant deficiency relate to likelihood of mis-statement in the financial reporting.	It has been communicated vide letter No. Director (OP)/MSEDCL/F-1435 dt. 21.01.2017, to all field offices that, the exercise of physical verification of inventory will be carried on in the month end of February 2017, by a team consisting of Technical & Accounts Employee and a CA firm of Internal Audit. It has been directed to all field offices that, discrepancies noticed on Physical Verification of inventory shall be rectified by property accounting for Excess/ Shortage (Profit/Loss) with due approval of Competent Authority, & such proposal shall be sent to CE/ (MM Cell) immediately.
6.	The company did not have an appropriate internal control system to ensure that provisions made pending receipt of all bills from vendors / contractors for supply of goods and provision of services and towards expenses at the year end are duly reversed when actual bills / invoices are received and accounted for. This could potentially result in the same being wrongly accounted.	In SAP system, liability is created only when Services Entry Sheet (SES) for services availed and MIGO for material received is done. It will be ensured that it is done on real time basis.
7.	The company did not have an integrated ERP / SAP system. Different software packages used by the Company are interfaced through software link or manual intervention leaving gaps between them. This could potentially result into impaired financial reporting.	ERP / SAP system is linked with billing software through interface Revenue reconciliation is also prepared at circle level and Company as a whole. Further from July 2015, SAP system is also linked to collection software through interface. HRMS is also linked with SAP and it is reconciled. Thus, scope of manual intervention is being reduced.

8.	The company did not have an appropriated control system for reconciliation/confirmation of vendor / contractor/ Trade Receivables amounts and loan and advances balances and consequent adjustments which could potentially result in some changes in the financial statements.	In case of loans, the confirmation from the financial institutes and banks are obtained. Morever, as regard the creditors for Power Purchase in most of the cases either confirmation has been obtained or reconciliation has been done with vendors. In case of Sundry debtors, the energy bills are issued to all the consumers periodically and this serves the purpose of sufficient communication of the amount receivable from them.
9.	The company did not have an appropriate internal control system for proper deduction and/or deposit of statutory dues like service tax, works contract tax, TDS, TCS resulting into or which could potentially result in non deduction /under deduction or delayed deposit of statutory dues with Government authorities .This can have consequential impact in the financial statement and problems such as litigation, penalty proceedings and interest levy etc against the company.	There are very few instances of improper deduction & / or non-deposit of Statutory dues. However, the necessary instruction have been issued to avoid the same.
10.	The company has a system of Internal Audit through qualified external CA Firms, however the system is not effective so as to cover all major areas of weaknesses. There is no effective system of compliances / closure of the Internal Audit observations for all Divisions/Circles. This could possibly result into weak checks & balances and defective and unreported financial irregularities, ultimately resulting into ineffective oversight of the entity's financial reporting and internal control by those charged with Governance	Compliance of the Internal Audit observations / Report on half yearly basis was done in F.Y. 2015-16 at circle levels as well as Head office level. From F. Y. 2016-17, Scope of internal audit is also increased in order to strengthen the internal check system in various areas.
11.	The company did not have appropriate internal control system to reconcile the financial accounts pertaining to income tax, service tax, TDS, TCS, works contract tax etc., with the relevant tax records and returns. This could potentially result into under/over statement of such amounts in the financial statements.	Reconciliation of financial accounts pertaining to income tax, service tax, TDS, TCS works contract tax etc. with the relevant tax records and returns is presently done manually.
12.	The company did not have an internal control for timely and accurate reconciliation of significant accounts and confirmation of balances lying with DCC Bank/Post offices Accounts. A "material weakness" is a deficiency, or a combination of deficiencies, in internal 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 some of the cases, reconciliation of balances with post office and DCC banks has been started, by appointing the outsource agencies and the reconciliation work is in progress.

	Other Matter	
	Our aforesaid report under Section 143 (3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to four subsidiary companies, which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India.	

Annexure - III

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL 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 2016.

The preparation of Financial Statements of **MSEB Holding Company Limited, Mumbai** For the year ended 31 March 2016 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 these 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 27 September 2016.**

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 Financial Statements of **MSEB Holding Company Limited, Mumbai** for the year ended 31 March 2016. 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

(D. K. Sekar)
ACCOUNTANT GENERAL
(Audit) - III

Place: Mumbai
Date: 08th December, 2016

Annexure - IV

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 2016.

The preparation of Consolidated Financial Statements of **MSEB Holding Company Limited, Mumbai** For the year ended 31 march 2016 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 **24 December 2016.**

I, on behalf of the Comptroller and Audit General of India, have conducted a supplementary audit under section 143 (6) (b) read with section 129 (4) of the Act of the Consolidated Financial Statements of **MSEB Holding Company Limited** for the year ended 31 March 2016. We conducted a supplementary audit of the financial statements of **MSEB Holding Company Limited** and its subsidiaries, associate companies and jointly controlled entities (as per Annexure) 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 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

(D. K. Sekar)
ACCOUNTANT GENERAL
(Audit) - III

Place: Mumbai
Date: 20th February 2017

Annexure
List of subsidiaries, associate companies and jointly controlled entities of MSEB Holding Company Limited.

Sr. No.	Name of Subsidiaries	Subsidiaries Percentage
1.	Maharashtra State Electricity Distribution Company Limited (MSEDCL)	100% Subsidiary of MSEBHCL
2.	Maharashtra State Power Generation Company Limited (MSPGCL)	100% Subsidiary of MSEBHCL
3.	Maharashtra State Electricity Transmission Company Limited (MSETCL)	100% Subsidiary of MSEBHCL
4.	Maharashtra State Electricity Power Trading Company Limited (MSEPTCL)	100% Subsidiary of MSEBHCL
5.	Dhopave Coastal Power Limited (DCPL)	100% Subsidiary of MSPGCL
6.	MAHAGENCO Ash Management Services Limited (MAMSL)	100% Subsidiary of MSPGCL
7.	AURANGABAD Power Company Limited (APCL)	100% Subsidiary of MSEDCL
8.	Mahaguj Collieries Limited (MCL)	60% Subsidiary of MSPGCL
9.	Jaigad Power Transco Limited (JPTL)	Joint Venture of MSETCL
10.	Maharashtra transmission Communication Infrastructure limited (MTCIL)	Joint Venture of MSETCL

Annexure - V

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2016

[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
Hong Kong Bank Bldg., 3rd & 4th Floor,
Mahatma Gandhi Road, Fort, Mumbai-400001,
Maharashtra, India

I, Ajit Yashwant Sathe, Proprietor of A. Y. Sathe & Co., Practicing Company Secretaries, have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by MSEB HOLDING COMPANY LIMITED (CIN : U40100MH2005SGC153649) (hereinafter called as 'the Company'). The 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, 2016 ("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 31st March, 2016 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 a 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 Audit Period);

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') were not applicable as the Company during the audit period since the company is a Public Unlisted 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) The Secretarial Standards issued by The Institute of Company Secretaries of India (applicable w.e.f. 1st July, 2015);

(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, 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 ("Act") :

(i) The Company has only one Independent Director w.e.f. 23rd April, 2015, instead of minimum requirement of two Independent Directors as per the Act and consequently, the composition of Audit Committee and Nomination & Remuneration Committee is not proper.

(ii) The Company did not have Woman Director during period from 23rd April, 2015 till 23rd August, 2015 and the vacancy in the office of Woman Director was filled beyond stipulated time period;

(iii) The Company did not have Company Secretary during period from 1st April, 2015 till 20th August, 2015 and Chief Financial Officer during period from 1st April, 2015 till 23rd August, 2015;

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 constituted with 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	No. of shares	Consideration	GR No.
15/04/2015	25,12,80,000	Cash	(as per **"Annexure"**)
	26,50,00,000	Other than cash	(As per Shareholders Agreement dt. 28.02.2007)
27/08/2015	91,24,86,300	Cash	sankirn/2015/pr.kr.64/urja-3 dt 18.05.2015
31/03/2016	7648,57,09,863	Other than cash	reform/2010/pr.kr.117/urja-3 dt. 31.03.2016

"Annexure - A"

Sr. No.	No. and date of GR	No. of Shares
1	RGP/0907/prk265/urja-1 dated 17.11.2008	4,92,00,000
2	RGP/0907/prk265/urja-1 dated 10.08.2009	9,68,00,000
3	RGP/0907/prk265/urja-1 dated 15.02.2010	2,00,000
4	Punarvi/2012/prk 30(1)/urja-3 dated 31.03.2012	5,58,39,600
5	Nidhivi/2012/395/prk 76/urja-3 dated 27.02.2013	8,00,000
6	Punarvi/2012/prk 30(1)/urja-3 dated 31.03.2012	4,84,40,400
	Total	**25,12,80,000**

I further report that, vide the Order of the Ministry of Corporate Affairs dated 15th July, 2015, Maharashtra State Electric Power Trading Company Private Limited has amalgamated into the Company w.e.f. 01/04/2015 i.e. the Appointed Date.

I further report that, during the audit period there were no instances of the following:

(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; and

(iv) Foreign technical collaborations.

For A. Y. Sathe & Co.
Company Secretaries

CS Ajit Sathe
(Proprietor)

Place: Mumbai
Date: 19th December, 2016

This report is to be read with our letter of even date, which is annexed as **ANNEXURE-I**, and it forms an integral part of this report.

ANNEXURE - I

To,
The Members,
MSEB Holding Company Limited
Hong Kong 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 record 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/ will conduct the affairs of the Company.

For A. Y. Sathe & Co.

Company Secretaries

CS Ajit Sathe
(Proprietor)

Place: Mumbai

Date: 19th December, 2016

Annexure - VI

REPLIES TO THE OBSERVATIONS IN THE SECRETARIAL AUDITOR REPORT FOR THE YEAR 2015-16

Auditor's Observations	MSEBHCL Remarks
(i) The Company has only one Independent Director w.e.f. 23rd April, 2015, instead of minimum requirement of two Independent Directors as per the Act and consequently, the composition of Audit Committee and Nomination & Remuneration Committee is not proper.	Factual. Necessary compliance is under process.
(ii) The Company did not have Woman Director during period from 23rd April, 2015 till 23rd August, 2015 and the vacancy in the office of Woman Director was filled beyond stipulated time period.	Factual.
(iii) The Company did not have Company Secretary during period from 1st April, 2015 till 20th August, 2015 and Chief Financial Officer during period from 1st April, 2015 till 23rd August, 2015.	Factual. The Company has appointed Company Secretary on Contract basis for 3 years w.e.f. 21st August, 2015 and CFO w.e.f. 24th August, 2015.

Annexure - VII

Form No. MGT-9
EXTRACT OF ANNUAL RETURN
as on the financial year ended on 31.03.2016

[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	Company Limited by shares/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) 22690646/22619100 Fax: (022) 22619101 Email: msebhcl@gmail.com
vi) Whether shares listed	No
vii) Name, Address and Contact details of Registrar and Transfer Agent, if any	N. A.

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
N. A.	N. A.	N. A.	N. A.

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES -

SR. NO.	NAME AND ADDRESS OF THE COMPANY	CIN	HOLDING/ SUBSIDIARY/ ASSOCIATE	% of Shares Held	Appli-cable Section
1	Maharashtra State Power Generation Company Ltd.	U40100MH2005SGC153648	Subsidiary	100	2(87)
2	Maharashtra State Electricity Distribution Company Ltd.	U40109MH2005SGC153645	Subsidiary	100	2(87)

3	Maharashtra State Electricity Transmission Company Ltd.	U40109MH2005SGC153646	Subsidiary	100	2(87)
4	Maharashtra State Electric Power Trading Company Pvt. Ltd.#	U40109MH2007SGC176309	Subsidiary	100	2(87)

#Ceased to be subsidiary due to amalgamation with the Company.

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

(I) Category-wise Shareholding

Category of Share-holders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the 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)	N.A.	8385295900	8385295900	100	-	86299772063	86299772063	100	0%
d) Bodies Corp.	-	-	-	-	-	-	-	-	
e) Banks/FI	-	-	-	-	-	-	-	-	
f) Any Other	-	-	-	-	-	-	-	-	
Sub-total (A) (1):-	N.A.	8385295900	8385295900	100	**-**	86299772063	86299772063	100	0%
(2) Foreign									
a) NRIs- Individuals	-	-	-	-	-	-	-	-	-
b) Other – Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks / FI	-	-	-	-	-	-	-	-	-
e) Any Other….	-	-	-	-	-	-	-	-	-
Sub-total (A)(2):-	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total shareholding of Promoter(A) = (A)(1)+(A)(2)	**N.A.**	**8385295900**	**8385295900**	**100**	**-**	**86299772063**	**86299772063**	**100**	**NO**
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	-	-	-	-	-	-	-	-	-
Sub-total (B)(1):-									
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									
I) Trusts	-	-	-	-	-	-	-	-	-
ii) Clearing Member	-	-	-	-	-	-	-	-	-
iii) Directors / Relatives	-	-	-	-	-	-	-	-	-
iv) NRI	-	-	-	-	-	-	-	-	-
Sub-total (B)(2):-	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total Public Shareholding (B)=(B)(1)+ (B)(2)-	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	**N.A.**	**8385295900**	**8385295900**	**100**	**-**	**86299772063**	**86299772063**	**100**	**NO**

(ii) Shareholding of Promoters

Sr. No	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the Year			% change in share holding 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	Government of Maharashtra	8385295900	100	-	86299772063	100	-	0%
	Total	8385295900	100	-	86299772063	100	-	0%

(iii) Change in Promoters' Shareholding

Category of Shareholder	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
At the beginning of the year	8385295900	100	8385295900	100
At the end of the year	862997722063	100	862997722063	100

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

Sl. No.	Name	Date	Remarks	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
		N.A.	N.A.	N.A.	N.A.	N.A.	N.A.

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	Name	Date	Shareholding		Cumulative Shareholding	
			No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.

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)	**-**	**-**	**-**	**-**
Change in Indebtedness during the financial year				
–Addition	-	-	-	-
–Reduction	-	-	-	-
Net Change	**-**	**-**	**-**	**-**
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)	**-**	**-**	**-**	**-**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Sl. no.	Particulars of Remuneration	Name of MD/WTD/Manager					Total Amount
		Mukesh Khullar	Anurudha Bhatia				
1	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	0	15,46,541	-	-	-	15,46,541
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-	-	-	-
	(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)	0	15,46,541	-	-	-	15,46,541
	Ceiling as per the Act	-	-	-	-	-	-

B. Remuneration to other directors:

Sr. no.	Particulars of Remuneration	Name of Directors				Total Amount (Rs.)
1.	Independent Directors	Shri P. V. Page	Smt. Irawati Dani			
	Fee for attending board / committee Meetings	70,000	5,000	-	-	75,000
	Commission	-	-	-	-	-
	Others	-	-	-	-	-
	Total (1)	**70,000**	**5,000**	**-**	**-**	**75,000**
2	Other Non-Executive Directors			Shri. Vishwas Pathak	Shri. R. B. Goenka	
	Fee for attending board / committee Meetings	-	-	70,000	50,000	120,000
	Commission	-	-	-	-	-
	Others	-	-	-	-	-
	Total (2)	**-**	**-**	**70,000**	**50,000**	**1,20,000**
	Total (B)=(1+2)	**70,000**	**5,000**	**70,000**	**50,000**	**1,20,000**
	Total Managerial Remuneration	**-**	**-**	**-**	**-**	**-**
	Overall Ceiling as per the Act	**-**	**-**	**-**	**-**	**-**

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD / MANAGER / WTD

Sr. no.	Particulars of Remuneration	Key Managerial Personnel			Total Amount (₹)
		CEO	CS^	CFO*	
1	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	- - -	5,71,582 - -	- - -	5,71,582 - -
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission - as % of profit - others	-	-	-	-
5	Others	-	-	-	-
	Total	**-**	**5,71,582**	**-**	**5,71,582**

*Whole - time Director (Finance) has been appointed as CFO.

^Company Secretary was appointed from August, 2015 on Contract basis.

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 Punishment Compounding	**None**				
B.	Directors Penalty Punishment Compounding	**None**				
C.	Other Officers in default Penalty Punishment Compounding	**None**				

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

(Amount in ₹)

Sl. No.	**Name of the subsidiary**	**Maharashtra State Power Generation Co. Ltd.**	**Maharashtra State Electricity Distribution Co. Ltd.**	**Maharashtra State Electricity Transmission Co. Ltd.**
1.	Date since when subsidiary was acquired	31.05.2005	31.05.2005	31.05.2005
2.	Reporting period	FY 2015-16	FY 2015-16	FY 2015-16
3.	Reporting currency	Indian Rupees	Indian Rupees	Indian Rupees
4.	Share capital	240983567880	461596349040	89849747330
5.	Reserves & surplus	(65617617157)	(149637255107)	16995744062
6.	Total Assets	624223540618	958927097300	226248521752
7.	Total Liabilities	624223540618	958927097300	226248521752
8.	Investments	1100000	1917273325	4863253376
9.	Turnover	1929342227739	537073695637	33148493785
10.	Profit before taxation	(87420436056)	(150210863746)	(40820776743)
11.	Provision for taxation	525802034	423534598	1737135160
12.	Profit after taxation	(87946238090)	(149787329148)	(42557911903)
13.	Proposed Dividend	-	-	-
14.	Extent of shareholding	100%	100%	100%

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 commerce operations - **Not Applicable**
2. Names of associates or joint ventures which have been liquidated or sold during the year - **Not Applicable**

Annexure - IX

Annual Report on Corporate Social Responsibility

The Company has constituted a Corporate Social Responsibility (CSR) Committee in accordance with the provisions of the Companies Act, 2013 and the Rules made thereunder. The Company has framed Corporate Social Responsibility (CSR) policy duly approved by the Board of Directors.

The Policy was approved on 11/02/2016 by the Board of Directors.

The thrust areas of this Policy are as under -

1) Eradicating hunger, poverty and malnutrition, promoting healthcare including preventive health care and sanitation and making available safe drinking water.
2) Promoting education including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects.
3) Promoting gender equality, empowering women, setting up homes and hostels for women and orphans, setting up old age homes, day care centers and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups.
4) Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agro forestry, conservation of natural resources and maintaining quality of soil, air and water.
5) Measures for the benefit of armed forces veterans, war widows and their dependents.
6) Training to promote rural sports, nationally recognized sports, Paralympics' sports and Olympic sports; and
7) Rural development projects.

Funding of CSR activities:

The Corporation will be required to spend annually at least two percent of the average net profit made during the three immediately preceding financial years on CSR Policy.

The composition of the CSR Committee.

- Managing Director
- Shri. Bipin Shrimali (Managing Director-MSPGCL)
- Shri. Prakash Page (Independent Director)

Details of CSR Fund for the F.Y. 2015-16:

(Amount in ₹)

Average Net Profit of the company for last three financial years	CSR Expenditure (2% of Average Net Profit)		CSR funds spent during the year	Projects in which funds have been spent	Amount unspent, if any	Reason for not spending
	2014-15	2015-16				
NIL	N. A.	N. A.	NIL	N. A.	N. A.	The Company has incurred losses continuously till FY 2014-15.

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

For and on behalf of the Board of Directors

Director Managing Director

Place : Mumbai

Date : 31.05.2017

BALANCE SHEET FOR THE YEAR 31ST MARCH 2016

PARTICULARS	NOTE NO.	(Amount in ₹) As At 31.03.2016	(Amount in ₹) As At 31.03.2015
I EQUITY AND LIABILITIES			
(1) Shareholders' funds			
(a) Share capital	**3**	862,997,720,630	83,852,959,000
(b) Reserves and surplus	**4**	(15,335,207,838)	(38,452,715,477)
(c) Money received against share warrants		-	-
		847,662,512,792	**45,400,243,523**
(2) Share application money pending allotment	**5**	10,929,800,000	96,829,189,240
(3) Non-current liabilities			
(a) Long-term borrowings	**6**	-	66,473,655,357
(b) Deferred tax liabilities (net)	**29**	-	109,144,433
(c) Other long-term liabilities	**7**	2,975,358,101	11,232,773,080
(d) Long-term provisions	**8**	10,391,954	593,840,299
		2,985,750,055	**78,409,413,169**
(4) Current liabilities			
(a) Short-term borrowings		-	-
(b) Trade payables		-	-
(c) Other current liabilities	**9**	703,751	11,206,518,956
(d) Short-term provisions	**10**	7,138,571	8,040,131
		7,842,322	11,214,559,087
	TOTAL	**861,585,905,169**	**231,853,405,019**
II ASSETS			
(1) Non-current assets			
(a) Fixed assets	**11**		
(i) Tangible assets		11,699,979,983	457,219,738
(ii) Intangible assets		-	-
(iii) Capital work-in-progress		10,673,673	17,226,114
(iv) Intangible assets under development		-	-
		11,710,653,656	**474,445,852**
(b) Non-current investments	**12**	808,522,264,250	185,660,601,608
(c) Deferred tax assets (net)		-	-
(d) Long-term loans and advances	**13**	38,634,092,483	10,090,943,251
(e) Other non-current assets	**14**	-	82,694,094
		847,156,356,733	**195,834,238,953**
(2) Current assets			
(a) Current investments		-	-
(b) Inventories		-	-
(c) Trade receivables	**15**	2,232,810,904	35,471,685,385
(d) Cash and Bank Balances	**16**	469,611,400	55,148,144
(e) Short-term loans and advances	**17**	137,084	13,207,233
(f) Other current assets	**18**	16,335,392	4,679,452
		2,718,894,780	35,544,720,214
	TOTAL	**861,585,905,169**	**231,853,405,019**

Significant Accounting Policies and Notes to accounts **1-33**

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

Anuradha Bhatia
Director Finance & CFO

Bipin Shrimali
Managing Director

Mukesh Goyal
Partner
Membership Number : 081810

Sanjay Madan
CGM (F) I/C

Subodh Zare
Company Secretary

Place : Mumbai
Date : 27/09/2016

Place : Mumbai
Date : 27/09/2016

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED ON 31ST MARCH 2016

	PARTICULARS	NOTE NO.	(Amount in ₹) For the year ended 31.03.2016	(Amount in ₹) For the year ended 31.03.2015
I.	Revenue from operations		-	-
II.	Other income	19	412,218,637	415,072,929
III.	**Total Revenue (I + II)**		**412,218,637**	**415,072,929**
IV.	**Expenses**			
	Cost of materials consumed		-	-
	Purchases of Stock in Trade		-	-
	Changes in Inventories of finished goods, work in progress and stock in trade		-	-
	Employee benefits expense	20	65,088,350	59,975,931
	Finance Costs	21	-	1,457,536,102
	Depreciation and amortization expense	11	460,539,938	11,992,720
	Other expenses	22	2,559,726,660	264,101,349
	Total expenses		**3,085,354,948**	**1,793,606,102**
V.	**Profit/(Loss) before prior period, exceptional and extraordinary items and tax** (III-IV)		**(2,673,136,311)**	**(1,378,533,173)**
VI.	Exceptional items	23	28,377,693,940	-
VII.	**Profit/(Loss) after extraordinary items and tax** (V-VI)		**25,704,557,629**	**(1,378,533,173)**
VIII.	Extraordinary Items		-	-
IX.	**Profit/(Loss) before tax** (VII-VIII)		**25,704,557,629**	**(1,378,533,173)**
X.	Tax expense:			
	(1) Current tax		93,631,560	95,043,661
	(2) Earlier Year Tax		-	-
	(3) Deferred tax	29	(109,144,433)	4,546,086
XI.	**Profit / (Loss) for the period** (IX - X)		**25,720,070,502**	**(1,478,122,920)**
XII.	**Earnings per equity share of face value of Rs10/-Each:**	28		
	(1) Basic		3.47	(0.65)
	(2) Diluted		3.47	(0.65)

Significant Accounting Policies and Notes to accounts **1-33**

As per our report of even date
For DOOGAR & ASSOCIATES
Chartered Accountants
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Place : Mumbai
Date : 27/09/2016

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CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2016

(Amount in ₹) (Amount in ₹)

Particulars	2015 - 2016		2014 - 2015	
A. Cash flows from operating activities				
Net profit before taxation		25,704,557,629		(1,378,533,173)
Adjustments for:				
Depreciation	2,734,452,215		12,024,490	
Interest income	27,647,576		(30,569,195)	
Interest expenses	-		1,457,536,102	
	-	2,762,099,791	-	1,438,991,397
Operating profit before working capital changes		28,466,657,420		60,458,224
Adjustments for:				
Increase/(Decrease) in Reserves	(2,602,562,863)			
Increase/(Decrease) in Other Long Term Liabilities	(8,257,414,979)		499,841	
Increase/(Decrease) in Long Term Provisions	(583,448,345)		3,917,164	
Increase/(Decrease) in Other Current Liabilities	254,561		(243,943)	
Increase/(Decrease) in Short Term Provisions	(901,560)		8,167,739	
Increase/(Decrease) in Long Term Loans & Advances	(28,543,149,232)		(24,197,913)	
Increase/(Decrease) in Other Non Current Assets	82,694,094		8,468,754	
Increase/(Decrease) in Short Term Loans & Addvances	13,070,149		286,884,188	
Increase/(Decrease) in Other Current assets	(11,655,940)		24,018,310	
Increase/(Decrease) in Trade Receivable	33,238,874,481	(6,664,239,634)	(222,399,429)	85,114,711
Cash generated from operations		**21,802,417,786**		**145,572,935**
Less: Taxes paid(net of refunds)	(93,631,560)		(95,043,661)	
		(93,631,560)		(95,043,661)
Cash flow before extraordinary item		21,708,786,226		50,529,274
Add/ Less: Extra-ordinary items				
Net cash from operating activities (A)		**21,708,786,226**		**50,529,274**
B. Cash flows from investing activities				
Purchase of fixed assets and addition to Capital Work in Progress	(13,970,660,019)		(42,273,467)	
Sale of Assets	-		-	
Purchase of Non Current Investments	(622,861,662,642)		(10,105,743,021)	
Interest received (Net of TDS)	(27,647,576)		30,569,195	
Fixed Deposits Matured			95,000,000	
		(636,859,970,237)		(10,022,447,293)
Net cash used for investing activities (B)				
C. Cash flows from financing activities				
Proceeds from issuance of Share Application Money Pending allotment		693,245,372,390		10,013,163,000
Interest paid	-		-	
Increse in Long Term borrowings on account of Interest	(66,473,655,357)		1,712,116,786	
Interest charged to P & L	-		(1,457,536,102)	
Decrease in Other Current Liabilities on account of interest	(11,206,069,766)		(254,580,684)	

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2016

Net cash from financing activities (C)		(77,679,725,123)		-
Net increase in cash and cash equivalents (A + B + C)		**414,463,256**		**41,244,981**
Cash and cash equivalents at beginning of period		55,148,144		13,903,163
Cash and cash equivalents at end of period		469,611,400		55,148,144

Significant accounting policies and notes to accounts. 1-33

Foot Note :
1. Cash flow is prepared under Indirect Method as prescribed in AS 3-Cash Flow Statements
2. Cash & Cash Equivalents included in the Financial Statements comprise the following.

Cash & Cash Equivalents		
- Balance in Current accounts	5,68,969	572,734
- 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)	469,042,431	54,575,410
Total	**469,611,400**	**55,148,144**

As per our report of even date
For DOOGAR & ASSOCIATES
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Subodh Zare
Company Secretary

Place : Mumbai
Date : 27/09/2016

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SCHEDULES FORMING PART OF THE BALANCE SHEET AND STATEMENT OF PROFIT AND LOSS 31st March 2016.

Note 1

SIGNIFICANT ACCOUNTING POLICIES AND CONVENTIONS

1. Basis of Preparation

These financial statements have been prepared in accordance with the generally accepted accounting principles (GAAP) in India under the historical cost convention on accrual basis. These financial statements have been prepared to comply with all material aspects of the accounting standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014. Accounting policies not specifically referred to otherwise are consistent with the generally accepted accounting principles followed by the company.

2. Use of Estimates

The preparation of financial statements requires the management of the Company to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to the contingent liabilities as at the date of the financial statements and reported amounts of income and expenses during the year. Example of such estimates include provisions for doubtful debts, employee retirement benefits plans, provision for income tax, accounting for contract costs expected to be incurred to complete software development and the useful lives of fixed assets.

3. Fixed Assets

(a) Fixed assets are stated at cost of acquisition / transfer price as per Final restructuring plan notifed vide GR No. Reform 2010/Pr.Ka.117/Urja-3 or construction less accumulated depreciation.

(b) Acquisition cost includes appropriate charge for Administrative expenses and cost of employees expected to have been incurred for acquiring the assets and putting them to use.

4. Depreciation

(a) Depreciation is charged on straight line method based on the useful life as specified under Companies Act, 2013. Depreciation is calculated and charged to Revenue account on the basis of balance of overall gross block for each type of assets under each account head.

(b) Assets costing upto Rs. 5000/- are fully depreciated in the year of acquisition.

(c) Leasehold Land is amortized over the actual period of lease.

(d) Depreciation is charged till the minimum balance of WDV of 5% of original cost of the asset .

SCHEDULES FORMING PART OF THE BALANCE SHEET AND STATEMENT OF PROFIT AND LOSS 31st March 2016.

5. Impairment of Assets

(a) The carrying amount of assets, other than inventories is reviewed at each balance sheet date, to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of the assets is estimated.

(b) An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value. An impairment loss is charged to the statement of Profit and Loss in the year in which as asset is identified as impaired. The impairment loss recognized in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

6. Intangible Assets and Amortisation

Intangible Assets are recognized as per the criteria specified in the Accounting Standard (AS) 26. Accordingly Leasehold Land is amortised over the period of lease. Expenses on the issue of shares are amortized in the year of expenditure.

7. Investments

(a) Long term investments are carried at cost after providing for any diminution in value, if such diminution is of other than temporary nature.

(b) Current investments are carried at lower of cost and market value. The determination of carrying costs of such investments is done on the basis of specific identification.

8. Provisions

A provision is recognized when the company has a present obligation as a result of past event and it is probable that an out flow 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 certainty. These are reviewed at each balance sheet date and adjusted to reflect the correct management estimate.

9. Revenue Recognition

Income is recognized on accrual basis.

Interest Income is recognized on time proportion basis. Dividend is recognized when the right to receive dividend is established.

10. Employee Benefits

(a) Short term employee benefits :

All employee benefits payable within twelve months of rendering service are classified as short term employee benefits. Benefits such as salaries, wages, short term compensated absences, etc and the expected cost of bonus, ex-gratia are recognized during the period in which the employee renders the service.

SCHEDULES FORMING PART OF THE BALANCE SHEET AND STATEMENT OF PROFIT AND LOSS 31st March 2016.

(b) Defined Contribution Plans :

A defined contribution plan is a post-employment benefit plan under which the Company pays specified contributions to a separate entity The Company makes specified monthly contributions towards Provident Fund, Superannuation Fund and Pension Scheme. The Company's contribution is recognized as an expense in the Statement of Profit and Loss during the period in which the employee renders the related service.

(c) Defined Benefit Plans:

Gratuity is accounted for on the basis of actuarial valuation.

(d) Long Term Benefits:

Leave encashment is accounted for on the basis of actuarial valuation.

11. Foreign exchange transactions

Transactions of foreign currency are recorded at the exchange rates, prevailing on the date of transaction.

12. Earnings Per Share :

The Company reports basic earnings per share in accordance with the Accounting Standard 20 'Earnings per share'. Basic earnings per share, is computed by dividing the net profit or loss for the year by the weighted average number of equity shares outstanding during the year.

13. Taxes on Income

(a) Tax on income for the current period is determined on the basis of estimated taxable income and tax credits computed in accordance with the provisions of the Income Tax Act 1961 and based on the expected outcome of assessments/ appeals.

(b) Deferred tax reflects the tax effects of timing differences between the accounting income and the taxable income for the year, and quantified using the tax rates and laws that have been enacted or substantively enacted as on the balance sheet date.

(c) Deferred tax assets are recognised and carried forward only to the extent that there is reasonable certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised.

14. Prior Period Items

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 and shown separately in the accounts.

SCHEDULES FORMING PART OF THE BALANCE SHEET AND STATEMENT OF PROFIT AND LOSS 31st March 2016.

15. Provisions, Contingent Liabilities and Contingent Assets :

Provision is recognized in the accounts when there is a present obligation as a result of past event(s) and it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

Contingent liabilities are disclosed unless the possibility of outflow of resources is remote.

Contingent assets are neither recognized nor disclosed in the financial statements.

16. Cash Flow Statements

Cash flows are reported using indirect method, whereby net profits before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from regular revenue generating, investing and financing activities of the Company are segregated.

17. Operating Leases

Lease arrangements where the risks and rewards incidental to ownership of erstwhile MSEB now transferred to the Company, of an asset substantially vest with the less or, are recognised as operating leases. Lease rents under operating leases are recognised in the profit and loss account on a straight line.

NOTES ON ACCOUNTS FOR THE YEAR ENDED ON 31ST MARCH 2016

Note 2

BACKGROUND

2.1) The 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.

Highlights of FRP

a) The ‘Government of Maharashtra’ under the powers reserved by it made the following adjustments to the original ‘provisional transfer scheme’ for its finalisation:

I. The transfer of the assets and liabilities hitherto held by the ‘Maharashtra State Electricity Board’ and taken over by the ‘Government of Maharashtra’ in terms of Notification dated 04 June 2005 No. Reform. 1005/CR-9061/ (1)/NRG-5 to be transferred to the respective transferees mentioned at the market value prevailing on 05 June 2005.Pursuant to this the value of the Net Fixed Assets of the successor companies as on 06 June 2005 increased by Rs 62,600 crores on an aggregate basis as notified vide GR No.Reform2010/Pr.Ka.117/Urja-3 by GOM.

II. The interest of GOM in MSEDCL, MSPGCL and MSETCL to increase and to be reflected by way of issue of Equity shares as detailed here under in point no VI, by the three successor companies namely MSEDCL, MSPGCL and MSETCL to MSEBHCL.

III. The consequential increase in the value of assets held by MSEBHCL to the extent of assets transferred to the three operative companies to be treated as Equity Share Capital to Government of Maharashtra.

IV. Further, as per Notification No. Reform. 1005/CR-9061/(2)/NRG-5; following liabilities of erstwhile Maharashtra State Electricity Board were taken over by Government of Maharashtra against Equity Share Capital of MSEBHCL.

NOTES ON ACCOUNTS FOR THE YEAR ENDED ON 31ST MARCH 2016

(Rs. In Crores)

Sr. No.	Particulars	Liabilities as on 05.06.2005
1	State Government loan	3,098
2	Central Plan Allocation	603
3	CPSU Dues Coal	567
4	CPSU Dues Power Purchase	451
5	GOM loans	912
	Total	**5,632**

V. Further, Equity to be allotted to Government of Maharashtra by MSEB Holding Company Ltd., against Share application money pending allotment amounting to Rs. 8,254 Crores as on the date of restructuring of MSEB Board.

VI. Summarised impact of FRP: The total Equity Share Capital of the Government of Maharashtra is Rs.76,486Crores as under:

Sr. No.	Particulars	(Rs. in Crores)
a)	Additional Equity to be issued to GOM on account of transfer of Liabilities as on 05/06/2005.	5,632
b)	Impact of valuation of Fixed Assets	
	MSEBHCL	1,397
	MSPGCL	15,111
	MSETCL	6,289
	MSEDCL	39,804
	Total	**62,600**
c)	Share Application Money Pending Allotment to GOM pending in the books of MSEBHCL since trifurcation	8,254
	Total Equity Capital with GOM (due to FRP) as on 31.03.16 (a+b+c)	76,486

2.2) The assets and liabilities reflected in the books as at 31.03.2016 includes balances inherited pursuant to the Provisional Transfer Scheme as on 06.06.2005 that have been accounted in the financial statements. The nomenclature in the financial statements is as per erstwhile MSEB.

Allocation of the opening balances as on 06.06.2005 has been done into five restructured entities namely Maharashtra State Power Generation Company Ltd. (MSPGCL), Maharashtra

NOTES ON ACCOUNTS FOR THE YEAR ENDED ON 31ST MARCH 2016

State Electricity Transmission Company Ltd. (MSETCL), Maharashtra State Electricity Distribution Company Ltd. (MSEDCL), MSEB Holding Company Ltd., (MSEBHCL) and MSEB (Residual Board) on the basis of audited balances of erstwhile MSEB as on 05.06.2005. The allocation of balances has been approved by GOM vide GR No.Reform2010/Pr.Ka.117/Urja-3dated 31.03.2016. Certain opening balances, allocated to the company as detailed in point no 2.4, which could not be identified have been apportioned to the Subsidiaries as per MOU dated 08.06.2009.

2.3) MSEB (Residual Board) is no more in existence. Certain liabilities which were shown under MSEB (Residual Board) were taken over by the GOM at the time of restructuring. The repayment of such liabilities was done by the GOM through MSEBHCL. The Company merely did the servicing of such liabilities out of monies received from GOM till 31.03.2016. The balance of Rs. 5,746,170/-lying in the account is the amount payable to the bond holders who could not be identified / traced. The said balance should be transferred to GOM for doing the needful.

2.4) Several other liabilities amounting to Rs. 3,189,349,804/- , assets amounting to Rs. 33,309,791,940/- and reserves amounting to Rs 2,651,869,271/- of erstwhile MSEB, which were not covered in the Cabinet Note dated 20th May 2005 and temporarily parked in the books of MSEBHCL at the time of restructuring of MSEB, have been transferred to the subsidiaries for appropriate treatment in their books.

The above stated liabilities/assets have been categorised as specific liabilities/assets and common assets/liabilities. Specific liabilities amounting to Rs. 2,300,055,882/- and specific assets amounting to Rs. 33,219,550,631/- are those, which are clearly identifiable from the nomenclature and have been transferred to the subsidiaries, to whom they belong. Common liabilities amounting to Rs. 889,293,922/- and Common assets amounting to Rs. 90,241,309/- and Common reserves amounting to Rs. 2,651,869,271/- are unidentifiable liabilities/assets and are distributed in the ratio MSEDCL 60%, MSPGCL 25% and MSETCL 15%. The ratio has been adopted on the basis of the MOU dated 8th June 2009 entered into between the MSEBHCL and the Subsidiary companies.

Merger of Maharashtra State Electric Power Trading Company Ltd (MSEPTCL) with MSEBHCL:

During the financial year 2012-13, vide Board resolution dated 12/07/12 the Company had applied to the Hon Bombay High Court in terms of Section 391-394 of Companies Act, 1956 for scheme of amalgamation of MSEPTCL and MSEBHCL. As per the proposed scheme all the assets and liabilities of MSEPTCL were to be transferred to MSEBHCL. The Hon Bombay High Court dismissed the application on 13/12/2013 due to non-tenability of the petition before the Hon'ble Bombay High Court. Subsequent to the same the Company had made an application to the Ministry of Corporate Affairs on 29/01/2014 for the approval. The MCA had requested to make a fresh application on 07/05/2014. In view of the same a fresh application was made to MCA. The same was heard by MCA on 24/04/2015. After considering the representations made by both the Companies, MCA sanctioned the scheme of amalgamation with retrospective effect from 01/04/2015vide order number 24/2/2014 - CL - III dated 16/07/2015.

NOTES ON ACCOUNTS FOR THE YEAR ENDED ON 31ST MARCH 2016

Para 5.3.1 of the proposal for amalgamation states as follows:

1) Upon coming into effect of this Scheme, statement of accounts as on the date immediately preceding the appointed date shall be drawn up on the basis of books of accounts of MSEPTCL, as audited by the auditors, in respect of the assets and liabilities of MSEPTCL to be transferred to MSEBHCL pursuant to this scheme in its books of accounts. Such statement of account shall be drawn up considering the book value of the assets and liabilities of MSEPTCL.

   The paid up share capital of MSEPTCL held by MSEBHCL in its own name or in the name of its nominees, shall be deemed to be the consideration for the transfer.

   The accounting treatment will be in compliance with the accounting standard 14 laid down by the Institute of Chartered accountants of India or other accounting standards as may be applicable at the relevant time.

2) No amendment shall be made to this order without approval of Central government.

3) This scheme will be binding on the shareholders and creditors of MSEPTCL and MSEBHCL with effect from 01/04/2015.

4) All property, rights and powers, liabilities and duties of MSEPTCL shall be transferred without further act or deed to MSEBHCL in accordance with the scheme.

5) All proceedings pending against MSEPTCL shall now be continued by or against MSEBHCL.

6) Both the Companies shall subject to the provisions of the Companies Act , 1956 apply Accounting Standard 14 as laid down in the Accounting Standard rules , 2006 notified by Government of India.

   Thus, in adherence to the said sanctioned scheme of amalgamation, necessary accounting treatment has been given in the books of the Company during the financial year 2015-2016 under the relevant heads.

Note 3
SHARE CAPITAL

(Amount in ₹)

Particulars	As at 31 March, 2016		As at 31 March, 2015	
	Number of shares	Amount	Number of shares	Amount
(a) Authorised Share Capital 99,000,000,000 (P.Y. 25,000,000,000) Equity Shares (hereafter refered to as 'Shares') of ₹ 10/- each	99,00,00,00,000	9,90,00,00,00,000	25,00,00,00,000	250,00,00,00,000

NOTES ON ACCOUNTS FOR THE YEAR ENDED ON 31ST MARCH 2016

(b) Issued , Subscribed & Paid-Up 86,299,772,063 (P.Y. 8,385,295,900) Equity Shares (hereafter referred to as 'shares') of ₹ 10/- each fully paid up	86,29,97,72,063	8,62,99,77,20,630	8,38,52,95,900	83,85,29,59,000
Total	**86,29,97,72,063**	**8,62,99,77,20,630**	**8,38,52,95,900**	**83,85,29,59,000**

Details of the shareholders holding more than 5% of the capital

Name of Shareholder	As at 31 March 2016		As at 31 March 2015	
	No. of Shares held	% of Total Paid Up Capital	No. of Shares held	% of Total Paid Up Capital
Gov of Maharashtra and its nominees	86,29,97,72,063	100%	8,38,52,95,900	100%
Total	**86,29,97,72,063**	**100%**	**8,38,52,95,900**	**100%**

Reconciliation of Number of Shares outstandign at the beginning and at the end of reporting Year/Period

Name of Shareholder	As at 31 March 2016	As at 31 March 2015
	No. of Shares	No. of Shares
Shares outstanding at the beginning of the year	8,38,52,95,900	2,50,47,16,700
Shares Issued during the year	77,91,44,76,163	5,88,05,79,200
Shares bought back during the year	-	-
Shares outstanding at the end of the year	86,29,97,72,063	8,38,52,95,900

Note:
Details of Issued Subscribed & Paid Up equity capital during the year.

3.1) 516,280,000 equity shares allotted on 15-04-2015. Out the same 265,000,000 equity shares allotted for consideration other than cash.

3.2) 912,486,300 equity shares allotted on 27-08-2015 against cash

3.3) 76,485,709,863 shares allotted on 31-03-2016 issued for consideration other than cash.

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.

Shares in respect of each class in the Company held by its Holding Company or its ultimate holding Company including shares:
Not Applicable

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

Particulars	2015-16	2014-15	2013-14	2012-13	2011-12
i) Equity Shares allotted as fully paid up Bonus Shares	NIL	NIL	NIL	NIL	NIL
ii) Equity shares issued for consideration other than cash	76,750,709,863	NIL	NIL	NIL	NIL

NOTES ON ACCOUNTS FOR THE YEAR ENDED ON 31ST MARCH 2016

Note 4

RESERVES & SURPLUS (Amount in ₹)

	Particulars	As at 31 March, 2016	As at 31 March, 2015
(a)	**Capital Reserve**		
	Opening balance	2,650,228,968	2,650,228,968
	Less: Current year transfer	2,650,228,968	-
	Closing balance	-	2,650,228,968
(b)	**Sinking Fund for repayment of Borrowing**		
	Opening balance	37,138	37,138
	Less: Current year transfer	37,138	-
	Closing balance	-	37,138
(c)	**Contingent Reserve**		
	Opening balance	294,787	294,787
	Less: Current year transfer	294,787	-
	Closing balance	-	294,787
(d)	**Consumer Rebate Reserve**		
	Opening balance	833,918	833,918
	Less: Current year transfer	833,918	-
	Closing balance	-	833,918
(e)	**Tariff and Dividend Control Reserve**		
	Opening balance	421,786	421,786
	Less: Current year transfer	421,786	-
	Closing balance	-	421,786
(f)	**Development Rebate Reserve**		
	Opening balance	45,414	45,414
	Less: Current year transfer	45,414	-
	Closing balance	-	45,414
(g)	**Development Fund**		
	Opening balance	7,260	7,260
	Less: Current year transfer	7,260	-
	Closing balance	-	7,260
(h)	**Surplus / (Deficit) in Statement of Profit and Loss**		
	Opening balance	(41,104,584,748)	(39,626,461,828)
	Add: Profit / (Loss) for the year	25,720,070,502	(1,478,122,920)
	Add: Profit for MSEPTCL (refer note 4.2)	49,306,408	-
	Closing balance	(15,335,207,838)	(41,104,584,748)
	Total	**(15,335,207,838)**	**(38,452,715,477)**

Footnote:

4.1) The entire balances under point (a) to (g) of Reserve & Reserve Funds are the opening balances in the financial statements of the Company as on 06-06-2005, as notified vide GR No.Reform2010/Pr.Ka.117/Urja-3 of the Provisional Transfer Scheme. The purpose of creating such reserves is not known. As the FRP has been approved by the GOM the said balances of erstwhile MSEB, which were temporarily parked in the books of the Company as detailed in

NOTES ON ACCOUNTS FOR THE YEAR ENDED ON 31ST MARCH 2016

Note no 2 point no 4 , have been transferred to the subsidiaries for appropriate treatment in their books of accounts.

4.2) MSEPTCL has been merged with the Company as stated in Note no 2 – "Merger" and hence its profits amounting to Rs 49,306,408 /- have been merged with Surplus /Deficit in Statement of Profit & Loss.

Note 5

SHARE APPLICATION MONEY PENDING ALLOTMENT

(Amount in ₹)

Particulars	**As at 31 March, 2016**	**As at 31 March, 2015**
100% pertaining to GOM	10,929,800,000	96,829,189,240
Total	**10,929,800,000**	**96,829,189,240**

Footnote:

5.1) **Rs. Nil (P.Y. Rs. 42,945,291,380/-)** represents non-refundable Consumer Contribution collected by erstwhile MSEB. The amount has been converted as equity capital of GOM as per approved FRP dated 31.03.2016 as detailed in Note No 2 – " Highlights of FRP " VI(c)

5.2) **Rs. Nil (P.Y. Rs. 34,646,200,000/-)** represents Equity Capital of GOM consequent to conversion of GOM Loan into Equity in the earlier years which was received as a part of balances transferred under the Provisional Transfer Scheme. The amount has been converted as equity capital of GOM as per approved FRP dated 31.03.2016 as detailed in Note No 2 – " Highlights of FRP " VI(c).

5.3) **Rs. Nil (P.Y. Rs. 4,950,000,000/-)** represents GOM contribution towards DPC power purchase liability reallocated to MSEB Residual Board, in-terms of decision taken for interpretation of GOM letter No. DPC 1005/Case No. 34/Urja 1 dated 28.06.2005. The amount has been converted as equity capital of GOM as per approved FRP dated 31.03.2016as detailed in Note No 2 – " Highlights of FRP " VI(c)

5.4) **Rs Nil (P.Y. Rs 5,162,800,000/-)** represent amount received from GOM for application money for shares of Ratnagiri Gas Power Pvt Ltd (RGPPL).This amount was required by RGPPL the aforesaid companies for purchase of additional assets. The said shares have been issued to the GOM during the current financial year.

5.5) **Rs 7,559,800,000/- (P.Y. Rs 7,463,163,000/-)** represents Share Application money of GOM directly paid by the GOM to MSPGCL during the year.

5.6) **Rs 3,370,000,000/- (P.Y.Rs 2,550,000,000/-)** represents Share Application Money of GOM directly paid by GOM to MSEDCL during the year.

5.7) During the year company has issued **77,914,476,163** shares **(P.Y. 5,880,579,200)** of Rs 10/- each amounting to **Rs. 779,144,761,630/- (P.Y. Rs 58,805,792,000/-)** to the GOM, which includes **76,485,709,863** shares of Rs 10/- each amounting to **Rs. 764,857,098,630/-**, issued as per approved FRP as detailed in Note No 2 – " Highlights of FRP " VI.

5.8) Out of the share application money pending allotment of **Rs. 10,929,800,000/-** amount of **Rs. 2,317,900,000/-** is pending for allotment for more than 60 days as on 31-03-2016.

NOTES ON ACCOUNTS FOR THE YEAR ENDED ON 31ST MARCH 2016

Note 6

LONG TERM BORROWINGS

(Amount in ₹)

Particulars	As at 31 March, 2016	As at 31 March, 2015
Loans and advances from related parties		
Unsecured		
State Government Loan		
State Government Loans (refer note 6.1)	-	52,206,926,859
CPSU Dues PP (refer note 6.2)	-	5,870,997,013
CPSU Dues Coal (refer note 6.3)	-	8,395,731,485
Total	**-**	**66,473,655,357**

Footnote :

6.1 State Government Loans:
Out of Rs 52,206,926,859/- shown as previous years balance:

i) State Government loans of **Rs. Nil (P.Y.Rs 27,418,210,702/-)** represented opening principle amount of loans of erstwhile MSEB transferred under Provisional Transfer Scheme now finalised as notified vide GR No.Reform2010/Pr.Ka.117/Urja-3 dated 31-03-2016 and the said liability has been satisfied by issue of Equity Shares to GOM as stated in Note No 2 – " Highlights of FRP " V.

ii) State Government loans of **Rs. Nil (P.Y.Rs 3,736,471,996/-)** represented opening balance of interest on State Government loans of erstwhile MSEB transferred under Provisional Transfer Scheme now finalised as notified vide GR No.Reform2010/Pr.Ka.117/Urja-3 dated 31-03-2016 and the said liability has been satisfied by issue of Equity Shares to GOM as stated in Note No 2 – " Highlights of FRP " V.

iii) State Government Loans of **Rs. Nil (P.Y.Rs 759,300,000/-)** represented intercompany adjustments (inter branch Adjustments) which was received from MSPGCL during the year 2010-2011. The Adjustments were supported by Government resolution vide GR No VPA 2006/PK-565/URJA-3 dated 30-03-2007 and VPA- 2007/PK-98/URGA-3 dated 29-06-2007 which stated that the State Government would finance Rs. 1,018,600,000/- to MESBHCL in form of loans to pay the Central Government liability of Rs. 10,185,940,000/--. The GR also stated that the above said amount of Rs. 759,300,000/- was in form of adjustment between MSPGCL and the State Government. The same had been accounted for in the books of accounts of MSPGCL and MSEBHCL during the year 2010-2011. As the State Government Loans have been taken over by the GOM as per approved FRP, the said loan/liability has been transferred back to MSPGCL. The interest amounting to **Rs. 691,368,500/-** provided on the said loan for the period 01-04-2010 to 31-03-2014 has been written back in the accounts as an exceptional income.

iv) Interest on State Government Loans **Rs. Nil (P.Y.Rs. 19,065,777,114/-)** represented interest provided on State Government loan for the period 05-06-2005 to 31-03-2014. On approval of FRP the State Government loans have been taken over by the GOM against equity but the interest provided for the period from 05-06-2005 to 31-03-2014 has not been taken over by the GOM and has been written back in the accounts as an exceptional income.

NOTES ON ACCOUNTS FOR THE YEAR ENDED ON 31ST MARCH 2016

v) Interest on State Government Loan **Rs. Nil (P.Y. Rs. 535,765,652/-)** represented opening balance of interest on State Government loans of erstwhile MSEB transferred under Provisional Transfer Scheme now finalised as notified vide GR No.Reform2010/Pr.Ka.117/Urja-3 dated 31-03-2016. The said interest liability which was not taken over by the GOM has been written back in the accounts as an exceptional income.

vi) Interest on Nabard **Rs. Nil (P.Y.Rs. 32,895/-)** represented interest on Nabard of erstwhile MSEB transferred to the Company at the time of restructuring. On finalisation of FRP the said interest which was not taken over by the GOM has been written back in the accounts as prior period income.

6.2 CPSU Dues Power Purchase:
Out of Rs. 5,870,997,013/-shown as previous years balance:

i) CPSU Dues Power Purchase loan **Rs. Nil (P.Y.Rs. 3,385,551,014/-)** represented opening balance of loan of erstwhile MSEB transferred under Provisional Transfer Scheme now finalised as notified vide GR No.Reform2010/Pr.Ka.117/Urja-3 dated 31-03-2016 and the said liability has been satisfied by issue of Equity Shares to GOM as stated in Note No 2 – " Highlights of FRP " V.

ii) Interest provided on CPSU Dues Power Purchase loan as stated in point i) above, **Rs. Nil (P.Y. Rs. 2,485,445,999/-)** represented interest for the period 05-06-2005 to 31-03-2014. On approval of FRP the CPSU Dues Power Purchase loan has been taken over by the GOM against equity but the interest provided for the period from 05-06-2005 to 31-03-2014 has not been taken over by the GOM and has been written back in the accounts as an exceptional income.

6.3) CPSU Dues Coal:
Out of Rs. 8,395,731,485/- out of previous years balance:

i) CPSU Dues Coal loan **Rs. Nil (P.Y.Rs 4,253,930,912/-)** represented opening balance of loan of erstwhile MSEB transferred under Provisional Transfer Scheme now finalised as notified vide GR No.Reform2010/Pr.Ka.117/Urja-3 dated 31-03-2016 and the said liability has been satisfied by issue of Equity Shares to GOM as stated in Note No 2 – " Highlights of FRP " V.

ii) Interest provided on CPSU Dues Coal loan as stated in point (i) above, **Rs. Nil (P.Y. Rs 4,141,800,573 /-)** represent for the period 05-06-2005 to 31-03-2014. On approval of FRP the CPSU Dues Coal loan has been taken over by the GOM against equity but the interest provided for the period from 05-06-2005 to 31-03-2014 has not been taken over by the GOM and has been written back in the accounts as an exceptional income.

Note 7

OTHER LONG TERM LIABILITIES

(Amount in ₹)

Particulars	As at 31 March, 2016	As at 31 March, 2015
Trade Payable		
Under Micro small, and medium enterprises (refer note 7.1)	-	-
Others (refer note 7.2)	-	1,574,334,355
Other Liabilities (refer note 7.3)	22,823	7,906,619,632
Inter Company Payables (refer note 7.4)		

NOTES ON ACCOUNTS FOR THE YEAR ENDED ON 31ST MARCH 2016

MSETCL MSEB Residual MSPGCL	743,628,035 5,746,170 2,225,961,073	226,381,768 1,525,437,325 -
TOTAL	**2,975,358,101**	**11,232,773,080**

7.1) **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

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

(Amount in ₹)

Sr. No.	Particulars	31.03.2016	31.03.2015
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

The above information is given to the extent available with the Company

7.2) Trade payables "Others":

Out of Rs. 1,574,334,355/-of previous years balance:

i) Liabilities for Capital Supplies **Rs. Nil (P.Y. 1,400,055,882/-)** being provision for supply of Materials/ Works capital Gas Turbine Power Station (GTPS),Uran(erstwhile MSEB) representing provision made by GTPS, in its books till the period ended on 5.6.2005 towards outstanding payment for supply of materials/ works capital. Payments for these liabilities have already been made by GOM to KFW, Germany and to Siemens, AG, Germany. On finalisation of FRP, the said liability which was temporarily parked in the books of MSEBHCL has been transferred to MSPGCL for appropriate treatment in their books of accounts.

ii) Liabilities for supply of Material O&M amounting to **Rs. Nil (P.YRs 109,115,528/-)** being unidentifiable liabilities of erstwhile MSEB have been transferred to the subsidiaries as per MOU dated 08-06-2009 for appropriate treatment in their books of accounts.

NOTES ON ACCOUNTS FOR THE YEAR ENDED ON 31ST MARCH 2016

iii) Sundry Creditors for expenses amounting to of **Rs Nil (P.Y. Rs 20,240,249/-)** being unidentifiable liabilities of erstwhile MSEB have been transferred to the subsidiaries as per MOU dated 08-06-2009 for appropriate treatment in their books of accounts.

iv) Liabilities for supply of Materials/Works CPL amounting to of **Rs Nil (P.Y. Rs. 44,922,696/-)** being unidentifiable liabilities of erstwhile MSEB have been transferred as per MOU dated 08-06-2009 for appropriate treatment in their books of accounts.

7.3) Other Liabilities:

Out of Rs. 7,906,619,632/-of previous years balance:

i) Liabilities to GOM for GOI adjustment – **Rs. Nil (P.Y. Rs. 6,031,831,326/-)** representing amount adjusted by GOI from Central Plan Allocation which was payable by erstwhile MSEB to the CPSU's. Viz. NTPC., NPC., BHEL., Railways, CIL, etc and had been temporarily parked in the books of MSEBHCL pursuant to Provisional Transfer Scheme. On finalisation of FRP notified vide GR No.Reform2010/Pr.Ka.117/Urja-3 dated 31-03-2016 the said liability has been satisfied by issue of Equity to GOM as stated in Note No 2 – " Highlights of FRP" V.

ii) Grant & Aid amounting to **Rs. Nil (P.Y.Rs. 213,725,000/-)** represented opening balance of erstwhile MSEB and had been temporarily parked in the books of MSEBHCL pursuant to Provisional Transfer Scheme. On finalisation of FRP notified vide GR No.Reform2010/Pr.Ka.117/Urja-3 dated 31-03-2016 the said liability has been satisfied by issue of Equity Shares to GOM as stated in Note No 2 – " Highlights of FRP" V.

iii) CPSU Dues Coal & Power Purchase loan amounting to **Rs. Nil (P.Y. Rs 1,527,891,000/-)** represented opening balance of erstwhile MSEB and had been temporarily parked in the books of MSEBHCL pursuant to Provisional Transfer Scheme. On finalisation of FRP notified vide GR No.Reform2010/Pr.Ka.117/Urja-3 dated 31-03-2016 the said liability has been satisfied by issue of Equity Shares to GOM as stated in Note No 2 –" Highlights of FRP" V.

iv) Government Subsidy Refundable - **Rs. Nil (P.Y. Rs. 13,831,032/-)** being unidentifiable liabilities of erstwhile MSEB have been transferred to the subsidiaries as per MOU dated 08-06-2009 for appropriate treatment in their books of accounts.

v) Earnest Money Deposits- Capital - **Rs. Nil (P.Y. Rs. 95,994,797/-)** being unidentifiable liabilities of erstwhile MSEB have been transferred to the subsidiaries as per MOU dated 08-06-2009 for appropriate treatment in their books of accounts.

vi) Retention Money from Suppliers/ Contractors O&M - **Rs. Nil (P.Y. Rs. 23,119,152/-)** being unidentifiable liabilities of erstwhile MSEB have been transferred to the subsidiaries as per MOU dated 08-06-2009 for appropriate treatment in their books of accounts.

vii) Loans & Advances to Staff - **Rs. Nil (P.Y. Rs 155,602/-)** being unidentifiable liabilities of erstwhile MSEB have been transferred to the subsidiaries as per MOU dated 08-06-2009 for appropriate treatment in their books of accounts.

NOTES ON ACCOUNTS FOR THE YEAR ENDED ON 31ST MARCH 2016

viii) **Rs. Nil (P.Y. Rs. 48,900/-)** represented repayment due to State Government of erstwhile MSEB transferred to the company at the time of restricting. On finalisation of FRP the said interest which was not taken over by the GOM has been written back in the accounts as prior period income.

7.4) Inter Company Payables:

i) Inter Company Payables : MSETCL of **Rs. 743,628,035/-(Rs. P.Y. 226,381,768/-)** 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. 2,225,961,073/- (Rs. P.Y.937,737,960/-** debit balance) includes transfer of common and specific liabilities, assets and reserves amounting to net balance of **Rs. 3,162,786,353/-** which are under reconciliation, discussions and deliberations.

iii) Inter Company Payables: MSEB Residual of **Rs. 5,746,170/-** consists of amount payable to the bond holders who could not be identified / traced as stated in Note No 2 , point no 3. The said balance to be transferred to GOM for doing the needful.

Note 8

LONG-TERM PROVISIONS

(Amount in ₹)

Particulars	As at 31 March, 2016	As at 31 March, 2015
Provision for Employee Benefits		
Provision for compensated absences (refer note 8.1)	4,590,379	5,460,162
Provision for gratuity	5,176,204	5,684,333
Other Provisions (refer note 8.2)	625,371	582,695,804
Total	**10,391,954**	**593,840,299**

8.1) Provision for Gratuity and Leave encashment pertaining to the Employees on deputation has not been provided in the books of the Company.

8.2) Other Provisions include:

Provision for Liabilities for Expenses – **Rs. 6,25,371/- (P.Y. Rs. 582,695,804/-)** included **Rs.. 581,921,116/-** represented old Lease Rent Provision, Guarantee fees and interest thereon). The said provision of **Rs. 581,921,116/-** represented unidentifiable liabilities of erstwhile MSEB which have been transferred to the subsidiaries as per MOU dated 08-06-2009 for appropriate treatment in their books of accounts.

NOTES ON ACCOUNTS FOR THE YEAR ENDED ON 31ST MARCH 2016

Note 9
Other Current Liabilities

(Amount in ₹)

Particulars	As at 31 March, 2016	As at 31 March, 2015
a) Current maturities of long- term debts-Unsecured (refer note 9.1)	-	1,018,594,000
b) Interest accrued and due on borrowings		
Interest accrued but not due on Govt Loans (refer note 9.2)	-	8,729,939,664
Interest accrued and due on State Govt Loan /CPSU dues coal / CPSU dues PP(refer note 9.3)	-	1,457,536,102
c) Other Payables		
Statutory Dues	566,273	235,772
Others	137,478	213,418
Total	**703,751**	**11,206,518,956**

9.1) Current maturities of long term debts amounting to **Rs. Nil(P.Y. Rs. 1,018,594,000)** represented opening balance of erstwhile MSEB and had been temporarily parked in the books of MSEBHCL pursuant to Provisional Transfer Scheme. On finalisation of FRP notified vide GR No.Reform2010/Pr.Ka.117/Urja-3 dated 31-03-2016, the said liability has been satisfied by issue of Equity to GOM as stated in Note No 2 – "Highlights of FRP" V.

9.2) Interest accrued but not due on GOM loans **Rs. Nil (P.Y. Rs.8,729,939,664/-)** represent interest accrued on GOM Loan upto 5th June 2005 temporarily parked in the books of MSEBHCL as per Provisional Transfer Scheme .The said interest liability has been satisfied by issue of Equity to GOM as stated in Note No 2 – " Highlights of FRP " V.

9.3) Interest accrued and due on State Government Loans/CPSU Dues Coal/CPSU Dues PP –**Rs. Nil (P.Y.Rs. 1,457,536,102/-)** represent interest for the period from 01-04-2014 to 31-03-2015.On approval of FRP the State Government loans have been taken over by the GOM against equity but the interest provided for the period from 01-04-2014 to 31-03-2015 has not been taken over by the GOM and has been written back in the accounts as an exceptional income.

Note 10
SHORT-TERM PROVISIONS

(Amount in ₹)

Particulars	As at 31 March, 2016	As at 31 March, 2015
Provision for Employee Benefits		
Provision for compensated absences	2,295,771	492,215
Provision for gratuity	1,151,312	168,129
Audit Fees Payable	472,500	468,000
Other Provisions	3,218,988	6,911,787
Total	**7,138,571**	**8,040,131**

10.1) Provision for Income tax has been made during the year on Rental Income and Income from Other Sources.

NOTE : 11
FIXED ASSETS

(Amount in ₹)

Sr. No.	Assets Group	GROSS BLOCK					PROVISION FOR DEPRECIATION					NET BLOCK	
	₹	As At 1/4/2015 ₹	Additions ₹	Adjustments ₹	Deductions ₹	As At 31/03/2016 ₹	As At 1/4/2015 ₹	For the year ₹	Adjustments ₹	Deduct-ions ₹	Upto 31/03/2016 ₹	As AT 31/03/2016 ₹	As AT 31/03/2015 ₹
I	**TANGIBLE ASSETS**												
	Lease Hold Land	76,747,417	-	1,969,187,051.00	-	2,045,934,468	30,442,656	32,931,129	237,591,693.09	226,618	300,738,861	1,745,195,607	46,304,761
	Free Hold Land	692,361	-	708,187,639.00	-	708,880,000	-			-	-	708,880,000	692,361
2	Buildings	502,256,279	1,901,909	11,290,123,840.00	-	11,794,282,028	159,262,205	419,678,216	2,036,534,389.69	-	2,615,474,810	9,178,807,218	342,994,074
3	Plant & Machinery	120,924,276	3,524,980			124,449,256	72,058,814	5,420,011		-	77,478,825	46,970,431	48,865,462
4	Vehicles	6,248,086		-		6,248,086	3,196,807	748,689			3,945,496	2,302,590	3,051,279
5	Furniture & Fixtures	118,171,714	3,100,265		-	121,271,979	103,340,443	1,380,016			104,720,459	16,551,520	14,831,271
6	Computers	1,142,387	1,173,272	13,500.00	-	2,329,159	661,857	381,864	12,825	-	1,056,546	1,272,613	480,530
	TOTAL	826,182,520	9,700,426	13,967,512,030	-	14,803,394,976	368,962,782	460,539,925	2,274,138,908		3,103,414,997	11,699,979,979	457,219,738
II	**INTANGIBLE ASSETS**	-	-		-	-	-			-	-	-	-
III	**CAPITAL WORK IN PROGRESS (WIP)**	17,226,114	5,480,500		12,032,941	10,673,673	-	-	-	-	-	10,673,673	17,226,114
IV	**INTANGIBLE ASSETS UNDER DEVELOPMENT**	-	-		-	-	-		-	-	-	-	-
	TOTAL	**843,408,634**	**15,180,926**	**13,967,512,030**	**12,032,941**	**14,814,068,649**	**368,962,782**	**460,539,925**	**2,274,138,908**	**226,618**	**3,103,414,997**	**11,710,653,652**	**474,445,852**
	Previous Year	**801,135,167**	**52,812,955**	**-**	**10,539,488.00**	**843,408,634**	**356,938,292**	**12,024,490**			**368,962,782**	**474,445,852**	**-**

NOTES ON ACCOUNTS FOR THE YEAR ENDED ON 31ST MARCH 2016

NOTE : 11
FIXED ASSETS

Note :

11.1) The fixed assets appearing in the books of the Company have been transferred from erstwhile MSEB as per the FRP (refer note no.2) 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.

11.2) 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.

11.3) On Finalisation of FRP the value of Assets have been increased by Rs. 13,967,512,030/- (refer note 2) 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.

11.4) 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.

11.5) 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 (refer to Note No14.3)

11.6) Additions to Fixed Assets amounting to Rs 9,700,426 /- (PY Rs 40,333,145 /-) have been accounted for the year on the basis of information received from MSEDCL (Civil Section).

11.7) During the year, stuctural work has been carried out to the buildings amounting to Rs.5,480,500 and included under CWIP. Based on the work completion certificates received from MSEDCL, Rs 12.032.941/- has been transferred from C.W.I.P.to Revenue during the financial year.

NOTES ON ACCOUNTS FOR THE YEAR ENDED ON 31ST MARCH 2016

Note 12

NON-CURRENT INVESTMENTS

(Amount in ₹)

Particulars	As at 31 March, 2016	As at 31 March, 2015
Trade Investments **Investment in Equity Instruments** - Unquoted - Subsidiary Companies		
1. Maharashtra State Electric Power Trading Co Pvt. Ltd 10,010,000 Shares of Rs.10/- each	-	100,100,000
2. Maharashtra State Power Generation Co. Ltd. 24,098,306,788 Shares of Rs.10/- each (P.Y. 8,057,234,564 Shares of Rs.10/- each)	240,983,067,880	80,572,345,640
3. Maharashtra State Power Generation Co. Ltd. 50,000 Shares of Rs.10/- each (P.Y. 50,000 Shares of Rs.10/-)	500,000	500,000
4. Maharashtra State Electricity Transmission Co. Ltd. 50,000 Shares of Rs.10/- each (P.Y. 50,000 Shares of Rs.10/-)	500,000	500,000
5. Maharashtra State Electricity Transmission Co. Ltd. 89,849,247,33 Shares of Rs.10/- each (P.Y. Nil)	89,849,247,330	
6. Maharashtra State Electricity Distribution Co. Ltd. 50,000 Shares of Rs.10/- each (P.Y. 50,000 Shares of Rs.10/-)	500,000	500,000
7. Maharashtra State Electricity Distribution Co. Ltd. 46,159,584,904 Shares of Rs.10/- each (P.Y. 5,703,260,510 Shares of Rs. 10/-each)	461,595,849,040	57,032,605,100
- Other Companies		
Ratnagiri Gas & Power Pvt . Ltd. 516,280,000 Shares of Rs.10/-each (P.Y. 516,280,000 Shares of Rs.10/-each)	5,162,800,000	5,162,800,000
(a)	**797,592,464,250**	**142,869,350,740**
Share Application Money Pending Allotment		
1. Maharashtra State Power Generation Co. Ltd.	7,559,800,000	9,303,117,897
2. Maharashtra State Electricity Transmission Co. Ltd.	-	26,959,920,456
3. Maharashtra State Electricity Distribution Co. Ltd.	3,370,000,000	6,528,212,515
(b)	**10,929,800,000**	**42,791,250,868**
Total (a+b)	**808,522,264,250**	**185,660,601,608**
Particulars	**Rs.**	**Rs.**
Aggregate amount of quoted investments	-	-
Aggregate amount of unquoted investments	797,592,464,250	142,869,350,740

NOTES ON ACCOUNTS FOR THE YEAR ENDED ON 31ST MARCH 2016

Footnote:

12.1) The investment in Subsidiary companies upto previous years represented the value of total assets less total liabilities transferred to all the three companies namely MSPGCL, MSETCL and MSEDCL, as per transfer scheme provisionally notified. The said scheme has been finalised and the Financial Restructuring Plan(FRP) has been approved by the GOM on 31st March 2016 and has been notified vide GR No.Reform2010/Pr.Ka.117/Urja-3 wherein the final transfer values have been determined by GOM as detailed here under :

(Amount in ₹)

Name of Company	Book Values	Assessed Values	Difference
MSEBHCL	485,901,464	14,453,399,994	13,967,498,530
MSPGCL	35,660,495,641	186,768,099,991	151,107,604,350
MSETCL	45,039,572,670	107,928,900,000	62,889,327,330
MSEDCL	35,846,468,563	433,881,499,993	398,035,031,430
Total	**1,170,324,38,338**	**743,031,899,978**	**625,999,461,640**

Accordingly the scheme has been implemented during the F.Y. 31-03-2016 with retrospective effect from 05-06-2005 and the investment in subsidiary companies on account of FRP has increased by **Rs. 612,031,963,290/-** reflecting change in book values of assets of the subsidiary companies.

12.2) Investments include **Rs. 15,00,000/-** paid to subsidiary companies Viz, MSPGCL, MSETCL & MSEDCL **(Rs. 5,00,000/- per company)** as stated in point no 3,4 & 6 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.

12.3) Share Application Money of **Rs. 7,559,800,000/- (P.Y.Rs. 7,463,163,000/-)** 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 2015-2016 and for which shares are yet to be issued.

12.4) Share Application Money of **Rs. 3,370,000,000/- (P.Y.Rs 2,550,000,000/-)** 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 2015-2016 and for which shares are yet to be issued.

12.5) The investment of the company in MSEDCL of **Rs. 461,596,349,040/-** 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 1,25,665 lacs has not being reflected in the value of shares. The figures for 31-03-2016 has not being finalised.

NOTES ON ACCOUNTS FOR THE YEAR ENDED ON 31ST MARCH 2016

Note 13

LONG TERM LOANS AND ADVANCES

(Amount in ₹)

Particulars	As at 31 March, 2016	As at 31 March, 2015
Security Deposits		
Unsecured , Considered Good		
Deposits - with Telephone Authorities	-	464,692
Loans and advances to Related Parties		
Unsecured , Considered Good		
MSPGCL	-	937,737,960
MSEDCL (refer note 13.1)	37,489,623,233	7,988,947,717
Other loans and advances		
Unsecured, Considered Good		
Advances receivable in cash or in kind or for value to be received.	-	7,185,452
Other Deposits	81,500	81,500
Miscellaneous loans and advances	-	16,977,705
Advance Tax and Tax Deducted at Source (net of provision for tax)	1,144,387,750	1,139,548,225
Total	**38,634,092,483**	**10,090,943,251**

Note:

13.1) Loans and Advances to related parties - MSEDCL of **Rs. 37,489,623,233/-(P.Y. Rs. 7,988,947,717/-)** and includes transfer of common and specific liabilities, assets and reserves amounting to net balance of **Rs. 31,148,997,501/-** which are under reconciliation, discussions and deliberations.

13.2) The Company has shown advance tax of Rs. 1144387750 net of the provision of tax in the books of accounts amounting to Rs. 498,704,675 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.

NOTES ON ACCOUNTS FOR THE YEAR ENDED ON 31ST MARCH 2016

Note 14

OTHER NON-CURRENT ASSETS

(Amount in ₹)

Particulars	As at 31 March, 2016	As at 31 March, 2015
Other Assets		
Interest towards cost of Dharavi Bulding (Refer note no 14.1)	-	17,054,677
Interest accrued & Due (refer note 14.2)	-	59,941,927
Interest accrued but not due staff advances (refer note 14.3)	-	5,697,490
Total	**-**	**82,694,094**

Footnote:

14.1) Interest towards cost of Dharavi Building: Interest is being paid to "Estrella Batteries Ltd" towards balance amount payable to them against cost of purchase of land & building at Dharavi by erstwhile MSEB in May 1981. The total Sale Consideration payable was Rs. 1,37,90,000/- out of which Rs. 47,48,571/- was paid on 28-05-1981 and an amount of Rs 90,41,429/- was to be paid on registration of the Sale deed. The Sale deed is yet to be registered with BMC.The proposal was sent to the Improvement Committee by Municipal Corporation Bombay in the year 1986.The Improvement Committee could not take a decision in the matter due to imbalance of F.S.I. The company has approached High Court vide Case No 1663 OF dated against the order of BMC.

The company is paying interest @ 14% on balance amount of sale consideration of Rs 9,041,427/- to Estrella Batteries Ltd since May 1981towards cost of Dharavi Building amounting to Rs 1,05,483/- on monthly basis which was being treated as interest towards cost of Dharavi building under "Other Assets". The total amount accumulated till last year was **Rs 17,054,677/-**. The said amount has been transferred to prior period expenses during the year and interest amounting to **Rs 12,65,796/-** paid during the year has been treated as revenue expense.

14.2) Interest accrued & due: **Rs Nil (P.Y.Rs 59,941,927/-)** being unidentifiable liabilities of erstwhile MSEB have been transferred to the subsidiaries as per MOU dated 08-06-2009 for appropriate treatment in their books of accounts.

14.3) Interest accrued but not due on staff advances: **Rs Nil (P.Y. Rs 5,697,490/-)** being unidentifiable liabilities of erstwhile MSEB have been transferred to the subsidiaries as per MOU dated 08-06-2009 for appropriate treatment in their books of accounts.

NOTES ON ACCOUNTS FOR THE YEAR ENDED ON 31ST MARCH 2016

Note 15

TRADE RECEIVABLES (Amount in ₹)

Particulars	As at 31 March, 2016	As at 31 March, 2015
Long Term Trade Receivables		
- against sale of power		
Debts outstanding for a period exceeding six months		
Unsecured Considered good by the management	-	33,219,550,632
Unsecured Considered doubtful (refer note no 14.1)	-	14,972,582,947
	-	48,192,133,579
Less : Provision for doubtful debt (Refer note 14.1)	-	(14,972,582,947)
- against Rentals from Property		
Debts outstanding for a period exceeding six months considered good	2,045,379,375	2,097,467,029
Others (Debts not exceeding six months)	187,431,529	154,667,724
Total	**2,232,810,904**	**35,471,685,385**

Footnote:

15.1) Long Term Trade Receivables against supply of power: **Rs. Nil (P.Y. Rs. 48,192,133,579/-** and Provision for doubtful debts: **Rs Nil (P.Y. Rs. 14,972,582,947 /-)** included opening balances of erstwhile MSEB which were temporarily parked in the books of the Company under Provisional Transfer Scheme. The scheme has now been finalised and notified vide GR No.Reform2010/Pr.Ka.117/Urja-3 dated 31-03-2016 and hence the said Receivables and the provision for doubtful debt has been transferred to MSEDCL for appropriate treatment in their books of accounts.

15.2) The debts outstanding against rentals from property due from subsidiaries amounting to **Rs. 2,045,379,375/-(P.Y. Rs. 2,097,467,029/-)** have been long outstanding.

Note 16

CASH & BANK BALANCES (Amount in ₹)

Particulars	As at 31 March, 2016	As at 31 March, 2015
Cash and Cash Equivalent		
a. Balances with banks		
In Current Accounts	568,969	572,734
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	469,042,431	54,575,410
Total	**469,611,400**	**55,148,144**

NOTES ON ACCOUNTS FOR THE YEAR ENDED ON 31ST MARCH 2016

Note 17

SHORT TERM LOANS AND ADVANCES (Amount in ₹)

Particulars	As at 31 March, 2016	As at 31 March, 2015
Inter Corporate Deposits with SICOM	-	13,000,000
Prepaid Expeses	83,495	20,253
Other Advances	53,589	186,980
Total	**137,084**	**13,207,233**

Note 18

OTHER CURRENT ASSETS (Amount in ₹)

Particulars	As at 31 March, 2016	As at 31 March, 2015
Interest accrued and due on Fixed Deposit	16,335,392	4,679,452
Total	**16,335,392**	**4,679,452**

Note 19

OTHER INCOME (Amount in ₹)

Particulars	As at 31 March, 2016	As at 31 March, 2015
Income from Rentals	384,352,860	384,352,860
Interest on Fixed Deposits with bank	27,301,309	10,420,560
Interest on Inter Corporate Deposits with SICOM	346,267	3,334,439
Cash Discount Received	159,888	84,136
Rent from Staff quarters	1,248	1,248
Interest on IT refund	-	16,814,196
Other miscellaneous receipts	57,065	65,490
Total	**412,218,637**	**415,072,929**

Note 20

EMPLOYEES BENEFITS EXPENSE (Amount in ₹)

Particulars	As at 31 March, 2016	As at 31 March, 2015
Salary	56,804,686	54,542,215
Directors Remuneration (refer note 19.2)	1,546,541	-
Contribution to Provident Fund	6,737,123	5,433,716
Total	**65,088,350**	**59,975,931**

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

20.2) Full time Director - Finance has been appointed on deputation from Income Tax Department since August 2015.

NOTES ON ACCOUNTS FOR THE YEAR ENDED ON 31ST MARCH 2016

Note 21

FINANCE COSTS (Amount in ₹)

Particulars	**As at 31 March, 2016**	**As at 31 March, 2015**
Interest on State Government Loans	-	1,306,020,244
Interest on CPSU Dues PP	-	67,146,228
Interest on CPSU Dues Coal	-	84,369,630
Total	**-**	**1,457,536,102**

21.1) On finalisation of FRP notified vide GR No.Reform2010/Pr.Ka.117/Urja-3 dated 31-03-2016 the State Govt loans has been satisfied by issue of Equity to GOM as stated in Note No 2 – " Highlights of FRP" V. Hence no finance costs have been incurred during the year.

Note 22

OTHER EXPENSES (Amount in ₹)

Particulars	**As at 31 March, 2016**	**As at 31 March, 2015**
ADMINISTRATION AND GENERAL EXPENSES		
Rent, Rate & Taxes	31,796,323	29,899,030
Professional charges	3,621,448	1,255,791
Audit Fees(inclusive of Service Tax)		
- As an auditor	749,780	513,000
- other matters	-	-
Printing & Stationery	753,916	483,221
Conveyance Expenses	106,320	96,922
Fees and Subscriptions	5,218,176	58,879,383
Telephone	178,728	74,525
Insurance on fixed assets	64,535	134,584
Repairs and Maintenance		
- Office Equipments	23,616,854	20,249,050
- Vehicles	324,015	34,317
- Buildings	60,339,379	40,684,574
- Furniture	4,585,045	884,640
Meeting Exp	701,057	401,775
Travelling Expenses	1,293,483	351,875
Postage & Telegram	6,051	4,558
Bank Charges & Commission	5,480	1,928
Books & Periodicals	19,408	9,579
Advertisement	949,859	824,690
Consultancy Charges	184,345	153,933
Vehicle Hiring Charges	5,026,598	412,830
Vehicle Expenses	307,391	601,701
Electricity Charges	69,671,694	61,646,933
Water Charges	5,779,715	5,047,328
Security Charges	15,776,080	12,910,713
Upkeep of Office Premises	18,945,481	25,414,685
Prior Period Expenses (net) (refer footnote 22.4)	2,308,133,151	2,981,589
Other Miscellaneous Expenses	306,552	148,195
Interest as per BMC directives	1,265,796	
TOTAL	**2,559,726,660**	**264,101,349**

NOTES ON ACCOUNTS FOR THE YEAR ENDED ON 31ST MARCH 2016

22.1) 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.

22.2) As per the Memorandum of Understanding dated 08/06/2009, the expenditure amounting the Rs. 31,796,322/- (P.Y. Rs.29,899,030/-) 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.

22.3) As per New Memorandum of Understanding dated 09/05/2014 , the expenditure amounting the Rs.299,183,561/- (P.Y. Rs 244,157,881/-) 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.

22.4) Prior Period Items:

Particulars	As at 31 March, 2016	As at 31 March, 2015
PRIOR PERIOD EXPENSES / INCOME (Net)		
Prior Period Expenses		
Salaries	192,354	6,698,885
Administrative Expenses Of Previous Year		
Interest as per BMC directives	17,054,677	
Professional Fees	343,500	
Rent & Taxes		130,083
Director sitting fees	30,000	15,000
Repairs Civil Works	16,571,380	
Prior Period Depreciation	2,273,899,452	31,770
Excess Provision written back	165,943	-
	2,308,257,306	**6,875,738**
Prior Period Income		
Excess Provision written back	-	67,533
Other Income	124,155	935,726
Rental	-	2,890,890
	124,155	**3,894,149**
TOTAL	**2,308,133,151**	**2,981,589**

NOTES ON ACCOUNTS FOR THE YEAR ENDED ON 31ST MARCH 2016

Note 23

Exceptional Income:

The Provisional Transfer Scheme has been finalised and the Financial Restructuring Plan (FRP) has been approved by the GOM on 31st March 2016 and has been notified vide GR No. Reform 2010/Pr.Ka.117/Urja-3. The scheme has been implemented during the F.Y. 31-03-2016 with retrospective effect from 05-06-2005.

As per the FRP State Government loans of erstwhile MSEB and interest thereon as on 5th June 2005 has been satisfied by issue of Equity Shares to GOM as stated in Note No 2 – " Highlights of FRP " V.

Hence interest provided on State Government loans for the period 6th June 2005 to 31st March 2015 have been written back in the accounts as an exceptional income. The details are as under:

Particulars	Amount (Rs)
State Government Loan	21,598,931,510
CPSU Dues Power Purchase Loan	2,552,592,227
CPSU Dues Coal Loan	4,226,170,203
Total	**28,377,693,940**

Note: 24

24.1) Book losses amounting to Rs 15,935,605,067/- pertaining to erstwhile MSEB have not being dealt with under Provisional Transfer Scheme now finalised and notified vide GR No.Reform2010/Pr.Ka.117/Urja-3 dated 31-03-2016 and are standing in the books of accounts of the Company. Against book losses of Rs. 15,935,605,067/- the company has taken Income Tax benefit only to the extent of Rs.130,092,289/- and the balance amount is kept in books pending allocation.

Note 25

EMPLOYEES BENEFIT

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. Disclosure was given to the extent available in the Report of Actuary.

Particulars	Gratuity (Unfunded)		Leave Encashment (Unfunded)	
	2015-16	2014-15	2015-16	2014-15
	₹	₹	₹	₹
Discount Rate	7.79%	7.98%	7.85%	7.98%
Rate of increase in Compensation levels	6.00%	6.00%	6.00%	6.00%
Rate of Return of Plan assets	N.A.	N.A.	N.A.	N.A.
Attrition	2.00%	2.00%	2.00%	2.00%
Retirement Age	58 years	58 years	58 years	58 years

NOTES ON ACCOUNTS FOR THE YEAR ENDED ON 31ST MARCH 2016

Change in Present value of Obligation	**Gratuity (Unfunded)**		**Leave Encashment (Unfunded)**	
	2015-16	**2014-15**	**2015-16**	**2014-15**
	₹	₹	₹	₹
Present Value of Obligation as at 1st April, 2014	5,852,462	4,655,169	5,952,377	3,755,346
Interest Cost	467,026	422,224	-	-
Current Service Cost	122,134	99,857	-	-
Benefit Paid	-	(407,797)	-	(287,707)
Actuarial (gain)/loss on obligation	(114,106)	1,083,009	933,773	2,484,738
Present value of Obligation as at 31st March, 2014	6,327,516	5,852,462	6,886,150	5,952,377

Change in Fair Value of Plan Assets	**Gratuity (Unfunded)**		**Leave Encashment (Unfunded)**	
	2015-16	**2014-15**	**2015-16**	**2014-15**
	₹	₹	₹	₹
Fair Value of Plan Assets at the	-	-	-	-
Expected returns on Plan Assets	-	-	-	-
Contributions	-	-	-	-
Benefits Paid	-	-	-	-
Acturial Gain/(loss) on Plan Assets	-	-	-	-
Fair Value of Plan Assets at end of period	-	-	-	-

Fair Value of Plan Assets	**Gratuity (Unfunded)**		**Leave Encashment (Unfunded)**	
	2015-16	**2014-15**	**2015-16**	**2014-15**
	₹	₹	₹	₹
Fair Value of Plan Assets at the beginning of period	-	-	-	-
Actual returns on Plan Assets	-	-	-	-
Contributions	-	-	-	-
Benefits Paid	-	-	-	-
Fair Value of Plan Assets at the end of period	-	-	-	-
Funded Status(including unrecognized past service cost)	-	-	-	-
Excess of actual over estimated return on Plan Assets	-	-	-	-

NOTES ON ACCOUNTS FOR THE YEAR ENDED ON 31ST MARCH 2016

Expenses recognized in Profit and Loss Statement	**Gratuity (Unfunded)**		**Leave Encashment (Unfunded)**	
	2015-16	**2014-15**	**2015-16**	**2014-15**
	₹	₹	₹	₹
Current Service Cost	122,134	99,857	-	-
Interest Cost	467,026	422,224	-	-
Net Actuarial (Gain)/Loss recognized in the period	(114,106)	1,083,009	-	-
Expenses recognized in the Profit and Loss Account	475,054	1,605,090	933,773	2,484,738

Movement in Net Liability recognized in Balance Sheet	**Gratuity (Unfunded)**		**Leave Encashment (Unfunded)**	
	2015-16	**2014-15**	**2015-16**	**2014-15**
	₹	₹	₹	₹
Opening Liability	5,852,462	4,655,169	5,952,377	3,755,346
Expenses	475,054	1,605,090	933,773	2,484,738
Contribution	-	-	-	-
Benefit Paid	-	(407,797)	-	(287,707)
Closing Net Liability	6,327,516	5,852,462	6,886,150	5,952,377

Experience Adjustment

A) Gratuity (Unfunded)	**2015-16** ₹	**2014-15** ₹	**2013-14** ₹	**2012-13** ₹	**2011-12** ₹
Defined Benefit Obligation	6,327,516	5,852,462	4,655,169	4,695,100	-
Fair Value of Planned Assets		-	-	-	-
(Surplus)/Deficit	5,852,462	4,852,462	4,655,169	4,695,100	-
Experience Adjustment on Plan Liabilities[(Gain)/Loss]			832,220	360,682	114,528
Experience Adjustment on Plan Asset[(Gain)/Loss]	(114,106)	743,655	(496,714)	-	-
B) Leave Encashment	-	-	-	-	-
Defined Benefit Obligation	-	-	-	-	-
Experience Adjustment on Plan Liabilities[(Gain)/Loss]	-	-	-	-	-

NOTES ON ACCOUNTS FOR THE YEAR ENDED ON 31ST MARCH 2016

Actuarial Assumptions

Gratuity (Unfunded)	**2015-16** ₹	**2014-15** ₹
Mortality	India Assured Lives Mortality (2006-08) Ultimate	India Assured Lives Mortality (2006-08) Ultimate
Interest /Discount Rate	7.79%	7.98%
Rate of Increase In Compensation	6.00%	6.00%
Rate of Return (expected) on plan Assets	Nil	Nil
Employee Attrition Rate (PS)	2.00%	2.00%
Expected Average Remaining Service	8.00	8.00
Leave Encashment		
Mortality	India Assured Lives Mortality (2006-08) Ultimate	India Assured Lives Mortality (2006-08) Ultimate
Interest /Discount Rate	7.79%	7.98%
Rate of Increase In Compensation	6.00%	6.00%
Rate of Return (expected) on plan Assets	Nil	Nil
Employee Attrition Rate (PS)	2.00%	2.00%
Expected Average Remaining Service	9.00	8.00

Valuation done by the actuary is relied upon.

Note 26
SEGMENT REPORTING AS - 17

The company is a single-segment company with the object of holding shares in the Subsidiaries on behalf of GOM. Hence additional disclosure under AS-17 is not required.

Note 27
I) RELATED PARTY DISCLOSURE AS - 18

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
4.	Aurangabad Power Company Ltd	Subsidiary of MSEDCL
5.	Dhule Thermal Power Company Ltd	Subsidiary of MSPGCL

NOTES ON ACCOUNTS FOR THE YEAR ENDED ON 31ST MARCH 2016

6.	Mahaguj Colliaries Ltd	Subsidiary of MSPGCL
7.	Dhopave Coastal Power Ltd	Subsidiary of MSEDCL

The above disclosure is based on representation received from the Company. In view of the exemption given in Para 9 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	5,162,800,000

II) Key Management Personnel:

Shri Mukesh Khullar	Managing Director
Mrs Anuradha Bhatia	Director(Finance) & CFO
Mr Subodh Zare	Company Secretary

i) Full time Director - Finance has been appointed on deputation from Income Tax Department since August 2015 and has drawn a remuneration of Rs. 1,546,541/- during the year.

ii) Full time Company Secretary has been appointed on contract basis from August 2015 and salary of Rs. 571,582/- was paid to him during the year.

NOTES ON ACCOUNTS FOR THE YEAR ENDED ON 31ST MARCH 2016

Note 28

EARNINGS PER SHARE AS PER AS - 20

Particulars	2015-2016	2014-2015
Profit/(Loss) after taxes Rs	25,720,070,502	(1,478,122,920)
Number of equity shares outstanding	7,406,548,033	2,266,342,885
Face value of equity shares Rs/Share	10	10
Earnings per share (basic and diluted) Rs.	3.47	(0.65)

Note 29

DEFERRED TAX (NET)

	As at 31/03/2016	As at 31/03/2015
Deferred tax liabilities		
Fixed Assets / Depreciation	2,508,820,769	321,107,482
Deferred tax Assets		
Employee Benefits	1,408,827	4,089,828
Unabsorbed Depreciation	116,503,187	116,503,187
Others	18,209,440,554	20,640,019,728
Net Deferred tax	**15,818,531,799**	**20,439,505,261**

Based on schedule of reversal of time differences of deferred Tax liabilities, historical pre-tax earnings and projection for future taxation 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 30

A) Contingent Liabilities AS - 29

Nature of Dues	Amount (in ₹)	Period to which the amount relates
Penalty	1,371,736,837 (P.Y. 1,371,736,837)	A.Y. 2007-08
Penalty	1,134,815,207 (P.Y. - 1,134,815,207)	A.Y. 2009-10
Tax and Interest	92,310,540 (P.Y. - 92,310,540)	A.Y. 2010-11
Tax and Interest	82,490,910 (P.Y. - 104,423,390)	A.Y. 2011-12
Tax & Interest	75,255,020 (P.Y. 75,255,020)	A.Y. 2012-13
Tax & Interest	1,158,998,560 (P.Y. Nil)	A.Y. 2013-14
Stamp Duty on issue of Shares	91,248,630 (P. Y. Nil)	A.Y. 2016-17

NOTES ON ACCOUNTS FOR THE YEAR ENDED ON 31ST MARCH 2016

30.1) 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.

30.2) During the financial year 2013-14, Company had given Corporate Guarantee amounting to Rs 1500 Crores in favour of REC on behalf of MSEDCL for grant of loan. Out of the same, bank guarantees of Rs. 1000 Crores have been released by REC and cancelled during the financial year.

30.3) 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.

B) Commitments:

The estimated amount of contracts remaining to be executed on capital account and not provided for In respect of Others Rs. 344,202/-(P.Y. Rs. 11,017,876/-)

Note 31

Corporate Social Responsibilities (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 as the Company had been incurring losses till last year.

Note 32

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 Accounting Standard-19."

Note 33

Previous Year's figures have been regrouped, rearranged and/ or reclassified wherever considered necessary.

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

Mukesh Goyal
Partner
Membership Number : 081810

Place : Mumbai
Date : 27/09/2016

Anuradha Bhatia
Director Finance & CFO

Bipin Shrimali
Managing Director

Sanjay Madan
CGM (F) I/C

Subodh Zare
Company Secretary

Place : Mumbai
Date : 27/09/2016

INDEPENDENT AUDITORS' REPORT

To the Members of MSEB Holding Company Limited

1. Report on the Standalone Financial Statements

We have audited the accompanying Standalone Financial statements of MSEB HOLDING COMPANY LIMITED (the Company), which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

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 Financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. 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 Financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

3. Auditor's Responsibility

Our responsibility is to express an opinion on these Standalone 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 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 Financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Standalone 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 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 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 Financial statements.

4. Basis of Qualified Opinion

a) We have not been able to obtain necessary information and explanations for the purposes of our audit in case of the following;

I. 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 144,534,00,000/-(refer note no. 11.1);

b) The Company has not created any provision for gratuity and leave encashment for the employees deputed from MSEDCL & MSPGCL. The amount is not quantifiable as no actuarial valuation is available.

c) The Share Application money amounting to Rs.231,79,00,000 has been retained by the company in contravention of section 42 of the Companies Act, 2013.

d) Interest provided on State Government loans, CPSU Dues Power Purchase Loan and CPSU Dues Coal Loan for the period 6th June 2005 to 31st March 2015 amounting to Rs 28,377,693,940 has been written back in the accounts as an exceptional income without any authentic document/authorization/order in this behalf by the GOM or the respective CPSU. In the absence of the same, the write back of Interest during the year as an Exceptional Item, cannot be commented upon. (refer note no 23)

e) The diminution in value of shares held as investment of the company in MSEDCL amounting to Rs.464,965,849,040/-(Including share application money of Rs 3,370,000,000) has not been provided for in the books though the same is getting depreciated due to continuous losses incurred by MSEDCL. Till last year the losses of MSEDCL amounted to Rs 1,25,665 lacs and the figures for 31-03-2016 have not been finalized. (refer note no 12.5)

f) 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 7.4 & 13.1)and which may have impact on the financial position and certain disclosures in the financial statements.

Consequential impact of Para a) to f) above on the profit, 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 para 7.3 (d) below on the non compliance of certain Accounting Standards, the aforesaid Standalone 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, of the state of affairs of the Company as at 31st March 2016, and its profit and its cash flows for the year ended on that date.

6. Emphasis Matter

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

6.1 Refer note no 13.2 where the company has shown advance tax of Rs 1144,387,750 net of the provision of tax in the books of accounts amounting to Rs 498,704,675 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 Company's judgment only.

6.2 Refer note no 15.2 where the debts outstanding against rentals from property due from subsidiaries amounting to Rs. 2,045,379,375/-(P.Y. Rs. 2,097,467,029/-) have been long outstanding.

6.3 Refer note no 30.3 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.

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 para 4 above which to the best of our knowledge and belief were necessary for the purposes of our audit;

b. In our opinion, 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, Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;

d. In our opinion, the aforesaid Standalone Financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 except for the below;

   i. AS 15 Employee Benefits.
   ii. AS 19 Accounting for Leases (refer note no.32);
   iii. AS 28 Impairment of Assets
   iv. AS 29 Provisions, Contingent Liabilities and Contingent Asset (refer note no. 8 & 30)

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 "C".

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 31 to its Standalone Financial statements.

b. The company does not have any log term contract including derivative Contracts and also an per the Boards 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 No. 000561N

Mukesh Goyal
Partner
Membership No. 081810

Place : Mumbai
Date : 27th September 2016

ANNEXURE"A" TO INDEPENDENT AUDITORS' REPORT

Referred to in Paragraph 7.1 under 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.12.2).

(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.12.2).

(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:-

(Amount in ₹)

Description of Asset	**No of cases**	**Area in acres (Rs.)**	**Gross Block as on 31/03/2016 (Rs.)**	**Net Block as on 31/03/2016**	**Remarks**
Land-Freehold	2	1.89	20459,34,468	17451,95,607	The Company is taking appropriate steps for completion of legal formalities for transfer of title.
Land-Leasehold	3	7.10	7088,80,000	7088,80,000	
Building and structures	13	Not Available	117942,82,028	91788,07,218	

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) 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 189 of the Companies Act, 2013. Accordingly clause 3 (iii) (a) & (b) are not applicable to the company.

iv. The Company has not granted any loans or given any guarantee and security covered under Section 185 and 186 of the Companies Act, 2013. In respect of investment in the Subsidiary, 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, 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.

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 2016 on 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 (₹)**	**Period to which the amount relates**	**Forum where dispute is pending**
1	Income Tax Act, 1961	Penalty	84,76,52,847	AY 2007-08	Commissioner of Income Tax (Appeals)
2	Income Tax Act, 1961	Penalty	1,134,815,207	AY 2009-10	Commissioner of Income Tax (Appeals)
3	Income Tax Act, 1961	Tax and Interest	9,23,10,540	AY 2010-11	Income Tax Appellate Tribunals
4	Income Tax Act, 1961	Tax and Interest	8,24,90,910	AY 2011-12	Income Tax Appellate Tribunals
5	Income Tax Act, 1961	Tax and Interest	7,25,25,020	AY 2012-13	Commissioner of Income Tax (Appeals)
6	Income Tax Act, 1961	Tax and Interest	11,58,98,560	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 parties have been disclosed in the financial statements as required by the applicable accounting standards.

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. In addition to this the Company has also issued the shares on account of provisional Transfer Scheme, since finalised on 31st March'2016 vide GR No.Reform2010/Pr.Ka.117/Urja.

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 Registration No. 000561N

Mukesh Goyal
Partner
Membership No. 081810

Place : Mumbai
Date : 27th September 2016

As referred to in Para 7.2, our report for the year 2015-16 on the accounts for MSEB Holding Company Limited.

Annexure B – Directions under sub section (5) of section 143 of the Companies Act, 2013

Sr.No.	AUDITOR'S COMMENTS	
	Directions	**Replies**
1	Whether the company has clear title/lease deeds for freehold and leasehold land respectively? If not please state the area of freehold and leasehold land for which title/lease deeds are not available.	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 under the provisional Transfer Scheme, since finalised on 31st March'2016 vide GR No.Reform2010/Pr.Ka.117/Urja. Details of the area of freehold and leasehold land for which title/lease deeds are not available is given as per Annexure-I (below).
2	Whether there are any cases of waiver/ write off of debts/loans/interest etc., if yes, the reasons there for and the amount involved.	According to information and explanations given to us, the company has written back interest amounting to Rs. 28,377,726,835 provided in the earlier years payable to GOM on their loans without suitable direction / confirmation from GOM. Further an amount Rs. 32,895 provided as interest payable to NABARD and Rs 48,900 payable as REP on loan and Rs. 34,860 being Share Application money of GOM have also been reversed. As explained, this interest was being provided on a conservative basis till the FY 2014-15. Except as above there are no cases of waiver/write off of debts/ loans/interest etc.
3	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.

Annexure - I

Description of Asset	No of cases	Area in acres (₹)	Gross Block as on 31/03/2016 (₹)	Net Block as on 31/03/2016	Remarks
Land-Freehold	2	1.89	20459,34,468	17451,95,607	The Company is taking appropriate steps for completion of legal formalities for transfer of title.
Land-Leasehold	3	7.10	7088,80,000	7088,80,000	
Building and structures	13	Not Available	117942,82,028	91788,07,218	

For DOOGAR & ASSOCIATES
Chartered Accountants
Firm Registration No: 000561N

Mukesh Goyal
Partner
Membership No. 081810

Place: Mumbai

Date: 27th September 2016

Annexure B - Sector specific Sub Directions

Sr. No.	AUDITOR'S COMMENTS	
	Directions	Replies
1	Comment on confirmation of balances of trade receivables, trade payables, term deposits, bank accounts and cash obtained.	As per table below:
2	Report the cases of diversion of grants / subsidies received from Central / State Government or other agencies for performing certain activities.	The Company is in receipt of funds in the form of grant for the purpose of payment of interest and repayment of principal on maturity of the bonds issued by erstwhile MSEB. In current year the Company has received Rs. NIL for the above mentioned purpose. However, Rs. 57,46,170 (including interest) pertaining to earlier years are still payable. As explained to us the claimants could not be traced and hence payable.

Sr. No.	Particulars	Confirmation Obtained (%)
1	Trade Receivables	99.98%
2	Trade Payables (Excluding Inter Unit Payables)	0.00%
3	Trade Payables (Inter Unit Payables)	12.92%
4	Term deposits (Fixed Deposit)	100%
5	Bank Account (Current Account)	100%

"Annexure C" 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, 2016 in conjunction with our audit of the 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 as specified 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.

Because of the matter described in Disclaimer of Opinion paragraph below, we was 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

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.

Disclaimer of Opinion

According to the information and explanation given to us, the Company has not established its internal financial 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 Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. Because of this reason, we are unable to obtain sufficient appropriate audit evidence to provide a basis for my / our opinion whether the company had adequate internal financial control over financial reporting and whether such internal financial controls were operating effectively as at March 31, 2016.

We have considered the disclaimer reported above in determining the nature, timing, and extent of audit tests applied in our audit of the standalone financial statements of the Company, and the disclaimer does not affect our opinion on the standalone financial statements of the Company.

For DOOGAR & ASSOCIATES
Chartered Accountants
Firm Regn. No. 000561N

(Mukesh Goyal)
Partner
M. No. 081810

Place: Mumbai
Date: 27/09/2016

Consolidated
Financial Statement
2015 - 2016

MSEB HOLDING COMPANY LTD.

CONSOLIDATED BALANCE SHEET AS ON 31st MARCH 2016

	PARTICULARS	NOTE NO.	(₹ in Lacs) Consolidated As on 31.03.16 (Audited)	(₹ in Lacs) Consolidated As on 31.03.15 (Unaudited)
	EQUITY & LIABLITIES :			
1	Shareholders' Funds			
	(a) Share Capital	2	8,629,977.21	838,529.59
	(b) Minority Interest		0.00	2.00
	(c) Reserves & Surplus	3	-2,240,908.98	187,412.60
	(d) Fly Ash Utilisation Fund	4	0.00	0.00
			6,389,068.22	**1,025,944.19**
2	**Share Application Money Pending Allotment**	**5**	**109,298.00**	**968,291.89**
3	**Non Current Liabilties**			
	(a) Long Term Borrowings	6	4,682,996.18	5,435,012.19
	(b) Deferred Tax Liabilities (Net)	7	304,180.54	291,165.67
	(c) Other Long term liabilities	8	459,042.79	623,271.36
	(d) Long Term Provisions	9	507,571.40	507,547.81
			5,953,790.90	**6,856,997.02**
4	**Current Liabilities**			
	(a) Short Term Borrowings	10	1,722,076.51	968,268.75
	(b) Trade Payables	11	213,038.30	1,828,936.84
	(c) Other Current Liabilities	12	1,724,480.91	1,558,260.23
	(d) Short Term Provisions	13	104,333.68	150,307.52
			3,763,929.40	**4,505,773.33**
		TOTAL	**16,216,086.52**	**13,357,006.44**
	ASSETS			
1	**Non Current Assets**			
	(a) Fixed Assets			
	(i) Tangible Assets	14	10,192,871.26	5,998,447.39
	(ii) Intangible Assets	15	5,645.67	6,520.67
	(iii) Capital Work in Progress	16	2,313,874.05	2,589,699.52
	(iv) Assets Not in use	17	4,407.07	4,544.18
	(v) Intangible assets under development		0.00	0.00
			12,516,798.05	**8,599,211.76**
	(b) Non Current Investments	18	115,492.80	113,870.24
	(c) Long Term Loans & Advances	19	118,855.83	151,034.80
	(d) Other non current assets	20	72,933.15	96,521.37
			12,824,079.83	**8,960,638.17**
2	**Current Assets**			
	(a) Inventories	21	312,529.95	244,602.11
	(b) Trade Receivables	22	1,941,407.15	3,133,102.16
	(c) Cash & Bank Balances	23	73,766.81	56,760.36
	(d) Current Investments	24	9,394.25	7,750.72
	(d) Short Term Loans and Advances	25	291,659.22	272,071.79
	(e) Other Current Assets	26	763,249.31	682,081.11
			3,392,006.69	**4,396,368.24**
		TOTAL	**16,216,086.52**	**13,357,006.44**

Significant Accounting Policies and 1
Notes to accounts 39-72

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 : 24-12-2016

Anuradha Bhatia
Director Finance & CFO

Bipin Shrimali
Managing Director

Pankaj Sharma
CGM (F)

Subodh Zare
Company Secretary

Place : Mumbai
Date : 21-12-2016

MSEB HOLDING COMPANY LTD.

STATEMENT OF PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2016

PARTICULARS	NOTE NO.	(₹ in Lacs) Consolidated for the Year Ended 31st March 2016	(₹ in Lacs) Consolidated for the Year Ended 31st March 2015
I REVENUE			
Revenue from Operations	27	5,573,837.21	5,662,813.83
Other Operating Income	28	383.63	1,446.48
Other Income	29	323,399.28	245,830.05
TOTAL REVENUE		**5,897,620.12**	**5,910,090.36**
II EXPENDITURE			
Cost of Material Consumed	30	3,958,450.71	3,923,021.05
Employee Benefit Expenses	31	637,425.58	683,581.71
Repairs & Maintainence	32	77,645.25	111,839.84
Administration and General Expenses	33	259,822.46	252,928.81
Other Expense	34	46,082.98	41,660.98
Prior Period Items	34A	9,808.40	-118,093.31
Finance Costs	35	572,398.41	561,387.32
Depreciation/Amortisation	14/15	495,035.38	357,564.83
TOTAL EXPENDITURE		**6,056,669.18**	**5,813,891.21**
III Profit/(Loss) before exceptional and extraordinary items and tax		**-159,049.06**	**96,199.15**
Exceptional Items		2,475,052.74	100,354.26
IV Profit/(Loss) before tax		**-2,634,101.80**	**196,553.41**
Tax expenses for current year	36	5,586.88	94,609.91
Tax expenses for previous years	37	0.00	4.37
Deffered Tax	38	13,014.87	37,645.11
V Profit/(Loss) from continuing operations		**-2,652,703.55**	**64,294.02**
VI. Earnings per equity share of face value of Rs10/-Each:	**57**		
(1) Basic		(27.52)	2.84
(2) Diluted		(27.52)	2.84

Significant Accounting Policies and	**1**	**Anuradha Bhatia**	**Bipin Shrimali**
Notes to accounts	**39-72**	Director Finance & CFO	Managing Director

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

Pankaj Sharma
CGM (F)

Subodh Zare
Company Secretary

Mukesh Goyal
Partner
Membership Number : 081810
Place : New Delhi
Date : 24-12-2016

Place : Mumbai
Date : 21-12-2016

MSEB HOLDING COMPANY LTD.

CONSOLIDATED CASH FLOW FOR THE YEAR ENDED 31ST MARCH 2016

(₹ in Lacs)

Particulars	2015 - 2016	
A. Cash flows from operating activities		
Net profit before taxation		**(2,634,101)**
Adjustments for:		
Depreciation	3,279,624	
Profit on sale of assets	(1)	
Interest income	(1,311)	
Provision for Doubtful debts	48,459	
Interest expenses	514,940	
Appropriations	(4,281)	
Transfered Dividend	(1,294)	
Provision for Tax	59	
Provision for obsolescence	4,231	
Operating profit before working capital changes		3,840,425
		1,206,324
Changes in Working Capital		
Adjustments for (increase) / decrease in operating assets :		
(Increase)/Decrease in Inventories	(69,338)	
Increase/(Decrease) in Reserves	(20,767)	
Increase/(Decrease) in Long Term Provisions	3,530	
Increase/(Decrease) in Other Long Term Liabilities	251,688	
Increase/(Decrease) in Other Current Liabilities	14,631	
Increase/(Decrease) in Short Term Provisions	(34,499)	
(Increase)/Decrease in Long Term Loans & Advances	(307,306)	
(Increase)/Decrease in Short Term Loans & Advances	18,909	
(Increase)/Decrease in Other Non Current assets	(11,780)	
(Increase)/Decrease in Other Current assets	(27,100)	
(Increase)/Decrease in Trade Payable	(160,470)	
(Increase)/Decrease in Trade Receivable	(324,423)	
Cash generated from operations		(666,925)
Less: Taxes paid(net of refunds)	(23,248)	
Add: Income Tax for earlier years	16,463	
		(6,785)
Net cash from operating activities (A)		**532,614**

B. Cash flows from investing activities		
Purchase of fixed assets and addition to Capital Work in Progress and FRP	(3,339,978)	
Purchase of Non Current Investments	(6,228,612)	
Sale of Fixed Assets and non current assets	120,314	
Pre- Operative Expenses	0	
Interest received (Net of TDS)	1,311	
Loans and advances	-	
Net cash used for investing activities (b)		**(9,446,965)**
C. Cash flows from financing activities		
Proceeds from issuance of shares	9,181,721	
Interest paid	(495,939)	
Capital Grants/Subsidiaries received	128,957	
Repayment of Long Term borrowings	141,051	
Proceeds from Long Term borrowings	(436,728)	
Proceeds from Short Term borrowings	440,495	
Repayment of Short Term borrowings	(26,780)	
Net cash from financing activities (C)		**8,932,778**
Net increase in cash and cash equivalents (A + B + C)		18,428
Cash and cash equivalents at beginning of period		55,340
Cash and cash equivalents at end of period		73,767

Previous Years figures were not available

Significant Accounting Policies and	**1**
Notes to accounts	**39-72**

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 : 24-12-2016

Anuradha Bhatia
Director Finance & CFO

Bipin Shrimali
Managing Director

Pankaj Sharma
CGM (F)

Subodh Zare
Company Secretary

Place : Mumbai
Date : 21/12/2016

SCHEDULES FORMING PART OF THE BALANCE SHEET AND STATEMENT OF PROFIT AND LOSS 31ST MARCH 2016.

Note 1

Significant Accounting Policies on Consolidated Financial Accounts for the year ended 31st March, 2016

A) Basis of preparation of Consolidated financial statements

These consolidated Financial statements have been prepared to comply with the Generally Accepted Accounting Principles in India (Indian GAAP), including the Accounting Standards notified under the relevant provisions of the Companies Act, 2013.

B) 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
Maharashtra State Power Trading Company Limited (MSEPTCL)	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
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.

With respect to Joint Ventures of MSETCL :

In pursuance with GOM GR dt.7.6.2005 and 31.3.2016, the assets of the erstwhile MSEB, on the date of Transfer, are to be increased and the increase assets are to be transferred to the successor companies at their Fair Market Values. The increase of assets of the erstwhile MSEB at Fair Market Value, as on the date of Transfer, was done in the Financial Year 2006. As per GR the

SCHEDULES FORMING PART OF THE BALANCE SHEET AND STATEMENT OF PROFIT AND LOSS 31ST MARCH 2016.

impact of valuation of MSETCL's Fixed Assets is Rs. 10792.89 crores (Sch I of the said GOM resolution) as against the book value of Rs.4504 Crs.(referred in table at clause 3 of the said GOM resolution)

The Equity to the extent of Rs. 6288.93 crs being differential asset value is issued to MSEB Holding Co. Ltd.

Thus, the following effects are given in financial accounts of Company in FY 2015-16

a) To allocate the reassessed value of fixed assets of erstwhile MSEB pertaining to MSETCL on the date of transfer i.e. 5.6.2005 as refered in the GOM resolution, to the assets of MSETCL as maintained in SAP (asset wise/ division wise/ circle wise).

b) Total addition to Gross block is Rs. 6288.93 crs.

c) Equity is increase by Rs. 6288.93 crs.

d) The accumulated depreciation from 05.06.2005 to 31.03.2015 arrived at Rs. 4518.05 crores. The depreciation for the period 01.04.2015 to 31.03.2016 is worked out to be Rs. 135.74 crs.

e) Total depreciation booked as extra ordinary items in P&L is Rs. 4653.79

The following methodology is adopted -

As the value to be apportioned asset wise, for simplicity, the asset no. wise data(Gross Block) as on 31.03.2011 in the ERP were extracted and filtering this data of the asset on the basis of the capitalization date of which is 05.06.2005 or before. As per this back working from 2011 to 2005, the gross block of assets as on 05.06.2005 was arrived. Apportionment of additional amount will be done by creating sub asset to main asset identified(Rs. 6288.93 crs.). New cost center will be created for reassessed value so as to identify the asset in future and to identify the depreciation posted on such asset.

Then the assets which was in existence as on 05.06.2005 and also as on 31.03.2016 was filtered out for calculating depreciation on it. For calculating the accumulated depreciation on such asset from 05.06.2005 to 31.03.2015, the proportion of the asset to its accumulated depreciation as on 31.03.2015 was taken as base. On the basis of that proportion, the accumulated depreciation working was done in the .xls sheet and uploaded in system asset wise.

Secondly, the extract of the assets of MSETCL as per ERP as on 31.03.2016 was extracted. The comparison was made with the assets as on 31.03.2016 and 05.06.2005 and the assets which was in existence as on 05.06.2005 but not appeared in the list of 31.03.2016 was filtered out as list of assets scrapped during 05.06.2005 to 31.03.2016 amounting to Rs. 37.70 crores .

The accumulated depreciation from 05.06.2005 to 31.03.2015 arrived at Rs. 4518.05 crores. The depreciation for the period 01.04.2015 to 31.03.2016 is worked out to be Rs. 135.74 crs.

If accumulated. depreciation value is reached 90% up to 31.12.2015 of the gross block then reassessed value is also depreciated till 90%.

Impact on Tariff :-

As per the MSEB Holding Company Ltd. letter no. MSEBHCL/FRP/269 DT. 07.07.2015,

SCHEDULES FORMING PART OF THE BALANCE SHEET AND STATEMENT OF PROFIT AND LOSS 31ST MARCH 2016.

according to Regulation 27.9 of MYT regulation Act2011, revaluation of asset shall be permitted during the control period. So though ROE would increase due to increase in Equity on account of increase in value of asset, MERC would not allow to claim ROE on increased equity arising out of increased value of assets. So there would not be any adverse impact on issuing equity to GOM .

Secondly Depreciation will not be considered for tariff on the same lines. Considering this, there will not be any adverse impact on tariff as increase in equity capital arising out of FRP shall not be construed to be equity for the purpose of RoE. Fraction of Rs 455/- was remained to be paid to MSEB HCL after preferential Allotment of equity shares. The said approval to refund was accorded on 28/04/2016. Therefore Rs. 455/- is shown as payable to MSEB HCL during F.Y. 2015-16 and same is paid in F.Y. 2016-17.

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.

With respect to subsidiaries of MSPGCL:

Maharashtra State Power Generation Company Limited (MSPGCL)

MSPGCL is a Public Limited Company registered under the provisions of Companies Act, 1956. The Company is governed by the Electricity Act, 2003. The provisions of the Electricity Act, 2003 read with the rules made there under prevails wherever the same are inconsistent with the provisions of Companies Act 2013 to the extent applicable, in terms of section 174 of the Electricity Act, 2003.

Dhopave Coastal Power Limited (DCPL)

Dhopave Coastal Power Limited was incorporated on August 16, 2007 and a subsidiary of MSPGCL. The Company's main object is generation of electricity.

These financial statements are prepared under the historical cost convention on an accrual basis, to comply, in all material aspects, with all the applicable accounting principles in India, the applicable accounting standards notified u/s 133 of the Companies Act, 2013 and the relevant provisions of the Companies Act, 2013.

The Company has a paid up share capital of Rs. 500,000 and a long term borrowings of Rs.8,32,68,109 from two subsidiaries companies of an ultimate Holding Company. These funds have mainly been applied for expenses accounted as Capital work in progress. The accounts have not been prepared on a Going Concern basis as holding company Board accorded approval

SCHEDULES FORMING PART OF THE BALANCE SHEET AND STATEMENT OF PROFIT AND LOSS 31ST MARCH 2016.

for closure of subsidiary company namely Dhopave Coastal Power Ltd (DCPL) and approached Govt. of Maharashtra (GOM) for approval of closure of DCPL. Consequently company has made provision in the books of Accouonts during the year. Upon approval from GOM, provision will be setoff against concerned assets.

The Company has incurred expenses and given advances amounting to Rs. 8,29,32,212 till March 31, 2016. The arrangement with the two subsidiaries companies of an ultimate Holding Company is that all the expenses are paid by them after taking care of all compliances like-TDS etc.

Mahagenco Ash Management Services Ltd (MAMSL)

Mahagenco Ash Management Services Ltd was incorporated on 24th August 2007. The main object of the company is generation of Electricity. This is the Nineth year of the company.

Mahaguj Collieries Limited (MCL):

The financial statements of the Company have been prepared under historical cost convention on a going concern basis and in accordance with the generally applicable accounting standards issued by the Institute of Chartered Accountants of India and the provisions of the Companies Act, 2013. All assets and liabilities have been classified as current and non-current as per Company's normal operating cycle and as per the criteria set out in revised schedules.

The Company has ascertained its operating cycle as 12 months for the purpose of current /non-current classification of assets and liabilities.

The Company generally follows mercantile system of accounting and recognizes significant items of income & expenditure on accrual basis.

The Hon'ble Supreme Court has vide its order dated 25.08.2014 read with Order dated 24.09.2014 cancelled the allocation of all the coal block made by Ministry of Coal, Govt. of India between the period 1993 to 2010 which includes the Machhakata-Mahanadi coal blocks allotted to the Promoters of the Company. The Govt. of India has issued The Coal Mines (Special Provision) Act, 2015 (no. 11 of 2015) with retrospective effect from 21.10.2014 for reallocation process of cancelled coal blocks.

Accordingly, after the reallocation of the said blocks to new allocattee by the Ministry of Coal, Govt. of India, the process for transfer of documents and rights namely the Geological Report, Mining Plan, Mine Closure Plan etc. and payment of compensation to the promoters of Mahaguj Collieries Ltd shall be undertaken as per the compensation that may be decided by the Ministry of Coal, Govt. of India. Thereafter the winding up process of the Company shall be undertaken

The consolidated financial statements have been prepared on the following basis :

The Financial statements are prepared under historical cost convention on accrual basis of accounting and on the going concern concept and in accordance with Generally Accepted Accounting Principles In India (Indian GAAP). GAAP comprises mandatory accounting standards as prescribed under Section 133 of the CompanieAct, 2013 ('the Act') read with Rule 7 of Companies (Accounts) Rule 2014 and the provisions of the Act.

SCHEDULES FORMING PART OF THE BALANCE SHEET AND STATEMENT OF PROFIT AND LOSS 31ST MARCH 2016.

The financial statements of the Company and its subsidiary companies are combined on a line - by-line basis by adding together the book value of like item assets, liabilities , income and expenses, after fully eliminating intra group balances and intra group transactions in accordance with accounting standards (AS) 21 – " Consolidated Financial Statements ''.

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.

Minority Interest's share of net assets of consolidated subsidiaries is identified and presented in the consolidated Balance Sheet separate from liabilities and equity of the Companies' shareholders.

C) **Use of Estimates**

The preparation of financial statements in conformity with GAAP requires the Management to make estimates and assumptions to be made that affect the reported amount of assets and the liabilities on the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Examples of such estimates include provisions for doubtful debts, employee retirement benefits plans, provision for income tax, accounting for contract costs expected to be incurred to complete software development and the useful lives of fixed assets. Actual results could differ from those estimates. Appropriate changes in estimates are made as the Management becomes aware of the changes in circumstances surrounding the estimation. Changes in estimates are reflected in financial statement in the period in which changes are made and, if material are disclosed in the notes to the financial statements.

D) Other Significant Accounting Policies:

1) Fixed Assets:

a) Tangible Fixed Assets (Excluding Machinery and spares)

In respect of MSEBHCL

Fixed assets are stated at cost of acquisition / transfer price as per Financial restructuring plan notifed vide GR No. Reform 2010/Pr.Ka.117/Urja-3 or construction less accumulated depreciation.

Acquisition cost includes appropriate charge for Administrative expenses and cost of employees expected to have been incurred for acquiring the assets and putting them to use.

In case of MSEDCL

Fixed Assets are shown at historical cost less accumulated depreciation. Gross block of Fixed Assets are stated at cost of acquisition or construction, including all cost attributable to bring the assets to their working condition for their intended use.

SCHEDULES FORMING PART OF THE BALANCE SHEET AND STATEMENT OF PROFIT AND LOSS 31ST MARCH 2016.

Intangible assets are stated at their cost of acquisition less amortisation.

Amount received as Government Grants, Subsidies and Consumers' contribution towards cost of fixed assets are credited to capital reserve and the same is transferred from reserve to the Statement of Profit and Loss over the period of fifteen years equally with effect from the financial year under consideration. In case of Grants received conditionally, the same used to be treated as deferred income over the period of fifteen years equally from the year of receipt of such grant.

<u>In respect of MSPGCL</u>

Fixed assets of the Company are recorded in the books of accounts at historical cost. Fixed assets are stated at cost of acquisition or construction less accumulated depreciation and provision for obsolescence/ impairment, if any.

Government of Maharashtra issued "Maharashtra Electricity Reforms Transfer (First Ammendment) Scheme, 2016" vide its notification dated 31.03.2016. As per Clause 3 of the said order, "Maharashtra Electricity Reforms Transfer Scheme, 2005" is amended and clause 10A is inserted in respect of Asset Valuation. As per this clause 10A "The transfer of the Fixed Assets hitherto held by the Maharashtra State Electricity Board and taken over by the Government of Maharashtra in terms of the Government notification shall be considered to have been transferred to the respective transferees at the market value prevailing on 05-06-2005". Accordingly, the Company has inflated the gross value of Fixed Assets by the amount of increase in Net Fixed Assets as at 01-04-2015 over Net Fixed Assets as at 05-06-2005 as given in respective head of assets in the said notification.

Cost of acquisition is inclusive of freight, duties and taxes (other than those subsequently recoverable from taxing authorities), levies, borrowing costs and all incidentals attributable to bring the asset ready for intened use.

Capital Expenditure incurred by the Company, resulting in creation of fixed assets for which Company does not have ownership rights, is reflected as a part of capital work in progress till the assets are under construction and thereafter in the fixed assets schedule under the head "Capital Expenditure resulting in Assets not belonging to the Company" Revenue expenditure incurred for contribution towards cost of assets not owned by the company and corporate social responsibility activities are charged off to Statement of Profit and Loss.

Claims for price variation in case of capital contracts are accounted for, on acceptance thereof by the Company

The costs incurred on identification, survey and feasibility studies of a project under sanction is covered under capital work in progress till the event of its rejection or three years, whichever is earlier. In case of rejection, the expenses are charged to revenue in the year of its rejection.

Fixed assets are shown in the books of account net of any government grants received in respect of those fixed assets

Fixed Assets costing individually up to ` 5,000/- and mobile phones are depreciated fully in the year of purchase.

Assets retired from active use and held for sale are valued at Net Book Value or Net Realisable

SCHEDULES FORMING PART OF THE BALANCE SHEET AND STATEMENT OF PROFIT AND LOSS 31ST MARCH 2016.

Value whichever is lower and disclosed as other current assets.

In case of DCPL, Fixed assets are stated at cost of acquisition less depreciation. Attributable expenses of bringing the respective assets to working condition for their intended use are capitalized.

In case of MCL, Fixed assets are stated at cost of acquisition less depreciation. Attributable expenses of bringing the respective assets to working condition for their intended use are capitalized.

Depreciation on fixed assets is provided on Written Down Value Method (WDV) at the rates and in the manner specified under the Companies Act '2013.

Depreciation on addition/deletion of assets during the year is calculated on pro rata basis with reference to the date of such addition/deletion.

In respect of MSETCL

Fixed assets of the company are recorded in the books of accounts and disclosed in annual accounts at historical cost. Fixed assets are stated at cost of acquisition or construction less accumulated depreciation.

Cost of acquisition is inclusive of freight, duties and taxes, levies, borrowing costs in case of qualifying assets & all incidental costs attributable to bring the assets to its working condition.

In case of assets constructed by construction division of the Company, all costs incurred by the said division including employee, administration cost and depreciation on general assets which are used in construction division are capitalized.

Capital Expenditure incurred by the company, resulting in creation of fixed assets for which company does not have ownership rights is reflected as a distinct item.

In case of Capital Work in Progress for work against deposits / work contract where the final settlement of bills with the contractor is yet being effected, capitalisation 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.

The total cost incurred by the company at project and planning units for the period are apportioned to respective Capital Work-in-progress accounts on the basis of accretions thereto.

Costs incurred on identification, survey and feasibility studies of a project under sanction scheme are shown as a distinct item in 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 revenue in the year of rejection. In case where the scheme is not identified at the end of the year, such expenses are shown under the head “Miscellaneous Expenditure not written off”

Fixed Assets costing individually up to Rs.5,000/- are written off to Profit & Loss Account.

Fixed assets are shown in the books of accounts net of any government grants / Consumers

SCHEDULES FORMING PART OF THE BALANCE SHEET AND STATEMENT OF PROFIT AND LOSS 31ST MARCH 2016.

Contribution / Subsidies received in respect of those fixed assets.

Assets not in use includes 10% residual value of assets for which 90% depreciation has already been charged.

Expenditure incurred on Renovation or Modernization of Fixed Assets / Life Extension scheme (LES) is capitalized where both the following conditions are fulfilled viz;

Such expenditure results in creation of new asset or replacement of major component or efficiency equivalent to that of the existing asset;

The cost of the replaced asset is removed from the Gross block along with its accumulated depreciation on the estimated cost basis.

b) Intangible Assets

Intangible Assets are recognized as per the criteria specified in the Accounting Standard (AS) 26. Accordingly, Intangible assets are stated at their cost of acquisition less accumulated amortisation and impairment losses, if it is probable that the future economic benefits that are attributable to the assets will flow to the Company and the cost of these assets can be measured reliably.

c) Capital Work-in-Progress

In case of MSEDCL:

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 by crediting to respective heads.

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.

Capital work in progress includes the stock of material received under Direct Debit to works.

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

In respect of MSPGCL:

In case of fixed assets, for new projects / expansion, the related expenses and interest cost up to the date of commissioning attributable to such project/expansion are capitalized.

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 costs incurred and revenue generated during the trial runs stage of the Project/ Power Station are adjusted during capitalization.

2) Government Grant and Subsidy

SCHEDULES FORMING PART OF THE BALANCE SHEET AND STATEMENT OF PROFIT AND LOSS 31ST MARCH 2016.

Government grant/subsidies related to specific fixed asset are deducted from gross value of such asset. Government grants/subsidies received in respect of incomplete projects are retained in Non Current Liabilities till such fixed assets are capitalised. On capitalization of such fixed assets, the relevant Government Grant/Subsidy is deducted against the specific fixed assets in respect of which it is received.

Except in case of MSEDCL amount received as Government Grants towards cost of fixed assets are credited to capital reserve and the same is transferred to profit and loss over the period of 15 years equally with effect of financial year under consideration.

3) Borrowing Costs

Borrowing costs (excluding other ancillary cost) that are attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that takes substantial period of time to get ready for its intended use or sale. Borrowing costs which are for other than qualifying capital asset are recognised as expenses in the period in which they are incurred.

4) Impairment of Assets

The carrying amount of assets, other than inventories is reviewed at each balance sheet date, to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of the assets is estimated.

An impairment loss is recognized, whenever the carrying amount of asset or its cash generating units exceeds its recoverable amount. The recoverable amount is the greater of the assets net selling price and the value in use which is determined based on the estimated future cash flow generated from continuing use of an asset and from its disposal at the end of its useful life, discounted to its present value.

An impairment loss is reversed, if there has been a change in the estimates made to determine and recognize the recoverable amount in the earlier year.

In respect of MSETCL, the Company at the Balance Sheet date , assesses individual fixed assets and groups of assets constituting “ Cash Generating Units” (CGU) for impairment, if circumstances indicate a possibility or warrant such assessment, provision is made for impairment of state of assets or CGU if carrying cost is higher than recoverable amount as at the Balance Sheet date.

In respect of MSPGCL, the Company at the Balance Sheet date assesses individual fixed assets and groups of assets constituting “Cash Generating Units” (CGU) for impairment, if circumstances indicate a possibility or warrant such assessment. Provision is made for impairment of state of assets or CGU if carrying cost is higher than recoverable amount.

In case of MCL, an asset is treated as impaired when the carrying cost of asset exceeds its recoverable value. An impairment loss is charged for when the assets is identified as impaired. The impairment loss recognized in prior accounting period is reversed, if there has been a change in the estimates of recoverable amount.

The impairment will be accounted on finalisation of FRP.

SCHEDULES FORMING PART OF THE BALANCE SHEET AND STATEMENT OF PROFIT AND LOSS 31ST MARCH 2016.

5) Machinery Spares

In respect of MSPGCL:

Critical / Insurance Machinery Spares

Machinery spares procured along with the Plant & Machinery, whose use is expected to be irregular are capitalized separately, if cost of such spares is known and if cost of such spares is not known, these are capitalized along with concerned plant. Machinery spares procured subsequently are also capitalized in the year of purchase. Machinery spares are depreciated fully over the remaining useful life of the related plant and machinery.

Written Down Value of old Machinery Spares is charged to revenue 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.

Machinery Spares (Other than Critical/ Insurance Machinery Spares)

Other spares are treated as “stores & spares” forming part of the inventory, valued at cost determined on weighted average basis or net realizable value whichever is lower and expensed as and when issued.

6) Depreciation

In case of MSEBHCL, depreciation is charged on straight line method based on the useful life as specified under Companies Act, 2013. Depreciation is calculated and charged to Revenue account on the basis of balance of overall gross block for each type of assets under each account head.

The Company provides depreciation on straight line method to the extent of 90% of the cost of asset following the rates notified by the Maharashtra Electricity Regulatory Commission (MERC) through MERC (Multi Year Tariff) Regulations 2011 which came into force with effect from 1st April 2011. This new depreciation manner is effective for the accounting period starting from 01.04.2013.

The Rates of depreciation applied are as under:

Particulars	MSEDCL	MSPGCL	MSETCL
Leasehold Land	3.34	--	--
Buildings	3.34	3.34	3.34
Hydraulic Works	5.28	5.28	5.28

SCHEDULES FORMING PART OF THE BALANCE SHEET AND STATEMENT OF PROFIT AND LOSS 31ST MARCH 2016.

Other Civil Works	3.34	3.34	3.34
Plant & Machinery	5.28	5.28	5.28
Lines & Cable Networks	5.28	5.28	5.28
Vehicles	9.50	9.50	6.33
Furniture	6.33	6.33	5.28 to 15.00
Office Equipments	6.33	6.33	5.28 to 15.00
IT Equipment	15.00	15.00	--

Depreciation on the fixed assets added/disposed off during the year is provided on pro-rata basis with reference to the month of addition/disposal/discarding and in case of capitalisation of green field/brown field projects, depreciation is charged from the date of commencement of commercial operation to the Statement of Profit and Loss.

In case of MSEDCL , 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. As per the clarification given by MERC , the useful life of the assets have been considered as prescribed under the Companies Act 2013.

When useful life of the assets as per the provisions of Companies Act, 2013 is less than the MERC MYT Regulations 2011, depreciation is charged on the asset at the rates mentioned in the MYT Regulations 2011 even after the expiry of life mentioned in the Companies Act, 2013 till the 70% of the asset cost is depreciated. In the last month in which the 70% of the cost value is depreciated, balance 20% depreciation is charged.

Where the life and/or efficiency of as asset is increased due to renovation and modernization, the expenditure thereon along with its unamortized depreciable amount is charged prospectively over the revised useful determined by technical assessment.

Intangible assets are amortised over the contract or warranty period whichever is longer.

The assets costing 5000/- or less individually are depreciated a 100% in the year they are put to use.

7) <u>Inventories</u>

Stock of materials including stores, spare parts is valued at lower of cost or net realizable value, cost is determined on weighted average cost method. The inventories are issued on First In First Out (FIFO) basis. Cost comprises of cost of purchase (net of VAT refund and receivable) and other costs incurred in bringing them to their present location and condition. Steel scrap and coal mill reject, not being part of inventory, are not recognised in Books of Accounts as an inventory item.

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

SCHEDULES FORMING PART OF THE BALANCE SHEET AND STATEMENT OF PROFIT AND LOSS 31ST MARCH 2016.

8) **Investments**

Investments have been accounted as per Accounting standard (AS) 13 on "Accounting for Investments".

Long term investments are carried at cost after providing for any diminution in value, if such diminution is of other than temporary nature.

Current investments are carried at lower of cost and market value. The determination of carrying costs of such investments is done on the basis of specific identification.

9) **Revenue Recognition**

Revenue from Operations:

a) **In case of MSPGL :**

Revenue from sale of electricity for based on tariff rates 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 by MERC. It also includes delayed payment surcharge levied to MSEDCL as per the terms of Power Purchase Agreement executed with MSEDCL.

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. The said fund gets utilised to the extent of expenditure incurred for promotion of ash utilisation.

b) **In case of MSEDCL:**

Revenue from Sale of Power is accounted for on the basis of demand bills raised on consumers at Tariff rates approved by the Maharashtra Regulatory Commission (MERC), inclusive of Fuel Adjustment Cost , if any.

Revenue on account of Delay Payment Surcharge (DPS) and Interesr on arrears in case of consumers defaulting payment of bill for consecutive three months has been changed to receipt basis instead of accrual basis w.e.f. billing for the month of October 2015. The charged DPS and interest in case of such consumers shall be treated as deferred income (liability) in the books of Accounts. On its receipt, it will be recognised as income by transferring the same from deferred income.

The tariff of the Company is regulated by Maharashtra Electricity Regulatory Commission (MERC) and recognition of regulatory assets/liabilities (based on principles laid down by MERC) is based on actual revenue and expenditure accounted. Any adjustments, if any will be made after completion of review.

Unbilled revenue at the end of F.Y is accrued on estimation basis and Fuel Adjustment Cost.

Bills raised for theft of energy, whether on consumer/outsiders are recognised in full as soon as assessment is received from the authority of the Company.

SCHEDULES FORMING PART OF THE BALANCE SHEET AND STATEMENT OF PROFIT AND LOSS 31ST MARCH 2016.

In case of MSETCL :

Transmission Income :

Revenue from Transmission of Electricity is accounted for based on Monthly Intra State Transmission Tariff Order issued by the Maharashtra Electricity Regulatory Commission (MERC), subsequent to the approval of Annual Performance Review (APR) for the current year and Aggregate Revenue Requirement (ARR) for the subsequent year. In the said Order the final true up for the previous year based on the audited accounts is also considered. Thus the said Order contains the Final True up for the Previous Year plus Provisional True up for the Current Year and Projected ARR for the subsequent year , including adjustments , if any.

The excess/under recovery, if any, is adjusted in the subsequent ARR Orders approved by MERC and based on these ARR Orders, the new Monthly Intra State Transmission Tariff Order are issued by MERC. Thus the effect of earlier period's shortfall/excess recovery is adjusted in Monthly Intra State Transmission Tariff Orders issued by MERC.

Other Income :

(a) Income is recognised on accrual basis.

(b) Interest income is recognised on time proportion basis.

(c) Dividend income is recognised when the right to receive dividend if any.

(d) Sale of scrap is recognised on realisation.

In case of MSPGCL, the 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 towards the said sale transaction.

(e) Revenue grants received from State Government/Central Government/Other Financial Institutions are accounted for as revenue income.

(f) In case of MSPGCL, recoveries on account of Liquidated Damages and Interest on advance to contractors are recognised as income/adjusted to fixed asset in the year it is crystallised.

In case of MSETCL, as per the terms of contract, if liquidated damages are recovered from vendors same are being credited to Retention of Liquidated Damages Account (GL A/c - 123110) instead of crediting to miscellaneous income. In case where such retention amount towards liquidated damages is unmoved for the last three years or more or completion of the scheme, the proposal for charging the same as income shall be put up to competent authority after periodic review.

10) Foreign Currency Transactions

A Foreign currency transaction is recorded, on initial recognition in the reporting currency, by applying to the foreign currency amount, the exchange rate between the reporting currency and the foreign currency prevailing on the date of the transaction.

At the Balance Sheet date, foreign currency monetary items are reported using the closing rate. Gain or loss, if any, is recognized in the Statement of Profit and Loss for the year.

SCHEDULES FORMING PART OF THE BALANCE SHEET AND STATEMENT OF PROFIT AND LOSS 31ST MARCH 2016.

The gain or loss arising on account of exchange rate differences between the payment date and transaction date/previously converted value is charged to the Statement of Profit and Loss.

11) Employee Benefits

Short Term Employee Benefits – All employee benefits payable wholly within twelve months of rendering services are classified as short term employee benefits. Benefits such as salaries, wages, short term compensated absences, etc and the expected cost of bonus, ex-gratia are recognised at the undiscounted amount of short term benefits expected to be paid in exchange for services rendered as liability (accrued expense) after deducting any amount already paid.

Post- employment benefits – Defined Benefit Plan –

Gratuity and Leave Encashment – the liability in respect of defined benefit plans and other post-employment benefits is calculated using the Projected Unit Credit Method and spread over the period during which the benefit is expected to be derived from employees' services. Provision for accruing liability for gratuity and leave encashment on retirement is made on the basis of the liability determined by actuary as at the year end. Actuarial gains and losses in respect of post-employment benefits are charged to the Profit and Loss Statement.

Provident Funds – Company pays fixed contribution to Provident Fund at predetermined rates along with employees' contribution to a separate trust which also manages funds of other group companies, making it a Multi Employer Defined Benefit Plan. The funds are then invested in permitted securities. The Company's contribution to the fund for the period is recognized as expense and is charged to the statement of profit & loss.

12) Leases

Finance Lease: In respect of assets acquired on finance lease, which are transferred under the Maharashtra Electricity Reforms Transfer Scheme, 2005 (Transfer Scheme), the lease rentals are charged to profit and loss account as and when the same accrue.

Assets acquired subsequent to June 5, 2005 are classified as Finance Lease, where the risks and rewards of the ownership of assets are transferred in substance to the Company. Such assets are capitalised 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. In case of MSPGCL, the written lease agreement in respect of hydro power generation facilities has not been entered into with Government of Maharashtra.

Operating Lease: Assets taken on lease under which all the risks and rewards of ownership are effectively retained by the lessor are classified as operating lease. Lease payments under operating leases are recognised as expense on straight line basis.

13) Taxation

Income Tax- 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, reduction/disallowance.

SCHEDULES FORMING PART OF THE BALANCE SHEET AND STATEMENT OF PROFIT AND LOSS 31ST MARCH 2016.

Deferred Tax – Deferred Tax is recognised on timing difference, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods, subject to consideration of prudence by applying the tax rate and laws enacted or substantially enacted by Balance Sheet date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets in respect of unabsorbed depreciation and carry forward of losses are recognised only if there is virtual certainty supported by convincing evidence that there will be sufficient future taxable income available to realise such assets. Deferred Tax Assets are recognised for timing differences of other items only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. Deferred Tax Assets are reviewed at each Balance Sheet date for their realisability. In the Balance Sheet Deferred Tax is shown net of asset and liability.

14) Prior Period Items and Extra Ordinary Items/Exceptional Items

Prior Period Items 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. These are separately accounted for and shown separately as “prior period item “under the Note pertaining to Profit and Loss Account.

Income or expenses that arise from events or transactions that are clearly distinct from ordinary activities of the company are classified as extraordinary items. Specific disclosure of such events/transactions is made in the financial statements. Similarly, any external event beyond the control of the Company, significantly impacting income or expense , is also treated as extraordinary item and disclosed as such.

On certain occasions, the size, type or incidence of an item of income or expense , pertaining to the ordinary activities of the Company, is such that its disclosure improves the understanding of the performance of the company. Such income or expense is classified as exceptional item and accordingly disclosed n notes to accounts.

In respect of MSPGCL:

Adjustments arising due to errors or omissions in the financial statements of earlier years are accounted under “Prior Period”.

Income or expenses that arise from events or transactions that are clearly distinct from ordinary activities of the company are classified as extraordinary items. Specific disclosure of such events/transactions is made in the financial statements. Similarly, any external event beyond the control of the Company, significantly impacting income or expense, is also treated as extraordinary item and disclosed as such.

On certain occasions, the size, type or incidence of an item of income or expense, pertaining to the ordinary activities of the Company, is such that its disclosure improves the understanding of the performance of the company. Such income or expense is classified as exceptional item and accordingly disclosed in notes to accounts.

In case of MAMSL, Exceptional items are income or expenses that arise from events or transactions that are clearly distinct from the ordinary activities of the Company and therefore are not expected to recur frequently or regularly. Exceptional items are disclosed separately in Financial Statements in a manner that it’s impact on current Profit or Loss is perceived.

SCHEDULES FORMING PART OF THE BALANCE SHEET AND STATEMENT OF PROFIT AND LOSS 31ST MARCH 2016.

15) **Provisions, Contingent Liabilities and Contingent Assets**

Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as result of past events and it is probable that there will be an outflow of resources, in respect of which a reliable estimate can be made based on technical valuation and past experience. Provisions are discounted to its present value and are determined based on management's estimate required to settle the obligation at the balance sheet date. No provision is recognised 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 neither recognised nor disclosed in the financial statements.

In respect of MSPGCL:

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as result of past events and it is probable that there will be an outflow of resources.

Contingent liabilities are disclosed in cases where they are in excess of ` 10 lakhs individually in value. Financial effect of contingent liabilities is disclosed based on information available up to the date on which financial statements are approved.

Contingent assets are not recognized in the financial statements. Contingent assets are not recognized in the financial statements.

DCPL:

'Provision is recognised when there is 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 reliable estimate can be made. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

'Contingent liabilities are disclosed by way of note to the financial statements after careful evaluation by management of the facts and legal aspects of the matter involved. As a prudent accounting policy, Contingent Assets are neither recognized nor disclosed.

MCL:

In case of MCL, provision is recognized when there is 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. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

Liabilities, if any that are contingent in nature are not provided for in the accounts: but are separately disclosed by way of notes to accounts.

Claims / receipts and refunds whose recovery cannot be ascertained with reasonable certainty are accounted for on acceptance/ actual receipt basis. Also, the Company has to amortize Preliminary Expenses over the period of Five years.

SCHEDULES FORMING PART OF THE BALANCE SHEET AND STATEMENT OF PROFIT AND LOSS 31ST MARCH 2016.

16) **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 will be recognized on approval from Competent Authority.

17) **Write off/ provision for doubtful dues from Consumers:**

MERC allows provision for doubtful dues from consumers @1.5% of the amount shown as receivable in the annual accounts provided that such provision should not exceed 5% of the amount shown as receivable in the annual accounts. The provision based on normative basis takes care of uncertainty of irrecoverable amounts.

18) **Cash Flow Statement**

Cash Flows are reported using indirect method, whereby net profits before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from regular revenue generating, investing and financing activities of the group are segregated.

19) **Earning Per Share (EPS)**

Basic earning per share are computed by dividing the profit/loss after tax by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit/loss after tax as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. As the Provisional Transfer Scheme is not yet finalised the amount of shares to be allotted to the GOM, value at which the shares to be allotted and the date of allotment is uncertain. In view of the same the basic and diluted earnings are calculated on the basis of shares allotted till date.

20) **Change in Accounting Policy:**

In respect of MSEDCL:

Revenue on account of Delay Payment Surcharge (DPS) and Interest on arrears in case of consumers defaulting payment of bill for consecutive three months has been changed to receipt basis instead of accrual basis w.e.f. billing month October 215. The charged DPS and interest in case of such consumers shall be treated as deferred income (Liability) in the books of Accounts. On its receipt, it will be recognised as income by transferring the same from deferred income.

Earlier to this , the DPS and interest on arrears of the previous billing month was recognised as Income on accrual basis at the time of raising bill for the current billing month in case consumer fails to pay the previous month’s bill within the due date.

21) The audited financial statement of subsidiary has been prepared in accordance with the Indian Generally Accepted Accounting Principle. The differences in accounting policies of the Company and its subsidiary are not material.

NOTES ON ACCOUNTS FOR THE YEAR ENDED ON 31st MARCH 2016

Note 2

SHARE CAPITAL

(₹ in Lacs)

Particulars	As at 31 March, 2016		As at 31 March, 2015	
	Number of shares	Amount	Number of shares	Amount
(a) Authorised Share Capital				
99,00,00,00,000 (P.Y. 25,000,000,000) Equity Shares of ₹ 10/- each	990,000	9,900,000	250,000	2,500,000
(b) Issued , Subscribed & Paid-Up				
8,62,997,72,063 (P.Y. 8,385,295,900) Equity Shares of Rs. 10/- each fully paid up	862,998	8,629,977	83,853	838,530
Total	**862,998**	**8,629,977**	**83,853**	**838,530**

Details of the shareholders holding more than 5% of the capital

(₹ in Lacs)

Name of Shareholder	As at 31 March 2016		As at 31 March 2015	
	No. of Shares held	% of Total Paid Up Capital	No. of Shares held	% of Total Paid Up Capital
Gov of Maharashtra and its nominees	862,998	100%	83,853	100%
Total	**862,998**	**100%**	**83,853**	**100%**

Reconciliation of Number of Shares outstandign at the beginning and at the end of reporting Year/Period

(₹ in Lacs)

Name of Share holder	As at 31 March 2016	As at 31 March 2015
	No. of Shares	No. of Shares
Shares outstanding at the beginning of the year	83,853	25,047
Shares Issued during the year	779,145	58,806
Shares bought back during the year	-	-
Shares outstanding at the end of the year	862,998	83,853

Note:

Details of Issued Subscribed & Paid Up equity capital during the year.

3.1) 516.80 equity shares allotted on 15-04-2015. Out the same 2,650 equity shares allotted for consideration other than cash.

3.2) 9,124 equity shares allotted on 27-08-2015 against cash.

3.3) 764,857 shares allotted on 31-03-2016 issued for consideration other than cash.

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.

Shares in respect of each class in the Company held by its Holding Company or its ultimate holding

NOTES ON ACCOUNTS FOR THE YEAR ENDED ON 31st MARCH 2016

Company including shares:

Not Applicable

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

	Particulars	2015-16	2014-15	2013-14	2012-13	2011-12
i)	Equity Shares allotted as fully paid up Bonus Shares	NIL	NIL	NIL	NIL	NIL
ii)	Equity shares issued for consideration other than cash	767,507	NIL	NIL	NIL	NIL

Note 3

RESERVES & SURPLUS (₹ in Lacs)

Sr. No.	Particulars	Consolidated As on 31.03.16	Consolidated As on 31.03.15
1	Contingency Reserve Fund		
	Opening Balance	80,656.89	66,357.76
	Add: Addition during the year	15,396.13	14,356.12
	Add:/Less: (Excess)/Short Provision for earlier years	-59.00	-57.00
	Less: Transfer during the year	-2.95	0.00
		95,991.06	**80,656.89**
2	Special Reserve Fund		
	Opening Balance	13,939.00	7,869.00
	Add: Addition during the year	0.00	6,070.00
	Add:/Less: (Excess)/Short Provision for earlier years	0.00	0.00
		13,939.00	**13,939.00**
3	Capital Reserve		
	Opening Balance	26,644.58	26,645.96
	Add: Addition during the year	0.00	0.00
	Less: Deduction during the year	-26,502.29	0.00
		142.29	**26,645.96**
4	Consumer Rebate Reserve		
	Opening Balance	8.34	8.34
	Add: Addition during the year	0.00	0.00
	Less: Deduction during the year	8.34	0.00
		0.00	**8.34**
5	Tariff and Dividend Control Reserve		
	Opening Balance	4.22	4.22
	Add: Addition during the year	0.00	0.00
	Less: Deduction during the year	4.22	0.00
		0.00	**4.22**
6	Development Rebate Reserve		
	Opening Balance	0.45	0.45
	Add: Addition during the year	0.00	0.00
	Less: Deduction during the year	0.45	0.00
		0.00	**0.45**

NOTES ON ACCOUNTS FOR THE YEAR ENDED ON 31st MARCH 2016

7	Development Fund		
	Opening balance	0.07	0.07
	Add: Current year transfer	0.00	0.00
	Less: Deduction during the year	0.07	0.00
		0.00	**0.07**
8	Capital Grant		
	Opening balance	762.82	505.48
	Add: Current year transfer	1,791.88	257.34
	Less: Deduction during the year	0.00	0.00
		2,554.70	**762.82**
9	Consumers' contribution towards costs of Capital Assets (CRA) Service Connection		
	As per last Balance Sheet	90,979.79	120,809.98
	Add: Received during current year	8,462.00	8,724.97
	Less: Deduction during current year	17,017.37	38,555.16
		82,424.42	**90,979.79**
10	Consumers' contribution towards costs of Capital Assets (CRB)		
	As per last Balance Sheet	2,420.54	3,757.86
	Add: Received during current year	254.08	33.06
	Less: Deduction during current year	757.53	1,370.37
		1,917.09	**2,420.54**
11	Consumers' contribution towards costs of Capital Assets (Outright Contribution)		
	i) For L.T Consumers		
	As per last Balance Sheet	106,156.27	139,980.81
	Add: Received during current year	32,832.45	18,221.04
	Less: Deduction during current year	20,146.61	52,045.58
		118,842.12	**106,156.27**
12	For H.T Consumers		
	As per last Balance Sheet	0.00	0.00
	Add: Received during current year	0.00	0.00
	Less: Deduction during current year	0.00	0.00
		0.00	**0.00**
13	Contribution from GOM through REC for RGGVY (Subsidy)		
	As per last Balance Sheet	28,430.75	29,266.78
	Add: Received during current year	6,974.61	6,876.40
	Less: Deduction during current year	4,870.43	7,712.42
		30,534.93	**28,430.76**
14	Contribution from GOM through REC for RGGVY (Loan)		
	As per last Balance Sheet	32,408.48	51,330.48
	Add: Received during current year	543.61	0.31
	Less: Deduction during current year	1.78	18,922.31
		32,950.31	**32,408.48**
15	Grants from GOM towards RE DIS DPDC TSP OTPS		
	As per last Balance Sheet	6,844.83	6,844.42

NOTES ON ACCOUNTS FOR THE YEAR ENDED ON 31st MARCH 2016

	Add: Received during current year	0.00	0.44
	Less: Deduction during current year	0.04	0.03
		6,844.79	**6,844.83**
16	Subsidies towards costs of Capital Assets		
	As per last Balance Sheet	19,434.62	26,736.33
	Add: Received during current year	2,834.30	1,016.78
	Less: Deduction during current year	4,775.19	8,318.49
		17,493.74	**19,434.62**
17	Grants towards RE Distribution Grants		
	As per last Balance Sheet	1,751.55	2,680.29
	Add: Received during current year	0.10	81.37
	Less: Deduction during current year	525.86	1,010.12
		1,225.79	**1,751.55**
18	Grants towards Energisation as pump backlog		
	As per last Balance Sheet	1,019.00	1,462.81
	Add: Received during current year	0.00	1.26
	Less: Deduction during current year	97.58	445.08
		921.41	**1,019.00**
19	Grants towards single phasing Phase I & II		
	As per last Balance Sheet	126.65	132.28
	Add: Received during current year	0.20	231.61
	Less: Deduction during current year	9.58	237.24
		117.27	**126.65**
20	Deferred income of Grant on APDRP Phase I,II and III		
	As per last Balance Sheet	470.28	572.77
	Add: Received during current year	0.12	0.00
	Less: Deduction during current year	52.36	102.49
		418.04	**470.28**
21	Grants towards costs of Capital Assets		
	As per last Balance Sheet	1,220.27	1,359.33
	Add: Received during current year	0.00	0.88
	Less: Deduction during current year	139.07	139.95
		1,081.20	**1,220.27**
22	Grant towards energisation of AG Pumps		
	As per last Balance Sheet	6,174.04	5,635.40
	Add: Received during current year	2,853.88	1,539.17
	Less: Deduction during current year	1,157.56	1,000.53
		7,870.37	**6,174.04**
23	New Service Connection supervision charges		
	As per last Balance Sheet	170,066.43	237,338.31
	Add: Received during current year	122,361.19	2,377.78
	Less: Deduction during current year	399.95	69,649.66
		292,027.66	**170,066.43**
24	Sinking Fund for repayment of Borrowing		
	As per last Balance Sheet	0.00	0.37

NOTES ON ACCOUNTS FOR THE YEAR ENDED ON 31st MARCH 2016

	Add: Received during current year	0.00	0
	Less: Deduction during current year	0.00	0
		0.00	**0.37**
25	Securities Premium account		
	As per last Balance Sheet	37.14	37.50
	Add: Premium on issue of equity shares	23.47	0.00
		60.61	**37.50**
26	Surplus as per statement of Profit & Loss		
	Balance at the beginning of the year	-365,479.63	-445,444.07
	Add: Profit transferred from Statement of Profit & Loss A/c	-2,652,070.64	64,442.44
	Less : Appropriations		
	Transfer to Contingency Reserve	-15,396.13	-14,356.12
	Transfer to Special Reserve Fund	0.00	-6,070.00
	(Excess) / Short Provision for earlier years	59.00	57.00
	Income Tax for earlier years	-11,290.00	-67,945.00
	Add: Profit for MSEPTCL Merger	493.06	0.00
	Less: Interim Dividend	297.03	-357.50
	Less: Dividend Distribution Tax on Interim Dividend	-146.16	-60.76
	Less: Proposed Dividend	-357.50	-297.03
	Less: Dividend Distribution Tax on Proposed Dividend	-72.78	-60.47
	Add/(Less): Income Tax for earlier years	16,462.96	0.00
	Closing Balance	**-3,027,500.78**	**-470,091.51**
27	R.P. Obligation Fund		
	As per last Balance Sheet	67,945.00	0.00
	Add : Transferred from profit and loss account	11,290.00	67,945.00
		79,235.00	**67,945.00**
	TOTAL	**-2,240,908.98**	**187,412.60**

NOTE - 4

FLY ASH UTILISATION FUND

(₹ in Lacs)

Sr. No.	Particulars	Consolidated As on 31.03.16	Consolidated As on 31.03.15
1	Balance at the beginning of the year	0.00	0.00
2	Additions during the year	2,681.66	3,038.38
3	Utilisation during the year	2,681.66	3,038.38
	TOTAL	**0.00**	**0.00**

NOTE - 5

SHARE APPLICATION MONEY

(₹ in Lacs)

Sr. No.	Particulars	Consolidated As on 31.03.16	Consolidated As on 31.03.15
1	Share Application Money	109,298.00	968,291.89
	TOTAL	**109,298.00**	**968,291.89**

NOTES ON ACCOUNTS FOR THE YEAR ENDED ON 31st MARCH 2016

NOTE - 6

LONG TERM BORROWINGS

(₹ in Lacs)

Sr. No.	Particulars	Consolidated As on 31.03.16	Consolidated As on 31.03.15
A	**Secured Loan**		
	Term Loan		
I	**From Financial Institutions**		
1	Power Finance Corporation	1,629,591.84	1,666,778.09
2	Rural Electricfication Corporation	1,852,922.38	1,798,297.48
3	Loan from Housing Development Corporation	758.92	434.39
4	Loan from IREDA	0.00	1,608.26
5	Others	583,894.09	625,375.11
6	Medium Term Loan from REC	12,500.00	77,083.33
II	**From Banks**		
1	Term Loans	43,279.86	195,508.72
2	Term Loan from DCC.Banks	3,317.31	9,818.03
B	**Unsecured Loan**		
	Term Loan		
I	**From Financial Institutions**		
1	Power Finance Corporation	40.69	4,688.26
II	**From Others**		
1	KFW 150 MW Solar	70,038.26	61,135.94
2	World Bank	9,845.39	2,708.32
3	Loan from KEC International	411.64	411.64
4	Government of Maharashtra	8,515.58	537,483.46
5	Related Parties	0.00	0.00
6	GSEC Ltd	2,215.06	2,169.24
7	MSEDC Ltd	206.77	206.77
8	Interest free Loan from MIDC for Elec Work	2,504.66	2,504.66
9	CPSU Dues PP	0.00	58,709.97
10	CPSU Dues Coal	0.00	83,957.32
11	Loan from CSSEPL (Baramati Project)	20,531.87	0.00
		4,240,574.32	**5,128,879.01**
C	**Deposits**		
1	Security Deposits from Consumers (in cash)	617,427.51	577,298.72
2	Securtiy Deposit against energisation of AG pump under EGS	8,692.83	8,314.85
3	Deposit collected from private agencies towards energy bill collection work	5,587.16	4,424.80
4	Special deposit from Staff Welfare fund	5,097.02	4,614.20
5	Deposits for Electrification,Service Connection etc.	448.71	392.70
		637,253.23	595,045.28

NOTES ON ACCOUNTS FOR THE YEAR ENDED ON 31st MARCH 2016

	Less:		
6	Loan from Rural Electrification Corporation (REC)	99,072.84	94,976.06
7	Loan from Finance Corporation (PFC)	77,372.10	115,864.58
8	Medium Term Loan From REC	12,500.00	64,583.33
9	Loan from Development Credit Co-op. Bank -DCC Bank	2,960.16	6,590.01
10	State Govt. Loans Govt. of Maharashtra	2,926.27	6,898.12
		194,831.37	288,912.10
	TOTAL	**4,682,996.18**	**5,435,012.19**

NOTE - 7

DEFERRED TAX LIABILITIES

(₹ in Lacs)

Sr. No.	Particulars	Consolidated As on 31.03.16	Consolidated As on 31.03.15
A	**Deferred Tax Liability**	138,669.71	124,286.71
1	Difference of book depreciation/amortisation & tax depreciation	309,284.72	269,731.63
	TOTAL	**447,954.43**	**394,018.34**
B	**Deferred Tax Asset**		
1	Gratuity	287.18	-355.98
2	Disallowance u/s 43B of Income Tax Act, 1961	35,460.79	35,009.85
3	Leave Encashment	-2,041.40	79.19
4	Disallowance u/s 14A	0.00	0.00
5	Disallowance u/s 40(a)(7) of Income Tax Act, 1961	16,665.71	17,689.09
6	Unaborsed Depreciation Loss c/f	89,893.18	49,826.26
7	Expenses Allowable on payment basis	0.00	0.00
8	Provision for Bad Debts	0.00	-50.68
	TOTAL		
	Net Deferred Tax Liability	**304,180.54**	**291,165.67**

NOTE - 8

OTHER LONG TERM LIABILITIES

(₹ in Lacs)

Sr. No.	Particulars	Consolidated As on 31.03.16	Consolidated As on 31.03.15
1	Creditors for Capital Expenditure	0.00	0.00
2	Deposits & Retentions	406,330.34	490,800.14
3	Other Liabilities	1,085.86	80,521.59
4	Liabilites for Related Parties	1,890.03	8,667.94
5	Government Grants	2,064.26	3,791.05
6	Others	42.59	15,785.71
7	Liability for Capital Supplies/ Works	4,694.29	1,145.38
8	Refund due for amount under Non DDF scheme	7,219.03	6,657.53
9	Trade Payables - Others	0.00	0.00
10	Amount owed to Licensees	493.69	493.69

NOTES ON ACCOUNTS FOR THE YEAR ENDED ON 31st MARCH 2016

11	MSEB Holding Co Ltd.	20,890.38	11.81
12	Payable to MSPGCL	9,098.48	0.00
13	Payable to MSETCL	5,176.38	0.00
14	Payable to Holding Company - MSEDCL	0.00	142.14
15	Payable to MSEB Residual	57.46	15,254.37
	TOTAL	**459,042.79**	**623,271.36**

NOTE - 9

LONG TERMS PROVISIONS (₹ in Lacs)

Sr. No.	Particulars	Consolidated As on 31.03.16	Consolidated As on 31.03.15
A	**Provisions for Employee benefits**		
1	Provision for gratuity	264,595.46	267,515.39
2	Less : Advance against Gratuity	0.00	0.00
3	Provision for leave encashment	242,969.69	234,205.45
B	**Other Provisions**		
1	Provisions for Income Tax	0.00	0.00
	Less: Taxes paid in advance (including TDS)	0.00	0.00
		0.00	0.00
2	Provision for Wealth Tax	0.00	0.00
C	**Others**	6.25	5,826.96
	TOTAL	**507,571.40**	**507,547.81**

NOTE - 10

SHORT TERM BORROWINGS (₹ in Lacs)

Sr. No.	Particulars	Consolidated As on 31.03.16	Consolidated As on 31.03.15
A	**Loan repayable on Demand (Secured)**		
	From Banks		
1	Cash Credit	474,625.46	503,903.43
2	Canara Bank	138,351.76	103,801.33
3	Bank of Maharashtra	46,901.51	41,359.73
4	Bank of India	31,219.27	30,725.38
5	IDBI	14,699.82	14,683.29
6	United Bank of India	48,928.11	29,915.59
7	Syndicate Bank	38,219.87	45,000.00
8	Others	0.00	0.00
B	**Loan repayable on Demand (Unsecured)**		
	From Banks		
1	Working Capital loans from Banks	96,900.17	94,908.91
2	Temporary Loans from Banks	382,470.55	5,091.09
3	Project Specific Loans from Banks	0.00	0.00

NOTES ON ACCOUNTS FOR THE YEAR ENDED ON 31st MARCH 2016

4	Bank of Maharashtra	30,000.00	50,000.00
5	Bank of India	0.00	0.00
6	Syndicate Bank	0.00	0.00
7	RDCC Ratnagiri	15,000.00	10,000.00
8	Maharashtra state Co -Op Bank	0.00	0.00
9	Canara Bank	0.00	0.00
10	State Bank of India	404,760.00	38,880.00
		1,722,076.51	**968,268.75**

NOTE - 11
TRADE PAYABLES

(₹ in Lacs)

Sr. No.	Particulars	Consolidated As on 31.03.16	Consolidated As on 31.03.15
1	Trade Payables	161,372.94	33,753.24
2	Liability for purchase of Power	0.64	1,443,953.13
3	Liability for transmission charges	51,664.72	351,230.47
		213,038.30	**1,828,936.84**

NOTE - 12
OTHER CURRENT LIABILITIES

(₹ in Lacs)

Sr. No.	Particulars	Consolidated As on 31.03.16	Consolidated As on 31.03.15
1	**Current Maturities of Long Term Debt**	320,518.29	101,764.58
2	Interest accured but not due on borrowings	74,635.01	179,468.29
3	Interest accured and due on borrowings	0.00	14,575.36
	a) From Banks		
4	Loan from DCC Banks	2,960.16	6,590.01
5	**b) From Financial Institutions**	0.00	0.00
6	Rural Electrification Corp.	99,072.84	94,976.06
7	Power Finance Corporation	77,372.10	115,864.58
	Medium Term Loan from REC	12,500.00	64,583.33
8	**c) From Others**		
9	State Govt.Loans	2,926.27	6,898.12
10	Others	0.00	0.00
11	Deposits & Retentions	262,654.51	85,773.75
12	Payables for Capital Goods	10,340.99	53,322.97
13	Other Liabilites	9,989.71	46,440.89
14	Liabilites for Related Parties	54,693.11	100,106.27
15	Open Market Bonds	84.80	84.80
16	Creditors for Goods	12,752.88	14,588.08
17	Advances from Customers	105.68	595.45
18	Staff related liabilties & provisions	7,866.28	15,535.14
19	Duties & Taxes Payable	259.50	19.16
20	Other Payables	118.45	91.93

NOTES ON ACCOUNTS FOR THE YEAR ENDED ON 31st MARCH 2016

21	Other Provisions	8,019.41	3,360.83
22	Interest payable on Consumer's Deposits	39,209.17	39,418.54
23	Liability for O & M supplies/works	68,745.45	20,620.17
24	Deposits and retentions from suppliers and contractors O & M	67,786.03	36,267.16
25	Electricity Duty and Other Levies payable to GOM	285,518.14	308,464.45
26	Liability for expenses	161,827.38	128,255.58
27	Others Liabilities	121,919.11	98,495.30
28	Intrest Accrued but not due amounts relating to Borrowings	0.00	0.00
29	Liability for Grant towards Energisation of AG Pump under EGS	1,371.71	1,468.35
30	Liability towards grants received against Solar Pumps	2,901.27	0.00
31	Financial participation by consumers	105.99	105.99
32	Deposits for Electrification,Service Connection etc.	3,723.44	8,641.93
33	Refundable Deposits to Consumers and Others	46.87	46.87
34	Deposits for temporary service connections	3,760.55	3,848.14
35	Payable against recovery of Infra Charges	2,978.13	1,536.19
36	Statutory Liabilities	7,660.79	6,443.15
37	Evonik Energy Services India Pvt.Ltd	8.43	8.43
38	JMT & Associates	0.08	0.08
39	Bhat, Kelkar & Co.	0.09	0.09
40	Unearned revenue on IRU contract	47.98	0.00
41	Payable to STL	0.00	0.21
42	Payable to MSETCL	0.33	0.00
	TOTAL	**1,724,480.91**	**1,558,260.23**

NOTE - 13

SHORT TERM PROVISIONS

(₹ in Lacs)

Sr. No.	Particulars	Consolidated As on 31.03.16	Consolidated As on 31.03.15
A	**Provisions for Employee benefits**		
1	Provision for gratuity	41,160.65	36,019.19
2	Provision for leave encashment	44,177.92	38,159.61
3	Other Provisions for expenses incurred	12,080.58	48,357.95
4	Provision for loss pending investigation	6,445.09	6,265.07
B	**Other Provisions**		
1	Provisions for Income Tax	0.86	33,113.84
2	Less: Taxes paid in advance (including TDS)	0.00	-12,043.00
3	Provision for Wealth Tax	0.00	1.73
4	Audit Fees Payable	4.73	4.68
5	Others	32.19	69.16
6	Provision for Employee Benefits.	1.39	1.79
7	Proposed Dividend	357.50	297.03
8	Dividend Distribution Tax	72.78	60.47
	TOTAL	**104,333.68**	**150,307.52**

NOTE : 14
TANGIBLE FIXED ASSETS

(₹ in Lacs)

		GROSS BLOCK				DEPRECIATION RESERVE						NET BLOCK			
Sr. No.	Tangible Assets	Balance as on 01.04.2015	Additions	Adjustments	Balance as on 31.03.2016	Balance as on 1.04.2015	Depreciation for the year	Prior Period Depreciation	Deductions / Adjustments	Deduc-tions	Balance as on 31.03.2016	Provision for Obsoe-scence	Provision for Obsoe-scence	As on 31.03.2016	As on 31.03.2015
1	**Land**														
	a) Free Hold Land	66,947	139,500	1,054,543	1,260,990	0	0				0			1,260,990	66,947
	b) Lease Hold Land	16,774	7,785	21,574	46,133	2,254	2,397		2,408	2	7,057			39,076	14,520
2	**Building**														
	a) Factory Building	180,094	108,889	291,832	580,816	87,585	78,893		78,300		244,778	40	40	335,999	92,470
	a) Others	65,924	57,339	110,598	233,861	19,853	21,897	-64	20,364		62,050			171,811	46,071
3	Hydralic Works	232,959	83,514	-6,825	309,648	91,485	38,656	-12	635		130,764	30	30	178,854	141,444
4	**Other Civil Works**														
	a) Railway Sidings	71,456	80,818	-31,433	120,841	16,004	23,072	-30	22		39,068			81,774	55,452
	b) Roads & Others	181,598	20,900	18,925	221,424	51,341	8,913		1,178		61,432	28	28	159,964	130,230
5	Plant & Machinery	4,909,616	1,973,555	12,201	6,895,372	1,747,245	1,011,489	-768	134,660		2,892,626	2,266	3	4,000,479	3,162,367
6	Lines & cables	3,415,850	262,477	3,105,891	6,784,217	1,165,219	243,647		1,452,394		2,861,260	679	679	3,922,279	2,249,952
7	Commuication Equipments	3,295	798	92	4,185	881	203		59		1,143			3,042	2,414
8	Vehicles	6,388	584	1,212	8,185	4,737	538	0	1,121		6,396	11	11	1,778	1,640
9	Furniture & Fixtures	15,447	548	558	16,553	6,854	569	1	555		7,979	0	0	8,573	8,592
10	IT Equipment	5,673	1,308		6,981	2,100	11		-1,178		933			6,049	3,573
11	Office Equipments	25,972	368	895	27,235	11,835	2,296	0	-546		13,585	1	1	13,649	14,136
12	Other Assets	2,503	410		2,914	18	1,434		-1,303		150			2,764	2,485
13	Other Civil Works				0						0			0	0
14	Computers	12	12	0	24	7	4		0		11			13	5
15	Capital Work-in-Progress (WIP)				0										
15	Capital Expenditure resulting in assets not belonging to the Company	9,122	113	0	9,236	2,969	484				3,454	5	5	5,778	6,148
	Less : Capitalised					0	-179	0							
		9,122	113	0	9,236	2,969	306	0			3,454			5,778	6,148
	TOTAL	**9,209,632**	**2,738,919**	**4,580,063**	**16,528,615**	**3,210,388**	**1,434,323**	**-873**	**1,688,669**	**2**	**6,332,684**	**3,060**	**797**	**10,192,871**	**5,998,447**

NOTE : 15
INTANGIBLE FIXED ASSETS

(₹ in Lacs)

		GROSS BLOCK				DEPRECIATION RESERVE						NET BLOCK			
Sr. No.	Tangible Assets	Balance as on 01.04.2015	Additions	Adjustments	Balance as on 31.03.2016	Balance as on 1.04.2015	Depreciation for the year	Other Adjustments	Prior Period Depreciation	Deductions/ Adjustments	Balance as on 31.03.2015	Provision for Obsoe-scence	Provision for Obsoe-scence	As on 31.03.2016	As on 31.03.2015
1	Computer Software	9,059.28	836.13	165.17	9,730	4,156	1,552	-5			5,702			4,028	4,905
2	Right to receive water	99.88			100	100	0				100			0	0
3	Software Licences	3,123.70	299.16	31.53	3,391	1,508	298	0		32	1,774			1,617	1,616
		12,282.86	**1,135.30**	**196.70**	**13,221**	**5,763**	**1,849**	**-5**	**0**	**32**	**7,576**	**0**	**0**	**5,646**	**6,521**

NOTES ON ACCOUNTS FOR THE YEAR ENDED ON 31st MARCH 2016

In Respect of MSEBHCL:

15.1 The fixed assets appearing in the books of the Company have been transferred from erstwhile MSEB as per the FRP (refer note no.2) 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.

15.2 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.

15.3 On Finalisation of FRP the value of Assets have been increased by Rs. 139,675 Lacs(refer note 2) 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.

15.4 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.

15.5 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 90 lacs towards cost of Dharavi Building being paid monthly basis. The matter is sub-judice at Bomabay High Court (refer to Note No14.3)

15.6 Additions to Fixed Assets amounting to Rs 97 Lacs (PY Rs 403 Lacs) have been accounted for the year on the basis of information received from MSEDCL (Civil Section).

15.7 During the year, stuctural work has been carried out to the buildings amounting to Rs.5,480,500 and included under CWIP. Based on the work completion certificates received from MSEDCL, Rs 12.032.941/- has been transferred from C.W.I.P.to Revenue during the financial year

NOTES ON ACCOUNTS FOR THE YEAR ENDED ON 31st MARCH 2016

NOTE - 16

CAPITAL WORK IN PROGRESS

(₹ in Lacs)

Sr. No.	Particulars	Consolidated As on 31.03.16	Consolidated As on 31.03.15
1	Capital Work in Progress	2,315,305.83	2,591,131.30
2	Less : Provision for Obsolescence	1,431.78	1,431.78
	TOTAL	**2,313,874.05**	**2,589,699.52**

NOTE - 17

ASSETS NOT IN USE

(₹ in Lacs)

Sr. No.	Particulars	Consolidated As on 31.03.16	Consolidated As on 31.03.15
1	Assets not in use	4,407.07	4,544.18
	TOTAL	**4,407.07**	**4,544.18**

NOTE - 18

NON CURRENT INVESTMENTS

(₹ in Lacs)

Sr. No.	Particulars	Consolidated As on 31.03.16	Consolidated As on 31.03.15
	Trade Investments (Unquoted) **Investment in Equity Shares**		
A	**In Subdidiary Companies**		
1	50,000 (PY 50,000) Equity Shares of "Dhule Thermal Power Company Ltd" of Rs. 10/- each	0.00	0.00
2	50,000 (PY 50,000) Equity Shares of "Dhopave Coastal Power Company Ltd" of Rs. 10/- each	0.00	0.00
3	Investment of Equity Shares of Aurangabad Power Co. Ltd (50,000 shares {as at 31.03.2011 - 50,000} of Rs. 10/- each)	0.00	0.00
4	Maharashtra State Electric Power Trading Co Pvt. Ltd	0.00	0.00
5	Maharashtra State Power Generation Co. Ltd.	0.00	0.00
6	Maharashtra State Electricity Transmission Co. Ltd.	0.00	0.00
7	Maharashtra State Electricity Distribution Co. Ltd.	0.00	0.00
B	**In Joint Ventures**		
1	30,000 (PY 30,000) Equity Shares of UCM Coal Co. Ltd of Rs. 10/- each fully paid up	3.00	3.00

NOTES ON ACCOUNTS FOR THE YEAR ENDED ON 31st MARCH 2016

2	25,00,000 (PY 25,00,000) Equity Shares of Latur Power Company Ltd of Rs. 10/- each fully paid	0.00	0.00
3	30,000 (PY 30,000) Equity Shares of Mahaguj Colliery Ltd of Rs. 10/- each fully paid up	0.00	0.00
4	Investment in Joint Venture in Jaigad Power Transco Ltd. (3,57,49,990, {P.Y 3,57,49,990} Equity shares of Rs. 10 each)	0.00	0.00
5	Investment in Joint Venture with Maharashtra Transmission Communication Infrastructure Ltd . (MTCIL)	0.00	0.00
C	**Investment in Government Securities**	44,694.07	43,056.07
D	**Others**		
1	8.03% Food Bond 2024 (1000000 bonds of FV of Rs. 100/- each MV of CY Rs. 97.51; PY Rs. 93.49 each)	984.31	984.31
2	8.01% Oil Bond 2023 (1950000 bonds of FV of Rs. 100/- each MV of CY Rs. 97.79; PY Rs. 93.07 each)	1,917.26	1,917.26
3	8.15% GOI Loan FCI Bond 2022 (1050000 bonds of FV of Rs. 100/- each MV of CY Rs. 99.66; PY Rs. 94.50 each)	1,046.02	1,046.02
4	8.23% Food Bond 2027 (1000000 bonds of FV of Rs.100/- each, MV of C.Y. Rs. 101.19; P.Y.Rs.92.43 each)	994.91	994.91
5	8.00% Oil Bond 2026 (5000000 bonds of FV of Rs. 100/- each MV of CY Rs. 97.43; PY Rs. 93.33 each)	5,154.48	5,169.92
6	8.28% GOI 2032 (2700000 bonds of FV of Rs. 100/- each MV of CY Rs. 101.20; PY not available)	2,679.27	2,679.27
7	8.30% GOI 2040 (2900000 bonds of FV of Rs. 100/- each MV of CY Rs. 100.90; PY not available)	2,870.76	2,870.76
8	9.45% PFC 2028 (290 bonds of FV Rs. 1000000/- each MV of CY Rs. 879800 each PY not available)	2,890.72	2,890.72
9	4.75% NPCIL Bonds (43 bonds of FV Rs. 1000000/- each MV of C.Y Rs.816500 each PY Not Available)	430.00	430.00
	Ratnagiri Gas & Power Pvt . Ltd (467,839,600 Shares of Rs.10/- each)	51,628.00	51,628.00
E	Other Non Current Investments		
1	RDCC Bank Share (1000 fully paid equity shares of FV Rs. 500/- each & 39001 fully paid Equity Sahres FV of Rs. 10/- each)	200.00	200.00
	TOTAL	**115,492.80**	**113,870.24**

NOTES ON ACCOUNTS FOR THE YEAR ENDED ON 31st MARCH 2016

NOTE - 19

LONG TERM LOANS AND ADVANCES

(₹ in Lacs)

Sr. No.	Particulars	Consolidated As on 31.03.16	Consolidated As on 31.03.15
A	**Capital Advances**		
1	Secured, Considered good	6,824.57	7,592.20
2	Unsecured, Considered good	34,182.10	92,167.36
3	Doubtful	0.00	0.00
		41,006.66	**99,759.56**
B	**Security Deposits**		
1	Secured, Considered good	2,044.39	2,167.94
2	Unsecured, Considered good	30,180.48	9,567.89
3	Doubtful	32.60	32.60
		32,257.47	11,768.43
4	Less : Provision for Doubtful Debts	32.60	32.60
		32,224.87	**11,735.83**
C	**Related Parties**		
1	Secured, Considered good	0.00	0.00
2	Unsecured, Considered good	0.00	0.00
3	Doubtful	653.04	27.13
		653.04	27.13
4	Less : Provision for Doubtful Debts	653.04	27.13
		0.00	**0.00**
D	**Others**		
	Advances recoverable in cash or in kind or for value to be received		
1	Secured, Considered good	11,444.69	11,637.93
2	Unsecured, Considered good	5.52	280.69
3	Doubtful	16,884.24	19,139.21
		28,334.45	31,057.84
4	Less : Provision for Doubtful Debts	16,884.24	19,139.21
		11,450.21	**11,918.62**
E	**Advances for O & M Supplies/Works**		
1	Secured, Considered good	0.00	0.00
2	Unsecured, Considered good	0.00	0.00
3	Doubtful	4,702.14	99.95
		4,702.14	99.95
4	Less : Provision for Doubtful Debts	4,702.14	99.95
		0.00	**0.00**
F	**Advance to Staff**		
1	Secured, Considered good	0.00	0.00
2	Unsecured, Considered good	1,457.39	1,856.28
3	Doubtful	0.00	0.00
		1,457.39	**1,856.28**

NOTES ON ACCOUNTS FOR THE YEAR ENDED ON 31st MARCH 2016

G	**Claims receivable and other current assets**		
1	Secured, Considered good	0.00	0.00
2	Unsecured, Considered good	312.38	510.92
3	Doubtful	35.47	35.47
		347.84	546.39
4	Less: Provision for Doubtful Debts	35.47	35.47
		312.38	**510.92**
	Loans & Advances to Licensees	31.34	31.34
	House Building advance to staff	7.83	10.72
	Loan to MPDCL	246.73	246.73
	Receivable from GoM towards RGGVY	6,713.50	5,401.13
	Deposits towards lease of land from JSW energy Ltd	13.00	13.00
	Balance with central excise authorities	134.96	53.11
		7,147.37	**5,756.04**
H	**Taxes Paid**		
1	Advance Tax Paid	128,970.83	99,217.07
2	Less: Provision for Income Tax	103,713.87	79,719.53
		25,256.96	**19,497.54**
	TOTAL	**118,855.83**	**151,034.80**

NOTE - 20

OTHER NON CURRENT ASSETS

(₹ in Lacs)

Sr. No.	Particulars	Consolidated As on 31.03.16	Consolidated As on 31.03.15
1	Claims for loss/damage to materials	0.58	0.58
2	Training Fee paid to ITI on behalf of employee	0.00	0.14
3	PF Board of Trustees	0.00	209.84
4	Long Term Trade Receivables	0.00	0.00
5	Others	8.16	826.94
6	Balance of fellow subsidiaries	0.00	0.00
7	Maharashtra State Power Generation Co Ltd	47,532.96	55,028.99
8	Maharashtra State Electricity Transmission Co Ltd	19,950.74	21,238.78
9	MSEB Residual	0.00	13,775.40
10	MSEDCL	0.00	0.00
11	Miscellaneous expenditure	5,440.70	5,440.70
		72,933.15	**96,521.37**

NOTES ON ACCOUNTS FOR THE YEAR ENDED ON 31st MARCH 2016

NOTE - 21

INVENTORIES

(₹ in Lacs)

Sr. No.	Particulars	Consolidated As on 31.03.16	Consolidated As on 31.03.15
A	Raw Material :		
	Coal	102,345.57	27,478.15
	Add : Coal in Transit	5,181.96	4,818.42
	Less : Provision for stock with Washery Operators	0.00	0.00
		107,527.54	32,296.57
B	Oil	18,445.13	16,860.06
C	Stores and Spares :	213,159.26	220,819.87
	Less : Provision for loss on obsolence of stores	26,601.97	25,374.39
		186,557.29	195,445.47
	TOTAL	**312,529.95**	**244,602.11**

NOTE - 22

TRADE RECEIVABLES

(₹ in Lacs)

Sr. No.	Particulars	Consolidated As on 31.03.16	Consolidated As on 31.03.15
A	Outstanding for more than 6 months		
1	Secured, Considered good	637,913.33	598,299.51
2	Unsecured, Considered good	0.00	1,337,530.90
3	Doubtful	0.00	0.00
4	Less : Provision for doubtful debts	221,014.52	179,799.96
		416,898.81	1,756,030.45
B	Others		
1	Secured, Considered good	1,874.32	1,546.68
2	Unsecured, Considered good	1,356,294.82	1,110,575.07
3	Doubtful		
4	Receivable from GoM towards subsidy to Consumers	166,339.20	264,949.96
5	Less: Provision for doubtful trade receivables	-	-
		1,524,508.34	1,377,071.71
	TOTAL	**1,941,407.15**	**3,133,102.16**

NOTES ON ACCOUNTS FOR THE YEAR ENDED ON 31st MARCH 2016

NOTE - 23

CASH & CASH EQUIVALENTS

(₹ in Lacs)

Sr. No.	Particulars	Consolidated As on 31.03.16	Consolidated As on 31.03.15
1	Balance with Banks	65,840.74	50,375.99
2	Cash on Hand	59.89	109.95
3	Others Bank Balances	0.00	0.00
4	Collection/Disbursements Accounts	3,028.86	1,987.17
5	Cheques on hand	1,464.18	4,279.28
6	Fixed Deposits with bank	3,373.14	7.97
	TOTAL	**73,766.81**	**56,760.36**

NOTE - 24

CURRENT INVESTMENTS

(₹ in Lacs)

Sr. No.	Particulars	Consolidated As on 31.03.16	Consolidated As on 31.03.15
1	Investment in Government Securties	4,750.27	7,415.15
2	Fixed Deposits with Banks	3,467.25	172.50
3	Investment in Mutual Funds	1,176.73	163.07
	TOTAL	**9,394.25**	**7,750.72**

NOTE - 25

SHORT TERM LOANS AND ADVANCES

(₹ in Lacs)

Sr. No.	Particulars	Consolidated As on 31.03.16	Consolidated As on 31.03.15
A	**Security Deposits**		
1	Secured, Considered good	0.00	0.00
2	Unsecured, Considered good	8,167.37	8,799.27
3	Doubtful	0.00	0.00
		8,167.37	8,799.27
4	Less : Provision for Doubtful Debts	0.00	0.00
		8,167.37	8,799.27
B	**Related Parties**		
1	Secured, Considered good	0.00	0.00
2	Unsecured, Considered good	34,993.64	6,350.12
3	Doubtful	0.00	0.00
		34,993.64	6,350.12
4	Less : Provision for Doubtful Debts	0.00	0.00
		34,993.64	6,350.12

NOTES ON ACCOUNTS FOR THE YEAR ENDED ON 31st MARCH 2016

C	**Others**		
1	Advances recoverable in cash or in kind or for value to be received		
2	Secured, Considered good	0.00	0.00
3	Unsecured, Considered good	8,482.45	29,400.38
4	Doubtful	0.00	0.00
		8,482.45	29,400.38
5	Less : Provision for Doubtful Debts	0.00	0.00
		8,482.45	29,400.38
D	Advances for O & M Supplies/Works		
1	Secured, Considered good	0.00	0.00
2	Unsecured, Considered good	85,593.65	48,690.33
3	Doubtful	0.00	0.00
		85,593.65	48,690.33
4	Less : Provision for Doubtful Debts	0.00	0.00
		85,593.65	48,690.33
E	Advances for Coal /Fuel Supplies		
1	Secured, Considered good	0.00	0.00
2	Unsecured, Considered good	76,088.04	118,615.05
3	Doubtful	0.00	0.00
		76,088.04	118,615.05
F	Advance to Staff		
1	Secured, Considered good	4.40	5.41
2	Unsecured, Considered good	5,585.06	8,742.43
3	Doubtful	0.00	0.00
		5,589.46	8,747.84
G	Balance recoverable from Statutory Authorities		
1	Secured, Considered good	0.00	16.50
2	Unsecured, Considered good	6,455.39	52.49
3	Doubtful	0.00	0.00
		6,455.39	68.99
H	Prepaid Expenses		
1	Secured, Considered good	0.84	0.20
2	Unsecured, Considered good	3,202.32	559.88
3	Doubtful	0.00	0.00
		3,203.15	560.08
I	Claims receivable and other current assets		
1	Secured, Considered good	0.54	191.43
2	Unsecured, Considered good	63,085.54	50,648.29
3	Doubtful	0.00	0.00
		63,086.07	50,839.72
4	Less: Provision for Doubtful Debts	0.00	0.00
		63,086.07	50,839.72
	TOTAL	**291,659.22**	**272,071.79**

NOTES ON ACCOUNTS FOR THE YEAR ENDED ON 31st MARCH 2016

NOTE - 26

OTHER CURRENT ASSETS

(₹ in Lacs)

Sr. No.	Particulars	Consolidated As on 31.03.16	Consolidated As on 31.03.15
1	Assets held for sale	13,416.67	4,646.44
2	Unbilled revenue	257,730.50	561,927.26
3	Prepaid Expenses	6,678.93	4,496.32
4	Interest & other income receivable	1,758.74	2,090.58
5	Assets not in use	17.59	17.59
6	Capital Subsidy/ Grant Receivable	0.00	0.00
7	Amount recoverable from employees/Ex- employees	936.75	297.80
8	Recoverable from ITI	14,508.32	14,622.34
9	Employeers contribution from deputationist	78.68	75.65
10	Income Tax (net of provisions) P.Y	33,159.39	16,739.62
11	Income Tax (Net of Provisions) Current Year	4,950.17	2.56
12	Expenses Recoverable	188.56	411.45
13	Miscellaneous Amt Receivable	0.00	0.00
14	Regulatory Assets.	252,400.00	22,400.00
15	Others	973.91	918.69
16	TDS	0.34	3.04
17	Income Accured and Due	2,363.29	2,426.98
18	Income Accured and Not Due	167.10	201.07
19	other Claims & Receivables	146.26	3.30
20	Balance with CPF Trust	54.09	489.49
21	Recoverable from employees towards ITI training fees	66.58	89.02
22	MVAT Receivable	8,806.56	3,687.55
23	Other Receivable from Govt	164,845.73	46,533.20
24	Ancillary cost of arranging the borrowings	1.17	1.16
	TOTAL	**763,249.31**	**682,081.11**

NOTE - 27

REVENUE FROM OPERATIONS

(₹ in Lacs)

Sr. No.	Particulars	Consolidated As on 31.03.16	Consolidated As on 31.03.15
1	Revenue from sale of power	131,063.46	4,556.18
	less : Electricity duty and tax on sale of electricity	115.77	148.74
	Net Revenue from Sale of Power	130,947.69	4,407.44
2	Revenue Subsidy	164.24	167.28
3	Surcharge Income from consumers	0.00	0.00
4	Sale of rejected coals	1,689.79	256.08
5	Sale of Fly Ash	2,681.66	3,038.38
6	Less: Transferred to Fly Ash Utilisation Fund	-2,681.66	-3,038.38

NOTES ON ACCOUNTS FOR THE YEAR ENDED ON 31st MARCH 2016

7	Transmission charges recoveries	53,447.22	89,337.27
8	Transmission charges recoveries (goa)	5,913.10	2,057.85
9	Transmission charges recoveries (dadar nagar)	4,782.28	6,142.32
10	Open Access Charges	2,138.22	699.16
11	SLDC Charges	1,010.94	1,462.37
12	Rescheduling Charges	97.20	72.96
13	Revenue from Transmission Operations	2,902.90\	2,649.66
14	Service income under IRU contract	0.01	0.00
15	Contract revenue for last mile connectivity	6.66	0.00
16	LT-I - Residential	1,042,060.85	977,739.72
17	LT-II - Commercial	413,551.83	410,447.89
18	LT-III - Public Water Works	21,583.82	21,238.55
19	LT-IV - Agriculture	708,000.71	727,730.96
20	LT-V - Industrial	418,122.82	462,754.40
21	LT-VI - Street Light	52,071.87	51,928.88
22	LT-IV(A) - Grampanchayat Street Light	29,023.39	27,225.62
23	LT-VII(A) & LT VII (B) - LT Temporary	2,485.09	3,210.30
24	LT-VIII - Advertising and Hoarding	725.76	693.02
25	LT-IX- Crematoriums and Burial Grounds	63.46	46.48
26	LT-Public Services	24,361.82	20,384.05
27	HT-I- Industrial	1,506,338.32	1,805,922.28
28	HT-II-Commercial	229,243.89	249,044.11
29	HT-III-Railway Traction	72,196.57	128,385.30
30	HT-IV- Public Water Works	73,955.67	74,225.66
31	HT-V-Agricultural	34,725.79	31,120.62
32	HT-VI- Group Housing /Commercial Complex	15,241.11	14,901.63
33	HT-VIII(A) & HT VIII (B) - LT Temporary	626.67	937.22
34	HT X -Port	6,604.48	8,412.68
35	HT-Public Services	76,750.64	75,053.04
36	HT - Monorail	0.00	0.00
37	HT - Auxiliary	0.00	0.00
38	Sale of Energy to Other State (Inter State)	0.00	0.00
39	Open Access Category	67,805.54	38,007.31
40	Supply in bulk to others	0.00	0.00
41	Sale of energy to Distribution Franchis	272,281.01	363,127.73
42	Sale of energy to licensees giving st&b	0.00	0.00
43	Supply in bulk to others	0.00	0.00
44	RKVH Charges (Wind) Recovery	0.00	0.00
45	Recoveries from Theft of Power/Malpractice	5,269.59	6,730.54
46	Sale to Traders	21,135.31	18,851.60
	Other Operating Revenue		
1	Wheeling Charges Recoveries	99.87	286.30
2	Standby charges	40,169.30	44,816.89
3	Open Access Charges	348.79	998.74
4	Processing fee for Open access consumers	548.99	158.60
5	Miscellaneous charges from consumers	5,080.56	7,964.77
6	Revenue from Opearating subsidy & grant	0.00	0.00
7	Service Line Rentals	36.57	0.00

NOTES ON ACCOUNTS FOR THE YEAR ENDED ON 31st MARCH 2016

8	Short termOAC as perMOUbetweenMSEDCL&Po	-23.69	0.00
9	Line Maintenance Charges	235.22	395.51
10	Bank charges collected from consumers	15.34	0.00
11	Regulatory Surplus/(Deficit)	230,000.00	-17,178.92
	TOTAL	**5,573,837.21**	**5,662,813.83**

NOTE - 28

OTHER OPERATING INCOME (₹ in Lacs)

Sr. No.	Particulars	Consolidated As on 31.03.16	Consolidated As on 31.03.15
1	Scale of Scrap	383.63	1,446.48
	TOTAL	**383.63**	**1,446.48**

NOTE - 29

OTHER INCOME (₹ in Lacs)

Sr. No.	Particulars	Consolidated As on 31.03.16	Consolidated As on 31.03.15
1	Interest Income :	187,928.04	110,854.08
	Other Non Operating Income		
1	Income from Rent, Hire Charges,etc	1,020.82	1,562.21
2	Profit from sale of assets/stores/scarp	3,597.40	5,796.44
3	Sale of tender forms	970.36	820.44
4	Sundry credit balance write back	2,242.82	1,800.17
5	Other receipts	23,849.83	14,710.86
6	Gain on foreign exchange variation (net)	6.51	23,969.08
7	Miscellaneous Receipts	9,267.25	11,108.68
8	Interest on IT refund	0.00	168.14
9	Excess provision written back	0.00	0.00
10	Open Access charges	0.00	0.00
11	Rebate on prompt payment to bulk power supplier	7,340.91	6,738.98
12	Delayed Payment Charges from Consumers	26,884.77	22,757.53
13	Cash Discount Received	948.58	0.84
14	Sale of Scrap	0.00	0.00
15	Depreciation transferred on assets created from Consumer contirbution Grants, Subsidy	0.00	0.00
16	Income transferred from deferred income	0.00	0.00
17	Prior Period Items	0.00	0.00
18	Contributions, Grants and Subsidies towards Cost of Capital Assets	59,276.65	45,530.56
19	Gain on sale of Current Investments	65.34	12.04
	TOTAL	**323,399.28**	**245,830.05**

NOTES ON ACCOUNTS FOR THE YEAR ENDED ON 31st MARCH 2016

NOTE - 30

COST OF MATERIAL CONSUMED

(₹ in Lacs)

Sr. No.	Particulars	Consolidated As on 31.03.16	Consolidated As on 31.03.15
1	Coal	1,046,474.32	1,072,042.50
2	Gas	74,752.11	97,502.18
3	Oil	11,794.26	33,251.01
4	Water	4,495.43	15,428.18
	Power Purchase		
1	Power Purchase	1,931,277.26	1,961,108.12
	Power Purchase from Central Sector		
1	Overinjected Units by Open Access Generators	0.00	0.00
2	Non Conventional Sources	532,461.81	471,157.50
3	Transmission Charges	357,195.52	272,531.55
	TOTAL	**3,958,450.71**	**3,923,021.05**

NOTE - 31

EMPLOYEE BENEFIT EXPENSES

(₹ in Lacs)

Sr. No.	Particulars	Consolidated As on 31.03.16	Consolidated As on 31.03.15
1	Salaries, allowances, bonus etc.	289,794.14	272,687.96
2	Contribution to provident funds	18,049.35	14,714.72
3	Staff Welfare expenses	3,990.85	2,045.76
4	Other Staff Costs	4,481.45	12,647.28
5	Leave Encashment Scheme	13,798.32	38,941.51
6	Grautity	19,491.84	32,508.73
7	Overtime	5,059.13	3,556.17
8	Dearness Allowance	142,746.40	129,478.43
9	Other Allowance	28,513.97	29,182.80
10	Special Pay	5.54	25.96
11	Ex. Gratia Payment	6,233.08	5,747.22
12	Medical Expenses Reimbursement	7,134.46	1,340.37
13	Expenditure on Outsourced employees	18,457.77	16,289.14
14	Terminal Benefits	122,627.11	162,873.92
15	Provision for Shortfall in Plan assets	0.00	0.00
		680,383.39	**722,039.96**
16	Less: Employees cost capitalised	42,957.81	38,458.25
	TOTAL	**637,425.58**	**683,581.71**

NOTES ON ACCOUNTS FOR THE YEAR ENDED ON 31st MARCH 2016

NOTE - 32

REPAIR & MAINTAINANCE EXPENSES

(₹ in Lacs)

Sr. No.	Particulars	Consolidated As on 31.03.16	Consolidated As on 31.03.15
1	Plant & Machinery	59,694.98	96,763.03
2	Buildings	7,668.08	6,086.89
3	Vehicles	120.10	128.18
4	Others	10,212.20	9,167.87
		77,695.36	112,145.98
5	Less : Repairs & Maintainance expenses capitalised	-50.11	306.14
	TOTAL	**77,645.25**	**111,839.84**

NOTE - 33

ADMINISTRATION & GENERAL EXPENSES

(₹ in Lacs)

Sr. No.	Particulars	Consolidated As on 31.03.16	Consolidated As on 31.03.15
1	Rent	3,028.48	4,206.90
2	Lease rent	54,899.32	55,833.84
	Repairs & Maintainance		
1	Plant & Machinery	75,011.02	74,139.67
2	Building	603.39	406.85
3	Ash Handling Expenses	3,262.94	4,312.72
4	Repairs & Maintainance - others	113.03	53.45
5	Insurance Charges	1,493.18	1,607.43
6	Rates & Taxes	2,104.08	1,908.07
	Others -		
1	Advertisment Charges	1,213.10	786.19
2	Lubricants, consumables stores and station supplies	5,784.97	8,528.49
3	Freight Charges	2,616.88	2,487.15
4	Government Inspection Fees	0.92	0.15
5	Electricity Charges	4,301.56	9,201.70
6	Octroi Charges	22.03	53.55
7	Postage Telephone & Telex	2,870.58	3,204.44
8	Printing & Stationery	1,621.79	1,547.05
9	Security Expenses	4,792.29	4,635.36
10	Travelling & Conveyance	2,938.54	2,683.02
11	Upkeep of Office	2,331.57	2,129.79
12	Vehicle Running & Maintainence Exp.	1,624.91	1,747.40
13	Expenditure on Hire	6,094.85	4,991.86
14	Water charges	906.42	1,096.08

NOTES ON ACCOUNTS FOR THE YEAR ENDED ON 31st MARCH 2016

15	Legal & Professional Charges	3,022.28	2,219.18
16	Auditor's Remuneration	190.12	163.06
17	Consutancy Charges	208.42	230.64
18	Technical Fees	161.67	194.49
19	Other Professional Charges	1,695.71	823.03
20	Remuneration to Chairperson / members (consumer grievance redressal)	132.44	126.50
21	Membership & Subcription Fees	4,144.22	4,248.04
22	Books & Periodicals	13.58	14.68
23	Directors' Sitting Fees	0.00	0.15
24	Filing Fees	0.00	0.30
25	Service Tax	0.00	0.02
26	Profession Tax	0.00	0.00
27	Expenditure on Computer Biliing & EDP Charges	6,999.51	8,591.43
28	Expenditure on Consumers Billing	14,252.29	11,068.08
29	Bank Commission for collection from consumers	7,379.34	7,536.79
30	Security Measures for safety & protection contract basis	9,132.27	6,495.25
31	Remuneration to Recovery Officer/Inspector	0.00	0.00
32	Fees for Board's Installations	21.02	149.33
33	Entertainment Expenses	0.00	0.00
34	Expenditure on Meetings, Conferences, etc	207.17	163.33
35	Commision to Agents	2,308.95	849.71
36	Other Bank Charges	321.71	906.01
37	Bad Debts	0.00	0.12
	Interest as per BMC Directives	12.66	0.00
38	Contirbution towards assets not owned by company / CSR expenditure	5,072.33	4,607.15
39	Provsison for doubtful debts	5,637.19	1,289.14
40	Other General Expenses	14,902.78	25,636.64
41	Compensation for injuries, death & damages to staff	0.00	0.00
42	Compensation for injuries, death & damages to outsiders	0.00	0.00
43	Loss on Fixed Assets Sold/Scrapped	0.00	0.25
44	Loss on Obsolescence of Fixed Assets	3,649.61	251.86
45	Foreign Exchange Loss	13,843.26	0.00
46	Sundry Expenses (Including refunds)	0.00	0.00
47	Miscellaneous losses and provisions	31.61	397.02
48	Licence & Application Filing Fees	7.30	4.44
49	Corporat Social Responsibility Expenses	13.18	15.31
50	Revenue Share to MSETCL	0.33	0.00
51	Net Prior Period Gain/ (Loss)	0.00	0.00
		270,996.77	**261,543.09**
52	Less : Repairs and Maintainence expenses capitalised	0.00	0.00
53	Administration expenses capitalised	8,492.66	5,575.91
54	Expenses transferred to Fly Ash Utilisation Fund	2,681.66	3,038.38
	TOTAL	**259,822.46**	**252,928.81**

NOTES ON ACCOUNTS FOR THE YEAR ENDED ON 31st MARCH 2016

NOTE - 34

OTHER EXPENSES (₹ in Lacs)

Sr. No.	Particulars	Consolidated As on 31.03.16	Consolidated As on 31.03.15
I	**Bad & Doubtful Debts W/o provided for**		
1	Bad & Doubtful Debts Provided for dues from Consumers	42,821.42	34,729.62
2	Bad Debts Written off - Dues from Consumers	0.00	0.00
3	Less: Bad Debts w/off against provision for doubtful debts	0.00	0.00
4	Net Bad Debts w/off - dues from consumers	0.00	0.00
5	Bad debts written off Advance to supplier / contractor	0.00	0.00
II	**Miscellaneous Losses & W/o**		
1	Loss of Materials by Pilferage, etc	0.00	6.96
2	Loss on obsolescence of Fixed Assets	2.80	1.40
3	Loss on obsolescence of Stores	0.00	0.00
4	Loss on account of natural calamities	832.98	1,026.09
5	Compensation for injuries, death and damages to staff	356.08	270.03
6	Compensation for injuries, death and damages to outsiders	746.98	602.70
III	**Sundry Expenses**		
1	Intangible Assets W/o	120.57	0.00
2	Non moving items provision	630.03	195.09
3	Small and Low value items written off	0.81	1.86
4	Refund of RLC	483.06	4,605.95
5	Refund of ASC	74.20	170.75
6	Interest on FAC write off DPC of Abhay Yojana	0.00	0.00
7	MVAT Credit Disallowance /Withdrawal	4.66	50.54
8	Concession and subsidies	9.38	0.00
	TOTAL	**46,082.98**	**41,660.98**

NOTE - 34 A (₹ in Lacs)

Sr. No.	Particulars	Consolidated As on 31.03.16	Consolidated As on 31.03.15
1	Prior Period Expenses	63,406.49	95,421.62
2	Prior Period Income	53,598.09	213,514.93
	TOTAL	**9,808.40**	**-118,093.31**

NOTE - 35

FINANCE COSTS (₹ in Lacs)

Sr. No.	Particulars	Consolidated As on 31.03.16	Consolidated As on 31.03.15
	Interest on		
1	State Government Loans	1,160.64	15,379.18
2	Other Loans/Other Finance Costs	324,062.97	325,470.70

NOTES ON ACCOUNTS FOR THE YEAR ENDED ON 31st MARCH 2016

3	Borrowing for working capital	102,182.75	71,157.48
4	Consumers' security deposit	0.00	0.00
5	Discounts & Incentives	24,912.16	24,610.32
6	Interest on CPSU Dues PP	0.00	671.46
7	Interest on CPSU Dues Coal	0.00	843.70
	Other Interest & Penalties	141,901.56	148,465.94
		594,220.09	**586,598.78**
	Other Borrowing Costs		
1	Government Guarantee fees/charges	227.47	601.10
2	Guarantee Charges	1,350.26	2,558.14
3	Miscellaneous Financial Costs	1,470.30	1,140.41
4	Cost of raising finance	1,919.10	155.59
		4,967.13	4,455.23
5	Less : Interest & Finance Charges capitalised	26,789.68	29,666.69
	Others	**0.87**	**0.00**
	TOTAL	**572,398.41**	**561,387.32**

NOTE - 36

EXCEPTIONAL ITEMS

(₹ in Lacs)

Sr. No.	Particulars	Consolidated As on 31.03.16	Consolidated As on 31.03.15
1	Exceptional Items	-2,475,052.74	-100,354.26
	TOTAL	**-2,475,052.74**	**-100,354.26**

NOTE - 37

TAX EXPENSES

(₹ in Lacs)

Sr. No.	Particulars	Consolidated As on 31.03.16	Consolidated As on 31.03.15
1	Tax Expense for Current Year	5,586.88	94,609.91
2	Tax Expense for Previous Year	0.00	0.26
3	Wealth Tax	0.00	4.11
	TOTAL	**5,586.88**	**94,614.28**

NOTE - 38

DEFFERED TAX

(₹ in Lacs)

Sr. No.	Particulars	Consolidated for the Year ended on 31.03.16	Consolidated for the Year ended As on 31.03.15
1	Deffered Tax Expense	13,014.87	37645.11
	Total	**13,014.87**	**37645.11**

FOOT NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

39 BACKGROUND

39.1 The 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.

Highlights of FRP

a) The 'Government of Maharashtra' under the powers reserved by it made the following adjustments to the original 'provisional transfer scheme' for its finalisation:

I. The transfer of the assets and liabilities hitherto held by the 'Maharashtra State Electricity Board' and taken over by the 'Government of Maharashtra' in terms of Notification dated 04 June 2005 No. Reform. 1005/CR-9061/ (1)/NRG-5 to be transferred to the respective transferees mentioned at the market value prevailing on 05 June 2005.Pursuant to this the value of the Net Fixed Assets of the successor companies as on 06 June 2005 increased by Rs 62,600 crores on an aggregate basis as notified vide GR No.Reform2010/Pr.Ka.117/Urja-3 by GOM.

II. The interest of GOM in MSEDCL, MSPGCL and MSETCL to increase and to be reflected by way of issue of Equity shares as detailed here under in point no VI, by the three successor companies namely MSEDCL, MSPGCL and MSETCL to MSEBHCL.

III. The consequential increase in the value of assets held by MSEBHCL to the extent of assets transferred to the three operative companies to be treated as Equity Share Capital to Government of Maharashtra.

IV. Further, as per Notification No. Reform. 1005/CR-9061/(2)/NRG-5; following liabilities of erstwhile Maharashtra State Electricity Board were taken over by Government of Maharashtra against Equity Share Capital of MSEBHCL.

(₹ in Crores)

Sr. No.	Particulars	Liabilities as on 05.06.2005
1	State Government loan	3,098
2	Central Plan Allocation	603
3	CPSU Dues Coal	567
4	CPSU Dues Power Purchase	451
5	GOM loans	912
	Total:	**5,632**

V. Further, Equity to be allotted to Government of Maharashtra by MSEB Holding Company Ltd., against Share application money pending allotment amounting to Rs. 8,254 crores as on the date of restructuring of MSEB Board.

VI. Summarised impact of FRP: The total Equity Share Capital of the Government of Maharashtra is Rs.76,486 crores as under:

Sr. No	Particulars	(Rs. in Crores)
a)	Additional Equity to be issued to GOM on account of transfer of Liabilities as on 05/06/2005.	5,632
b)	Impact of valuation of Fixed Assets	
	MSEBHCL	1,397
	MSPGCL	15,111
	MSETCL	6,289
	MSEDCL	39,804
	Total	**62,600**
c)	Share Application Money Pending Allotment to GOM pending in the books of MSEBHCL since trifurcation	8,254
	Total Equity Capital with GOM (due to FRP) as on 31.03.16(a+b+c)	76,486

39.2 The assets and liabilities reflected in the books as at 31.03.2016 includes balances inherited pursuant to the Provisional Transfer Scheme as on 06.06.2005 that have been accounted in the financial statements. The nomenclature in the financial statements is as per erstwhile MSEB.

Allocation of the opening balances as on 06.06.2005 has been done into five restructured entities namely Maharashtra State Power Generation Company Ltd. (MSPGCL), Maharashtra State Electricity Transmission Company Ltd. (MSETCL), Maharashtra State Electricity Distribution Company Ltd. (MSEDCL), MSEB Holding Company Ltd., (MSEBHCL) and MSEB (Residual Board) on the basis of audited balances of erstwhile MSEB as on 05.06.2005. The allocation of balances has been approved by GOM vide GR NoNo.Reform2010/Pr.Ka.117/Urja-3dated 31.03.2016. Certain opening balances, allocated to the company as detailed in point no 2.4, which could not be identified have been apportioned to the Subsidiaries as per MOU dated 08.06.2009.

39.3 MSEB (Residual Board) is no more in existence. Certain liabilities which were shown under MSEB (Residual Board) were taken over by the GOM at the time of restructuring. The repayment of such liabilities was done by the GOM through MSEBHCL. The Company merely did the servicing of such liabilities out of monies received from GOM till 31.03.2016. The balance of Rs. 57.46 lacs lying in the account is the amount payable to the bond holders who could not be identified / traced. The said balance should be transferred to GOM for doing the needful.

39.4 Several other liabilities amounting to Rs. 31,893.50 lacs assets amounting to Rs. 333,097.92 lacs and reserves amounting to Rs 26,518.69 lacs of erstwhile MSEB, which were not covered in the Cabinet Note dated 20th May 2005 and temporarily parked in the books of MSEBHCL at the time of restructuring of MSEB, have been transferred to the subsidiaries for appropriate treatment in their books.

The above stated liabilities/assets have been categorised as specific liabilities/assets and common assets/liabilities. Specific liabilities amounting to Rs. 23,000.56 lacs and specific assets amounting to Rs. 332,195.51 lacs are those, which are clearly identifiable from the nomenclature and have been transferred to the subsidiaries, to whom they belong. Common liabilities amounting to Rs. 8,892.94 lacs and Common assets amounting to Rs. 902.41 lacs and Common reserves amounting to Rs. 26,518.69 lacs are unidentifiable liabilities/assets and are distributed in the ratio MSEDCL 60%, MSPGCL 25% and MSETCL 15%. The ratio has been adopted on the basis of the MOU dated 8th June 2009 entered into between the MSEBHCL and the Subsidiary companies.

39.5 Merger of Maharashtra State Electric Power Trading Company Ltd (MSEPTCL) with MSEBHCL:

During the financial year 2012-13, vide Board resolution dated 12/07/12 the Company had applied to the Hon Bombay High Court in terms of Section 391-394 of Companies Act, 1956 for scheme of amalgamation of MSEPTCL and MSEBHCL. As per the proposed scheme all the assets and liabilities of MSEPTCL were to be transferred to MSEBHCL. The Hon Bombay High Court dismissed the application on 13/12/2013 due to non-tenability of the petition before the Hon'ble Bombay High Court. Subsequent to the same the Company had made an application to the Ministry of Corporate Affairs on 29/01/2014 for the approval. The MCA had requested to make a fresh application on 07/05/2014. In view of the same a fresh application was made to MCA. The same was heard by MCA on 24/04/2015. After considering the representations made by both the Companies, MCA sanctioned the scheme of amalgamation with retrospective effect from 01/04/2015vide order number 24/2/2014 - CL - III dated 16/07/2015.

Para 5.3.1 of the proposal for amalgamation states as follows:

1) Upon coming into effect of this Scheme, statement of accounts as on the date immediately preceding the appointed date shall be drawn up on the basis of books of accounts of MSEPTCL, as audited by the auditors, in respect of the assets and liabilities of MSEPTCL to be transferred to MSEBHCL pursuant to this scheme in its books of accounts. Such statement of account shall be drawn up considering the book value of the assets and liabilities of MSEPTCL.

The paid up share capital of MSEPTCL held by MSEBHCL in its own name or in the name of its nominees, shall be deemed to be the consideration for the transfer.

The accounting treatment will be in compliance with the accounting standard 14 laid down by the Institute of Chartered accountants of India or other accounting standards as may be applicable at the relevant time.

2) No amendment shall be made to this order without approval of Central government.

3) This scheme will be binding on the shareholders and creditors of MSEPTCL and MSEBHCL with effect from 01/04/2015.

4) All property, rights and powers, liabilities and duties of MSEPTCL shall be transferred without further act or deed to MSEBHCL in accordance with the scheme.

5) All proceedings pending against MSEPTCL shall now be continued by or against MSEBHCL.

6) Both the Companies shall subject to the provisions of the Companies Act , 1956 apply Accounting Standard 14 as laid down in the Accounting Standard rules , 2006 notified by Government of India.

Thus, in adherence to the said sanctioned scheme of amalgamation, necessary accounting treatment has been given in the books of the Company during the financial year 2015-2016 under the relevant heads.

40 RESERVES AND SURPLUS

40.1 In respect of MSEBHCL:

i) The balances of Reserve & Reserve Funds pertaining to MSEBHCL amounting to Rs NIL (P.Y. Rs 26,518.69 lacs) are the opening balances in the financial statements of the Company as on 06-06-2005, as notified vide GR No.Reform2010/Pr.Ka.117/Urja-3 of the Provisional Transfer Scheme. The purpose of creating such reserves is not known. As the FRP has been approved by the GOM the said balances of erstwhile MSEB, which were temporarily parked in the books of the Company as detailed in Note no 2 point no 4 , have been transferred to the subsidiaries for appropriate treatment in their books of accounts.

ii) MSEPTCL has been merged with the Company as stated in Note no 38.5 – “Merger” and hence its profits amounting to Rs 493.06 lacs have been merged with Surplus /Deficit in Statement of Profit & Loss.

40.2 In respect of MSETCL:

i) Contingency Reserve and Special Reserve:

As per directions of MERC vide Order No. 31 of 2016 dated 7th July, 2016, the company for FY 2015-16 has appropriated an amount of Rs. 5149 Lacs (Previous Year Rs. 4820 Lacs) towards Contingency Reserve. In addition, Rs. 52 Lacs has also been appropriated in FY 2015-16 towards differential amount of Contingency Reserve for FY 2014-15.

Furthermore, an amount of Rs. NIL (Previous Year Rs. 6070 Lacs) has been appropriated towards Special Reserve.

As the said MERC Order was received after 31.03.2016 but before finalization of Balance Sheet, impact of such Order has duly been given in the accounts for FY 2015-16.

41 SHARE APPLICATION MONEY

i) Includes Rs 75,598 lacs (P.Y. Rs 74,631.63 lacs) represents Share Application money of GOM directly paid by the GOM to MSPGCL during the year.

ii) Includes Rs 33,700 lacs (P.Y.Rs 25,500 lacs) represents Share Application Money of GOM directly paid by GOM to MSEDCL during the year.

During the year company has issued 77,914,476,163 shares (P.Y. 5,880,579,200) of Rs 10/- each amounting to Rs 7,791,447.62 lacs (P.Y. Rs 588,067.92 lacs) to the GOM, which includes 76,485,709,863 shares of Rs 10/- each amounting to Rs. 7,648,570.99 lacs, issued as per approved FRP as detailed in Note No 2 – " Highlights of FRP " VI.

iii) Out of the share application money pending allotment of Rs 109,298 lacs amount of Rs 23,179 lacs is pending for allotment for more than 60 days as on 31-03-2016.

42 LONG TERM BORROWINGS (SECURED LOANS):

42.1 In respect of MSPGCL

Details of loans are given in Annexure A (Long term Borrowings)

The Charge/ Mortgage created against assets of the Company as securities in respect of the loans, taken by the erstwhile Maharashtra Electricity Board, which are subsequently transferred to the Company on 6th June , 2005 pursuant to the transfer scheme notified by the State Government , continues to be valid and binding on the Company. (Refer Annexure A)

42.2 In respect of MSETCL (₹ in Lacs)

Loan Secured By				
Name of the Institution	**Guarantee from State Government**	**Hypothecation against future assets**	**Mortgage against existing assets**	**Total**
REC	NIL	383,839.00	-	383,839.00
PFC	475	235,243.00	-	235,718.00
Union Bank of India	-	11,281.00	-	11,281.00
Bank of Baroda	-	8,845.00	-	8,845.00
IFC	-	---	16,816.00	16,816.00
OBC	-	8,238.00	-	8,238.00

NOTES ON ACCOUNTS FOR THE YEAR ENDED ON 31st MARCH 2016

Repayment Schedule of Long Term Loan Liabilities

Particulars	**Rural Electrification Corporation**	**Power Finance Corporation**	**Union Bank of India**	**Bank of Baroda**	**IFC**	**JICA**	**OBC**
Nature of 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 Lacs	Rs 26400.00 Lacs	Rs 24460.00 Lacs	Rs 61849.00 Lacs (16749 million Yen) (12070.58 million Yen)	Rs 27673.00 Lacs
Period (Term)	13 Years (3+10)	17 Years (2+15)	15 Years (2+13)	15 Years (2+13)	11 Years (3+8)	15 Years (5+10)	10 years
Moratorium Period	3 Years	2 Years	2 Years	2 Years	3 Years	5 Years	
Repayment	Repayment is ongoining	Repayment is ongoining	Repayment is Started	Repayment is Started	Repayment is Started	Repayment is Started	Repayment is Started
Purpose of Use	Capex Funding	Capex Funding	Capex Funding	Capex Funding	Capex Funding	Capex Funding	Debt Restructuring
Rate of Interest (Floating)	12.00%	12.00%	11.25% p.a. With monthly rest & with annually reset	11.00% p.a. With monthly rest & with annually reset	10.88%	0.75%	10.30%
Terms of Payment	Yearly	Quarterly	156 monthly Instalment	156 monthly Instalment	Semi Annually	Semi Annually	Quarterly & yearly
Upfront Fees	Upto 500 Cr - Nil Above 500 Cr - 0.01 %	Upto 500 Cr - Nil Above 500 Cr - 0.01 %	Nil	Nil	1% of the Loan Sanctioned	Nil	Nil

NOTES ON ACCOUNTS FOR THE YEAR ENDED ON 31st MARCH 2016

	of loan amount	of loan amount					
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 the first day of following Quarter till the Actual Date of Draw	Nil	Nil	0.50% of the undrawn amount of Loan has not been disbursed	Nil	Nil
Margin Money Requirement (Equity)	20.00%	20.00%	20.00%	20.00%	20.00%	VAT,CST / ED Paid by MSETCL	Nil

Foreign Currency Loan

Loan Secured by	JICA (Rs.) in Lacs	JICA (¥) in Million	Total (Rs.) Lacs
Guarantee from Central Gov.	38,481.61	6,567.18	38,481.61

42.3 In respect of MSEB Holding Co. Ltd

UNSECURED LOANS:

1) State Government Loans:

i) Out of Rs 522,069.27 lacs shown as previous years balance:

State Government loans of Rs Nil (P.Y.Rs 274,182.11 lacs) represented opening principle amount of loans of erstwhile MSEB transferred under Provisional Transfer Scheme now finalised as notified vide GR No.Reform2010/Pr.Ka.117/Urja-3 dated 31-03-2016 and the said liability has been satisfied by issue of Equity Shares to GOM as stated in Note No 2 – " Highlights of FRP " V.

ii) State Government loans of Rs Nil (P.Y.Rs 37,364.72 lacs)represented opening balance of interest on State Government loans of erstwhile MSEB transferred under Provisional Transfer Scheme now finalised

NOTES ON ACCOUNTS FOR THE YEAR ENDED ON 31st MARCH 2016

as notified vide GR No.Reform2010/Pr.Ka.117/Urja-3 dated 31-03-2016 and the said liability has been satisfied by issue of Equity Shares to GOM as stated in Note No 2 – " Highlights of FRP " V.

iii) State Government Loans of Rs Nil (P.Y.Rs 7,593 lacs) represented intercompany adjustments (inter branch Adjustments) which was received from MSPGCL during the year 2010-2011. The Adjustments were supported by Government resolution vide GR No VPA 2006/PK-565/URJA-3 dated 30-03-2007 and VPA- 2007/PK-98/URGA-3 dated 29-06-2007 which stated that the State Government would finance Rs. 10186 lacs to MESBHCL in form of loans to pay the Central Government liability of Rs. 101859.40 lacs. The GR also stated that the above said amount of Rs. 7,593 lacs was in form of adjustment between MSPGCL and the State Government. The same had been accounted for in the books of accounts of MSPGCL and MSEBHCL during the year 2010-2011. As the State Government Loans have been taken over by the GOM as per approved FRP, the said loan/liability has been transferred back to MSPGCL. The interest amounting to Rs. 6,913.69 lacs provided on the said loan for the period 01-04-2010 to 31-03-2014 has been written back in the accounts as an exceptional income.

iv) Interest on State Government Loans Rs. Nil (P.Y.Rs. 190,657.77 lacs) represented interest provided on State Government loan for the period 05-06-2005 to 31-03-2014. On approval of FRP the State Government loans have been taken over by the GOM against equity but the interest provided for the period from 05-06-2005 to 31-03-2014 has not been taken over by the GOM and has been written back in the accounts as an exceptional income.

v) Interest on State Government Loan Rs. Nil (P.Y. Rs. 5,357.66 lacs) represented opening balance of interest on State Government loans of erstwhile MSEB transferred under Provisional Transfer Scheme now finalised as notified vide GR No.Reform2010/Pr.Ka.117/Urja-3 dated 31-03-2016. The said interest liability which was not taken over by the GOM has been written back in the accounts as an exceptional income.

vi) Interest on Nabard Rs. Nil (P.Y.Rs. 0.33 lacs) represented interest on Nabard of erstwhile MSEB transferred to the Company at the time of restructuring. On finalisation of FRP the said interest which was not taken over by the GOM has been written back in the accounts as prior period income.

2) CPSU Dues Power Purchase:

i) Out of Rs. 58,709.97shown as previous years balance:

CPSU Dues Power Purchase loan Rs. Nil (P.Y.Rs. 33,855.51 lacs) represented opening balance of loan of erstwhile MSEB transferred under Provisional Transfer Scheme now finalised as notified vide GR No.Reform2010/Pr.Ka.117/Urja-3 dated 31-03-2016 and the said liability has been satisfied by issue of Equity Shares to GOM as stated in Note No 2 – " Highlights of FRP " V.

ii) Interest provided on CPSU Dues Power Purchase loan as stated in point i) above, Rs. Nil (P.Y.Rs. 24,854.46 lacs) represented interest for the period 05-06-2005 to 31-03-2014. On approval of FRP the CPSU Dues Power Purchase loan has been taken over by the GOM against equity but the interest provided for the period from 05-06-2005 to 31-03-2014 has not been taken over by the GOM and has been written back in the accounts as an exceptional income.

3) CPSU Dues Coal :

Out of Rs. 83,957.31 lacs out of previous years balance:

i) CPSU Dues Coal loan Rs. Nil (P.Y.Rs 42,539.31 lacs)represented opening balance of loan of erstwhile MSEB transferred under Provisional Transfer Scheme now finalised as notified vide GR No.Reform2010/Pr.Ka.117/Urja-3 dated 31-03-2016 and the said liability has been satisfied by issue of Equity Shares to GOM as stated in Note No 2 – " Highlights of FRP " V.

NOTES ON ACCOUNTS FOR THE YEAR ENDED ON 31st MARCH 2016

ii) Interest provided on CPSU Dues Coal loan as stated in point (i) above, Rs. Nil (P.Y.Rs 41,418.01 lacs)represent for the period 05-06-2005 to 31-03-2014. On approval of FRP the CPSU Dues Coal loan has been taken over by the GOM against equity but the interest provided for the period from 05-06-2005 to 31-03-2014 has not been taken over by the GOM and has been written back in the accounts as an exceptional income.

42.4 In respect of MSPGCL

i) In case of MCL, Unsecured loans have been taken from holding Companies namely Maharashtra State Power Generation Company Limited amounting to Rs. 3,337 lacs and from Gujarat State Electricity Corporation Limited amounting to Rs. 2,215 lacs totalling to Rs. 5,552 lacs.

ii) In case of MAMSL, loans have been taken from holding Company namely Maharashtra State Power Generation Company Limited amounting to Rs. 13 lacs.

Note No : 42

Long Term Borrowings (Annexure A)

(₹ in Lacs)

Sr. No	Particulars of Lender	Nature of loan	Loan to be repaid within 1 year treated as current liability	Net long term borrowings	Mode of Repayment	Rate of Interest	Nature of security
1	PFC	New Parali Expasion Project Enhancement of Loan Amount	6,444.00	2,441.00	40 equal quarterly installments : commenced from July 2007	12.25%	Hypothecation of Steam Generator and Accessories of New Parli TPS Unit 1
2	PFC	PARAS TPS EXTENSION 1x250 M.W.COAL BASED POWER PROJECTAT PARAS	8,820.00	17,641.00	48 equal quarterly installments : commenced from April 2007	12.25%	Mortgage/ Hypothecation of Future assets to be created for project together with Land
3	PFC	NEW PARLI EXPANSION PROJECT UNIT 2	7,127.00	64,140.00	60 equal quarterly installments :- commenced from April 2011	11.65% - 12.00%	Mortgage/ Hypothecation of Future assets to be created for project together with Land
4	PFC	PARAS EXPANSION PROJECT UNIT 2	8,830.00	79,474.00	60 equal quarterly installments :- commenced from April 2011	11.65% - 12.00%	Mortgage/ Hypothecation of Future assets to be created for project together with Land
5	PFC	KHAPERKHADA TPS EXPANSION PROJECT	12,929.00	211,175.00	60 equal quarterly installments :- commencing from July 2016	12.25%	Mortgage/ Hypothecation of Future assets to be created for project together with Land
6	PFC	KORADI TPS EXPANSION PROJECT	0	750,400.00	60 equal quarterly installments : Commencing from July 2018	11.65% - 12.25%	A first pari-passu charge on all the movable & immovable assets of 3x660 MW Koradi Expn TPS including movable machinery, machinery spares, tools & accessories & material ate project site, both present & future with a coverage of 1.25 times.
7	PFC	VARIOUS R&M ACTIVATES OF CHANRAPUR TPS	144.00	0	40 equal quarterly installments : commenced from October 2006	8.85%	
8	PFC	RENOVATION,MODERNISATION &LIFE EXTENSION OF 500 MWKOYANA HYDRO POWER STATION	504.00	0	40 equal quarterly installments : commenced from April 2007	8.85% to 9.50%	
9	PFC	PROCUREMENT OF ROTOR	82.00	41.00	40 equal quarterly installments : commenced from January 2008	12.00%	
10	PFC	R & M OF CHANDRAPUR TPS	1,114.00	278.00	40 equal quarterly installments : commenced from July 2007	12.25-12.50%	

11	PFC	PROCUREMENT OF SIMULATOR FOR 500 MW UNITS AT CHANDRAPUR TPS	36.00	9.00	40 equal quarterly installments : commenced from July 2007	12.25%	Hypothecation of MSPGCL assets of SG & TG and other BHEL Package amounting to RS 380 Crores of Parli unit I (1x250 MW) TPS of MSPGCL, located at Vaijnath,
12	PFC	PROCUREMENT OF GENERATOR STATOR - BHUSAWAL TPS	143.00	36.00	40 equal quarterly installments : commenced from July 2007	12.00%	Hypothecation of MSPGCL assets of SG & TG and other BHEL Package amounting to RS 380 Crores of Parli unit I (1x250 MW) TPS of MSPGCL, located at Vaijnath,
13	PFC	REPLACEMENT OF EXISTING OPERATING SYSTEM (OS) & INFORMATION SYSTEM (IS) FOR WASTE HEAT RECOVERY UNIT I & II (2X120MW) GTPS URAN	10.00	5.00	40 equal quarterly installments : commenced from October 2007	12.00%	Hypothecation of MSPGCL assets of SG & TG and other BHEL Package amounting to RS 380 Crores of Parli unit I (1x250 MW) TPS of MSPGCL, located at Vaijnath,
14	PFC	INSTALLATION OF AMMONIA FLUE GAS CONDITIONING SYSTEM OF 210 MW UNITS	48.00	84.00	40 equal quarterly installments : commenced from January 2009	11.40% to 12%	
15	PFC	R&M WORKS OF KORADI TPS	130.00	585.00	48 equal quarterly installments : commenced from October 2009	12.00%	
16	PFC	R&M WORKS OF BHUSAWAL, PARLI & PARAS	33.00	149.00	45 equal quarterly installments : commenced from October 2009	12.00%	
17	PFC	R&M WORKS OF NASIK TPS U - 1 & 2	142.00	639.00	45 equal quarterly installments : commenced from October 2009	12.00%	
18	PFC	UPGRADATION OF RLY SIDING SYSTEM AT NASIK TPS	208.00	938.00	48 equal quarterly installments : commenced from October 2009	12.00%	
19	PFC	PROCUREMENT OF 250 MVA GENERATOR TRANSFORMER FOR KOYNA	31.00	92.00	48 equal quarterly installments : commenced from April 2008	12.25%	
20	PFC	ASH BUND FOR KORADI TPS	178.00	801.00	48 equal quarterly installments : commenced from October 2009	12.00%	
21	PFC	R&M SCHEME OF REPLACEMENT OF BOILER ECONOMIZER / LTSH COILS AND WATER WALL PANELS REQUIRED FOR VARIOUS TPS OF MSPGCL	337.00	1,853.00	48 equal quarterly installments : commenced from October 2010	11.75%	Hypothecation of MSPGCL assets of SG & TG and other BHEL Package amounting to RS 380 Crores of Parli unit I (1x250 MW) TPS of MSPGCL, located at Vaijnath,

22	PFC	Procurement of LP Rotor as a common spare for Unit 5,6 & 7 of Chandrapur STPS	239.00	1,909.00	48 equal quarterly installments : commenced from April 2013	11.40%	Hypothecation of MSPGCL assets of SG & TG and other BHEL Package amounting to RS 380 Crores of Parli unit I (1x250 MW) TPS of MSPGCL, located at Vaijnath,
23	PFC	Buyers Line of Credit - Capex schemes for existing Power Plants	2,918.00	21,876.00	40 equal quarterly installments : commenced from October 2013	11.65% to 12.50%	Assets of Parli TPS Unit 3,4 & 5 together with land
24	PFC	1 MW Solar Chandrapur	139.00	244.00	32 equal quarterly installments : commenced from January 2011	9.43% - 10.45%	Mortgage/ Hypothecation of Present & Future assets created / to be created for subject project together with Land
25	PFC	R&M of Unit 5,6 & 7 of Koradi TPS	20.00	586.00	60 equal quarterly installments : commencing from October 2016	11.40% to 11.75%	Assets of Parli TPS Unit 3,4 & 5 together with land
26	PFC	R&M of water supply systemof Parli TPS from Majalgaon Lift Irrigation Scheme.	710.00	13,490.00	40 equal quarterly installments : commencing from October 2016	12.00%	Assets of Parli TPS Unit 3,4 & 5 together with land
27	PFC	R&M of Boiler & Turbine Improvement Scheme of Chandrapur STPS.	0	6,684.00	60 equal quarterly installments : commencing from October 2018	11.4% to 12.00%	Assets of Parli TPS Unit 3,4 & 5 together with land
28	PFC	R&M of Ash Handling System of Unit 5&6 of CSTPS	18.00	238.00	60 equal quarterly installments : commencing from October 2015	11.4% to 12.00%	Assets of Parli TPS Unit 3,4 & 5 together with land
29	PFC	R&M of Condenser Cooling System of Unit 5&6 of CSTPS	38.00	509.00	60 equal quarterly installments : commencing from October 2015	11.4% to 12.00%	Assets of Parli TPS Unit 3,4 & 5 together with land
30	PFC	R&M for Process Improvement at Unit 3,4 & 5 of Nashik TPS Stage-II (3x210 MW).	2.00	36.00	40 equal quarterly installments : commencing from October 2016	12.00%	Assets of Parli TPS Unit 3,4 & 5 together with land
31	PFC	R&M for Measuring & Monitoring of Coal consumption of Bhusawal TPS	1.00	41.00	60 equal quarterly installments : commencing from October 2016	12.00%	Assets of Parli TPS Unit 3,4 & 5 together with land
32	PFC	R&M for Boiler & Turbine Improvement (Station heat improvement) Scheme of Bhusawal TPS.	1.00	16.00	60 equal quarterly installments : commencing from October 2016	12.00%	Assets of Parli TPS Unit 3,4 & 5 together with land
33	PFC	R&M for Turbine Auxiliary Performance Improvement Scheme of Bhusawal TPS.	20.00	593.00	60 equal quarterly installments : commencing from October 2016	11.4% to 12.00%	Assets of Parli TPS Unit 3,4 & 5 together with land
34	PFC	R&M for Replacement of BFP (200 KHI) cartridge with energy efficient cartridge for Unit 3,4 & 5 of Parli TPS.	29.00	387.00	60 equal quarterly installments : commencing from October 2015	12.00%	Assets of Parli TPS Unit 3,4 & 5 together with land

35	PFC	Renovation and Upgradation of GT Automation System, Starting Frequency converter & Static Excitation system of unit 7 & 8, Stage -II of Uran GTPS	119.00	1,514.00	60 equal quarterly installments : commencing from Jan 2015	12.00%	Assets of Parli TPS Unit 3,4 & 5 together with land
36	PFC	Procurement of High Pressure Turbine (HPT Module for Khaperkheda TPS Unit 1 & 2.	0	2,757.00	60 equal quarterly installments : commencing from April 2018	12.00%	Movable assets of Nashik TPS Unit 3,4 & 5.
37	PFC	R & M for Turbine Auxiliary Consumption Improvement at Stage II (Unit 3,4 & 5 3x210 MW), Nashik TPS.	101.00	1,258.00	60 equal quarterly installments : commenced on October 2014	11.4% to 12.00%	Movable assets of Nashik TPS Unit 3,4 & 5.
38	PFC	Construction of Concrete Road from Nashik-Pune Highway to Booster Pump House at Nashik TPS	18.00	1,035.00	60 equal quarterly installments : commencing from Jan 2017	11.40% to 12.00%	Movable assets of Nashik TPS Unit 3,4 & 5.
39	PFC	Expediting unloading of Coal Wagons by Up-grading the existing system inMaharashtra. (DPR of Nashik TPS)	11.00	150.00	60 equal quarterly installments : commencing from October 2015	11.75% to 12.00%	Movable assets of Nashik TPS Unit 3,4 & 5.
40	PFC	Various Schemes of KGSC, Phophali in Maharashtra	47.00	629.00	60 equal quarterly installments : commencing from October 2015	11.40% to 12.00%	Movable assets of Nashik TPS Unit 3,4 & 5.
41	PFC	Power supply arrangement at Colony, separate 25 KV OHE supply feeding arrangement to BESG siding & providing of passenger elevators at Paras TPS	10.00	134.00	60 equal quarterly installments : commencing from October 2015	11.40% to 12.00%	Movable assets of Nashik TPS Unit 3,4 & 5.
42	PFC	Various Schemes of Small Hydro Stations in Maharashtra. (Pune SHPC and Nashik SHPC	3.00	35.00	60 equal quarterly installments : commencing from October 2015	11.40% to 12.00%	Movable assets of Nashik TPS Unit 3,4 & 5.
43	REC	Bhusawal Expansion Project	43,099.00	430,992.00	48 equal quarterly installments : commenced from March 2016	10.22%	Mortgage/ Hypothecation of Present & Future assets created / to be created for subject project together with Land
44	REC	Chandrapur Expansion Project	0	440,000.00	48 equal quarterly installments : commencing from September 2017	11.65% to 12.50%	Mortgage/ Hypothecation of Present & Future assets created / to be created for subject project together with Land
45	REC	Parli Replacement Project	0	107,708.00	48 equal quarterly installments : commencing from September 2017	11.65% to 12.50%	Mortgage/ Hypothecation of Present & Future assets created / to be created for subject project together with Land

46	REC	Procurement of Spare HPT Module for Khaperkheda TPS	0	2,044.00	7 equal annual installments commencing from 15-January 2018	12.00%	Hypothecation of Future assets to be created from the R&M Scheme
47	REC	R&M - T, I&C Up-gradation through Burner Management System, Excitation system, HT Motor Protection etc. form Parli TPS Unit 3,4 & 5	0	359.00	7 equal annual installments commencing from 15-February 2018	12.00%	Hypothecation of Future assets to be created from the R&M Scheme
48	REC	ESP Restoration/Refurbishment (Improvement in Stack emmission control) Un it 5,6 &7. Chandrapur STPS	0	102.00	7 equal annual installments commencing from 15-March 2018	12.00%	Hypothecation of Future assets to be created from the R&M Scheme
49	REC	Measurement & monitoring of coal consumption. At Nashik TPS	0	92.00	7 equal annual installments commencing from 15-March 2018	12.00%	Hypothecation of Future assets to be created from the R&M Scheme
50	REC	Input Source measurement scheme (Fuel oil, water, Auxiliary power & coal flow) - Chandrapur STPS	0	160.00	7 equal annual installments commencing from 30-January 2018	11.40% to 12%	Hypothecation of Future assets to be created from the R&M Scheme
51	Canara Bank	Capex (servicing of MSETCL dues on a/c of loan serviced by MSETCL & subsequently transferred to MSPGCL)	1,135.00	0	28 quarterly installments : commenced from January 2010	Base Rate + 1.00% (Floating) (presently 10.65%)	All Movable Property of Khaperkhada TPS , (Unit 1,2,3 & 4)
52	South Indian Bank	Capex (Long term) for funding of capital expenditure of existing Power stations	1,500.00	7,872.00	40 quarterly installments of Rs.3.75 crores commenced from Aug 2012	Base Rate (Floating) (presently 10%)	Movable assets (BOP mechanical package) of Parli Unit -6
53	Housing & Urban Development Corporation Ltd. (HUDCO)	Construction of Staff Quarters at Koradi Project 3x660 MW	300.00	759.00	32 quarterly installments of Rs. 75.05 lacs commenced from 31.5.2015	Floating rate (10.00%)	Mortgage/ Hypothecation of Future assets to be created for construction of staff quarters together with Land
54	Canara Bank	Establishment of 3x660 Thermal Powe Plant at Koradi, Dist- Nagpur	100,000.00	0	38 equal quarterly installments after 6 month from the date of commissioning of first Unit	Base Rate + 1% (Floating) (presently 10.65%)	Mortgage & Hypothecation of all Movable & Immovable assets of Koradi Project 3x660 MW
55	Bank of India	Establishment of 3x660 Thermal Powe Plant at Koradi, Dist- Nagpur	100,000.00	0	38 equal quarterly installments after 6 month from the date of commissioning of first Unit	Base Rate + 1% (Floating) (presently 10.70%	Mortgage & Hypothecation of all Movable & Immovable assets of Koradi Project 3x660 MW

56	PFC	SETTING UP OF PARALI TPS EXT 1X250 MW COAL BASED POWER PROJECT AT PARALI TPS.	3,322.00	0	40 equal quarterly installments : commenced from July 2007	12.25%	Unsecured - backed by GOM Guarantee
57	PFC	R & M OF URAN GAS TURBINE PLANT IN MAHARASHTRAI & II UNDER K F W ASSISTANCE.	1,146.00	0	40 equal quarterly installments : commenced from April 2007	8.50% - 8.85%	Unsecured - backed by GOM Guarantee
58	PFC	INSTALLATION OF FLUE GAS CONDITIONING SYSTEM FOR AMMONIA INJUCTION	17.00	0	40 equal quarterly installments : commenced from July 2006	8.25%	Unsecured - backed by GOM Guarantee
59	PFC	RENOVATION, MODERNISATION, AND LIFE EXTENSION OF KOYANA HYDROPOWER STATION STAGE IIITPS UNIT I TO IV	94.00	24.00	40 equal quarterly installments : commenced from July 2007	11.60%	Unsecured - backed by GOM Guarantee
60	PFC	RENOVATION AND MODERNISATION OF KOYANA HPS STAGE I AND II	69.00	17.00	40 equal quarterly installments : commenced from July 2007	11.25%	Unsecured - backed by GOM Guarantee
61	KfW-Germany	Establishment of 150 M.W Solar Power Plant at Sakri-Dhule	17,400.00	55,748.00	21 semi annual installments commenced from 30.12.2013	Fixed rate (1.96%)	Unsecured - Back to back arrangement GoM & Govt of India.
62	KfW-Germany	Establishment of Solar Power Plant at Baramati & other places	0	14,290.00	21 semi annual installments commenced from 30.12.2013	Fixed rate (1.96%)	Unsecured - Back to back arrangement GoM & Govt of India.
63	IBRD-World Bank	Funding for Koradi TPS Unit-6 EE R&M	274.00	9,845.00	50 semi annual Installments beginning from 15.12.2014 till 15.6.2039	Six month LIBOR + variable Spread (1.37%)	Unsecured - Back to back arrangement GoM & Govt of India.
64	GSEC Ltd	Long Term Loan	2,215.05	-	-	-	Unsecured
	MSEDCL	Long Term Loan	206.77	-	-	-	Unsecured
65	GOM	URAN GTPS CAPEX	0	5.00	120 equal monthly installments : Commenced from April 2008	11.50%	Unsecured
66	M/s Clean Sustainable Solar Energy Pvt. Ltd	Construction Cost for 50MW Solar Power Project at Shirsuphal	427.00	20,532.00	To be repaid in monthly installments over 20 years from FY 2015-2016	18.00%	Unsecured

NOTES ON ACCOUNTS FOR THE YEAR ENDED ON 31st MARCH 2016

43 OTHER LONG TERM LIABILITIES

43.1 In respect of MSEBHCL

1) Trade payables “Others”:

Out of Rs. 15,743.34 lacs of previous years balance:

i) Liabilities for Capital Supplies Rs. Nil (P.Y. 14,000.56 lacs) being provision for supply of Materials/ Works capital Gas Turbine Power Station (GTPS),Uran(erstwhile MSEB) representing provision made by GTPS, in its books till the period ended on 5.6.2005 towards outstanding payment for supply of materials/ works capital. Payments for these liabilities have already been made by GOM to KFW, Germany and to Siemens, AG, Germany. On finalisation of FRP, the said liability which was temporarily parked in the books of MSEBHCL has been transferred to MSPGCL for appropriate treatment in their books of accounts.

ii) Liabilities for supply of Material O&M amounting to Rs. Nil (P.YRs 1,091.16 lacs)being unidentifiable liabilities of erstwhile MSEB have been transferred to the subsidiaries as per MOU dated 08-06-2009 for appropriate treatment in their books of accounts.

iii) Sundry Creditors for expenses amounting to of Rs Nil (P.Y. Rs 202.40 lacs) being unidentifiable liabilities of erstwhile MSEB have been transferred to the subsidiaries as per MOU dated 08-06-2009 for appropriate treatment in their books of accounts.

iv) Liabilities for supply of Materials/Works CPL amounting to of Rs Nil (P.Y. Rs. 449.23 lacs) being unidentifiable liabilities of erstwhile MSEB have been transferred as per MOU dated 08-06-2009 for appropriate treatment in their books of accounts.

2) Other Liabilities:

Out of Rs. 79,066.20 lacs of previous years balance:

i) Liabilities to GOM for GOI adjustment –Rs. Nil (P.Y. Rs. 60,318.31 lacs) representing amount adjusted by GOI from Central Plan Allocation which was payable by erstwhile MSEB to the CPSU’s. Viz. NTPC., NPC., BHEL., Railways, CIL, etc and had been temporarily parked in the books of MSEBHCL pursuant to Provisional Transfer Scheme. On finalisation of FRP notified vide GR No.Reform2010/Pr.Ka.117/Urja-3 dated 31-03-2016 the said liability has been satisfied by issue of Equity to GOM as stated in Note No 2 – “ Highlights of FRP” V.

ii) Grant & Aid amounting to Rs. Nil (P.Y.Rs. 2,137.25 lacs)represented opening balance of erstwhile MSEB and had been temporarily parked in the books of MSEBHCL pursuant to Provisional Transfer Scheme. On finalisation of FRP notified vide GR No.Reform2010/Pr.Ka.117/Urja-3 dated 31-03-2016 the said liability has been satisfied by issue of Equity Shares to GOM as stated in Note No 2 – “ Highlights of FRP” V.

iii) CPSU Dues Coal & Power Purchase loan amounting to Rs. Nil (P.Y. Rs 15,278.91 lacs) represented opening balance of erstwhile MSEB and had been temporarily parked in the books of MSEBHCL pursuant to Provisional Transfer Scheme. On finalisation of FRP notified vide GR No.Reform2010/Pr.Ka.117/Urja-3 dated 31-03-2016 the said liability has been satisfied by issue of Equity Shares to GOM as stated in Note No 2 –“ Highlights of FRP” V.

iv) Government Subsidy Refundable - Rs. Nil (P.Y. Rs. 138.21 lacs) being unidentifiable liabilities of erstwhile MSEB have been transferred to the subsidiaries as per MOU dated 08-06-2009 for appropriate treatment in their books of accounts.

v) Earnest Money Deposits- Capital - Rs. Nil (P.Y. Rs. 959.95 lacs)being unidentifiable liabilities of erstwhile MSEB have been transferred to the subsidiaries as per MOU dated 08-06-2009 for appropriate treatment

NOTES ON ACCOUNTS FOR THE YEAR ENDED ON 31st MARCH 2016

in their books of accounts.

vi) Retention Money from Suppliers/ Contractors O & M - Rs. Nil (P.Y. Rs. 231.19 lacs) being unidentifiable liabilities of erstwhile MSEB have been transferred to the subsidiaries as per MOU dated 08-06-2009 for appropriate treatment in their books of accounts.

vii) Loans & Advances to Staff - Rs. Nil (P.Y. Rs 1.56 lacs) being unidentifiable liabilities of erstwhile MSEB have been transferred to the subsidiaries as per MOU dated 08-06-2009 for appropriate treatment in their books of accounts.

viii) Rs. Nil (P.Y. Rs.0.49 lacs) represented repayment due to State Government of erstwhile MSEB transferred to the company at the time of restricting. On finalisation of FRP the said interest which was not taken over by the GOM has been written back in the accounts as prior period income.

3) Inter Company Payables:

i) Inter Company Payables : MSETCL of Rs. 7,436.28 lacs (Rs. P.Y. 2,263.82 lacs) includes transfer of common and specific liabilities, assets and reserves amounting to net balance of Rs. 5,176.38 lacs which are under reconciliation, discussions and deliberations.

ii) Inter Company Payables : MSPGCL of Rs. 22,259.61 lacs (Rs. P.Y.9,377.38 lacs) debit balance) includes transfer of common and specific liabilities, assets and reserves amounting to net balance of Rs. 31,627.86 lacs which are under reconciliation, discussions and deliberations.

iii) Inter Company Payables: MSEB Residual of Rs. 57.46 lacs consists of amount payable to the bond holders who could not be identified / traced as stated in Note No 2 , point no 3. The said balance to be transferred to GOM for doing the needful.

44 LONGTERM PROVISIONS

44.1 In respect of MSEBHCL

i) Provision for Gratuity and Leave encashment pertaining to the Employees on deputation has not been provided in the books of the Company.

Other Provisions include:

ii) Provision for Liabilities for Expenses – Rs. 6.25 lacs (P.Y. Rs. 5,826.96 lacs) included Rs.. 5,819.21 lacs /- represented old Lease Rent Provision, Guarantee fees and interest thereon). The said provision of Rs. 5,819.21 lacs /- represented unidentifiable liabilities of erstwhile MSEB which have been transferred to the subsidiaries as per MOU dated 08-06-2009 for appropriate treatment in their books of accounts.

45 SHORTTERM BORROWINGS (SECURED LOANS)

In respect of MSPGCL

Details of loans are given in Annexure B (Short term Borrowings)

NOTES ON ACCOUNTS FOR THE YEAR ENDED ON 31st MARCH 2016

(₹ in Lacs)

Sr. No.	Particulars of Lender	Outstanding balance as on 31.3.16	Terms of Repayment	Rate of Interest	Nature of security
1	Bank of India	186,568.00	Sanctioned for a period of one year and renewal on yearly basis	Rate of interest is based on Bank Base Rate (9.65% to 9.70%)	Book debts and stocks along with collateral security in the form of charge on movable assets of Khaperkheda TPS Unit 1,2,3 & 4
2	Bank of Maharashtra	17,109.00			
3	Canara Bank	185,948.00			
4	Indian Bank	40,900.00			
5	Central Bank of India	34,100.00			
6	State Bank of India	10,000.00			
7	Dena Bank	17,900.00	6 months from the date of availment	Rate of interest is based on Bank Base Rate (Floating) (9.70%)	Unsecured
8	Indian Bank	50,000.00	3 months from the date of availment	Rate of interest is based on Bank Base Rate (Floating) (9.65%)	Unsecured
9	State Bank of India	99,999.00	6 months from the date of availment	Rate of interest is based on Bank Base Rate (Floating) (9.55%)	Unsecured
10	Syndicate Bank	174,00.00	1 year from the date of availment	Rate of interest is based on Bank Base Rate (Fixed) (9.70%)	Unsecured
11	Vijaya Bank	190,00.00	6 months from the date of availment	Rate of interest is based on Bank Base Rate (Fixed) (9.70%)	Unsecured

NOTES ON ACCOUNTS FOR THE YEAR ENDED ON 31st MARCH 2016

12	Vijaya Bank - Earmarked for funding of General Capex	6,000.00	6 months from the date of availment	Rate of interest is based on Bank Base Rate (Floating) (9.70%)	Unsecured
13	Canara Bank	50,000.00	6 months from the date of availment	Rate of interest is based on Bank Base Rate (Floating) (9.65%)	Unsecured
14	Bank of India	100,000.00	1 year from the date of availment	Rate of interest is based on Bank Base Rate (Floating) (9.70%)	Unsecured
15	Dena Bank	42,100.00	6 months from the date of availment	Rate of interest is based on Bank Base Rate (Floating) (9.70%)	Unsecured
16	Syndicate Bank	34,130.00	1 year from the date of availment	Rate of interest is based on Bank Base Rate (Fixed) (9.70%)	Unsecured
17	Bank of Maharashtra	20,649.00	6 months from the date of availment	Rate of interest is based on Bank Base Rate (Floating) (9.70%)	Unsecured
18	Syndicate Bank	7,598.00	1 year from the date of availment	Rate of interest is based on Bank Base Rate (Fixed) (9.70%)	Unsecured
19	Bank of Maharashtra	3,849.00	6 months from the date of availment	Rate of interest is based on Bank Base Rate (Floating) (9.70%)	Unsecured
20	Dena Bank	746.00	6 months from the date of first disbursement	Rate of interest is based on Bank Base Rate (Floating) (9.70%)	Unsecured

NOTES ON ACCOUNTS FOR THE YEAR ENDED ON 31st MARCH 2016

46 OTHER CURRENT LIABILTIES

46.1 In respect of MSEBHCL

i) Current maturities of long term debts amounting to Rs. Nil (P.Y. Rs. 10,185.94 lacs) represented opening balance of erstwhile MSEB and had been temporarily parked in the books of MSEBHCL pursuant to Provisional Transfer Scheme. On finalisation of FRP notified vide GR No.Reform2010/Pr.Ka.117/Urja-3 dated 31-03-2016, the said liability has been satisfied by issue of Equity to GOM as stated in Note No 2 – “Highlights of FRP” V.

ii) Interest accrued but not due on GOM loans Rs. Nil (P.Y. Rs.87,299.40 lacs) represent interest accrued on GOM Loan upto 5th June 2005 temporarily parked in the books of MSEBHCL as per Provisional Transfer Scheme .The said interest liability has been satisfied by issue of Equity to GOM as stated in Note No 2 – “ Highlights of FRP ” V.

iii) Interest accrued and due on State Government Loans/CPSU Dues Coal/CPSU Dues PP –Rs. Nil (P.Y.Rs. 14,575.36 lacs) represent interest for the period from 01-04-2014 to 31-03-2015.On approval of FRP the State Government loans have been taken over by the GOM against equity but the interest provided for the period from 01-04-2014 to 31-03-2015 has not been taken over by the GOM and has been written back in the accounts as an exceptional income.

47 SHORT TERM PROVISIONS

In respect of MSEBHCL

Provision for Income tax has been made during the year on Rental Income and Income from Other Sources.

48 NON CURRENT INVESTMENTS

In respect of MSEBHCL

i) The investment in Subsidiary companies upto previous years represented the value of total assets less total liabilities transferred to all the three companies namely MSPGCL, MSETCL and MSEDCL, as per transfer scheme provisionally notified. The said scheme has been finalised and the Financial Restructuring Plan(FRP) has been approved by the GOM on 31st March 2016 and has been notified vide GR No.Reform2010/Pr.Ka.117/Urja-3 wherein the final transfer values have been determined by GOM as detailed here under :

(₹ in Lacs)

Name of Company	Book Values	Assessed Values	Difference
MSEBHCL	4,859.01	144,534.00	139,674.99
MSPGCL	356,604.96	1,867,681.00	1,511,076.04
MSETCL	450,395.73	1,079,289.00	628,893.27
MSEDCL	358,464.69	4,338,815.00	3,980,350.31
Total	1,170,324.39	7,430,319.00	6,259,994.62

Accordingly the scheme has been implemented during the F.Y. 31-03-2016 with retrospective effect from 05-06-2005 and the investment in subsidiary companies on account of FRP has increased by Rs. 6,120,319.63 lacs reflecting change in book values of assets of the subsidiary companies.

ii) Investments include Rs. 15 lacs paid to subsidiary companies Viz, MSPGCL, MSETCL & MSEDCL (Rs. 5 lacs per company)as stated in point no 3,4 & 6 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.

NOTES ON ACCOUNTS FOR THE YEAR ENDED ON 31st MARCH 2016

iii) Share Application Money of Rs. 75,598 lacs (P.Y.Rs. 74,631.63 lacs) 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 2015-2016 and for which shares are yet to be issued.

iv) Share Application Money of Rs. 33,700 lacs (P.Y.Rs 25,500 lacs) 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 2015-2016 and for which shares are yet to be issued.

v) The investment of the company in MSEDCL of Rs.4,615,963.49 lacs 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 1,25, 665 lacs has not being reflected in the value of shares. The figures for 31-03-2016 has not being finalised.

49 LONG TERM LOANS & ADVANCES

49.1 In respect of MSEBHCL

i) Loans and Advances to related parties - MSEDCL of Rs. 374,896.23 lacs (P.Y. Rs. 79889.48 lacs) and includes transfer of common and specific liabilities, assets and reserves amounting to net balance of Rs. 311,489.98 lacs which are under reconciliation, discussions and deliberations.

ii) The Company has shown advance tax of Rs. 11,443.88 lacs net of the provision of tax in the books of accounts amounting to Rs. 4,987.05 lacs 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.

50 OTHER NON CURRENT ASSETS

50.1 In respect of MSEBHCL

i) Interest towards cost of Dharavi Building: Interest is being paid to “Estrella Batteries Ltd” towards balance amount payable to them against cost of purchase of land & building at Dharavi by erstwhile MSEB in May 1981. The total Sale Consideration payable was Rs. 137.90 lacs out of which Rs. 47.49 lacs was paid on 28-05-1981 and an amount of Rs 90.41 lacs was to be paid on registration of the Sale deed. The Sale deed is yet to be registered with BMC. The proposal was sent to the Improvement Committee by Municipal Corporation Bombay in the year 1986. The Improvement Committee could not take a decision in the matter due to imbalance of F.S.I. The company has approached High Court vide Case No 1663 OF dated against the order of BMC.

ii) The company is paying interest @ 14% on balance amount of sale consideration of Rs 90.41 lacs to Estrella Batteries Ltd since May 1981 towards cost of Dharavi Building amounting to Rs 1.05 lacs on monthly basis which was being treated as interest towards cost of Dharavi building under “Other Assets”. The total amount accumulated till last year was Rs 170.55 lacs. The said amount has been transferred to prior period expenses during the year and interest amounting to Rs 12.66 lacs paid during the year has been treated as revenue expense.

iii) Interest accrued & due: Rs Nil (P.Y.Rs 599.42 lacs)being unidentifiable liabilities of erstwhile MSEB have been transferred to the subsidiaries as per MOU dated 08-06-2009 for appropriate treatment in their books of accounts.

iv) Interest accrued but not due on staff advances: Rs Nil (P.Y. Rs 56.97 lacs)being unidentifiable liabilities of erstwhile MSEB have been transferred to the subsidiaries as per MOU dated 08-06-2009 for appropriate treatment in their books of accounts.

NOTES ON ACCOUNTS FOR THE YEAR ENDED ON 31st MARCH 2016

51 INVENTORIES

51.1 In respect of MSPGCL:

i) Value of imports calculated on CIF basis

(₹ in Lacs)

	2015-2016	2014-2015
Raw Material	Nil	Nil
Components and Spare Parts	209.98	Nil
Capital Goods	Nil	Nil

ii) Value of imported & indigeneous raw materials , stores, spare parts and components consumed and percentage of each to the total consumption including for Repairs & Maintenance:

(₹ in Lacs)

		2015-16		2014-15	
A)	**Raw Materials – Coal, Gas & Oil**	**%**	**(Rs)**	**%**	**(Rs)**
	Indigeneous	100	1,053,495.33	100	1,012,803.67
B)	**Stores, Spares and Component**				
	Imported	0.24	91.54	0.23	48.11
	Indigeneous	99.76	37,827.36	99.81	25770.98
	TOTAL		**37,918.91**		**25,819.09**

iii) Break Up of Energy Sold

(₹ in Lacs)

Power Plant	**2015-16**	**2014-15**
Hydro	73,678.17	61,709.53
Thermal	1,616,618.73	1,552,784.28
Gas	93,025.47	106,393.56
Solar	39,244.04	33,380.42
Total	**1,822,566.41**	**1,754,267.78**

Above is excluding sales to residential colony & surcharge and other true-up/ adjustment bills amounting to Rs. 105086.08 lacs (PY Rs. 142,475.71 lacs).

NOTES ON ACCOUNTS FOR THE YEAR ENDED ON 31st MARCH 2016

52 TRADE RECEIVABLES

52.1 In respect of MSEBHCL

i) Long Term Trade Receivables against supply of power: Rs. Nil (P.Y. Rs. 481,921.34 lacs and Provision for doubtful debts:

Rs Nil (P.Y. Rs. 149,725.83 lacs)included opening balances of erstwhile MSEB which were temporarily parked in the books of the Company under Provisional Transfer Scheme. The scheme has now been finalised and notified vide GR No.Reform2010/Pr.Ka.117/Urja-3 dated 31-03-2016 and hence the said Receivables and the provision for doubtful debt has been transferred to MSEDCL for appropriate treatment in their books of accounts.

ii) The debts outstanding against rentals from property due from subsidiaries amounting to Rs. 20,453.79 lacs (P.Y. Rs. 20,974.67 lacs) have been long outstanding.

52.2 In respect of MSEDCL:

The balance of trade receivable as per books of account as at 31st March, 2016 is lower by Rs. 3,05,828 lacs as compared to figure of IT Database consisting of Billing and Recovery Software (IT Database), the details of which is as under:

(₹ in Lacs)

Year	As per Books of Account	As per IT Database	Differences
2015-16	27,63,710	30,64,923	-3,01,213
2014-15	16,90,968	16,74,261	16,707

The balances of Trade Receivables from consumers as per books and as per the as per IT Database are subject to reconciliation and consequential adjustments, if any.

53 EMPLOYEE BENEFIT

53.1 In respect 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. Disclosure was given to the extent available in the Report of Actuary.

Particulars	Gratuity (Unfunded)		Leave Encashment (Unfunded)	
	2015-16 Rs.	2014-15 Rs.	2015-16 Rs.	2014-15 Rs.
Discount Rate	7.79%	7.98%	7.85%	7.98%
Rate of increase in Compensation levels	6.00%	6.00%	6.00%	6.00%
Rate of Return of Plan assets	N.A.	N.A.	N.A.	N.A.
Attrition	2.00%	2.00%	2.00%	2.00%
Retirement Age	58 years	58 years	58 years	58 years

NOTES ON ACCOUNTS FOR THE YEAR ENDED ON 31st MARCH 2016

(₹ in Lacs)

Change in Present value of Obligation	Gratuity (Unfunded)		Leave Encashment (Unfunded)	
	2015-16 Rs.	2014-15 Rs.	2015-16 Rs.	2014-15 Rs.
Present Value of Obligation as at 1st April, 2014	58,52,462	46,55,169	59,52,377	37,55,346
Interest Cost	4,67,026	4,22,224	-	-
Current Service Cost	1,22,134	99,857	-	-
Benefit Paid	-	(4,07,797)	-	(2,87,707)
Actuarial (gain)/loss on obligation	(1,14,106)	10,83,009	9,33,773	24,84,738
Present value of Obligation as at 31st March, 2014	63,27,516	58,52,462	68,86,150	59,52,377

Changes in Fair Value of Plan Assets	Gratuity (Unfunded)		Leave Encashment (Unfunded)	
	2015-16 Rs.	2014-15 Rs.	2015-16 Rs.	2014-15 Rs.
Fair Value of Plan Assets at the beginning of period	-	-	-	-
Expected returns on Plan Assets	-	-	-	-
Contributions	-	-	-	-
Benefits Paid				
Acturial Gain/(loss) on Plan Assets	-	-	-	-
Fair Value of Plan Assets at end of period	-	-	-	-

Fair Value of Plan Assets	Gratuity (Unfunded)		Leave Encashment (Unfunded)	
	2015-16 Rs.	2014-15 Rs.	2015-16 Rs.	2014-15 Rs.
Fair Value of Plan Assets at the beginning of period	-	-	-	-
Actual returns on Plan Assets	-	-	-	-
Contributions	-	-	-	-
Benefits Paid	-	-	-	-
Fair Value of Plan Assets at the end of period	-	-	-	-
Funded Status(including unrecognized past service cost)	-	-	-	-
Excess of actual over estimated return on Plan Assets	-	-	-	-

NOTES ON ACCOUNTS FOR THE YEAR ENDED ON 31st MARCH 2016

(₹ in Lacs)

Expenses recognized in Profit and Loss Statement	Gratuity (Unfunded)		Leave Encashment (Unfunded)	
	2015-16 Rs.	2014-15 Rs.	2015-16 Rs.	2014-15 Rs.
Current Service Cost	1,22,134	99,857	-	-
Interest Cost	4,67,026	4,22,224	-	-
Net Actuarial (Gain)/Loss recognized in the period	(1,14,106)	10,83,009	-	-
Expenses recognized in the Profit and Loss Account	4,75,054	16,05,090	9,33,773	24,84,738

Movement in Net Liability recognized in Balance Sheet	Gratuity (Unfunded)		Leave Encashment (Unfunded)	
	2015-16 Rs.	2014-15 Rs.	2015-16 Rs.	2014-15 Rs.
Opening Liability	58,52,462	46,55,169	59,52,377	37,55,346
Expenses	4,75,054	16,05,090	9,33,773	24,84,738
Contribution	-	-	-	-
Benefit Paid	-	(4,07,797)	-	(2,87,707)
Closing Net Liability	63,27,516	58,52,462	68,86,150	59,52,377

Experience Adjustment

A) Gratuity (Unfunded)	2015-16	2014-15	2013-14	2012-13	2011-12
	Rs.	Rs.	Rs.	Rs.	Rs.
Defined Benefit Obligation	63,27,516	8,52,462	46,55,169	46,95,100	-
Fair Value of Planned Assets	-	-	-	-	-
(Surplus)/Deficit	58,52,462	48,52,462	46,55,169	46,95,100	-
Experience Adjustment on Plan Liabilities[(Gain)/Loss]			8,32,220	3,60,682	1,14,528
Experience Adjustment on Plan Asset[(Gain)/Loss]	(1,14,106)	7,43,655	(4,96,714)	-	-
B) Leave Encashment	-	-	-	-	-
Defined Benefit Obligation	-	-		-	-
Experience Adjustment on	-	-	-	-	-
Plan Liabilities[(Gain)/Loss]	-	-	-	-	-

NOTES ON ACCOUNTS FOR THE YEAR ENDED ON 31st MARCH 2016

53.2 In respect of MSETCL -

Disclosures required by Accounting Standards:

Employee Benefits (As required by AS 15):

i) Short Term Employee Benefits :

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

ii) Post Employment Benefits :

Defined Benefit Plan :

(a) Provident Fund :

The Company makes contributions 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 Accounting Standard (AS) 15 (Revised) on Employee Benefits notified by the Companies (Accounting Standards) Rules, 2006, employer established provident funds are treated as Defined Benefit Plans, since the Company is obliged to meet interest shortfall, if any, with respect to covered employees. According to the Management, 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 in excess byRs. 2,199 Lakhs (P.Y. Rs. 2,387 Lakhs excess) than subscription value, hence no provision is required.

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

Particulars	For the year ended 31st March 2016	For the year ended 31st March 2015
Liability for subscriptions and interest payable to employees at the end of the year.	119,738.89	104,874.00
Fair Value of Plan Assets at the end of the year	121,937.60	105,807.00
Net Liability	**(2,199)**	**(933)**

Description of Plan Assets:

Particulars	For the year ended 31st March 2016 (%)	For the year ended 31st March 2015 (%)
Special Deposit Schemes.	29.41	31.64
Bonds issued by public sector enterprises	35.10	33.95
Government Securities	27.98	33.55
Others	7.51	0.86

NOTES ON ACCOUNTS FOR THE YEAR ENDED ON 31st MARCH 2016

(b) Gratuity (Unfunded Defined Benefit Plan) :

The Company has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The Plan provides a lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent of 15 days salary for each year of service subject to maximum of 20 months salary or in terms of the provisions of the payment of gratuity (amendment) act, 1997 whichever is more beneficial. Vesting occurs upon completion of five years of service. The calculation is made on Projected Benefit Obligation has been based on Unit Credit method. Actuarial gains and losses are recognized in the Profit and Loss account, based on valuation made as at the year end.

(c) Leave Encashment Benefit (Unfunded Defined Benefit Plan) :

Leave Encashment is payable to employees as per the Company's scheme. The whole of privilege leave (PL) / Half Average Pay (HAP) Leave to the credit of employee can however be encashed at the time of super Annuation / final settlement of his account. Encashment of leave is done only on the applicable PL/HAP salary.

(d) Defined Benefit Plans :

Gratuity and Long Term Compensated Absences - as per actuarial valuations as on March 31, 2016 and recognized in the financial statement in respect of Employee Benefit Schemes:

Expenses recognized in the Statement of Profit and Loss (₹ in Lacs)

Particulars	**For the year ended 31st March, 2016**	**For the year ended 31st March, 2015**
Components of Employer Expense	**Gratuity**	**Gratuity**
	Unfunded	**Unfunded**
Current Service Cost	1,843.51	1,622.28
Interest Cost	3,404.45	3,921.22
Actuarial Losses / (Gains)	3,126.64	5,372.25
Total employee expense recognized in the Statement of Profit and Loss	**8,374.60**	**10,915.75**

Reconciliation of Defined Benefit Obligation : (₹ in Lacs)

Particulars	**For the year ended 31st March, 2016**	**For the year ended 31st March, 2015**
Components of Employer Expense	**Gratuity**	**Gratuity**
	Unfunded	**Unfunded**
Present Value of Defined Benefit Obligation at the beginning of period.	42,985.51	41,938.20
Current Service Cost.	1,843.51	1,622.29
Interest Cost	3,404.45	3,921.22
Less : Benefits Paid	9,255.75	9,868.45
Actuarial Losses / (Gains)	3,126.64	5,372.25
Present Value of Defined Benefit Obligation at the end of period.	**42,104.36**	**42,985.51**

NOTES ON ACCOUNTS FOR THE YEAR ENDED ON 31st MARCH 2016

The gratuity provision has been recognized as 'Provision for Gratuity' and Provision for Leave Encashment as 'Provision for Leave Encashment' in “Provisions”.

Summary of Actuarial Assumptions:

	For the year ended 31st March, 2016	For the year ended 31st March, 2015
Actuarial Assumptions	**Gratuity**	**Gratuity**
	Unfunded	**Unfunded**
Increment Rate	5%	5%
Rate of Discounting	7.86% (Indicative G.Sec referenced on 31-03-2016)	7.92% (Indicative G.Sec referenced on 31-03-2015)
Attrition rate	2% (All Service Groups)	2% (All Service Groups)
Mortality Table	Indian Assured Lives Mortality (2006-08) Ultimate	Indian Assured Lives Mortality (2006-08) Ultimate

53.3 In respect of MSEDCL -

Post-Employment Benefits:

Defined Benefit Plan:

Provident Fund:

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

In keeping with the guidance on implementing Accounting Standard (AS) 15 (Revised) on Employee Benefits, 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 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 an expense. 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.

(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:

Sr. No.	Particulars	As at 31st March, 2016 (Rs. in Lacs)	As at 31st March, 2015 (Rs. in Lacs)
1.	Liability for subscriptions and interest payable to employees at the end of year	5,25,473.79	5,01,481.31
2.	Fair Value of Plan Assets at the end of year	5,42,147.54	5,07,240.29
3.	Surplus	16,673.76	5,758.98

NOTES ON ACCOUNTS FOR THE YEAR ENDED ON 31st MARCH 2016

(ii) Description of Plan Assets :

Sr. No.	Particulars	For the year ended 31st March, 2016 (in %)
1.	Central Government Securities	28%
2.	Other Securities	7%
3.	Listed Debt Securities	35%
4.	Basel III Tier-I Bonds	0.28%
5.	Exchange Traded Funds (EFT's)	0.52%
6.	Special Deposit Scheme	29%

(ii) Gratuity (Unfunded Defined Benefit Plan) :

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

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

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

(v) Defined Benefit Plan :

Gratuity and Long Term Compensated Absences- as per actuarial valuations as on 31stMarch, 2016 are recognized in the financial statements in respect of Employees Benefits Schemes. Further, the Company has not made investments in planned Assets.

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

Table 1 - Total Expense Recognised in the Statement of Profit & Loss Account.

(₹ in Lacs)

Particular	Leave Encashment		Gratuity	
	01.04.2015 to 31.03.2016	01.04.2014 to 31.03.2015	01.04.2015 to 31.03.2016	01.04.2014 to 31.03.2015
Current Service Cost	12259	13601	11729	9571
Interest Cost	13042	12349	15632	15258
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 Lossess / (Gains)	20405	37956	17277	52885
Total Expense/(Income) included in “Statement of Profit & Loss”	45706	63906	44638	77713

NOTES ON ACCOUNTS FOR THE YEAR ENDED ON 31st MARCH 2016

Table 2 - Change in Defined Benefit Obligation during the Period

(₹ in Lacs)

Particular	Leave Encashment		Gratuity	
	01.04.2015 to 31.03.2016	01.04.2014 to 31.03.2015	01.04.2015 to 31.03.2016	01.04.2014 to 31.03.2015
Opening Defined Benefit Obligation	183347	149021	221968	187435
Current Service Cost	12259	13601	11729	9571
Interest Cost	13042	12349	15632	15258
Actual Plan Participants' Contributions	-	-	-	-
Acquisition / Business Combination / Divestiture	-	-	-	-
Benefits Paid	(32276)	(29580)	(43107)	(43180)
Past Service Cost	-	-	-	-
Curtailments / Settlements	-	-	-	-
Actuarial (Gains)/Losses	20405	37956	17277	52885
Closing Defined Benefit Obligation	196777	183347	223499	221968

Table 3 - Reconciliation of Funded Status

(₹ in Lacs)

Particular	Leave Encashment		Gratuity	
	01.04.2015 to 31.03.2016	01.04.2014 to 31.03.2015	01.04.2015 to 31.03.2016	01.04.2014 to 31.03.2015
Defined Benefit Obligation	196777	183347	223499	221968
Fair Value of plan Assets	-	-	-	-
Funded Status- (Surplus)/Deficit	196777	183347	223799	221968
Unfunded Defined Benefit Obligation	-	-	-	-
Past Service Cost not yet Recognised	-	-	-	-
Unrecognised Asset due to limit in Para 58 (B)	-	-	-	-
Liability / (Asset) Recognised in the Balance Sheet	196777	183347	223499	221968

NOTES ON ACCOUNTS FOR THE YEAR ENDED ON 31st MARCH 2016

Table 4 - Reconciliation of Amounts in Balance Sheet

(₹ in Lacs)

Particular	Leave Encashment		Gratuity	
	31-Mar-16	31-Mar-15	31-Mar-16	31-Mar-15
Current Liability	29351	25103	39395	38802
Non Current Liability	167426	158244	1841.03	183166
Non Current assets	-	-	-	-
Total	196777	183347	223499	221968

Table 5 - Current / Non Current Liability

(₹ in Lacs)

Particular	Leave Encashment		Gratuity	
	01-Apr-15 To 31-Mar-16	01-Apr-14 To 31-Mar-15	01-Apr-15 To 31-Mar-16	01-Apr-14 To 31-Mar-15
Opening Balance Sheet (Asset) / Liability	183347	149021	221968	187435
Total Expense/ (Income) Recognised in P&L	45706	63906	44638	77713
Acquisition / Business Combination / Divestiture	-	-	-	-
Benefit Payouts	(32276)	(29580)	(43107)	(43180)
Closing Balance sheet (Asset) / Liability	196777	183347	223499	221968
Expected Company Contributions for the Next Year	-	-	-	-

*The current/non- current split is based on the net liability.

Table 6 - History of Asset values, PBO, Surplus / Deficit & Experience Gains / Losses (A)

(₹ in Lacs)

Particular	Leave Encashment				
	31-03-16	31-03-15	31-03-14	31-03-13	31-03-12
DBO	196777	183347	149021	121255	85523
Plan Assets	-	-	-	-	-
Deficit / (surplus)	196777	183347	149021	121255	85523
Experience Adjustments - Plan Assets	-	-	-	-	-
(Gains) / Losses due to change in Assumptions	748	16765	(12998)	3765	(2193)
Experience Adjustments - Plan Liabilities	19656	21190	38908	39944	9743
Total (Gain) / Loss	20405	37956	25910	43709	7550

NOTES ON ACCOUNTS FOR THE YEAR ENDED ON 31st MARCH 2016

(B) (₹ in Lacs)

Particular	**Gratuity**				
	31-03-16	**31-03-15**	**31-03-14**	**31-03-13**	**31-03-12**
DBO	223499	221968	187435	158425	134856
Plan Assets	-	-	-	-	-
Deficit / (surplus)	223499	221968	187435	158425	134856
Experience Adjustments - Plan Assets	-	-	-	-	-
(Gains) / Losses due to change in Assumptions	715	15737	9502	3821	(2804)
Experience Adjustments - Plan Liabilities	16561	37147	26026	32420	20926
Total (Gain) / Loss	17277	52885	35528	36281	18122

53.4 In respect of MSPGCL -

Employee Benefits :

With respect to MSPGCL

Disclosures required by Accounting Standards

a) Employee Benefits

(I) Short Term Employee Benefits

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

(ii) Post Employment Benefits

Defined Benefit Plan

Provident Fund :

The Company makes contributions towards provident fund to a defined benefit retirement plan. The provident fund is 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 Accounting Standard (AS) 15 (Revised) on Employee Benefits notified by the Companies (Accounting Standards) Rules, 2006, employer established provident funds are treated as Defined Benefit Plans, since the Company is obliged to meet interest shortfall, if any, with respect to covered employees. The liability for the shortfall of interest is required to be accounted based on an actuarial valuation. The said Trust has not carried such actuarial valuation for the shortfall, if any, as at March 31, 2016. In the absence of the requisite details and information, the company accounted the shortfall based on the provisional financial statements of the trust as at March 31, 2016. Accordingly company has recognized Rs.Nil (PY Rs. Nil) liability (based on provisional accounts of CPF Trust) [being surplus to CPF Trust].

NOTES ON ACCOUNTS FOR THE YEAR ENDED ON 31st MARCH 2016

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).

		31st March, 2016 (₹) (Unaudited)	31st March, 2015 (₹) (Unaudited)
1.	Liability for subscriptions and interest payable to employees at the end of year	1660,32,14,447	1529,51,00,000
2.	Fair Value of Plan Assets at the end of year	1690,80,91,747	1543,12,00,000
3.	Net Liability	Nil	Nil

Description of Plan Assets

		For the year ended 31st March, 2016 (in %) (Unaudited)	For the year ended 31st March, 2015 (in %) (Unaudited)
1.	Special Deposit Schemes	29.41	31.64
2.	Bonds issued by public sector enterprises and Financial institutions	35.10	33.95
3.	Government Securities	27.98	33.55
4.	Others	7.51	0.86

Gratuity (Unfunded Defined Benefit Plan) & Leave Encashment :

Leave Encashment Benefit (Unfunded Defined Benefit Plan) :

Leave encashment is payable to all the employees as per the company's scheme. The whole of privilege leave (PL) / Half Average Pay (HAP) Leave to the credit of employee can however be encashed at the time of super Annuation / final settlement of his account. Encashment of leave is done only on the applicable PL / HAP salary.

Defined Benefit Plans - Gratuity and Long Term Compensated Absences - as per actuarial valuations as on March 31, 2016 and recognized in the financial statements in respect of Employee Benefit Schemes :

Expenses recognized in the Profit and Loss Account

		For the year ended 31st March, 2016 (₹)		For the year ended 31st March, 2015 (₹)	
	Components of Employer Expense	Gratuity	Leave Encashment	Gratuity	Leave Encashment
		Unfunded	Unfunded	Unfunded	Unfunded
1	Current Service Cost	14,99,73,540	11,45,94,941	12,01,56,437	107,317,933
2	Interest Cost	41,37,34,150	44,19,24,390	413,905,533	358,592,260
3	Curtailment Cost / (Credit)				

NOTES ON ACCOUNTS FOR THE YEAR ENDED ON 31st MARCH 2016

4	Settlement Cost / (Credit)				-
5	Past Service Cost				-
6	Actuarial Losses / (Gains)	54,28,81,377	11,79,48,318	158,69,78,856	229,90,50,820
7	Total expense recognized in the Statement of Profit and Loss Account	110,65,89,067	67,44,67,649	212,10,40,826	276,49,61,013

The gratuity expenses have been recognized as 'Gratuity' and Leave Encashment expenses as 'Leave Encashment Scheme' in "Employee Benefit Expenses" under Note no. 18.

Reconciliation of Defined Benefit Obligation

		31st March, 2016 (31st March, 2015) (₹)	
	Change in Defined Benefit Obligations	Gratuity	Leave Encashment
		Unfunded	Unfunded
1.	Present Value of Defined Benefit Obligation at the beginning of period	520,42,03,149 (447,46,54,412)	555,87,97,356 (387,66,73,079)
2.	Current Service Cost	14,99,73,540 (12,01,56,437)	11,45,94,941 (10,73,17,933)
3.	Interest Cost	41,37,34,150 (41,39,05,533)	44,19,24,390 (35,85,92,260)
4.	Past Service Cost	-	-
5.	Curtailment Cost / (Credit)	-	-
6.	Settlement Cost / (Credit)	-	-
7.	Actuarial(Gains) / Losses	54,28,81,377 (158,69,78,856)	11,79,48,318 (229,90,50,820)
8.	Benefits Paid	140,76,72,091 (139,14,92,089)	55,05,40,479 (108,28,36,736)
9.	Present Value of Defined Benefit Obligation at the end of period	490,31,20,125 (520,42,03,149)	568,27,24,526 (555,87,97,356)

NOTES ON ACCOUNTS FOR THE YEAR ENDED ON 31st MARCH 2016

Summary of Actuarial Assumptions

		For the year ended 31st March, 2016	
	Actuarial Assumptions	Gratuity	Leave Encashment
		Unfunded	Unfunded
1	Increment Rate	5%	5%
2	Rate of Discounting	7.99%	7.99%
3	Attrition rate	2%	2%
4	Mortality Table	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)

In case of MAMSL, No Provision for Gratuity is required; since the Company did not have any employee during the year.

54 SEGMENT REPORTING AS - 17

Business Segment:

The group operates in three segments i.e. Generation, Distribution and Transmission.

Business segment have been identified as reportable primary segment in accordance with Accounting standard 17 segment reporting as prescribed under companies (Accounting standards) rules,2006, taking into account the group organisational and internal reporting structure as well as evaluation of risk and return for this segments. Segment reporting policies are in line with the accounting policies of the group.

Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activity of the segment.

(₹ in Lacs)

Particulars	**Generation (Amount in lacs)**	**Distribution (Amount in lacs)**	**Transmission (Amount in lacs)**
Revenue			
External revenue	6,378.86	5,370,736.95	67,388.96
Inter company revenue	1,922,963.42	-	264,095.98
Other Income	10,363.90	288,203.83	25,466.03
Segment Revenue	1,939,706.18	5,658,940.78	356,950.98
Profit before taxation	(874,204.36)	(1,502,108.06)	(408,207.77)

NOTES ON ACCOUNTS FOR THE YEAR ENDED ON 31st MARCH 2016

Taxes	5,258.02	(4235.35)	17,371.35
Profit after Taxes	(879,462.38)	(1,497,873.29)	(425,579.12)
Other Information			
Segment Assets	6,242,235.40	9,589,270.97	2,262,485.22
Segment liabilities	4,488,575.90	6,469,680.03	1,194,030.31
Depreciation	127,571.72	275,968.90	86,116.86
Expenses other than depreciation	1,634,314.44	5,662,364.76	204,120.45
Prior Period Items	--	(18710.19)	9542.08
Exceptional/Extraordinary Items	1,052,024.37	1,241,425.95	465,379.36

Segment reporting is done to the extent identifiable

Secondary Segment :

The operations of the Company are mainly carried out within the state of Maharashtra and therefore geographical segments are not applicable.

55 Details of Dues to Micro and Small Enterprises:

55.1 In respect of MSPGCL:

Micro and small enterprises under the Micro, Small and Medium Enterprises Development (MSME) Act, 2006 have been determined based on the information available with the company and the required disclosures are given below. (₹ in Lacs)

	Particulars	Amount in Lacs
a)	Amount remaining Unpaid to any supplier	
	Principal Amount	70.16
	Interest Due thereon	1.09
b)	Interest paid by the company along with payment made beyond appointed day during the year	-
c)	Amount of interest accrued and remaining unpaid	19.76
d)	Further interest remaining due and payable even in the succeeding year until such date when interest is actually paid to small enterprise	57.66

In case of MAMSL, as on 31-03-2016, there are no dues to Micro, Small and Medium Enterprises defined under "Micro, small and Medium Enterprises Development Act 2006".

55.2 In respect of MSEBHCL:

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

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

NOTES ON ACCOUNTS FOR THE YEAR ENDED ON 31st MARCH 2016

(₹ in Lacs)

Sr. No.	Particulars	31.03.2016	31.03.2015
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

The above information is given to the extent available with the Company

55.3 In respect of MSEDCL:

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.

56 Disclosures required in respect of Accounting Standard (AS) 18 “Related Party Disclosures” are as under:

56.1 In respect of MSEBHCL:

Maharashtra State Electricity Distribution Co. Ltd.	Wholly owned subsidiary
Maharashtra State Electricity Transmission Co. Ltd.	Wholly owned subsidiary
Maharashtra State Power Generation Co. Ltd.	Wholly owned subsidiary
Maharashtra State Electric Power Trading Co.(P) Ltd	Wholly owned subsidiary
Aurangabad Power Company Ltd	Subsidiary of MSEDCL
Dhule Thermal Power Company Ltd	Subsidiary of MSPGCL
Mahaguj Colliaries Ltd	Subsidiary of MSPGCL
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 9 of the Accounting Standard, the company is not required to disclose transactions with its subsidiaries since they are state-controlled enterprises.

Ratnagiri Gas and Power Pvt Ltd	Enterprise over which Key Management Personnel, Relatives of Key Management Personnel etc are able to exercise significant influence.	
	Opening Balance of Investment	51,628 lacs
	Dividend Received	--
	Investment made during the year	--
	Closing Balance of Investment	51,628 lacs

NOTES ON ACCOUNTS FOR THE YEAR ENDED ON 31st MARCH 2016

Key Management Personnel:

Shri Mukesh Khullar	Managing Director
Mrs Anuradha Bhatia	Director(Finance) & CFO
Mr Subodh Zare	Company Secretary

Full time Director - Finance has been appointed on deputation from Income Tax Department since August 2015 and has drawn a remuneration of Rs. 15.47 lacs during the year.

Full time Company Secretary has been appointed on contract basis from August 2015 and salary of Rs. 5.72 lacs was paid to him during the year.

56.2 In respect of MSPGCL:

In view of the paragraph 9 of AS 18, no disclosure is required as regards related party relationships with other state-controlled enterprises and transactions with such enterprises

Other disclosures as required by AS 18 are as under:

Remuneration paid to Directors (₹ in Lacs)

	Name of Related Party	Nature of Relationship	2015-16	2014-15
i)	Mr. Bipin Shrimali	Chairman & Managing Director	24.08	4.51
ii)	Mr. Asheesh Sharma	Chairman & Managing Director (from 01-04-13 to 05-01-15)	-	19.60
iii)	Mr. J.K.Shrinivasan	Executive Director (Finance)	30.11	24.25
iv)	Mr. C.S.Thotwe	Executive Director (Project)	34.50	27.24
v)	Mr. V.P.Singh	Director (Operations)	43.52	36.58

Remuneration to Key Managerial Persons (₹ in Lacs)

i)	Mr. A.R. Nandanwar	Executive Director	25.70	22.75
iii)	Mr. Manoj Ranade	Executive Director(HR)	20.12	15.94
iii)	Mr. Rahul Dubey	Company Secretary	18.46	15.09

MAMSL:-

As required under Accounting Standard18 “Related Party Disclosure” (AS-18), following are details of transactions during the year with the related parties of the Company:

Key Management Personnel :

Shri Vijay Singh	Managing Director	w.e.f.22.3.16
Shri Chandrakant S. Thotwe	Director	Ceased as Director w.e.f. 23.05.16
Shri A.S. Parate	Director	Ceased as Director w.e.f. 23.05.16
Shri Jaikumar Srinivasan	Director	
Shri K.M.Chirutkar	Director	w.e.f.22.3.16
Shri Sudhir Paliwal	Director	w.e.f.22.3.16

NOTES ON ACCOUNTS FOR THE YEAR ENDED ON 31st MARCH 2016

Holding Company :- Maharashtra State Power Generation Company Limited

(₹ in Lacs)

Nature of Transaction	**Years**	**In relation to a) above**	**In relation to (b) above**
Unsecured loans taken	2016	Nil	29.97
	2016	Nil	34.87

Amount outstanding as on 31st March 2015

Loans Payable	2016	Nil	12.55
	2016	Nil	12.90

Note: Related Parties are as disclosed by the Management and relied upon by the auditors.

56.3 In respect of MSEDCL:

In view of the paragraph 9 of AS 18, no disclosure is required as regards related party relationships with other state-controlled enterprises and transactions with such enterprises.

Other disclosures as required by AS 18 are as under:

Remuneration paid to Directors & Key Managerial Persons- (₹ in Lacs)

Name of Related Party	**Nature of Relationship**	**FY 2015-16**	**FY 2014-15**
Shri Ajoy Mehta	Chairman & Managing Director (Upto 05.01.2015)	--	16.59
Shri O.P. Gupta	Chairman & Managing Director (Upto 16.11.2015)	11.52	4.04
Shri Sanjeev Kumar	Chairman & Managing Director (From 16.11.2015)	6.21	---
Shri D.D. Wavhal	Director (Finance) (Upto 31.05.2015)	2.79	16.20
Shri. S.L. Pimpalkhute	Director (Finance) (From 24.07.2015)	9.46	---
Shri. Suryapratap Gupta	Director(V & S) (From 05.08.2014)	21.19	12.65
Shri. Abhijeet Deshpande	Director (Operations)	26.62	21.27
Shri. P.U. Shinde	Director(Projects)	26.47	25.51
Sou. Anjali Gudekar	Company Secretary	17.62	15.02

56.4 In respect of MSETCL:

Disclosures of transactions with Related Parties as required by the Accounting Standard –18:

In view of the paragraph 9 of AS 18, no disclosure is required as regards related party relationships with other state-controlled enterprises and transactions with such enterprises.

NOTES ON ACCOUNTS FOR THE YEAR ENDED ON 31st MARCH 2016

Other disclosure as required by AS 18 is as under:

i) **List of Related Parties :**

List of Joint Ventures :

Jaigad Power Transco Ltd (JPTL)

Maharashtra Transmission Communication Infrastructure Limited

ii) Key Management Personnel :

Shri. Rajeevkumar Mital	Chairman & Managing Director
Shri. P.G. Mohite	Director Finance (Ceased w.e.f. 06.06.2015)
Shri. J.K.Srinivasan	Additional Charge of Director Finance (w.e.f. 06.06.2015)
Dr Jyoti Arora	Company Secretary (Ceased w.e.f. 30.05.2015)
Ms. Vineeta Shriwani	Company Secretary (w.e.f. 22.06.2015)

iii) Transactions with Related Parties at (i) above are as follows :

a) Joint Venture between MSETCL and JSW Energy Limited : Jaigad Power Transco limited .

i) During the F.Y. 2015-16 MSETCL is in receipt of Rs.1014.99 Lacs as dividend against Equity holding of Rs.3575.00Lacs in Jaigad Power Transco Ltd for F.Y.2014-15.

ii) Receipts as per O&M agreement for the Terminal Bay's, Karad & Koyna during F.Y. 2015-16 is Rs.35.77 Lacs (Inclusive of service Tax of Rs.4.45 Lacs)

2) Joint Venture between MSETCL AND STERLITE TECHNLOGIES LIMITED : MAHARASHTRA TRANSMISSION COMMUNICATION INFRASTRUCTURE LIMITED

MSETCL entered into the Joint Venture with Sterlite Technologies Ltd. on 4th May, 2012. The Joint Venture company namely MTCIL (Maharashtra Transmission Communication Infrastructure Limited) was incorporated on 9th August, 2012. The Company has been formed with the express objective of establishing an OPGW based communication network, which will utilize the same commercially as a telecom infrastructure provider company.

To achieve its objective MTCIL shall collaborate actively with MSETCL (Maharashtra State Electricity Transmission Company Limited) to develop an OPGW route over the latter's EHV transmission infrastructure (including switching stations/substations) of length more than 2801 Kms across the state of Maharashtra reaching 9 major cities and a large catchment of the semi-urban and rural areas. The idea of this venture is to promote highest level of convergence between power and telecommunication fields by developing an extensive OPGW infrastructure which will pave the way for pervasive telecom facilities for the state by providing the ultra high capacity telecom backbone over the OPGW route.

During FY 2012-13, MSETCL has paid Rs. 37.38 Lacs to acquire equity shares of MTCIL against which 24,500 Nos. of equity shares were issued in the FY 2012-13 and 3,49,266 Nos. of equity shares were allotted during FY 2013-14. During FY 2013-14, MSETCL has paid Rs. 100 Lacs against which MTCIL has issued 10,00,000 Nos equity shares during FY 2014-15 and further during FY 2014-15 MSETCL has paid Rs. 208.70 Lacs against which MTCIL has issued 20,86,955 Nos. of equity shares.

During the financial year MSETCL has paid Rs. 176.30 Lacs against Equity Shares Nos. 1,763,005.

NOTES ON ACCOUNTS FOR THE YEAR ENDED ON 31st MARCH 2016

57 EARNINGS PER SHARE AS – 20 (₹ in Lacs)

Particulars	2015-2016	2014-2015
Profit/(Loss) after taxes Rs	-2,652,070.64	6,4294.00
Number of equity shares outstanding	96,353.90	2,263.43
Face value of equity shares Rs/Share	10	10
Earnings per share (basic)	-27.52	2.84
Diluted Earnings per share	-27.52	2.84

58 DEFERRED TAX ASSET/LIABILITY

58.1 The amount of Deferred Tax Liability for timing differences as on 31st March, 2016 has been provided by the company during the year and is calculated as under:

(₹ in Lacs)

Particulars	As at 31st March 2016	As at 31st March 2015
Opeining Deferred Tax Liability/Asset	138,669.71	124286.71
Difference of Book depreciation/ amortisation & tax depreciation	309,284.72	269731.63
Total	447,954.43	394018.34
Gratutity	287.18	-355.98
Disallowance U/s 43B of Income tax Act 1961	35,460.79	35009.85
Leave Encashment	-2,041.40	79.19
Disallowance U/s 40(a) (7) of Income Tax Act 1961	16,665.70	17689.08
Unaborsed Depreciation Loss C/f	89,893.17	49826.26
Provision for Bad Debts		-50.68
Closing Deferred Tax Liability / (Asset) Net	304180.54	291,165.67

58.2 In respect of MSEBHCL based on schedule of reversal of time differences of deferred Tax liablites, historical pre-tax earnings and projection for future taxation 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.

58.3 **In respect of MSEDCL :** In view of virtual uncertainty regarding generation of sufficient future taxable income, deferred assets has not been created, however the Company has recognised deferred tax asset on unabsorbed depreciation/loss to the extent of deferred tax liability only.

59 IMPAIRMENT OF ASSETS:

59.1 In respect of MSETCL:

In accordance with AS-28 “ Impairment of Assets“, impairment analysis of transmission activity of the company by evaluation of its cash generating units, was carried out by an outside agency in the year 2006-07 and since recoverable amount was more than the carrying amount thereof, no impairment loss

NOTES ON ACCOUNTS FOR THE YEAR ENDED ON 31st MARCH 2016

was recognised. In the current year, there is no indication of impairment which requires re- estimating the recoverable amount of the assets.

59.2 In respect of MSEDCL:

In accordance with AS – 28 on "Impairment of Assets" the Management has carried out a review of its assets with respect to economic performance. On the basis of review, the Management is of the opinion that economic performance of the assets of the Company is reasonable and therefore there is no impairment as on the date of the Balance Sheet.

59.3) In respect of MSPGCL:

Impairment of assets of Mahaguj Collieries Limited:

i) An asset is treated as impaired when the carrying cost of asset exceeds its recoverable value. An impairment loss is charged for when the asset is identified as impaired. The impairment loss recognized in prior accounting period is reversed, if there has been a change in the estimates of recoverable amount.

ii) At each balance sheet date, management conducted an assessment of property, plant and equipment and all financial assets to determine whether there are any indications that they may be impaired.

iii) During the year, the Hon'ble Supreme Court vide its Judgment dated 25.08.2014 and order dated 24.09.2014 in W.P. (Criminal) No. 120 of 2012 and other connected matters, has declared all allocations of the Coal blocks made through Screening Committee and through Government Dispensation route since 1993 as illegal and has quashed the allocations of 204 coal blocks. The same has been informed by the Ministry of Coal vide its letter dt. 01.10.2014 put up on its website. This includes our Machhakata-Mahanadi Coal Block also.

iv) Thereafter, the Ministry of Coal invited details of valuation from prior allottees of Coal Block and subsequently, the valuation details were also required to be submitted on affidavit. The said information was submitted on affidavit claiming expenditure incurred only by the Company for development of the Coal Block. This information was sought by the MOC as there is mechanism for payment of the expenditure of the prior allottee through successful bidder.

v) As on date Coal Block allocation has been cancelled; however, in the subsequent bidding the Machhakata-Mahanadi Coal Block has not been allotted to any bidder as on March, 2016. Similarly, the Company has not received any communication from the Ministry of Coal denying the valuation and claims made by the Company. In view of this, the management is of the opinion that none of the Company's Assets are impaired.

vi) DTPLC has incurred a profit before tax of Rs. 0.49 lacs during the year and has accumulated losses of Rs. 9.63 lacs resulting in erosion of its net worth completely . However, considering the fact that the Company is a subsidiary of Maharashtra State Power Generation Company Limited, and is likely to operate a project in future and the industry to which the Company belongs where each project has a long term horizon, the accounts have been prepared on going concern basis.

NOTES ON ACCOUNTS FOR THE YEAR ENDED ON 31st MARCH 2016

60 CONTINGENT LIABILITIES – AS 29

60.1 Contingent Liability related to MSEBHCL

i) In respect of income tax demand for various years disputed are as follows :-

Nature of Dues	Amount (In Lacs)	Period to which the amount relates
Penalty	13717.37 (P.Y. 13,717.37)	A.Y. 2007-08
Penalty	11,348.15 (P.Y. – 11,348.15)	A.Y. 2009-10
Tax and Interest	92.31 (P.Y. – 92.31)	A.Y. 2010-11
Tax and Interest	824.91 (P.Y. – 1,044.23)	A.Y. 2011-12
Tax & Interest	752.55 (P.Y. 752.55)	A.Y. 2012-13
Tax and Interest	11,589.99 (P.Y. Nil)	A.Y. 2013-14
Stamp Duty on issues of shares	912.48 (P.Y. Nil)	A.Y. 2016-17

ii) Out of the penalty of Rs. 13,717.37 lacs (P.Y. Rs. 13,717.37 lacs) for the A.Y. 2007-08 Rs. 2500 lacs have been paid under protest against which stay proceeding are pending under PCIT.

iii) During the financial year 2013-14, Company had given Corporate Guarantee amounting to Rs 150,000 lacs in favour of REC on behalf of MSEDCL for grant of loan. Out of the same, bank guarantees of Rs. 100,000 lacs have been released by REC and cancelled during the financial year.

iv) 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.

Commitments:

The estimated amount of contracts remaining to be executed on capital account and not provided for In respect of Others Rs. 3.44 lacs (P.Y. Rs. 110.18 lacs)

60.2 Contingent Liability related to MSEDCL are as under:

(₹ in Lacs)

Particulars	As at 31.03.2016	As at 31.03.2015
Bank Guarantees issued in favour of third parties	10,000	10,000
Claims against the Company not acknowledged as debts	1,376,225	795,326
Liability against capital commitments outstanding (net of advances)	594,012	165,391
Disputed Duties/ Tax Demands	464,532	397,971

NOTES ON ACCOUNTS FOR THE YEAR ENDED ON 31st MARCH 2016

Contingent Liabilities include:-

The payment released to M/s. Datar Switchgear Ltd. From September 1998 is booked under head of account. "Amount recoverable from the contractors" (SAP A/c Code 24100024) amounting to Rs. 899.82 Lacs upto 31st march 2000 being matter under dispute. Further, M/s Datar Switchgear Ltd., has moved the matter before arbitration for their claims. As per the orders passed by arbitration, the erstwhile Maharashtra State Electricity Board (Hereinafter referred to as The Board) released some adhoc payment during 1999-2000. Similarly, claim of excess payment made by the Board was admitted by arbitration for hearing. However, an amount of Rs. 189.99 lacs was received from M/s. Datar Switchgear Ltd. towards refund against various O & M Circles. The interim award was passed by arbitration directing the Board to pay Rs. 913 lacs to M/s. Datar Switchgear Ltd. against a Bank Guarantee (BG) of Rs. 681 lacs. Accordingly, payment was released by the Board. But, M/s. Datar Switchgear Ltd and their Banker have failed to renew B.G. and hence, the Board preferred an appeal in the Hon'ble High Court for contempt of Court due to non-renewal of Bank Guarantee (B.G.) and also asked for suspension of arbitration proceedings for having violated the arbitration award. Out of total B.G. amount of Rs. 681 lacs, Rs. 113 lacs was appropriated and for the balance amount of Rs. 568 lacs, B.G. was required. M/s. Datar Switchgear Ltd. filed a civil suit bearing no. 858 of 2002 in the Pune Court against IDBI for obtaining this B.G. Arbitration awards was passed on 18th June, 2004 against the Board for Damages of Rs. 18,598 lacs with interest @10% p.a. on Rs. 17,900 lacs and Rs. 100 lacs towards Cost of Proceedings. An appeal bearing case no. 374/2004 was filed against the Arbitration Award dt. 18th June, 2004 of Arbitration Tribunal in Bombay High Court (Single Bench). Further, Hon'ble Bombay High Court Single Bench passed the judgment on 3rd August, 2005 & set aside the Arbitration award. Further, M/s. Datar Switchgear Ltd. filed an Appeal bearing No. 672/2005 on 26th August, 2005 against the order of Bombay High Court (Single Bench) dated 3rd August, 2005. Division Bench on 22nd October, 2008 has set aside the order passed by single bench and the case was remanded back again to Single Bench of Hon'ble Bombay High Court for adjudication in the arbitration petition No. 374/2004. The Single Bench passed the judgment on 10th March, 2009 against MSEDCL. Subsequently, Hon. Justice passed the order on 31st march, 2009 directing MSEDCL to submit Bank Guarantee to Rs. 7500 Lacs on or before 6th April, 2009 to the prothonotary and Senior Master Bombay High Court. Accordingly, MSEDCL has submitted Bank Guarantee of Rs. 7500 Lacs on 4th April, 2009 to the Hon'ble Bombay High Court, Mumbai through Canara Bank, Fort, Mumbai.

MSEDCL filed an appeal before Division Bench on 2nd May, 2009 against the order of the Single Bench. The division Bench granted interim stay subject to the Company depositing Rs. 17,900 Lacs on or before 20th June, 2009 and furnishing Bank Guarantee for balance amount of Rs. 6500 Lacs. An appeal was listed before Hon'ble Bombay High Court, Mumbai on 29th June, 2009. Further, MSEDCL has filed Special Leave Petition (SLP) with Hon. Supreme Court against the order of Division Bench on 15th may, 2009. The Supreme Court granted stay upto 29th June, 2009 and modified the order of Division Bench Bombay. According to modified order, MSEDCL was required to deposit Rs. 6,500 lacs with Hon'ble Bombay High Court and furnish Bank Guarantee for balance of Rs. 20,000 lacs to Hon'ble Bombay High Court. Accordingly, MSEDCL has deposited amount and furnished Bank Guarantee to the Prothonotary and Senior Master Bombay High Court, Mumbai on 19th June, 2009. The SLP is pending before Hon. Supreme Court. The Rs. 7500 lacs as B.G. is refunded back to MSEDCL by Sr. Master Prothonotary of Bombay High Court, Mumbai.

The order passed in case (appeal no. 166/09) on dt. 18/10/2013, by the Division Bench of Hon'ble Bombay High Court, Mumbai was against MSEDCL. In the order Division Bench of Hon'ble Bombay High Court,

NOTES ON ACCOUNTS FOR THE YEAR ENDED ON 31st MARCH 2016

Mumbai upheld the award of Rs. 17,915 Lacs awarded by the Arbitration Tribunal and interest from the date of award by Arbitration Tribunal.

Aggrieved with this order of the Division Bench of Hon'ble Bombay High Court, Mumbai, MSEDCL filed SLP no. 36266/2013 in the Hon'ble Supreme Court Delhi on dt. 28th Nov, 2013. After hearing Hon'ble Supreme Court Delhi has issued notice and stayed the operation of impugned order of Division Bench of Hon'ble Bombay High Court, Mumbai.

In the interim order Hon'ble Supreme Court Delhi, ordered that MSEDCL was required depositing Rs. 10,000 Lacs in the form of Demand Draft and Bank Guarantee of Rs. 10,000 Lacs with Hon'ble Bombay High Court . Accordingly, MSEDCL has deposited the amount and furnished Bank Guarantee to the Prothonotary and Senior Master Bombay High Court, Mumbai on 15th Jan., 2014. Accordingly MSEDCL has deposited Rs 10,000 lacs BG and Rs 10,000 lacs Demand Draft to the Senior Master & Prothonotary BHC Mumbai.

The bank guarantee of Rs. 20,000 Lacs which was previously deposited with Prothonotary and Senior Master Bombay High Court, Mumbai as per previous order of Supreme Court dtd 13.12.2013 has been released.

- M/s. DSL enterprise has filed the case no. 1027/2014 (Previous case no. 138/2012 at Nashik court) for damages of panels & cost of possession before BHC Mumbai and the matter is under process. Next date will be listed in due course and the claim amount is Rs. 42,000 Lacs (as per M/s. DSL Enterprises)
- M/s. DSL has filed suit no. 3761 of 2000 before High Court Mumbai for claiming damages of Rs. 3,400 lacs of old LTSC panel no 12555 in order places in the year 1993-94. The matter is under process before Hon'ble Bombay High Court, Mumbai (Single bench comprising of Hon'ble Judge Mrs. Roshan Dalvi). After hearing the matter Hon'ble Judge passed order dtd. 18/2/2015, to appoint Commissioner to record the cross examination/witness. The fees of Commissioner will be Rs. 0.07 lacs per hearing and to be borne by both the sides.

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

The inspection of documents of both the parties (i.e. MSEDCL & M/s. Asian Electronics Ltd) has been completed. Further, application for interim relief filed by M/s. Asian Electronics and application filed by MSEDCL towards seeking bank guarantee for counter claim of Rs. 50,231 Lacs have been dismissed by Arbitral Tribunal.

The FIRs of 31 in numbers along with criminal applications filed against M/s. Asian Electronics Ltd before Aurangabad bench of Bombay High Court are under process. The admission and denial of documents pending before Arbitrators due to unpreparedness of M/s. Asian Electronics Ltd.

The evidences preparation of 324 employees of MSEDCL through M/s. Lex Global Legal Consultants, New Delhi is in process, out of which 30 witnesses have been reported & relevant documents are prepared.

At the hearing on 23.04.2015, the Hon'ble Tribunal after hearing the parties was pleased to adjourn the arbitration proceeding sine die (long adjournment).

NOTES ON ACCOUNTS FOR THE YEAR ENDED ON 31st MARCH 2016

Presently in Bombay High Court, Appeal no. 854 of 2015 Asian Electronics Vs SBI Global factors ltd. & others is in progress. MSEDCL is an intervener in this matter & submitted affidavit about non disclosure by M/s. Asian Electronics of the facts that Arbitration between the MSEDCL and Asian Electronics is in progress.

Maharashtra State Power Generation Company Limited (MSPGCL) a fellow subsidiary has claimed Delayed Payment Charges/ Surcharge on account of delayed payments made during the year. In view of the precarious financial position of the Company, the Company has requested MSPGCL to waive the Delayed Payment Charges and also requested MSEB Holding Co. Ltd. for necessary direction.

MSEB Holding Co. Ltd. has directed MSPGCL & MSETCL to waive off Delayed Payment Charges being levied on the Company. Accordingly, the Company has approached MSPGCL & MSETCL to waive the Delayed Payment Charges and also requested MSEB Holding Co. Ltd. for necessary direction.

MSEB Holding Co. Ltd. has directed MSPGCL & MSETCL to waive off Delayed Payment Charges being levied on the Company. Accordingly, the Company has approached MSPGCL & MSETCL to waive the Delayed Payment Charges. The details of which are as under.

(Rs in Lacs)

Particulars	Since when	Amount of DPS upto 2014-15	Amount of DPS for 2015-16	Total amount of DPS as on 31.03.2016	Total Provision made up to this year	Short Provision
MSPGCL	2009-10	2,61,097	77,558	3,38,655	74,829	2,63,826
MSETCL	2011-12	66,532	26,970	93,502	Nil	93,502

In view of these directions of MSEB Holding Co. Ltd. followed by request by the Company to MSPGCL for waiver of Delayed Payment Charges claim, no provision has been made in financial statements of the Company for the year. Pending confirmation from MSPGCL the same has been shown as Contingent Liability.

60.3 Contingent Liability related to MSETCL are as under:

Contingent Liabilities (AS 29) : (In excess of Rs. Ten Lacs individually in value)

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 Pitition 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 Lacs (matter-I) and Rs. 11.96 Lacs (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.

NOTES ON ACCOUNTS FOR THE YEAR ENDED ON 31st MARCH 2016

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 Lacs (Matter-I) and Rs. 3.38 Lacs (Matter-II) i.e. Rs. 13.06 Lacs 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 Lacs i.e. total liability including interest upto 31/03/2015 is Rs. 89.12 Lacs less amount deposited in the court of Rs. 13.06 Lacs.

132 KV Shahada-Taloda line erection work was given to M/s Mistry Construction Co., at cost of Rs. 9.25 Lacs. 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.

Thereafter, the contractor went to Jalgaon Court for the payment of unexecuted work.

The Jalgaon Court on 23.03.2001 passed the order against erstwhile MSEB to pay Rs. 6.96 Lacs to the contractor towards final bill after recovering Rs.10,354 from the petitioner which is due to MSETCL & Rs. 1.54 Lacs against supply of water cost , risk. The MSEB had deposited Rs. 5.32 Lacs 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 Lacs

1620:Amaravati.Constn.Divn.

M/s H T Associates was awarded work of excavation, foundation, erection and stringing etc for 132 KV Chikhli-Dhad Transmission line. Since the contractor could not complete assigned task in time, the balance work was allotted to another contractor by calling tender. MSETCL suffered a loss caused by the H T Associates. MSETCL has made claim of Rs. 57.73 Lacs with interest @ 18% per anum that amounts to Rs. 20.78 Lacs till date. M/s. H T Associates, aggrieved by this arrangement, appealed in Hon. Court and brought stay on the said tender. M/s. H T Associates has counterclaimed Rs. 81.14 Lacs from MSETCL. Now the case is under arbitration with zonal office Amaravati.

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 Lacs from MSETCL on count of Loss of idling of camp labour, work done but not paid, price escalation, interest on claim etc.

NOTES ON ACCOUNTS FOR THE YEAR ENDED ON 31st MARCH 2016

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 Lacs.

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 Lacs 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 Lacs 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 Lacs 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.

Civil Court Ahmednagar has held in the case filed by Mr.Bahiru R. Gunjal (Late) & his descedents and ordered MSETCL to pay Rs. 14.12 Lacs to the appellant as additional compensation for land acquisition. The land was acquired for the purpose of erection of 220 KV Kedgaon Sub Station, Ahmednagar. Against the order, MSETCL has deposited Rs. 14.12 Lacs in the court on 08/09/2011. However, Mr. Bahiru R. Gunjal (Late) & his descedents have applied for higher compensation and the case is pending in the High Court for final decision.

The contingent liability in the case is not quantifiable.

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 Lacs against which MSETCL has appealed before Hon'ble High Court for 50% of amount i.e. Rs. 27.70 Lacs and deposited Rs. 27.70 Lacs in the Court. After that Court permitted withdrawal of Rs. 15.00 Lacs and balance amount Rs. 12.70 Lacs remained with Court.

The Contingent liability in the case is Rs. 12.70 Lacs .

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 Lac 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 Lacs 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 Lacs alongwith interest @ 6% from the date of filing of suit (27.04.1993) till the scheduled date of deposit (20.08.2009) which totally amounts to Rs. 160.35 Lacs. 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 Lacs in the Court. Accordingly MSETCL has deposited Rs. 160.35 Lacs 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

NOTES ON ACCOUNTS FOR THE YEAR ENDED ON 31st MARCH 2016

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 Lacs .

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 Lacs i.e. M/s Minerva Switchgears, Nagpur Rs. 194.60 Lacs and M/s Sigma Transformers Pvt. Ltd Rs. 73.09 Lacs. Out of total interest claim, MSETCL has deposited Rs. 200.76 Lacs 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 Lacs.

1600:EHV.Constn.Circle,Amaravati

Mr. Omprakash Akherji Shrimali has filed Civil Suit No. 200799/2012 against MSETCL claiming Rs. 28.25 Lacs towards arrears of rent, interest, electricity bill and damages due to vacating rented premises early. The same is pending at Joint Civil Judge Junior Division, Amravati. The contingent liability in this case is Rs. 28.25 Lacs.

Disputed Statutory Dues aggregating Rs. 22,888.00 Lacs that have not been deposited on accounted of disputed matters pending before appropriate authorities are as under.

The matter 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 against the ESIC Court Pune order which was in favour of MSEB. At present the matter is pending with Mumbai High Court. The contingent liability in this case is Rs. 22 Lacs

Rectification application dated 27.01.2009 for AY 2006-07 has been filed against demand of Rs.18 Lacs vide order dated 31.12.2008 passed under section 115 WE(3) of Income Tax Act,1961 in respect of FBT. The same is pending with assessing officer. Contingent Liability in this case is Rs.18 Lacs .

Rectification Application dated 01.02.2012 for AY 2008-09 is pending with Assistant Commissioner of Income Tax. The same has not been acted upon. Contingent liability in this case is Rs. 3.28 Lacs . Furthermore proceedings are also pending before ITAT.

Appeal for AY 09-10 was filed on 01.05.2014 with CIT (A) against the order dated 30.03.2014 of DCIT . The proceedings before CIT (A) are under process. Contingent liability in this case is Rs. 19,001 Lacs .

The appeal dated 15.05.2015 for the A.Y.2010-11 is pending before the Income-Tax Appellate Tribunal and the appellate proceedings before the commisiioner of Income Tax (Appeals) have been completed vide order dated 10.02.2015. However the order giving effect to the same is pending . Contingent Liability in this case is Rs.3,519 Lacs

Appeal dated 07.05.2015 for A.Y. 2012-13 is pending before CIT (A) against the assessment order dated 31.03.2015. Contingent Liability in this case is Rs.311 Lacs .

1120:EHV-O&M-Dn.Akola

Shri Mohd.Sidiqqi was discontinued as N. M. R. for that he has filed the compensation case which the company lost at High Court, Nagpur WP/715/06. Hence SLP (Civil) Diary No. 1399 of 2016 submitted on Dt. 11.01.2016 The compensaction liability comes to Rs. 70 lacs

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 Nagpui to M/s. Unique Associates, Nagpur. Work order plaeed by SE(C). WO Amt. Rs. 4566.03 Lacs. Due to slow

NOTES ON ACCOUNTS FOR THE YEAR ENDED ON 31st MARCH 2016

progress work terminated by SE(C) Agency invoked arbitration. Arbitration claim Rs. 48.13/- Lacs. Revised claim submitted by the agency on 28.09.2015 for Rs. 65.52/- Lacs.

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 in respect of 220KV Amalner sub-stn. Dist. Jalgaon [Royalty charges for Mard Murum from Sub-stn premises used by Cutting & Filling so as to bring both surfaces in one Level. The liability may be of Rs. 12 lacs

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 may comes to Rs. 15,54,000

6120 : EHV O&M Dn.II Pune : Case No. 980/2008

Fatal accident to the 2 sons of Mr. Milind Madhukar Wagh. The liability may comes to Rs. 12 lacs

6210 : EHV O&M Dn.Solapur Appeal/13013/2015 dt. 01.05.2015

The case is regarding excess Grampanchayat Tax levied by Grampanchayat, Malinagar(Defedant). The liability may comes to Rs. 20.15 lacs

7210 : EHV O&M Dn.Panvel Case No. MACP No.444 / 2008

D.C.Shah Vs Directorete of Insurance. This case is of road accident involving Vehicle (Tempo) no. MH 14 F0027 belonging to EHV (O&M) Dn.Panvel.(Dinesh Chaturbhuj). The liability may comes to Rs. 15 Lacs. This case pending for submtting evidances of oposite party in Alibag Court

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. 41,59,511.90 against various claims of the agency. Hence, Arbitration Petition No. 398/2008 in Bombay High Court. The liability may comes to Rs. 41.59 lacs

All Zone Land Compensation, Crop Compensation and ROW Cases Pending F.Y. 2015-16

(₹ in Lacs)

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**					
NIL	NIL	NIL	NIL	NIL	NIL	NIL

NOTES ON ACCOUNTS FOR THE YEAR ENDED ON 31st MARCH 2016

2)	**Auragabad Zone**					
1	2630	EHV Construction Division Nanded	District Magistrate Nanded	Shankar Laxman Dhange & Other 19	10.00	-
2	2630	EHV Construction Division Nanded	District Magistrate Nanded	Shri Dadarao Purbhaji Mungal & 15 Other	20.00	-
3	2630	EHV Construction Division Nanded	District Magistrate Parbhani,	Chander P. Kasture & Others i/r of 400KV Chandrapur-Parli line.	10.00	-
4	2630	EHV Construction Division Nanded	High court Aurangabad	Shri. Pravin Nagnathrao Paldewar.	10.00	-
5	2630	EHV Construction Division Nanded	MERC Mumbai	Vikram Shivaji Mugal & others	10.00	-
6	2720	EHV CCCM Division Parbhani	Hon. High court bench Aurangabad	Shri. Gangadhar Nagnath Kondawar and Shri Shankar Nagnath Kondawar r/o Kundalwadi	17.32	0.33
7	2720	EHV CCCM Division Parbhani	Hon. High court bench Aurangabad	Shri. Namdev Ramji Gudetwar r/o Himayatnagar Dist.Nanded. V/S	20.06	0.06
8	2720	EHV CCCM Division Parbhani	Hon. C.J.S.D. Court Gangakhed.	Anantrao K Ambekar Through LRS Smt. Ushatai	43.16	-

NOTES ON ACCOUNTS FOR THE YEAR ENDED ON 31st MARCH 2016

				A Ambekar & others.		
9	2730	EHV CCCM Division Latur	Hon. HC Aurangabad	Veermath Sansthan Trust. Ahmedpur Dist. Latur	107.00	10.80
10	2730	EHV CCCM Division Latur	Dist. Court Osmnabad	Smt. Pushpabai Vijaysingh Raje	25.00	-
11	2730	EHV CCCM Division Latur	Hon. Supreme Court, Delhi.	Rajendra N Gaikwad, Beed	79.26	-
12	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
13	2730	EHV CCCM Division Latur	Dist. Court Latur	Sambappa Shankarappa Raut & others	125.00	-
14	2730	EHV CCCM Division Latur	CJSD Nilanga	Smt. Kamlabai Govindrao Patil	43.07	43.07
3)	**Nashik Zone**					
1	5710	EHV CCCM Dn. Nashik	HIGH COURT, Bench, Aurangabad	Mr. R. C. Nawandar & others	79.71	79.71
2	5710	EHV CCCM	HIGH COURT, Bench, Aurangabad	Heirs of Late Bahiru Raghinath Gunjal	9.06	14.12

NOTES ON ACCOUNTS FOR THE YEAR ENDED ON 31st MARCH 2016

3	5710	EHV CCCM Dn. Nashik	HIGH COURT, Bench, Aurangabad	S. R. Wani & Others	6,435.00	27.70
4	5720	EHV CCCM DN JALGAON	HIGH court A'bad.	Mr. P. N. Patil & others 3, Shahada	10.25	9.97
5	5720	EHV CCCM DN JALGAON	HIGH court A'bad.	Late Mr. R. C. Agrawal, Chopda & Its Legal Heirs.	39.52	17.76
6	5720	EHV CCCM DN JALGAON	High-court A'bad.	Mr. K. B. Chavan, Chopda	14.52	6.51
7	5720	EHV CCCM DN JALGAON	High-court A'bad.	Shri Daga Shripat Patil, Parola	14.35	14.35
8	5720	EHV CCCM DN JALGAON	High-court A'bad.	Shri Rama Shripat Patil, Parola	12.22	12.23
9	5720	EHV CCCM DN JALGAON	High-court A'bad.	Shri Rama Shripat Patil, Parola	18.23	18.23
10	5720	EHV CCCM DN JALGAON	High-court A'bad.	Mohd. Ali Hussain Ali Chopada Dist. Jalgaon.	84.14	21.04
11	5720	EHV CCCM DN JALGAON	High-court A'bad.	Mr. R. G. Patil & Shri. C. G. Patil Shahada.	75.94	-
12	5720	EHV CCCM DN JALGAON	High-court A'bad.	Smt. Parvatabai R. Mahajan & Others 2	75.00	-
13	5720	EHV CCCM DN JALGAON	Civil Judge JD. Sakri	Smt. Sindhubai V Patil & Others.	10.00	-

NOTES ON ACCOUNTS FOR THE YEAR ENDED ON 31st MARCH 2016

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	District Judge-7, Nagpur	Shri Bhudev C. Wandhe	220.00	-
3	4610	EHV Const. Dn-I,Nagpur	District Judge Nagpur	Shri Devanad Dattuji Awale	300.00	-
4	4610	EHV Const. Dn-I,Nagpur	District Judge Nagpur	Smt Anusaibai Dattuji Awale	750.00	-
5	4610	EHV Const. Dn-I,Nagpur	District Judge Wardha	Shri Ashok Shyamsunder Agarwal & 02 others	395.66	-
6	4610	EHV Const. Dn-I,Nagpur	District Court Civil, Nagpur	Shri Harish Daulatrao Ramteke	800.00	-
7	4610	EHV Const. Dn-I,Nagpur	District Judge No 3, Nagpur	Smt Sunanda Dhanraj Bhalerao	400.00	-
8	4610	EHV Const. Dn-I,Nagpur	High Court Nagpur Bench	Shri. Ramchandra Jagannath Kulkarni & other	70.37	-
9	4630	EHV, Const. Dn. Chandrapur	District Judge - 1 Warora	Shri. Mahadeo Jiotode	90.00	-
10	4630	EHV, Const. Dn. Chandrapur	District Judge - 1 Warora	Sau. Suman Maroti Jiotode	60.00	-
11	4710	EHV CCCM Division Nagpur	3rd Ad-Hoc Distt Judge. Nagpur	Maharashtra State Textile Corporation	615.00	-

NOTES ON ACCOUNTS FOR THE YEAR ENDED ON 31st MARCH 2016

				V/S MSETCL Compensation of amount under award date 14.06.2000 in respect of land at Jattarodi		
12	4710	EHV CCCM Division Nagpur	Civil Judge Sr Dn. Nagpur	M/s Vijay Wargi & Sons V/S MSETCL Claim for 220KV S/stn Umred	26.53	-
13	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
5)	**Pune Zone**					
1	6610	Executive Engineer, EHV Constn. Dn-1, Pune	Civil Judge Jr. Dn. at Sasawad	Mr. Gorakhranath Madadeo Misal		
2	6610	Executive Engineer, EHV Constn. Dn-1, Pune	In the Court of Hon Civil Judge Jr. Div. Pune	Bharatlal Rupchand Dharmawat		
3	6620	Executive Engineer, EHV Constn. Dn-II, Pune	Civil Court Tal. Karad Dist Satara District Court Karad	Shankar Pandurang Karnale (Pawar) Karad		
4	6620	Executive Engineer, EHV Constn. Dn-II, Pune	Civil Court Junner	Shri. Ramchandra N. Shegar		

NOTES ON ACCOUNTS FOR THE YEAR ENDED ON 31st MARCH 2016

5	6620	Executive Engineer, EHV Constn. Dn-II, Pune	Civil Court, Pune	Mrs. Ashalata Rama Chandva Dhongade, Pune		
6	6620	Executive Engineer, EHV Constn. Dn-II, Pune	Civil Court, Pune	Mrs.Sandhya Parage Binde, Pune		
7	6630	Executive Engineer, EHV Constn. Dn-III, Solapur	District & Session Court Tuljapur	Navanath Dyanu Mohite		
8	6630	Executive Engineer, EHV Constn. Dn-III, Solapur	High Court Aurangabad	1) Kureshi Maimuddian A Hakim 2) Kureshi Mehamudadi A Hakim 3) Kureshi Najamoddin A. Hakim 4) Kureshi Nasir A Hakim 5) Kureshi Saied A Hakin		
9	6630	Executive Engineer, EHV Constn. Dn-III, Solapur	Session Court Mangalweda	1. Vandana Dembhare. 2. Shubhangi Dembhare. 3. Pragati Dembhare		
10	6710	EHV Civil Const. Cum Maint. Division, Solapur	District Court Solapur	Sou. Sulochana P. Birajdar, Solapur	10.00	-
11	6720	EHV CCCM Division Pune	Supreme Court	Shabbir 'A' Sabuwala	73.87	

NOTES ON ACCOUNTS FOR THE YEAR ENDED ON 31st MARCH 2016

6)	**Vashi Zone**					
NIL	NIL	NIL	NIL	NIL	NIL	NIL
7)	**Karad Zone**					
NIL	NIL	NIL	NIL	NIL	NIL	NIL
8)	**SLDC Kalwa Zone**					
NIL	NIL	NIL	NIL	NIL	NIL	NIL

60.4 Contingent Liability related to MSPGCL are as under:

(in excess of Rs 10 lacs) (₹ in Lacs)

Sr. No.	Particulars	2015-16	2014-15
(a)	Bank Guarantee issued by Bankers of company in favour of Third Parties	321.18	321.18
(b)	Bank Guarantee / Letter of Credit issued by Bankers of company	74,077.24	41,886.99
(c)	Claims against company not acknowledged as debts	121,880.62	126988.14
(d)	Disputed Duties / Tax Demands	11,210.90	11,104.21

In case of MCL, during the year M/s AMPL had claimed compensation of Rs 31,739 lacs for expenditure made in development of Machhakata coal blocks due to cancellation of coal block allocation by the Hon'ble Supreme Court of India. The claim being outside the scope and terms of CMSA and as the Company neither received any benefit out of such expenditure; the Company had refused this claim. Thus Claims against the Company not acknowledged as debt amounted to approximately Rs 31,739 lacs (P.Y. Rs 31,739/- lacs)

61 DISCLOSURES REGARDING LEASES AS – 19

61.1 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 Accounting Standard-19.

61.2 In respect of MSEDCL:

The Company has various operating leases for office and residential premises for employees that are renewable on periodic basis and cancellable at its option. An expense lease rent for operating leases recognised in statement of Profit and Loss for the year is Rs.2,822.34 Lacs(previous year Rs.2,730.42 Lacs).

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.1,808.20 lacs (Previous Year Rs.1,984 lacs) included in the amount shown at (I) above.

NOTES ON ACCOUNTS FOR THE YEAR ENDED ON 31st MARCH 2016

61.3 In respect of MSPGCL:

Operating Leases: Company's significant leasing arrangements are in respect of operating leases. **Hydro Lease:** MERC has issued order for revised lease rentals to be paid to Government of Maharashtra (GOM) with effective from 2012-13 in respect of various hydro power stations under the control of the Company. During year 2015-16 company has provided for lease rent of Rs.318,35,00,000 (PY Rs.321,54,00,000). Similarly, on the basis of Lease Rent order in respect of Ghatghar HPS dated 27-12-2012, Company has provided for Rs.219,48,00,000 (PYRs.226,69,00,000) Further, vide letter dated 03-03-2011, GOM has informed that it would be taking over Bhatghar, Yeldari and Vaitarna HPS for Renovation and Modernization. However, at present these HPS are still in the possession of the Company and are being operated by the Company, hence the accounting effect of the same would be considered in the Books of Accounts of the Company in the year in which these HPS would be handed over to GOM.

The lease agreement in respect of hydro power generation facilities has not been entered into with Government of Maharashtra, hence other necessary disclosures as required by Accounting Standard 19 'Accounting for Leases' have not been made.

Uran Leasehold Land - Company has acquired 1,90,799 sq. mtrs of land at Uran for the purpose of implementing Gas based Expansion project. The land for the said project has been acquired from CIDCO on lease vide Lease Deed dated 03-06-2008 for a period of sixty years at the cost of Rs. 4,293 lacs and the same is being amortised.

61.4 In respect of MSETCL:

(Only Leases of significant nature have been considered for the purpose of disclosure under this clause)

i) Operating Leases: (₹ in Lacs)

Particulars	2015-16	2014-15
Disclosure in respect of significant non cancellable agreements for office/residential premises and guest house taken on lease from MSEB Holding Co. Ltd.	---	---
Lease payments recognized in the Profit and Loss Account	1,077.19	957.10
Significant leasing arrangements	---	---
The Company has not given any security deposits under the agreement.	---	---
The agreement does not provide for increase in rent.	---	---
Future minimum lease payment.	---	---
Not later than one year	1,085.77	957.68
Later than one year and not later than five years	1,093.61	1,922.02
Later than five years	---	---

Finance Leases:

The Company has not entered into any material financial lease.

NOTES ON ACCOUNTS FOR THE YEAR ENDED ON 31st MARCH 2016

62 AS 27 Joint Venture Operations

62.1 In respect of MSPGCL:

UCM Coal Company Ltd.

The Ministry of coal had allocated Chendipada coal blocks of Talcher Coalfields in Orissa jointly to the company, Uttar Pradesh Rajya Vidyut Utpadan Nigam Ltd. and Chattisgarh Mineral Development Corporation. For this purpose a Joint Venture company namely UCM Coal Company Ltd. (domicile India) has been incorporated for executing proposed mining project with a paid up capital of Rs 16 lacs (1,60,000 equity shares of `. 10 each) out of which Company has held equity shares amounting to Rs 3 lacs (30,000 equity shares of `. 10 each) . The company has shareholding of 18.75% in the joint Venture. Based on the unaudited accounts of UCM Coal Company Ltd., the assets and liabilities as at 31st March 2016 in respect of the company's share in the above joint venture operation is as under: (₹ in Lacs)

Particulars	**31-03-2016**	**31-03-2015**
	Unaudited	Audited
Reserves & Surplus	-1,46,122	-1,56,270
Non-Current Liabilities		
Long Term Liabilities	9,37,500	9,37,500
Long Term Provisions	3,35,036	3,35,036
Current Liabilities	2,438	
Short Term Provisions	47,451	46,310
Non-Current Assets		
Net Block of Tangible Assets	4,424	5,025
Intangible Assets	342	342
Current Assets		
Cash and Others	14,76,303	14,57,210

Claim against the company not acknowledged as debt:

In the light of Hon'ble Supreme court order dated 25-08-2014 and order dated 24-09-2014 de-allocating all the coal blocks which includes Chendipada and Chendipada II coal blocks M/s Adani Enterprises Limited filed a claim of Rs 49,476 lacs (P.Y. Rs Nil) for restitution of expenditure and cost incurred by them towards performance of obligation under the Mining Contract for Chendipada Coal Blocks.

62.2 In respect of MSETCL:

1) Jaigad Power Transco Ltd (JPTL), a joint venture between the Company (26%) and JSW Energy Ltd. (74%), was incorporated on 23rd April 2008 and awarded Transmission license on 8th February, 2009 by Maharashtra Electricity Regulatory Commission (MERC) under Section 14 of Electricity Act, 2003.

The object of the jointly controlled entity is to establish 400 kV D/C Jaigad - New Koyna Transmission

NOTES ON ACCOUNTS FOR THE YEAR ENDED ON 31st MARCH 2016

Line and 400 kV D/C Jaigad - Karad Transmission Line.Construction of Transmission Line has been completed and has been declared for commercial operations w.e.f. 7th July 2010 and 02nd December 2011.

During the FY 2008-09, the Company had paid Rs. 1,521.77 Lacs to acquire 1,52,17,670 Nos. of equity shares of JPTL. Further during the FY 2010-11 the Company had paid Rs. 1,505.24 Lacs to acquire 1,50,52,414 Nos. of equity shares of JPTL and during FY 2011-12 , the company had paid Rs. 547.99 Lacs to acquire additional 54,79,916 number of equity shares of JPTL. Thus the total equity shares of JPTL held by MSETCL is Rs. 3,575.00 Lacs [3,57,50,000 Nos of Equity Shares]

The Company's interest in joint venture is reported as Long Term Investment and stated at cost less provision for diminution other than temporary, if any, in the value of such investment.

The above joint venture company is incorporated in India. Company's share of assets and liabilities as on 31st March 2016 and income and expenses based on audited financial statements for the year ended on that date considered in Consolidation are given below: (₹ in Lacs)

Particulars	**31-03-2016**	**26% Share**	**31-03-2015**	**26% Share**
Non Current Assets	42340.56	11008.55	45113.09	11729.40
Current Assets	7760.90	2017.83	7588.13	1972.91
Non Current Liabilities	24734.10	6430.87	27750.69	7215.18
Current Liabilities	5547.18	1442.26	5283.47	1373.70
Revenue	13136.31	3415.44	10256.90	2666.79
Expenses	6611.54	1718.00	7113.10	1849.41

2) **Maharashtra Transmission Communication Infrastructure Limited (MTCIL):** is a joint venture between the company (49%) and Sterlite Technologies Limited (51%). The composition of MSETCL share would be 24.5% in equity shares and 24.5% in Non- Cumulative Redeemable Preferance shares, whereas STL's contribution would be 51% in Equity only. In view of this the effective equity shareholding ratio would be 67.55% and 32.45%. Out of the equity shareholding of 32.45% of MSETCL, 5.96% of equity shares in the company shall be alloted to it for consideration other than cash (cashlesscomponent).

During the financial year MSETCL has paid Rs. 176.30 Lacs against Equity Shares Nos.1763005 Thus shareholding pattern as on 31st March 2016 is Sterlite Technologies Limited (72.10%) and MSETCL (27.90%).

The company was incorporated on August 9,2012. The principal commercial activity of the MTCIL would be making available fibre capacity on lease rental to retail, wholesale and enterprise/corporate customers, drawn from Optical Power Ground Wire (OPGW) network.

The Company's interest in joint venture is reported as Long Term Investment and stated at cost less provision for diminution other than temporary, if any, in the value of such investment.

The above joint venture company is incorporated in India. The Company's share of assets and liabilities as on 31st March, 2016 and Income and expenses based on audited financial statement for the year ended on that date are given below.

NOTES ON ACCOUNTS FOR THE YEAR ENDED ON 31st MARCH 2016

(₹ in Lacs)

Particulars	31-03-2016	27.9% Share	31-03-2015	28.17%Share
Non Current Assets	7426.97	2072.13	3216.24	906.01
Current Assets	250.57	69.91	20.5	5.77
Non Current Liabilities	2201.60	614.25	671.92	189.28
Current Liabilities	3155.28	880.32	914.32	257.56
Revenue	24.99	6.97	5.98	1.68
Expenses	40.46	11.29	35.68	10.05

63 Managerial Remuneration:

63.1 In respect of MSETCL:

(₹ in Lacs)

Particulars	2015-16	2014-15
Salary & Allowance	65.62	54.38
Contribution to PF & Other Funds	7.46	9.10
Total	**73.09**	**63.48**

63.2 In respect of MSPGCL: (₹ in Lacs)

Remuneration to Key Managerial Persons			
Mr. A.R. Nandanwar	Executive Director	25.70	22.75
Mr. Manoj Ranade	Executive Director(HR)	20.12	15.94
Mr. Rahul Dubey	Company Secretary	18.46	15.09

64 Auditors Remuneration :

64.1 In respect of MSEDCL (₹ in Lacs)

Sr. No	Particulars	FY 2015-16	FY 2014-15
1.	As Auditor - for Statutory Audit (Including service tax)	73.96	58.48
2.	For Other Services	–	–
3.	Reimbursement of Expenses	5.49	2.43

64.2 In respect of MSETCL (₹ in Lacs)

Sr. No	Particulars	FY 2015-16	FY 2014-15
1.	As Auditor - for Statutory Audit (Including service tax)	24.43	18.48
2.	For Other Services	--	--
3.	Reimbursement of Expenses	5.49	10.63

NOTES ON ACCOUNTS FOR THE YEAR ENDED ON 31st MARCH 2016

64.3 In respect of MSPGCL (₹ in Lacs)

Sr. No	Particulars	FY 2015-16	FY 2014-15
1.	As Auditor - for Statutory Audit (Including service tax)	56.07	54.56
2.	For Other Services	4.50	6.69
3.	Reimbursement of Expenses	8.70	6.67

64.4 In respect of MSEBHCL (₹ in Lacs)

Sr. No	Particulars	FY 2015-16	FY 2014-15
1.	As Auditor - for Statutory Audit (Including service tax)	7.5	5.13
2.	For Other Services	--	--
3.	Reimbursement of Expenses	--	–

65 Other Disclosures

65.1 Other Disclosures with respect to MSEDCL

i) Security Deposits from Consumers

In respect of MSEDCL:

The balances of security deposits from consumers as per books and as per the IT database are subject to reconciliation and consequential adjustments. The difference between the balance as per books and as per IT data base is as under:

(₹ in Lacs)

Particulars	As per Books		As per IT data base		Differences	
	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15
Security Deposits from Consumers	6,17,427.51	5,77,298.72	6,11,984.72	5,72,189.96	5,442.79	5108.76

These differences have arisen due to unreconciled balances implementation of SAP - ERP.

ii) Balance Confirmation :

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 the parties.

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.

iii) Capital Work in Progress and Fixed Assets:

The Company has not maintained work order wise record in respect of Capital WIP due to which in few cases completed work orders are either not capitalised or capitalised on receipt of certificate issued by technical personnel without considering the day they were put to use. This has resulting in non-charging/ undercharging of depreciation amount not ascertainable.

NOTES ON ACCOUNTS FOR THE YEAR ENDED ON 31st MARCH 2016

iv) Bank Reconciliation Statements :

In case of Accounts with Nationalised/Scheduled banks reconciliation is done by all the accounting units. However, the items under reconciliation are pending for proper treatment in books of account due to lack of information.

v) 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 totalling to Rs.7,00,000lacs (Previous year Rs.5,84,450 lacs) have been made with the various Banks, details are as under:

(Rs in Lacs)

Particulars	Fund Based	Non Fund Based	Total	Balances of Fund Based Limits as on 31.03.2016	Balances of Non Fund Based Limits as on 31.03.2016
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**

The above working capital facility is secured by hypothecation of present & future book debts of the Company of the Non Escrowed Circles.

MSEDCL has taken an unsecured short term loan of Rs. 500,000 Lacs from State Bank of India during the FY 2015-16. Outstanding balance as on 31.3.2016 is Rs. 404,760 Lacs .

A medium term loan from Rural Electrification Corporation of Rs.12,500 Lacs (previous year Rs.77,083lacs) which is secured by hypothecation of existing assets and corporate guarantee given by MSEB Holding Company Ltd.

vi) Regulatory Assets :

The provision of Regulatory Asset is made to the extent of estimated Revenue gap expected to be allowed by MERC while carrying out the True-up and determining tariff of next year. The tariff order for F.Y 2015-16 is not yet issued by MERC. MSEDCL has already filed Multy Year Tarrief petition for 3rd Control period (i.e F.Y. 2016-17 to 2019-20) including provisional True –up F.Y. 2015-16, based on estimated figures of expenditure and revenue and final True-up for 2014-15 based on statement of accounts. Thus, considering the estimated revenue gap and expected disallowance, the provision of Regulatory Asset of Rs 230,000 lacs for the F.Y 2015-16 has been made during the current year, in addition to provision of Rs 22,400 lacs made in previous year.

vii) Subsidy from GoM towards concession in Tariff :

The Maharashtra Electricity Regulatory Commission 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 shall reimburse to the Company on account of subsidy granted to the Consumers.

NOTES ON ACCOUNTS FOR THE YEAR ENDED ON 31st MARCH 2016

As it is not subsidy to the Company, the Company accounts for the same in the books of Account as “Receivable from Government of Maharashtra “and the 'Revenue From Sale of Energy' is booked at the MERC Tariff rate. Hence subsidy to consumers by GoM is not booked as subsidy income.

The 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 the MERC is full tariff and not subsidised/concessional tariff. Thus the revenue from sale of energy 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.

During the year the Company has accounted Rs. 692,551 lacs (Previous YearRs.1,128,114 lacs) as total concession given by the GoM to consumers/categories of consumers and Rs. 1210.51 lacs(Previous Year Rs.41,734 lacs) for grant against write-off of consumer arrears under 'Krishi Sanjivani Yojana' of GoM. An amount of Rs. 494,024 Lacs (Previous Year Rs.1,049,961 lacs)has been received from GoM during the year and the balance amount of Rs.1,99,737.51 Lacs (Previous Year Rs. 119,886.86 lacs) is receivable from Government.

viii) Termination of Distribution Franchisee Agreement:

A Distribution Franchisee Agreement (DFA) was signed with M/sGIoble 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 Distribution Franchisee Agreement with GTL has been terminated with effect from 10th November, 2014 and the designated Distribution Franchisee (DF) area has been taken over back by the Company for further operations. The final dues from GTL are yet to be settled with due deliberation by the Board. Hence, the dues receivable from GTL as on 31st March, 2016 as reflected in the books of account amounting to Rs.12,872 lacs are subject to final settlement.

A Distribution Franchisee Agreement (DFA) was signed with M/s. Crompton Greevs Ltd (CGL) on 01.06.2011 for the designated Distribution Franchisee (DF) area of Jalgaon and designated DF area was handed over to CGL on 01.11.2011. CGL failed to pay the full amount of invoice raised by MSEDCL in time and resulting into increase in the outstanding.

The Distribution Franchisee Agreement with CGL for the designated DF area has been terminated with effect from 12.08.2015 and the designated DF area has been taken over back by the Company for further operations. The final dues from CGL are yet to be settled . Hence, the dues receivable from CGL as on 31st March, 2016 as reflected in the books of account amounting to Rs.12,624 lacs are subject to final settlement. As per the provisional calculation made by the Company , the net amount payable to CGL works out to Rs 5501 lacs.

ix) Change in Accounting Policy of Delay Payment Surcharge (DPS) and interest on arrears:

The accounting of Revenue towards Delay Payment Surcharge (DPS) and Interest on arrears, in case of consumers defaulting payment of bill for consecutive three months, has been changed to receipt basis instead of accrual basis w.e.f. billing month October 2015.The charged DPS and interest in case

NOTES ON ACCOUNTS FOR THE YEAR ENDED ON 31st MARCH 2016

of such consumers shall be treated as deferred income (liability) in the books of Account. On its receipt, it will be recognised as income by transferring the same from deferred income (liability).

Earlier to this, the DPS and interest on arrears of the previous billing month was recognised as Income on accrual basis at the time of raising bill for the current billing month in case consumer fails to pay the previous month's bill within the due date

Due to change in the accounting policy, an amount of Rs. 9,963.85 Lacs is booked as Deferred income & shown as current liability during the year. Had the accounting policy not been changed, the loss for the year would have been lower to that extent.

x) Foreign Currency Contracts :

The company has not given any contracts to Govt. of India entities and therefore nothing is done or receivable on amount of foreign currency contracts.

xi) Quantitative Details :

Quantitative details for Electricity units purchased and sold:

(₹ in Lacs)

Particulars	FY 2015-16	FY 2015-16 (%)	FY 2014-15	FY 2014-15 (%)
Total Power Purchase	1,16,324		1,12,565	
Grid and Transmission				
Losses	1,248	1.07	2,107	1.87
Power available for Sale	1,15,076		1,10,458	
Power Sold	98,383	84.58	94,805	84.22
Distribution Loss	16,693	14.35	15,653	13.91

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

xii) Expenditure in foreign Currency (on account basis):

Travelling expenses amounting to Rs. 1.91 Lacs (previous year Rs.-NIL) has been incurred in foreign currency.

xiii) 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 on establishment of base line data, fixation of accountability, reduction of Aggregate technical & Commercial losses (AT & C) upto 15% level through strengthening & up-gradation of Sub Transmission and Distribution network and adoption of information technology during XI Plan. Projects under the scheme shall be taken up in two parts.

R-APDRP Part A

R-APDRP Part A is implemented in 128 towns of MSEDCL with Population more than 30,000 as per census 2001 and R-APDRP Part A SCADA (Supervisory Control And Data Acquisitions) is implemented in 8 towns where populations is more than 4 Lacs as per Census 2001 and Annual Energy input Greater than 350 million Units.

NOTES ON ACCOUNTS FOR THE YEAR ENDED ON 31st MARCH 2016

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 shall be provided through loan from the Government of India on the terms decided by Ministry of Finance. The loan shall be converted into grant on completion of project duly verified by an independent agency.

Particulars	**R-APDRP Part A (₹ in Lacs)**	**R-APDRP Part A (₹ in Lacs)**
Sanctioned Amount	31545	16162
Disbursement by PFC as on 31-03-2016	19196	4848
Expenditure as on 31-03-2016	22305	3247
Elilgible amount for Conversion of Grant after tenderization	26000	10340

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. The final reports are submitted to PFC on 12.09.2016. The eligible amount of Rs 260 Crs is expected to be converted into grant from PFC by March -2017.

R-APDRP Part A SCADA

Control centres in all 8 towns are commissioned .

Installation of 31 Remote terminal Units out of scope of 268 are completed.

Installation of 1398 Feeder Remote Terminal Units out of the total scope o 1653are completed.

SCADA at Amravati town is completed.

Other Works in progress and SCADA is to be completed by Dec-2016.

The eligible amount of Rs 103.4 Crs is expected to be converted into grant from PFC by Dec-18 (after verification by the Third Party independent Agency appointed by PFC)

R-APDRP Part B:

R- APDRP Part B is implemented in 123 towns (120 Part B and 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.

Particulars	**R-ADRP Part B (₹ in Lacs)**
Sanctioned Amount	311164
Disbursement by PFC/REC as on 31.03.2016	136389
Expenditure as on 31-03-2016	163430
Eligible amount for Conversion of Grant	155582 (i.e.50% of sanctioned amount)

The Objective of Part B is distribution strengthening and augmentation projects to reduce AT&C Losses below 15%.

50% of loan amount of Part B projects shall be 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

NOTES ON ACCOUNTS FOR THE YEAR ENDED ON 31st MARCH 2016

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&C loss figure.

91 towns are completed and balance 29 towns are targeted to be completed by March 2017.

The conversion of Loan into grant shall be considered by PFC after completion of the scheme as per criteria of loan into grant converstion.

The Company has received loan from PFC against R-APDRP scheme part "A", R-APDRP part "A" SCADA & R-APDRP part "B", 19195 Lacs , Rs.4848.60 Lacs & Rs 46155.19 Lacs respectively. Further the Company has made interest payment on loan under R-APDRP scheme of Rs. 1947 Lacs under R-APDRP (Part A) & Rs 19102 Lacs under R-APDRP (Part B). Loan received under R-APDRP Part A & B Scheme is not yet converted into grant till 31st March 2016.

xiv) Transfer of Receivables :-

MSEB Holding Co. Ltd. Vide letter no. MSEBHCL/FRP/036 dated 13.04.2016, has transferred the old receivables of Rs. 481,921 lacs and provision for bad debts of Rs. 149,725 lacs to MSEDCL, These were not covered in cabinet note dated 20.05.2005 and temporarily parked in books of MSEB Holding Co. Ltd. at the time of restructuring of MSEB. The same are accounted for in FY 2015-16 , and have been shown Trade Receivables outstanding as unsecured considered good.

xv) The outstanding Receivable/Payable from to MSEB Residual Company amounting to Rs 63,820 lacs & 50,044.97 lacs respectively (Net debit of Rs 13,775.40 lacs) have been transferred to MSEB Holding Co. Ltd. during the year and the balance in accounts as on the 31.03.2016 is Rs NIL.

xvi) Financial Restructuring Plan (FRP) of erstwhile Maharashtra State Electricity Board:

The provisional transfer scheme for financial restructuring of erstwhile Maharashtra State Electricity Board (MSEB), notified by the Government of Maharashtra (GoM) vide Govt. Notification No. Reform 1005/PR/KRA/9061/BHAG- 2/Urja-5, dated 7th June 2005, is now finalised on 31.03.2016 vide GR No. Reform2010/P.K. 117/Urja-3 dtd.31.03.2016.

As per Government Directives in transfer scheme, the assets of the erstwhile MSEB, on the date of Transfer, are to be revalued as per Depreciated Replacement Cost Method calculated as on 05th June, 2005 and such revalued assets are to be transferred to the successor companies at that value.

Based on the Government Directives and Valuation report dated 13th March, 2007 the assets originally transferred on 5th June, 2005 at book value & Rs. 3,58,464 lacs have been restated at Rs. 43,38,815 lacs as on that date against the consequential increase in the block of fixed asset amounting to Rs. 39,80,350 lacs in the value of assets, Equity Shares of Rs. 10 each have been issued to MSEB Holding Co. on 31st March, 2016.

The depreciation as certified by external Chartered Accountant on the differential value of assets transferred on 05.06.2005 for the period from FY 2005-06 to 2014-15 after applying applicable rates year to year, is worked out to Rs. 12,41,425 lacs; which is recognised as Extra Ordinary item in Statement of Profit & Loss Account.

Following methodology is adopted for the revaluation of assets and financial impact under Financial Restructuring Plan.

- The asset registers were updated in SAP in Financial Year 2012-13. The net difference of Rs. 2,000 lacs (approx.) between fixed assets value as on 05th June 2005 as per books of Account and fixed assets register maintained in SAP is adjusted to match both the figures.
- The details of individual asset wise accumulated depreciation and WDV as on 05.06.2005 is not available in asset register maintained in SAP. The gross accumulated depreciation as per audited

accounts as on 05.06.2005 has been allocated to each item on pro-rata basis of depreciation for the year 2005-06 and item wise WDV as on 05.06.2005 is arrived at.

- The restated value of Rs. 43,38,815 lacs is allocated to individual assets existing as on 05.06.2005 in the ratio of WDV of such assets as on 31.3.2015
- Certain Assets having written down value (WDV) to the tune during FY.2015-16 of Rs. 15,400 lacs are available in fixed assets Register maintained in SAP but do not appear in valuation report. Therefore, Rs. 15,400 lacs is deducted from revalued figure of Rs. 43,38,815 lacs and adjusted on assets' value on pro-rata basis.
- In certain cases WDV is falling below 10% of the revised gross block and so the additional depreciation is restricted to such that WDV remains 10% of the revised gross block. In few cases, the revaluation amount is less than WDV of the asset, where negative depreciation is computed.
- Consequent upon revaluation, if the life of asset is expired in the period up to FY 2015-16, the entire balance depreciation of Rs. 43999 Lacs is recognised as Extra Ordinary item in Statement of Profit & Loss Account in the FY 2015-16 .
- Further, as mentioned in GR, the assets of the erstwhile MSEB to be valued and valuation to be done in such a manner that the tariff is not adversely affected.

Further, the equity share to the extent of share application money pending for allotment amounting to Rs. 65,282 lacs are issued to MSEB Holding Co. Ltd. Thus, total issued, subscribed and paid up Share Capital is Rs. 46,15,963 lacs as on 31.03.2016. The authorised Share Capital has been enhanced to Rs. 60,00,000 lacs.

65.2 Other Disclosures with respect to MSEBHCL:

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

ii) Full time Director - Finance has been appointed on deputation from Income Tax Department since August 2015.

iii) On finalisation of FRP notified vide GR No.Reform2010/Pr.Ka.117/Urja-3 dated 31-03-2016 the State Govt loans has been satisfied by issue of Equity to GOM as stated in Note No 2 – “ Highlights of FRP” V. Hence no finance costs have been incurred during the year.

iv) 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.

v) As per the Memorandum of Understanding dated 08/06/2009, the expenditure amounting the Rs. 317.96 lacs (P.Y. Rs.298.99 lacs) 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.

vi) As per New Memorandum of Understanding dated 09/05/2014 , the expenditure amounting the Rs.2,991.84 lacs (P.Y. Rs 2,441.58 lacs) 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.

NOTES ON ACCOUNTS FOR THE YEAR ENDED ON 31st MARCH 2016

vii) Exceptional Income:

The Provisional Transfer Scheme has been finalised and the Financial Restructuring Plan (FRP) has been approved by the GOM on 31st March 2016 and has been notified vide GR No.Reform 2010/Pr.Ka.117/Urja-3. The scheme has been implemented during the F.Y. 31-03-2016 with retrospective effect from 05-06-2005. As per the FRP State Government loans of erstwhile MSEB and interest thereon as on 5th June 2005 has been satisfied by issue of Equity Shares to GOM as stated in Note No 2 – " Highlights of FRP " V.

Hence interest provided on State Government loans for the period 6th June 2005 to 31st March 2015 have been written back in the accounts as an exceptional income. The details are as under:

Particulars	Amount (₹ In Lacs)
State Government Loan	215,989.32
CPSU Dues Power Purchase Loan	25,525.92
CPSU Dues Coal Loan	42,261.70
Total	**283,776.94**

viii) Book losses amounting to Rs 159,356.05 lacs pertaining to erstwhile MSEB have not being dealt with under Provisional Transfer Scheme now finalised and notified vide GR No.Reform 2010/Pr.Ka.117/Urja-3 dated 31-03-201 and are standing in the books of accounts of the Company. Against book losses of Rs. 159,356.05 lacs the company has taken Income Tax benefit only to the extent of Rs.1,300.92 lacs and the balance amount is kept in books pending allocation.

ix) 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 as the Company had been incurring losses till last year.

x) Despite the best efforts the Company could not appoint a whole time Company Secretary in this Financial year as required under section 203 of Companies Act, 2013. Subsequently the Company has appointed Mr. Subodh Zare on 21st August, 2015, who is also a signatory to these Financial Statements.

65.3 Other Disclosures with respect to MSPGCL:

i) Capital Commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for is Rs. 73,945.17 lacs (Previous Year Rs 176,311.28 lacs).

In case of DCPL, as on March 31, 2015 the Company has paid an advance of Rs. 700 lacs being 25 % towards acquisition on land & would pay the balance 75% amounting to Rs. 2,100 lacs in the future.

In case of MCL, in view of the cancellation of the Coal Block allocation by the honourable Supreme Court of India, the estimated amount of contracts remaining to be executed on capital account and not provided for (Net of advances) are considered as NIL (Previous year Rs. 26 lacs).

ii) 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.

NOTES ON ACCOUNTS FOR THE YEAR ENDED ON 31st MARCH 2016

(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 of 46.328 Million MT per annum has been allocated to company, consequently company is committed to purchase coal from allocated coal companies at the relevant market price. The Fuel supply agreement of coal is valid upto year 2029.

(d) Company has gas purchase and transportation agreement with Gas Authority of India Ltd. towards 3.5 MMSCMD upto 05.07.2021.

iii) Fly Ash Utilisation Fund

The income from sale of fly ash is being accumulated in a separate fund and amount spent on expenditure incurred for promotion of fly ash utilisation is reduced therefrom to the extent of accumulation and the excess if any is recognised as expense in the Statement of Profit and Loss. Such presentation and disclosure does not have any net impact on the profit or loss for the year. This presentation and disclosure is in accordance with the guidelines issued by MOE&F dated 03-11-2009. Accordingly, sale of fly ash of Rs. 2,681.66 lacs (PY Rs. 3038.38 lacs) and equivalent expenses are reduced therefrom as disclosed in note no. 2(A).

iv) Revenue Subsidy / Grant

During the current year the company has recognized revenue from sale of power through solar project amounting to Rs.39,244.04 lacs (PY Rs.33,380.42 lacs) and has lodged claim of Rs.164.24 lacs (PY Rs.167.28 lacs) @ Rs.12 per Unit with Government of India towards Revenue subsidy/ Grant in the form of Generation Based Incentive.

v) MSPGCL raises energy sale bill, Fuel Adjustment Charges Bill, Surcharge bill etc to MSEDCL. The funds received from MSEDCL are appropriated on First In First Out Basis. While doing so, the receipts are appropriated firstly towards interest on delayed receipts and subsequently towards the principal amount due from MSEDCL.

The balances of Trade Receivables, loans and advances are subject to confirmation and reconciliation if any.

In the opinion of the Board of Directors, the Current / Non-Current assets, long/short term loans and advances are good and recoverable and are approximately of the values, if realized in the ordinary course of business unless and to the extent stated other wise in the Accounts.

vi) Short Term Loans and advances include an amount of Rs.76,088.04 lacs (PY Rs.118,615.05 lacs) towards advances paid to coal suppliers. Against these advances the company has liability for supply of coal amounting to Rs.37,352.61 lacs (PY Rs.123,045.82 lacs) which is included in Trade Payable under the head current liabilities. Pending final passing of bills for coal supplied by these coal suppliers, the said advances and liabilities have not been adjusted.

vii) In respect of MSPGCL an amount of Rs. 13,416.67 lacs (PY Rs.4,646.44 lacs) under the head 'Assets held for sale” represents assets which are not in active use and the management has decided to dispose such assets. In view of the management, the net realizable value would be higher than the carrying value in the books and therefore does not require any provisioning.

viii) Disclosure on coal washery operator claims

Company had in earlier years engaged Coal Washeries for the purpose of washing the raw coal as provided by the company to them on agreed terms. Since the contractual obligations were not performed

NOTES ON ACCOUNTS FOR THE YEAR ENDED ON 31st MARCH 2016

by the washery operators, the matter went into dispute. The matter is legally pursued by the company. The stock of raw coal supplied by the company for washing, were not returned by the operators to the company. Consequently, company had created a full provision for loss on this account against the stock with washery operators as appearing in the books of the company. However, considering that there has been a considerable time lag and stock would not be physically available with the washeries / the stock would have perished, the Company has during FY 2013-14 has transferred the amount of stock lying the operators from inventories to a claim receivable from washery operators since the process of recovery through bank guarantee has initiated. Similarly the provision for loss created against such stock was transferred to provision for doubtful debts which amounts to Rs. 11,584.05 lacs.

ix) There are no outstanding Foreign Currency contracts as on 31-03-2016 which are hedged by the company.

x) **Investment in Mahaguj Collieries Ltd.:**

The Hon'ble Supreme Court has vide its order dated 25.08.2014 read with Order dated 24.09.2014 cancelled the allocation of all the coal block made by Ministry of Coal, Govt. of India between the period 1993 to 2010 which includes the Machhakata-Mahanadi coal blocks allotted to Mahaguj Collieries Ltd. The Govt. of India has issued The Coal Mines (Special Provision) Act, 2015 (no. 11 of 2015) with retrospective effect from 21.10.2014 for reallocation process of cancelled coal blocks.

Accordingly, after the reallocation of the said blocks to new allottee by the Ministry of Coal, Govt. of India, the process for transfer of documents and rights namely the Geological Report, Mining Plan, Mine Closure Plan etc. and payment of compensation to the promoters of Mahaguj Collieries Ltd shall be undertaken as per the compensation that may be decided by the Ministry of Coal, Govt. of India.

In view of the above the company is confident of recovering the amount invested in subsidiary and there is no requirement of recognizing any impairment of the same.

In case of MCL, Hitherto all the revenue expenses (net of income earned) were treated as deferred revenue expenses and carried forward in the balance sheet under the head miscellaneous expenses & preoperative expenses. But in order to comply with the provisions of the Companies Act, 2013 and applicable accounting standards, the net revenue expenses for the F.Y. 2015-16 amounting to Rs. 120.34 Lacs are now charged to P & L account. The expenses incurred up to F.Y. 2014-15 are now shown under non-current assets in the Balance Sheet. These expenses are mainly comprising of Company formation expenses, payment to CMPDIL for purchase of Geological Report, Washability test report, consultancy charges and various operative expenses incurred for development of Coal Mine.

xi) DTPLC has incurred a profit before tax of Rs. 0.49 lacs during the year and has accumulated losses of Rs. 9.63 lacs resulting in erosion of its net worth completely . However, considering the fact that the Company is a subsidiary of Maharashtra State Power Generation Company Limited, and is likely to operate a project in future and the industry to which the Company belongs where each project has a long term horizon, the accounts have been prepared on going concern basis.

xii) **Advance Against Depreciation (AAD):**

AAD income is allowed in previous Regulation of MERC in order to fulfill the gap between Loan principal repayment & Depreciation. Consequently, in terms of company's policy to recognize the income upon its accrual, a provision has been made in FY 2014-2015 against the AAD income for FY 2012-2013 in respect of Parli TPS Unit No. 6 & 7, Paras Unit No. 3 & 4 & Khaperkheda Unit no.5. This

NOTES ON ACCOUNTS FOR THE YEAR ENDED ON 31st MARCH 2016

income will be recognised in FY 2024-2025 i.e. after completion of loan tenure of 12 years.

xiii) **Disclosure related to Revenue sharing with M/s CSSEPL:**

Mahagenco and M/s. CSSEPL entered into a PPP agreement for construction & operation of solar power plant at Shirsuphal Baramati. PPA is signed between MSPGCL and MSEDCL for the same. Entire revenue is booked as income in the books of Mahagenco and payment in nature of construction cost deferred payment, interest on deferred payment and O&M expenses are made by Mahagenco to CSSEPL as per the MOU signed between them.

xiv) In respect of MSETCL upto F.Y. 2010-11, the company had consistently followed the accounting practice of charging its purchase of 'stores and spares' to Profit and Loss Account by assuming that the same have been consumed during the year of purchase. However, the company had implemented SAP as ERP platform during F.Y. 2011-12 and since then has regularly got the inventories of 'stores and spares' physically verified at the year end as per the Regulation No5(6) of MSEB Administration of Funds and Properties Regulations 1980 and Section XIX-4 of Accounts Code Volume III. As per the schedule all the Zones have carried out the physical inventory verification and reported the excess / shortage in the inventory position to Management. As per the reports provided the excess/shortage in physical inventory to the net tune of Rs. 475.17 Lacs (P.Y. Rs. 908 Lacs) was reported which was submitted to the management for approval. Accordingly, the company has now accounted for the same in books of accounts as stock of 'stores & spares' amounting to Rs. 475.17 Lacs (P.Y. Rs. 908 Lacs) by crediting the Prior Period Income due to which balance of Profit & Loss Account and stock of 'stores & spares' are higher by Rs. 475.17 Lacs (P.Y. Rs. 908 Lacs).

The company had not provided for Obsolete Stock, Material Pending Investigation and Loss to Fixed Assets pending approval by Competent Authority. As a matter of prudence, a provision has been made amounting to Rs. 173.14 Lacs (Previous Year Rs. 1.39 Lacs) for the same.

xv) Inter Company balances are subject to reconciliation. For the process of Consolidation intra company transactions have been eliminated to the extent identifiable. The impact of unreconciled transactions on the consolidated Net Profit and net worth cannot be ascertained.

xvi) Consolidated Cash flow statement is prepared for the current year only since previous period figures are not available.

xvii) In respect of MSEDCL Balances of Trade Receivables, Loans & Advances, Other Assets, Current as well as Non - Current liabilities are subject to reconciliation/confirmation from respective parties.

xviii) As per Section 383A of the Companies Act 1956, every company having a paid up capital of Rs 500 lacs or more should have a whole time Company Secretary. However in respect of MSEPTCL : the company could not start the business of power trading and there is no much work involved for full time Company Secretary, full time Company Secretary is not being appointed.

xix) Changes in accounting policies - Hitherto, all the revenue expenses (net of income earned) were treated as deferred revenue expenses and carried forward in the balance sheet under the head miscellaneous expenses and preoperative expenses. But in order to comply with the provisions of The Companies Act, 2013 and applicable accounting standards, the net revenue expenses amounting to Rs. 120.35 lacs for the F.Y 2015-16 are now charged to P & L account. The expenses incurred up to F.Y 14-15 amounting to Rs. 5,441 lacs are now shown under non current assets in the Balance sheet. These expenses are mainly comprising of Company formation expenses payment to CMPDIL for purchase of Geological Report, Washability test report, consultancy, Legal & professional charges and

NOTES ON ACCOUNTS FOR THE YEAR ENDED ON 31st MARCH 2016

various operative expenses incurred for development of Coal Mine.

These expenses have been claimed from the Ministry of Coal (MOC. However the reimbursement by the MOC shall be considered on reallocation of the Coal Block to any other bidder. Considering that, no provision is made during the year.

xx) Note on Maharashtra Electricity Reforms Transfer Scheme, 2016:

MSPGCL came into existence as a part of restructuring of erstwhile MSEB vide notification dated 05-06-2005. As a part of this scheme, the assets and liabilities of MSEB got vested with the Government of Maharashtra and revested to newly created companies including MSPGCL. The said transfer scheme was provisional in nature. Subsequently, vide GR dated 31-03-2016, Government of Maharashtra issued Amendement in Transfer Scheme with revised values of fixed assets on one hand and consequent increase in equity share capital on another hand. As per Clause 3 of the GR, "Maharashtra Electricity Reforms Transfer Scheme, 2005" is amended and clause 10A is inserted in respect of Asset Valuation. As per this clause, "The transfer of the Fixed Assets hitherto held by the Maharashtra State Electricity Board and taken over by the Government of Maharashtra in terms of the Government notification shall be considered to have been transferred to the respective transferees at the market value prevailing on 05-06-2005".

As per this scheme the net fixed assets value of the Company as on 05-06-2005 has been increased from Rs. 3566 Crores to 18677 Crores resulting into increase in the value of Net fixed assets by Rs. 15111 Crores and allotment of equity share capital of the equivalent amount to MSEB Holding Company Limited.

Accordingly, the Gross value of individual assets have been increased by Rs. 15611 Crores in the proportion of respective gross value as on 05-06-2005. The year wise depreciation is calculated on revised value of individual assets till 31-03-2016. Such depreciation amounted toRs. 9411 Crores. Further, the assets which were present as on 05-06-2005 &has been written-off during subsequent years, the revised value of such assets amounting to Rs. 1109 Crores has also been written-off during current year. Both the above items have been presented as extra ordinary items.

65.4 Other Disclosures with respect to MSETCL:

i) Particulars of income derived from Transmission of Electricity: (₹ in Lacs)

Particulars	**2015-16**	**2014-15**
Total Energy Transmitted (in Million Units) (Net)	1,41,766	1,35,372
Income from Operations	331,484.94	516,745.45

ii) Loans and Advances include amounts recoverable from the Companies under the same management within the meaning of Section 184(2) of the Companies Act, 2013 as under:

(₹ in Lacs)

Name of the Company	**2015-16**	**2014-15**
Maharashtra State Power Generation Co Ltd	(415.95)	(415.23)
Maharashtra State Electricity Distribution Co Ltd	21,961.86	21,136.21
MSEB Holding Company Limited	826.75	3,651.13

NOTES ON ACCOUNTS FOR THE YEAR ENDED ON 31st MARCH 2016

MSEB Residual Co (From Government of Maharashtra to MSEB Holding Company)	-	9.08
Total	**22,372.66**	**24,381.19**

iii) Upto F.Y. 2010-11, the company had consistently followed the accounting practice of charging its purchase of 'stores and spares' to Profit and Loss Account by assuming that the same have been consumed during the year of purchase. However, the company had implemented SAP as ERP platform during F.Y. 2011-12 and since then has regularly got the inventories of 'stores and spares' physically verified at the year end as per the Regulation No5(6) of MSEB Administration of Funds and Properties Regulations 1980 and Section XIX-4 of Accounts Code Volume III. As per the schedule all the Zones have carried out the physical inventory verification and reported the excess / shortage in the inventory position to Management. As per the reports provided the excess/shortage in physical inventory to the net tune of Rs. 249.30 Lacs (P.Y. Rs. 475.17 Lacs) was reported which was submitted to the management for approval. Accordingly, the company has now accounted for the same in books of accounts as stock of 'stores & spares' amounting to Rs. 249.30 Lacs (P.Y. Rs. 475.17 Lacs) by crediting the Prior Period Income due to which balance of Profit & Loss Account and stock of 'stores & spares' are higher by Rs. 249.30 Lacs (P.Y. Rs. 475.17 Lacs).

iv) The company had not provided for Obsolete Stock, Material Pending Investigation and Loss to Fixed Assets pending approval by Competent Authority. As a matter of prudence, a provision has been made amounting to Rs. -806.46 Lacs (Previous Year Rs. 173.14 Lacs) for the same.

v) **Capital Commitments :**

Estimated amount of contracts remaining to be executed on capital account and not provided for is Rs. 12,552.22 Lacs (Net of Advances of Rs. Nil) (Previous Year Rs. 66,260.23 Lacs)

vi) Value of Imports on C.I.F. Basis: (₹ in Lacs)

Particulars	**2015-16**	**2014-15**
Components and Spare Parts	Nil	Nil
Capital Goods	Nil	Nil

vii) **Expenditure/Earning in Foreign Currency on cash basis:** (₹ in Lacs)

Particulars	**2015-16**	**2014-15**
Interest on foreign currency Bank loan	311.59	335.85

viii) Amount remitted during the year in foreign currencies on account of Dividend: Rs. Nil (Previous year- Rs. Nil)

xi) **Particulars of income derived from Transmission of Electricity:** (₹ in Lacs)

Particulars	**2015-16**	**2014-15**
Total Energy Transmitted (in Million Units) (Net)	141,766	135,372
Income from operations	331,484.94 lacs	516,745.45 lacs

NOTES ON ACCOUNTS FOR THE YEAR ENDED ON 31st MARCH 2016

x) Since the Company is a Service industry, disclosures required in respect of manufacturing company like Licensed Capacity, Installed Capacity, Production, Sales, Inventories and other related disclosures are not made.

xi) **Interest During Construction (IDC)**

Interest during construction of Project is not charged to revenue & it is capitalised. Due care has been taken in identifying the projects which are under construction and interest is calculated at weighted average rate of interest on the debt quantum in capital expenditure. The calculation of IDC has been consistently made as in the past, using the same parameters.

xii) **Other Notes**

Balances of sundry debtors, loans and advances are subject to confirmation and reconciliation if any. The Company is taking necessary steps for reconciliation and confirmation of the same.

xiii) Major portion of trade receivables of the company during F.Y. 2015-16 is from MSEDCL which is approx. Rs.232,605.75 lacs which company recovers through STU and normally dues from MSEDCL is recovered partly but regularly and on an average approximately Rs.20,000 lacs is been received p.m. and due to recent tariff order, since transmission charges is reduced to almost 50% , the current O/S balance from MSEDCL will be reduced in future.

xiv) In the opinion of the board, the current assets, loans and advances are good and recoverable and are approximately of the values, if realized in the ordinary course of business unless and to the extent stated otherwise in the Accounts.

xv) VAT refund will be accounted for in the books as and when received.

xvi) Ultimate realisation of Delayed Payment Charges is uncertain. Therefore, for the F.Y. 2015-16 DPC amounting to Rs. 83,495 lacs has not been booked. Major portion of this is from MSEDCL.

xvii) Quoted value of Investment in Government Securities as on 31.03.2016 is Rs. 50,668.37 lacs

xviii) As per section 135 (5) of the Companies Act 2013, the Board of every company referred to sub-section (1), shall ensure that the Company spends in every F.Y. at least 2% of the avergae net profit of the company made during the immediatley three preceeding Financial Years in pursuance of its CSR policy, the expense on Joint CSR activites during the FY 2015-16 is NIL. However provision of Rs.4,452 lacs have been made.

66 MSPGCL in terms of Power purchase Agreement with MSEDCL has recognized income during the year of Surcharge being Interest on delayed payments amounting to **Rs 103,926.09 lacs.** MSEDCL has not paid such surcharge. In view of precarious financial position of the Company, MSEDCL has requested MSPGCL to waive the delayed payment charges and accordingly subsequent Balance Sheet date MSEBHCL has directed MSPGCL to waive the same. However due to pending confirmations from MSPGCL the same has not been adjusted as on 31st March 2016.

Therefore on the principles of prudence income of **Rs 103,926.09** lacs has been reversed in the Consolidated Financial Statements. The tax impact due to such reversal has not been recognised.

67 Reactive Energy Charges of Rs 2391.50 lacs raised by MSPGCL has not been recognised by MSETCL .

Therefore on the principles of prudence income of Rs 2391.50 lacs has been reversed in the Consolidated Financial Statements. The tax impact due to such reversal has not been recognised.

NOTES ON ACCOUNTS FOR THE YEAR ENDED ON 31st MARCH 2016

68 According to the Management the investment of the Company in RGPPL is not treated as Joint Venture as there is no control of MSEBHCL in its operations.

69 As consolidation of Joint Venture's was not mandatory in the F.Y. 2014-2015 the same was not consolidated in the previous year. However in the current year Joint Venture's have been consolidated and consolidation has also being done in the previous years figures. Hence the previous years figures shown in the current years Balance Sheet will not match with the figures of F.Y. 2014-2015. The reporting date of Joint Ventures is 31st March for both the years.

70 Since consolidation of Joint Ventures was not mandatory in the previous year, cash flow has been made only for the current year.

71 While preparing the consolidated Balance Sheet of FY 2014-15, exceptional expenses of MSEDCL of Rs. 10,03,54,26,033 was clubbed under the head of other expenses, this is rectify while preparing the balance sheet of FY 2015-16 reinstating the figures of Previous Year.

72 Previous Year's figures have been regrouped, rearranged and/ or reclassified wherever considered necessary.

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

Anuradha Bhatia
Director Finance & CFO

Bipin Shrimali
Managing Director

Mukesh Goyal
Partner

Pankaj Sharma
CGM (F)

Subodh Zare
Company Secretary

Membership Number : 081810
Place : New Delhi
Date : 24-12-2016

Place : Mumbai
Date : 21-12-2016

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF MSEB HOLDING COMPANY LIMITED

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated 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, comprising of the Consolidated Balance Sheet as at March 31, 2016, the Consolidated Statement of Profit and Loss and Consolidated Cash Flow Statement (Figures stated in absolute lakhs rather than up to two decimal points) for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as “the consolidated 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 Financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated 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 consolidated 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 financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 Financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Holding Company has an adequate internal financial control over financial reporting in place and the operating effectiveness of such controls. 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 Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by other auditors in terms of their reports referred to in Para “other matters” below, is sufficient and appropriate to provide a basis for our audit opinion on the Consolidated Financial statements.

Our reporting includes Holding Company and 3 subsidiaries, Maharashtra State Electricity Board Holding Company limited (MSEBHCL), 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

We draw your attention to the following:

a) We have not been able to obtain necessary information and explanations for the purposes of our audit in case of the following;
I. Determining the ownership of certain Tangible Fixed Assets transferred under provisional Transfer Scheme since finalized on 31st March'2016 vide GR No.Reform2010/Pr.Ka.117/Urja of Rs. 144,534,00,000/-(refer note no. 48(i));

b) The Company has not created any provision for gratuity and leave encashment for the employees deputed from MSEDCL & MSPGCL. The amount is not quantifiable as no actuarial valuation is available.

c) The Share Application money amounting to Rs.231,79,00,000 has been retained by the company in contravention of section 42 of the Companies Act, 2013.

d) Interest provided on State Government loans, CPSU Dues Power Purchase Loan and CPSU Dues Coal Loan for the period 6th June 2005 to 31st March 2015 amounting to Rs 28,377,693,940 has been written back in the accounts as an exceptional income without any authentic document/authorization/order in this behalf by the GOM or the respective CPSU. In the absence of the same, the write back of Interest during the year as an Exceptional Item, cannot be commented upon. (refer note no 64.2(vii))

e) The diminution in value of shares held as investment of the company in MSEDCL amounting to Rs.464,965,849,040/-(Including share application money of Rs 3,370,000,000) has not been provided for in the books though the same is getting depreciated due to continuous losses incurred by MSEDCL. Till last year the losses of MSEDCL amounted to Rs 1,25,665 lacs and the figures for 31-03-2016 have not been finalized. (refer note no 48 (v))

f) 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 no 43.1) and which may have impact on the financial position and certain disclosures in the financial statements.
Consequential impact of Para a) to f) above on the profit, reserves and EPS are neither quantified / quantifiable nor disclosed.

In case of MSETCL

a) The Assets and Liabilities of the company contain balances transferred under the 'Transfer Scheme' notified as on 4th June, 2005 by the Maharashtra Electricity Reforms Transfer Scheme 2005. Industries, Energy & Labour department vide their notification dated 31/03/16 further notified 'Maharashtra Electricity Reforms Transfer (First Amendment) Scheme, 2016' which carried instructions for enhancing the value of Net Fixed Assets so transferred to the company as on 5/06/05 by Rs. 628893.27 Lacs.

Such retrospective enhancement in the value of Net Fixed Assets has resulted into one time extra depreciation of Rs. 465379.36 Lacs being charged during the current financial year for which no specific accounting policy has been adopted by the company.

Attention is also drawn to Note no. 1(B) wherein the company has disclosed the facts of having charged such onetime extra depreciation of Rs. 465379.36 Lacs as per the above mentioned notification. The same has resulted into decrease in profit to that extent.

b) Balances of account heads namely (i) Sundry Debtors, (ii) Sundry Creditors , (iii) Obsolete Material Stock (including scrap), (iv) Loss due to Material pending investigation, (v) Assets Under Construction, (vi) Adv to Contractor/ supplier , (vii) Capital Adv for Projects, (viii) Miscellaneous Loans & Advances, (ix) Expense Recoverable from Vendors, (x) Provision for Capital Work, (xi) Security Deposit Job Work , (xii) MSEB holding company ltd and its fellow subsidiaries & (xiii) Provision for Expenses (accounted for under GL Code 150030 & 150040) are subject to confirmations and adjustments necessary upon reconciliation. The effect of the adjustments arising from reconciliation and settlement of old dues and possible loss that may arise on account of non recovery or partial recovery of such dues is not ascertained.

In case of MSEDCL

a) **Government Grant, Subsidies and Consumer Contribution:**

Amount received as Government Grants, Subsidies and Consumer Contributions towards cost of fixed assets are credited to capital reserve and the same is transferred from reserve to statement of profit and loss over a period of fifteen years and are not deferred in proportion to the depreciation charged on assets created out of such grants which is not in consonance with requirements of AS 12 Accounting for Government Grants / AS 10 Accounting for Fixed Assets.

Due to non-availability of sufficient and appropriate audit evidences in respect of working of grant required to be credited to income equal to corresponding depreciation on the assets required to be created the impact thereof is not ascertainable.

b) **Capital Work in Progress and Fixed Assets:**

I. As mentioned in Note No. 64.1.(iii) to the financial statements, due to non-availability of proper and complete records of capital work orders, we have come across instances of non-capitalisation or delayed capitalisation of fixed assets. Further, the capitalisation date is considered from the date of certificate which is after the date of its put to use despite certified in certificate itself. Resulting delay in capitalisation with corresponding impact on charging of depreciation for the delayed period. Further, we are unable to verify the details of opening and overdue CWIP. The impact of the same on the financial statements, if any, is not ascertainable.

II. Refer to para no. 1 of Note No. 1(D)(1)(c) of 'Significant Accounting Policies', regarding capitalisation of employee cost and office & administrative expenses amounting to Rs.39,115.17 Lacs on ad-hoc basis @ 15% of additions of Capital WIP made during the year, being consistently followed without identifying such expenses specifically attributable to construction of project or to the acquisition of fixed assets or bringing it to its working condition which is not in accordance with AS 10 Accounting for Fixed Assets.

Further, such expenses, incurred during the year, have been allocated to the assets for full year irrespective of the actual date of capitalisation of the fixed assets.

In absence of sufficient and appropriate audit evidences for verifying the basis of such allocation made available to us, we are not in a position to comment on the same.

III. Refer to para no. 2 Note No. 1(D)(1)(c) of 'Significant Accounting Policies' to the financial statements regarding Borrowing Cost allocated to addition to CWIP amounting to Rs.9,211.96 Lacs @ 12.32% (computed on the weighted average interest rate of previous year) without identifying qualifying assets and interrupted projects, which is not in accordance with "AS-16 Borrowing Cost". Further, required interest has not been capitalised on brought forward balance of CWIP, being qualifying assets, the possible impact thereof is not ascertainable in the absence of sufficient and appropriate audit evidences.

In the absence of sufficient and appropriate audit evidences for verifying such allocation, we are unable to quantify the possible impact of the same on the financial statements.

The physical verification of Fixed Assets was not conducted during the year by the management. The possible impact on the financial statements, if any, based on outcome of such physical verification could not be ascertained.

c) **Depreciation**

We have observed that in certain cases, depreciation on fixed assets has not been worked out correctly as there are discrepancies/ variations observed in date of put to use of the various assets. In the absence of proper details, we are unable to quantify the impact of these discrepancies on the amount of depreciation and consequential impact on the financial statements.

d) **Trade Receivables**

I. Refer to Note No. 1(D)(17) 'Significant Accounting Policies' to Financial Statements, it has been stated that MERC allows provision for doubtful dues from the consumers @ 1.5% of the amount shown as receivables in the annual accounts provided such provision should not exceed 5% of the amount shown as receivable in the annual accounts. Based on such policy the Company has classified trade receivables into good and doubtful and also made lump sum provision without assessing the recoverability position of its trade receivables, without making the age wise analysis, without considering the efforts made for recoveries etc. In the absence of sufficient and appropriate audit evidences, we are unable to comment on classification of trade receivables as good or doubtful and adequacy of resulting provisions thereon. The position of trade receivable and provisions made by the Company is as under:

S.No.	Receivables as per books of account	Outstanding Amount*	Amount of Provision Made
1	Short-term Trade Receivables	28,40,190.92	2,21,015.36

As mentioned in Note No. 52.2 to the Financial Statements, there is a difference of Rs. 3, 01,213 Lacs in the balances of trade receivable as per books of account and as per IT database, which is pending for reconciliation. As a result the Revenue from Sale of Power for the year and trade receivables are overstated to that extent.

II. As mentioned in Note No. 64.1(XIII) to the Financial Statements, MSEB Holding Co. has transferred old receivables outstanding since 05.06.2005 of Rs. 481,921 Lacs and provision for bad debts of Rs. 149,725 Lacs resulting the net receivable of Rs. 332,196 Lacs. Since the receivables are very old and transferred without proper details the possibility of recovery is very remote, we are of the view that 100% provision amounting to Rs. 332,196 Lacs should have been made in the books of account. Had this provision been made the loss of the company for the year would have been higher by Rs. 332,196 Lacs and the trade receivables would have been lower to that extent.

e) **Security Deposits from Consumers:**

As mentioned in Note No. 64.1(i) to the Financial Statements, there is a difference of Rs. 5,442.79 Lacs in the balances of Security Deposits as per books of account and as per IT database, which is pending for reconciliation.

In the absence of sufficient and appropriate audit evidences, we are unable to comment on the possible impact of pending reconciliation of security deposits on the Financial Statements.

f) **Accrual System of Accounting:**

Refer Para 1(b) of Note No. 1(C) "Significant Accounting Policies" to Financial Statements - During the course of our audit, we have come across few expenses, more particularly repairs and maintenance, which have been accounted for on cash basis instead of accrual / mercantile basis. The same is not in accordance with the basic accounting assumptions and the company's accounting policy in absence of audit trails we are not in position to ascertain the impact of the same in the statement of profit & loss account.

g) **Balances Confirmation**

Refer Note No. 64.1(ii) to Financial Statements - Balances of trade receivables, loans and advances, credit balances of consumers, various other debit/credit balances, cash in transit, 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 absence of proper records / details, we are unable to ascertain the effect of the adjustments 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.

h) **Post Office balance, Bank Balance etc:**

I. Refer Note No. 23 and Note No. 64.1(ii) to the financial statements regarding non-availability of balance confirmation from post office and most of the DCC Bank Branches (District Central Co operative Bank) as per details given as under:

(₹ in Lacs)

Particulars	**Total Debit balance as on 31.03.2016 as per books of accounts**	**Total Credit balance as on 31.03.2016 as per books of accounts**
Post office	9,570.12	1784.39
DCC	4,827.02	1,759.24 !
Total	**14,397.14**	**3,543.63**

In absence of non-availability of balance confirmation, we are unable to comment on consequential impact of the same on the financial statement.

II. Refer Note No. 64.1(iv) to the financial statements regarding latest available position of bank reconciliation statements at various accounting units, there are many entries related to amount deposited by Company into bank but the same were not reflected in bank statements. Further, amount of cheques dishonored as per bank and credit given by bank have not been accounted for in books of account, and are lying in reconciliation. In absence of sufficient and appropriate evidence, we are unable to comment on the impact of non-reconciliation there of on the financial statements.

i) **Power Purchase:**

I. The company had made a short provision of delayed payment charges payable to various power supply companies on account of delay in payment of power purchase bills. The details are as under:

(Rs in lacs)

Vendor name	DPC as per vendor	DPC as per Company	Short Provision
JSW Energy	8,011	7,105	905
Adani 1200	15,075	11,713	3,362
Adani 1320	19,649	13,976	5,673
Adani 125	756	723	33
Rattan India 450	6,598	4,595	2,003
Rattan India 750	2,663	2,012	652
Rattan India	2,668	2,635	33
		Total	**13,086**

The above results in understatement of loss to the extent of Rs. 13,086 lacs with a corresponding impact on current liability. However the company has treated the same as contingent liability.

II. In some cases, TDS on payments made for contracts/ rent/ professional fees has been deducted at the time of actual payment to them and not at the time of payment or credit whichever is earlier as required under the provisions of Income Tax Act, 1961. In the absence of audit trail, the impact thereof is not ascertainable.

j) Accounting Standard - 29 on 'Provisions, Contingent Liabilities and Contingent Assets[9]

In the absence of required details and documents, we are unable to obtain sufficient and appropriate audit evidence for examining and verifying the quantum of Contingent Liabilities disclosed in Note No. 60.2 to the Financial Statements. The company has maintained only the list of cases without quantifying the amount involved. In the absence of such examination and verification, any consequential impact on the financial statements is not ascertainable.

k) Financial Restructuring Plan (FRP) of erstwhile Maharashtra State Electricity Board :

Refer Note No. 64.1(xv) of Financial Statement, Financial Restructuring Plan (FRP) of erstwhile Maharashtra State Electricity Board, the scheme of transfer of assets and liabilities, originally transferred on 5th June 2005, by Government of Maharashtra to the Company has been finalised and accounted for during the year. We observed that:

I. The company has adjusted Rs. 2,000 Lacs being the net difference in the figures as per books of Accounts and fixed assets register maintained in SAP as on 05.06.2005. No details have been provided to us for our verification.

II. The details of asset wise accumulated depreciation and WDV as on 05.06.2005 has not been made available for verification. The total accumulated depreciation up to that date has been allocated to each asset item on pro-rata basis, instead of actual asset wise depreciation. In absence of proper details we are not in a position to comment on the correctness of WDV and the accumulated depreciation on each asset.

III. Certain Assets having written down value (WDV) to the tune of Rs. 15400 lacs which are available in fixed assets Register maintained in SAP but did not appeared in valuation report. As such the company has deducted the same from revalued figure of Rs. 4338815 lacs and adjusted the balance on pro-rata basis. In absence of proper details we are not in a position to comment on the correctness of WDV and the accumulated depreciation on each asset.

l) Change in Accounting of Delay Payment Surcharge (DPS) and interest on arrears:

Refer Note No. 64.1(viii) to the financial statements regarding accounting of Revenue towards Delay Payment Surcharge (DPS) and Interest on arrears, in case of consumers defaulting payment of bill for consecutive three months, which has been changed to receipt basis instead of accrual basis w.e.f. billing month October 2015.

The company has not reversed the income accounted and remained outstanding on this account as on 30th Sep 2015. In absence of availability of adequate information, the impact thereof cannot be ascertained.

m) Component Accounting

In line with the notification no G.S.R. 627 (E) dated 29th August 2014 issued by the ministry of Corporate Affairs regarding identification of the components having significant cost and/or separate useful life then the main assets and to determine the useful life of that component separately, the company has not done any exercise to implement the same. In absence of availability of adequate information, the impact thereof cannot be ascertained.

n) Other Matters

Note No. 55.3 to the financial statements of the additional Notes to Accounts regarding non identification of accounts relating to Micro, Small and Medium Scale Enterprises (MSME) and provision for interest payable thereon, the liability on this account has not been quantified by the company. As such we are unable to ascertain the interest provision (if any) required and its consequential impact on the loss for the period. Due to non-identification of MSM, the disclosure as required by the relevant Statute has not been made by the company.

The has not dealt with the discrepancies noticed on physical verification of inventory as compared to book records. In absence of proper compilation of relevant information and data, we are not in a position to quantify the discrepancies thereon and impact thereof on the financial statement of the company.

Refer to Note No. 19 to the financial statements regarding loan to Maharashtra Power Development Corporation Limited (MPDCL) amounting to Rs. 246.73 lacs. As per the confirmation received from MPDCL there is a difference of Rs. 16.17 Lacs, which is subject to reconciliation.

In case of MSPGCL

(a) The 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 Rsl039.26 crore under the head 'Surcharge Income from Customers'. MSEDCL has not paid such Surcharge amounting to Rs.2638.27 crore as on March 31, 2016. Further, as per Multi Year Tariff (MYT) Regulation 2011 and subsequent amendment, reactive power bills raised by the Company to Maharashtra State Electricity Transmission Company Limited (MSETCL) for Rs.62.37 Crores have not been accepted by the MSETCL. Considering the non-acceptance of billing by MSEDCL and MSETCL, we are unable to comment on the realisability of such income and the impact on the Loss for the year, Trade Receivables, Revenue and the Reserves and surplus of the Company.

(b) As stated in note no. 64.3 (v) of Notes on Accounts 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 confirmation and reconciliation, the consequential adjustments are not made. Further, due to non-availability of account-wise overdue amounts beyond reasonable period for certain balances of loans and advances, the amount of provision required, if any, for a specific account could not be ascertained. In view of the same, we are unable to comment on the consequential impact on the status of these balances and the loss for the year of the Company.

(c) As stated in note no. 64.3 (vi) of Notes on Accounts, the loans and advances include Rs. 760.88 crore towards advance paid to coal suppliers. Against the said advance the Company have provided liability towards supply of coal amounting to Rs.373.52 crore. Pending final passing of the bills, the Company has not set off the said liability against the advance paid. This has resulted in overstatement of the respective assets and liabilities of the Company to that extent. The impact of the above on the loss of the Company is not ascertained.

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 consolidated Financial statements, read together with the matter described in the “Emphasis of matters” paragraph and based on the consideration of the reports of the other auditors on the financial statement of the subsidiaries as noted below, the aforesaid consolidated 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, of the state of affairs of the Company as at 31st March 2016, and their consolidated profit and consolidated cash flows for the year ended on that date.

Emphasis of Matters:

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

1. Refer note no 49.1(ii) where the company has shown advance tax of Rs 1144,387,750 net of the provision of tax in the books of accounts amounting to Rs 498,704,675 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.

2. Refer note no 52.1 (ii) where the debts outstanding against rentals from property due from subsidiaries amounting to Rs. 2,045,379,375/-(P.Y. Rs. 2,097,467,029/-) have been long outstanding.

3. Refer note no 60.1(iv) foot note 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 MSPGCL

We draw attention to following notes to the consolidated financial statements::

(a) Note no. 53.4 regarding accounting of shortfall/excess if any, based on the provisional accounts of the CPF, in the absence of the requisite details and information.

(b) Note no. 61.3 regarding agreements with the government of Maharashtra in respect of various hydro power generation facilities that are yet to be executed and the consequent disclosures as required under Accounting Standard 19 "Leases" issued under the Companies (Accounting Standards) Rules, 2006 pending execution of the lease.

(c) Note no. 64.3(x) regarding the justification of the company not to recognize any impairment loss on the investment in its subsidiary company, Mahaguj Collieries Ltd.

(d) Note no. 59.3 regarding accounting of the increase in value of the net Fixed Assets as on the date of transfer, depreciation on such increased value and consequent increase in equity capital based on the notification dated March 31, 2016 issued by the Government of Maharashtra through First Amendment in "Maharashtra Electricity Reforms Transfer Scheme 2005".

(e) In case of Dhopave Coastal Power Ltd, the Company has borrowed loans aggregating to Rs. 8.32 crores from its holding company and sister subsidiary of the holding company, which is substantially higher than its share capital of Rs. 0.05 crores. Attention is invited to Note no. 1(B) of the notes stating that the accounts of the Company has not been prepared on going concern basis, and accordingly provision for losses on account pre-operative expenses has been made in the Books of Accounts.

Our opinion is not qualified in respect of these matters:

Other Matters

We did not audit the financial statement/ financial information of the four subsidiaries, whose financial statement reflect total assets of Rs.1,62,17,100.68 Lacs and revenue of Rs.59,07,394.78 Lacs 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.

1. Report on Other Legal and Regulatory Requirements

1.1 As required by the section 143(3) of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements and the other financial information of subsidiaries as noted in the “other matter” paragraph, we report, to the extent applicable:

a. We have sought and except for the effect/possible of the matters mentioned under Para 'Basis of 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 of the consolidated financial statements;

b. Except for the effects/possible effects of the matters described in the Basis for Qualified Opinion paragraph, in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

c. The consolidated Balance Sheet, consolidated Statement of Profit and Loss, and the consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;

d. Except for the effects/possible effects of the matters described in the Basis for Qualified Opinion paragraph, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;

e. The matters described in the Basis for Qualified Opinion paragraph above, in our opinion, may have an adverse effect on the functioning of the Company.

f. Being a Government Company, pursuant to the Notification No. GSR 463(E) dated 5th June 2015 issued by Ministry of Corporate Affairs, Government of India, provisions of sub-section (2) of Section 164 of the Companies Act, 2013, are not applicable to the Holding Company. Further, on the basis of the reports of the statutory auditors of its subsidiary companies, and jointly controlled companies incorporated in India, none of the directors of the Group companies, and its jointly controlled companies incorporated in India is disqualified as on 31st March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.

g. The qualification relating to the maintenance of accounts and other matters connected therewith are as stated in the Basis for Qualified Opinion paragraph above.

h. 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".

i. 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. Due to effects/possible effects of the matters described in the Basis for Qualified Opinion Paragraph, we are unable to state whether the Company has disclosed the impact of pending litigations on its financial position in its consolidated financial statements.

   b. Due to effects/possible effects of the matters described in the Basis for Qualified Opinion Paragraph, we are unable to state whether the Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts. According to the information and explanations given to us, the Company has not entered into any derivative contracts; and

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

j. 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.

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

(Mukesh Goyal)
Partner
M. No. 081810

Place: New Delhi
Date: 24th December, 2016

"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")

In conjunction with our audit of the consolidated financial statement of the Company as of and for the year ended 31st March 2016, We have audited the internal financial controls over financial reporting of MSEB Holding Company Limited (hereinafter reffed to as "the Holding Company") and its subsidiary companies, its associate companies and jointly controlled companies, which are companies incorporated in India, as of 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 as specified 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.

Because of the matter described in Disclaimer of Opinion paragraph below, we was 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.

Re : Holding Company:

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.

Re :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.

Re : Holding Company: MSEBHCL

Disclaimer of Opinion

According to the information and explanation given to us, the Company has not established its internal financial 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 Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. Because of this reason, we are unable to obtain sufficient appropriate audit evidence to provide a basis for my / our opinion whether the Company had adequate internal financial controls over financial reporting and whether such internal financial controls were operating effectively as at March 31, 2016.

We have considered the disclaimer reported above in determining the nature, timing, and extent of audit tests applied in our audit of the financial statements of the Company, and the disclaimer does not affect our opinion on the financial statements of the Company.

Re : Subsidiary Companies: 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," 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 March 31, 2016, 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".

Re : Subsidiary Companies: APCL

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 March 31, 2016, 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".

Re : Subsidiary Company: MSPGCL

Disclaimer of Opinion

According to the information and explanation given to us, the Company has not established its internal financial 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 Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. Because of this reason, we are unable to obtain sufficient appropriate audit evidence to provide a basis for my / our opinion whether the Company had adequate internal financial controls over financial reporting and whether such internal financial controls were operating effectively as at March 31, 2016.

Re : Subsidiary Companies: 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.

Qualified Opinion

According to the information and explanation given to us and based on our audit, the following material weakness has been identified in the operating effectiveness of the Company's internal financial controls over financial reporting as at 31 st March, 2016 :

1. The company did not have an appropriate internal control system for identification of overheads to be capitalized with the cost of fixed assets which could potentially result into under/over/delayed capitalization of fixed assets and corresponding impact on the depreciation charged and operational results of the company.

2. The company did not have appropriate internal control system for ensuring capitalization of fixed assets as and when the same is ready for use due to delayed issue of work completion certificate by engineering department or due to delay in receipt of bills from the vendors for bought out items. This could potentially result into under capitalization of Fixed Assets and corresponding impact on the operational results due to lower charge of depreciation.
3. The company did not have appropriate internal control system for capitalization of employee cost and office and Admin Expenses, the same is done on ad-hoc basis @15% of additions or CWIP made during the year without identifying the expenses directly attributable to the capital asset / project/CWIP. Moreover such capitalization rate is applied for the full year irrespective of the actual date of capitalization and period of interruptions if any.
4. The Company did not have appropriate Internal control system for physical verification of items of Fixed Assets of the company at various divisions circles and Head office at reasonable interval and adjustment of material discrepancies noticed during such verification.
5. The Company has not designed effective internal control for timely verification of Stores/ inventories lying at Division/Circle and to tally them with the balance appearing in financial ledger and appropriate treatment of discrepancies therein. This significant deficiency relate to likelihood of mis-statement in the financial reporting.
6. The company did not have an appropriate internal control system to ensure that provisions made pending receipt of all bills from vendors / contractors for supply of goods and provision of services and towards expenses at the year end are duly reversed when actual bills/ invoices are received and accounted for. This could potentially result in the same being wrongly accounted.
7. The company did not have an integrated ERP / SAP system. Different software packages used by the Company are interfaced through software link or manual intervention leaving gapes between them. This could potentially result into impaired financial reporting.
8. The company did not have an appropriated control system for reconciliation/confirmation of vendor / contractor/ Trade Receivables amounts and loan and advances balances and consequent adjustments which could potentially result in some changes in the financial statements.
9. The company did not have an appropriate internal control system for proper deduction and/or deposit of statutory dues like service tax, works contract tax, TDS, TCS resulting into or which could potentially result in non-deduction /under deduction or delayed deposit of statutory dues with Government authorities .This can have consequential impact in the financial statement and problems such as litigation, penalty proceedings and interest levy etc against the company.
10. The company has a system of Internal Audit through qualified external CA Firms, however the system is not effective so as to cover all major areas of weaknesses. There is no effective system of compliances / closure of the Internal Audit observations for all Divisions/Circles. This could possibly result into weak checks & balances and defective and unreported financial irregularities, ultimately resulting into ineffective oversight of the entity's financial reporting and internal control by those charged with Governance
11. The company did not have appropriate internal control system to reconcile the financial accounts pertaining to income tax, service tax, TDS, TCS, works contract tax etc., with the relevant tax records and returns. This could potentially result into under/over statement of such amounts in the financial statements.

12. The company did not have an internal control for timely and accurate reconciliation of significant accounts and confirmation of balances lying with DCC Bank/Post offices Accounts.

A "material weakness" is a deficiency, or a combination of deficiencies, in internal 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.

Other Matter

Our aforesaid report under Section 143 (3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to four subsidiary companies, which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India.

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

(Mukesh Goyal)
Partner
M. No. 081810

Place: New Delhi
Date: 24th December,2016.

Annexure B- Report on Directions / Sub-Directions issued by Comptroller and Auditor General of India under Sub-Section (5) of Section 143 of the Act

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

1. In Case MSEBHCL

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

Sr. No.	AUDITOR'S COMMENTS	
	Directions	**Replies**
1	Whether the company has clear title/lease deeds for freehold and leasehold-land respectively? If not please state the area of freehold and leasehold land for which title/lease deeds are not available.	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 under the provisional Transfer Scheme, since finalised on 31st March'2016 vide GR No.Reform2010/Pr.Ka.117/Urja. Details of the area of freehold and leasehold land for which title/lease deeds are not available is given as per Annexure-I (below).
2	Whether there are any cases of waiver/ write off of debts/loans/interest etc., if yes, the reasons there for and the amount involved.	According to information and explanations given to us, the company has written back interest amounting to Rs. 28,377,726,835 provided in the earlier years payable to GOM on their loans without suitable direction / confirmation from GOM. Further an amount Rs. 32,895 provided as interest payable to NABARD and Rs 48,900 payable as REP on loan and Rs. 34,860 being Share Application money of GOM have also been reversed. As explained, this interest was being provided on a conservative basis till the FY 2014-15. Except as above there are no cases of waiver/write off of debts/ loans/interest etc.

3	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.

ii. Sector specific Sub Directions

Sr. No.	AUDITOR'S COMMENTS	
	Directions	**Replies**
1	Comment on confirmation of balances of trade receivables, trade payables, term deposits, bank accounts and cash obtained.	As per table below:
2	Report the cases of diversion of grants / subsidies received from Central / State Government or other agencies for performing certain activities.	The Company is in receipt of funds in the form of grant for the purpose of payment of interest and repayment of principal on maturity of the bonds issued by erstwhile MSEB. In current year the Company has received Rs. NIL for the above mentioned purpose. However, Rs. 57,46,170 (including interest) pertaining to earlier years are still payable. As explained to us the claimants could not be traced and hence payable.

Sr. No.	Particulars	Confirmation Obtained (%)
1	Trade Receivables	99.98%
2	Trade Payables (Excluding Inter Unit Payables)	0.00%
3	Trade Payables (Inter Unit Payables)	12.92%
4	Term deposits (Fixed Deposit)	100%
5	Bank Account (Current Account)	100%

2. In Case of MSPGCL

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

1) If the company has been selected for disinvestment, a complete status report in terms of valuation of assets (including intangible assets and land) and liabilities (including Committed & General Reserves) may be examined, including the mode and present stage of disinvestment process.

Holding Company: Maharashtra State Power Generation Co. Ltd.

The Company has not been selected for 'Disinvestment' purpose. Hence, the information sought is not applicable to the Company.

Subsidiary Company: Dhule Thermal Power Co. Ltd.:

No, Company has not been selected for disinvestment.

Subsidiary Company: Mahaguj Collieries Limited:

Not Applicable.

Subsidiary Company: Dhopave Coastal Power Limited:

No, Company has not been selected for disinvestment.

2) To report whether there are any cases of waiver/write off of debts/loans/interest etc. if yes the reasons thereof, and the amount involved.

Holding Company: Maharashtra State Power Generation Co. Ltd.

During the course of audit and as per information and explanations given to us, there were no cases/instances of waiver/write-off of any loans/debts/interest etc., by the company during F.Y.2015-16. The Company has received a letter from MSEB Holding Company Ltd (its parent company) to recognize in its books unidentified assets/liabilities lying in the books of MSEB Holding Company that belonged to the erstwhile Maharashtra State Electricity Board. The parent company has transferred these unidentified assets / liabilities to the Company and fellow subsidiaries on a certain proportionate basis without specifying the rationale thereof. The parent company has informed the Company to write off/ write back these unidentified assets / liabilities. Such balances include transfer of capital reserve amounting to Rs.265 Crore. (Company's share Rs.66 crores) The Company has not yet recognized these assets / liabilities (net liabilities of Rs.86crores) and as informed to us by the Management, has sought additional details of the same from the parent company.

Subsidiary Company: Dhule Thermal Power Co. Ltd.:

There are no cases of waiver/write off of loans/interest etc. observed during the year.

Subsidiary Company: Mahaguj Collieries Limited:

No waiver of loan.

Subsidiary Company: Dhopave Coastal Power Limited:

Yes, These are write off of Pre-operative Expenses of the Company, incurred for the project during its commissioning stage, and Since Company has already decided to scrap the Project, amount Involved is Rs. 8.29 crore

3) Whether proper records are maintained for inventories lying with third parties & assets received as gift from Government and other authorities?

Holding Company: Maharashtra State Power Generation Co. Ltd.

The Company sends its inventories / materials to third parties only for maintenance operations or fabrication activities. As informed to us, the Company has proper records for such inventories. We have been informed that there are no assets received as gift from the Government or other authorities during the year.

Subsidiary Company: Dhule Thermal Power Co. Ltd.:
Not Applicable.

Subsidiary Company: Mahaguj Collieries Limited:
Not Applicable.

Subsidiary Company: Dhopave Coastal Power Limited:
Not Applicable.

4) **A report on age-wise analysis of pending legal/arbitration cases, including the reasons of pendency and existence/effectiveness of a monitoring mechanism for expenditure on all legal cases (foreign and local) may be given.**

Holding Company: Maharashtra State Power Generation Co. Ltd.
Company discloses pending legal/arbitration cases as Contingent Liabilities as identified by the company. The age wise analysis of 380 pending legal/arbitration cases given below:

Age of Cases	No. of Cases
Less than 1 year	38
1 to 2 Years	58
2 to 3 Years	19
3 to 5 Years	40
More than 5 Years	195
Others unattended	30
Total	**380**

Due to unavailability of relevant information from the Company, including details of reasons of pendency for all the cases, we are not able to comment upon the effectiveness of monitoring mechanism for expenditure on all legal cases and reasons of pendency.

Subsidiary Company: Dhule Thermal Power Co. Ltd.:
Not Applicable.

Subsidiary Company: Mahaguj Collieries Limited:

Age of Cases	No. of Cases
Less than 1 year	1

Subsidiary Company: Dhopave Coastal Power Limited:
Not Applicable.

ii. **Comments on Sub-directions u/s 143 (5) of the Companies Act 2013**

5) **In the cases of Thermal Power Projects, compliance of various Pollution control Acts end the impact thereof including utilization and disposal of ash and the policy of the company in this regard, may be checked and commented upon.**

Holding Company: Maharashtra State Power Generation Co. Ltd.

The Company has represented that it has complied with the requirements of various pollution control acts including utilization and disposal of ash during the year 2015-16. However, the above information regarding compliance of various Pollution Control Acts and the impact thereof including utilization and disposal of ash has not been independently verified by us.

Subsidiary Company: Dhule Thermal Power Co. Ltd.:

Not Applicable.

Subsidiary Company: Mahaguj Collieries Limited:

Not Commented by Auditor

Subsidiary Company: Dhopave Coastal Power Limited:-

Not Commented by Auditor

6) **Has the company entered into revenue sharing agreements with private parties for extraction of coal at pitheads and it adequately protects the financial interest of the company?**

Holding Company: Maharashtra State Power Generation Co. Ltd.

No. The Company has not entered into revenue sharing agreements with private parties for extraction of coal.

Subsidiary Company: Dhule Thermal Power Co. Ltd.

Not Applicable as no generation activity started so far.

Subsidiary Company; Mahaguj Collieries Limited:

Not Commented by Auditor

Subsidiary Company: Dhopave Coastal Power Limited:

Not Commented by Auditor

7) **Does the company have a proper system for reconciliation of quantity/quality of coal ordered and received and whether grade of coal/moisture and demurrage etc, are properly recorded in the books of accounts?**

Holding Company: Maharashtra State Power Generation Co. Ltd.

Yes. The company has the system for reconciliation of quantity/quality of coal ordered and received. However, the current process needs to be strengthened. Company recognizes the liability of coal on the basis of grades mentioned in suppliers' invoice instead of the grade determined by the technical analyst appointed by the MSPGCL. Claim for coal grade slippage has been made on the basis of coal grode differences observed at loading end by such technical analyst and suppliers' representatives jointly vis-a-vis Grade allocated to Colliery. However, such claims have not been recognized by the coal suppliers which results into difference in the outstanding balance with such companies along with other reasons.

Further, during the year, MSPGCL has lodged a claim against coal suppliers, for grade slippage of coal as per agreement amounting to Rs.803.38 Crores. However, the supplier has claimed an amount of Rs.50 Crores from the Company for short lifting of material. Due to non-availability of proper documentary evidence, it is difficult to reach a conclusion on correctness of the claims by either party. The Company has disclosed the claim by coal supplier as contingent liability. The Company has also not accounted for the performance incentives claimed by the same coal supplier.

Subsidiary Company: Dhule Thermal Power Co. Ltd.:

Not Applicable as no generation activity started so far.

Subsidiary Company: Mahaguj Collieries Limited:
Not Commented by Auditor

Subsidiary Company: Dhopave Coastal Power Limited:
Not Commented by Auditor

8) **How much share of free power was due to the State Govt, and whether the same was calculated as per the agreed terms and depicted in accounts as per accepted accounting norms?**

Holding Company: Maharashtra State Power Generation Co. Ltd.
As informed by the Company, there is no share of free power to the State Govt., under any agreement.

Subsidiary Company: Dhule Thermal Power Co. Ltd.:
Not applicable as no generation activity started so far.

Subsidiary Company: Mahaguj Collieries Limited:
Not Commented by Auditor

Subsidiary Company: Dhopave Coastal Power Limited:
Not Commented by Auditor

9) **In the case of Hydroelectric Projects, the water discharge is as per policy/guidelines issued by state govt, to maintain biodiversity. For not maintaining it penalty paid/ payable may be reported.**

Holding Company: Maharashtra State Power Generation Co. Ltd.
Water discharge is governed by Water Resource Department (WRD) of State Govt., and as informed, the Company has no role in the same. No penalty has been payable/ paid towards water discharge.

Subsidiary Company: Dhule Thermal Power Co. Ltd.:
Not Applicable as no generation activity started so far.

Subsidiary Company: Mahaguj Collieries Limited:
Not Commented by Auditor

Subsidiary Company: Dhopave Coastal Power Limited:
Not Commented by Auditor

10) **Does the company have a set of operational norms? Has the management measured its performance against the norms and taken suitable action in case of deviation?**

Holding Company: Maharashtra State Power Generation Co. Ltd.
Not Applicable.

Subsidiary Company: Dhule Thermal Power Co. Ltd.:
Not Applicable

Subsidiary Company: Mahaguj Collieries Limited:
Operation not yet started.

Subsidiary Company: Dhopave Coastal Power Limited:-
Not Applicable.

11) **Comment on the confirmation of balances of trade receivables, trade payables, term deposits, bank accounts and cash obtained.**

Holding company : Maharashtra State Power Generation Co. Ltd.
Not Applicable.

Subsidiary Company: Dhule Thermal Power Co. Ltd.:
Not Applicable

Subsidiary Company: Mahaguj Collieries Limited:
All the required confirmations are obtained.

Subsidiary Company: Dhopave Coastal Power Limited:-
Not Applicable

12) **Examine pricing policy framed by the Company to ensure that all cost components are covered.**

Holding Company: Maharashtra State Power Generation Co. Ltd.
Not Applicable.

Subsidiary Company: Dhule Thermal Power Co. Ltd.:
Not Applicable

Subsidiary Company: Mahaguj Collieries Limited:
Not Applicable.

Subsidiary Company: Dhopave Coastal Power Limited:
Not Applicable

13) **Report on the extent of utilization of plant & machinery and its obsolescence, if applicable.**

Holding Company: Maharashtra State Power Generation Co. Ltd.
Not Applicable.

Subsidiary Company: Dhule Thermal Power Co. Ltd.:
Not Applicable

Subsidiary Company: Mahaguj Collieries Limited:
Not Applicable.

Subsidiary Company: Dhopave Coastal Power Limited:-
Not Applicable

14) **Report the cases of diversion of grants/subsidies received from Central/State Govt, or their agencies for performing certain activities.**
Not Applicable

Subsidiary Company: Dhule Thermal Power Co. Ltd.:
Not Applicable

Subsidiary Company: Mahaguj Collieries Limited:
Not Applicable.

Subsidiary Company: Dhopave Coastal Power Limited:
Not Applicable

3. **In Case of MSETCL**
Directions under sub-section (5) of section 143 of the Companies Act, 2013

1. **To report whether there are any cases of waiver/ write off of debts/loans/interest etc. if yes, the reasons thereof, and the amount involved.**

It may be noted that total trade receivables of the company as per Note No. 22 are Rs. 259263.30 Lacs as at 31/03/16 (Previous Year Rs. 298293.91 Lacs as at 31/03/15) and major portion of the same is against Maharashtra State Electricity Distribution Company Ltd. (MSEDCL). Receivables from MSEDCL are against two parts:

(a) Transmission charges approximately being Rs. 232605.75 Lacs as at 31/03/16 (Previous Year Rs. 233747 Lacs as at 31.03.2015) which the company recovers through STU. The said amount recoverable from MSEDCL is considered good and no provision for Bad Debts has been made against such outstanding dues. Dues from MSEDCL are received in parts but on a regular basis.

(b) Dues recoverable on account of IUT (Inter Unit Transactions) which are Rs. 19726.39 Lacs as at 31/03/16 (Previous Year Rs. 19697 Lacs as at 31.03.2015). The said **IUT** balances cannot be written off until it is fully reconciled.

Thereby total amount recoverable against MSEDCL accounts for 97.33% (Previous Year 85% as at 31/03/15) of the total debtors of the company.

It was observed that company follows the practice of deducting "Liquidated Damages (LD)" from payments made to contractors / vendors for non fulfillment/ non compliance with either scheduled date of delivery or other terms and conditions of contract. The said amount of LD gets accounted for under 'Other Non Current Liabilities - Deposits' in Liability side of Balance Sheet. A portion of such LD retained gets accounted for as income and the balance gets refunded back to the respective vendor / contractor, as the case may be, after final billing. Total amount of such LD getting reflected under liability side of balance sheet was Rs. 6788.42 Lacs as at 31.03.16 (Previous Year Rs. 4981.57 Lacs as at 31.03.2015) whereas the amount of LD getting booked as income was only Rs. 479.58 Lacs as at 31/03/16 (Previous Year Rs. 72.09 Lacs as at 31.03.2015). The company vide its accounting policy stated at Para 2(I)(iv) of Notes forming part of Financial statements has clarified that such LD charges gets accounted for under " Other Income" upon 'realization basis' only.

As per the information available on record, invoices have been raised by STU on distribution licencees for claiming 'Delayed payment charges' (DPC). The total share of MSETCL of the DPC amount as at 31.03.16 was Rs. 83495.25 Lacs (Previous Year as at 31.03.15 was Rs. 48422.05 Lacs) which has not been considered as income for the F.Y.2015-16 as per the significant accounting policy of the company disclosed at Para 2 (I) (ii) read along with Notes to Accounts No. 64.4 (xvii)"Other Notes" to Balance Sheet.

The amount receivable by the Company including the advances given to the suppliers/ sub contractors by the Company were found critically analyzed/ reviewed on regular basis. With respect to other outstanding debtors (for expenses) of the company, provision for 'Doubtful Debts' for Rs. NIL (Previous year 2014-15 Rs. 149.11 Lacs) has been made by the company as at 31.03.16.

During the course of audit and as per information and explanations given to us, there were no other cases/ instances of waiver/ write off of any loans/debts/interest being given by the company during F.Y.2015-16.

2. Whether proper records are maintained for inventories lying with third parties & assets received as gift from Government or other authorities.

As per information and explanations provided to us by the Management of the Company, there were no inventories or items of stores & spares lying with third parties at any time during the year under audit.

Further, no assets have been received as gift from Government or other agencies by the Company during F.Y. 2015-16.

3. **A report on age-wise analysis of pending legal/arbitration cases, including the reasons of pendency and existence/ effectiveness of a monitoring mechanism for expenditure on all legal cases (foreign and local) may be given.**

The Operations of the company are spread all across the state of Maharashtra and for operational convenience, the working of the company has been divided into 7 Zones.

Details of all pending/arbitration cases, individually more than Rs. 10.00 Lacs, have been duly disclosed in Notes to Accounts under the head "Contingent Liability" for F.Y. 2015-16 at Note No. 60.3 to Balance Sheet.

In addition to above, there are 40 number of small pending legal/ arbitration cases individually less than Rs. 10.00 Lacs which are also of 'Contingent' nature.

Legal expenses as and when incurred are accounted for on mercantile basis and are separately shown as "Legal and Professional Fess" under the head 'Other Expenses' in Note No. 33 of Profit & Loss Account. The total legal expenses incurred during the year amounts to Rs. 979.17 Lacs (F.Y. 2014-15 Rs 632.55 Lacs).

The legal expenses were found sanctioned, paid and accounted for in routine manner as in the case of other administrative expenses.

4. **If the Company has been selected for disinvestment, a complete status report in terms of valuation of Assets (including intangible assets and land) and Liabilities (including Committed & General Reserve) may be examined, including the mode and present stage of disinvestment process.**

The company has not been selected for 'Disinvestment' purpose. Hence, the information sought is Not Applicable to the company.

Sub-directions under sub-section (5) of section 143 of the Companies Act, 2013

(I) **Whether there is appropriate classification of Inventory with value such as Scrap, Obsolete Material etc.**

It has been observed during the course of audit that there exists an appropriate system for classification of Inventory in the company. The details of GL Codes used along with their outstanding balance as at 31/03/16 for accounting various types of Inventory under SAP are as under:

GL Codes	Description of Inventory	o/s bal as at 31/03/16 (₹ in Lacs)
250010	Steel	1146.27
250020	Cement	-
250030	Transformers	6398.75
250040	Metering Equipment & substation Equipment	7827.17
250050	Cables & Conductors	8235.62
250060	Poles	-
250070	Service Connection Material & Electrical Fittings	-
250080	Spares	880.55

280090	Others	2712.75
255010	Material Pending Investigation	7.10
255020	Loss due to Material pending investigation	202.91
255030	Spl GL stores Inventory Diff	-
255040	MASA Stock rectification	249.20
256010	Obsolete Material Stock (including scrap)	174.44
256020	Damaged/ Rejected Material	-

During the course of audit it was duly observed and verified that accounting for inventory was made in a proper manner except:

a) GL Code: 256010- Obsolete Material- wherein it was observed that unreconciled balances are getting reflected for past many years. It has been given to understand that such unreconciled old balances getting reflected in the said GL account were mainly on account of price variations of different inventory items which have already been issued from the respective stores. In our opinion, the nomenclature of the account i.e. 'Obsolete Material' is factually incorrect and gives a wrong understanding of the adjustments made at a later date due to price variations of inventory items. Further, the said GL code also has 'negative balances' (i.e. credit balance) outstanding in many profit centers.

b) GL Code 255020 / 150070- Loss due to Material pending investigation-wherein old balances are outstanding in the books since many years.

c) GL Code 255040 - MASA Stock Rectification - wherein it was observed that unreconciled balances are getting reflected for past many years.

It is emphasized that company should either reconcile or write off balances in the above mentioned GL codes at the earliest.

(II) Negative balances under "Advances to Contract" may be analyzed and commented with reasons and impact on financial statements.

The company is in the business of transmission of power across the state of Maharashtra. To undertake such transmission work, the company has to construct sub stations, install transformers & transmission lines and execute all other related contractual / construction activities. In order to achieve such objective the company has a well documented and established "Contract Management System". All contractors / suppliers/ vendors having business relations with the company have been allotted a unique 'Vendor Code' which in turn serves the purpose of individual vendor identification in SAP.

The company has accounted for all such advances given to its contractors/ suppliers/ vendors under following GL Codes:

(Rs. in Lacs)

GL Code	Description	Opening Balance as at 1/04/15	Addition/ Clearance/adjustment during the year	Closing Balance as at 31/03/16
290010	Adv to Contractor/supplier	10858.81	-8499.74	2359.07
290020	Capital Adv for Projects	7592.20	-767.63	6824.57

The data of all registered vendors, whose balances appear in either of the two GL Codes given in the table above, were individually verified so as to identify the cases (vendors) which were having 'Negative Balances' as at 31/03/16. Details of all such vendors are given as under:

Particulars	In No.
Vendors / Contractors wherein opening amount & closing amount had positive balance (i.e. debit balance) i.e. advances were continuing	212
Vendors / Contractors wherein opening amount had debit balance & closing amount had become NIL i.e. advances were squared off	39
Vendors / Contractors wherein opening amount had debit balance but closing amount had credit balance (i.e. adverse balance)	13 (Cr. bal of Rs. 1054.25 Lacs as at 31.03.2016)
Vendors / Contractors wherein both opening amount & closing amount had adverse balance (i.e. Credit balance)	70 (Cr. bal of Rs. 4822.14 Lacs as at 31.03.2016)

From analysis of the data mentioned herein above, it can be observed that the overall advances given by the company as at 31.03.2016 do not have 'Adverse / Negative Balance'. However, there are 83 individual instances / cases which had outstanding negative balance i.e, credit balance as on 31.03.2016.

It has been informed that discrepancies in such 83 individual advances may be due to (i) wrong allocation of GL Codes or (ii) shifting of data in the system at the time of implementation of SAP (i.e. Legacy data) for which the reconciliation process has been initiated.

(III) Whether Profit / Loss mentioned in Audit Report is as per Profit & Loss Accounts of the Company?

The Independent Auditor's Report vide its Para VII (c) specifically states that "The Balance Sheet, Statement of Profit & Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account/'

(IV) Is the system of evacuation of power commensurate with power available for transmission with the generating company? If not, loss, if any, claimed by the generating company may be commented.

The company is having adequate infrastructure -which includes 633 no. of substations, transformers, and transmission lines for making transmission of the v power so generated by the generation companies operating in the state of Maharashtra.

Information relating to the transmission network of the company is given in the table below:

Voltage Level	EHV Substation	Transformation Capacity (MVA)	EHV Lines (CKT KM.)
765 KV	1	1500	0
500KV HVDC	2	3582	1504
400KV	28	23395	8224.96

220KV	211	49747.5	16325.847
132KV	306	26779	14553.9118
110KV	36	2280	1736.63
100KV	38	2678	700.664
66KV	11	853	683.995
Total	**633**	**110814.5**	**43730.0078**

Present transmission system availability and losses as against MERC benchmark are narrated as under:

HVAC System (MERC Benchmark 98%)		
Year	2014-15	2015-16
Avail	99.73%	99.72%
HVDC System (MERC Benchmark 95%)		
Year	2014-15	2015-16
Avail	97.96%	94.53%

It is a constant and ongoing endeavor of the company to improve, strengthen and further augment its infrastructural capacities so as to cope with ever increasing futuristic needs of power.

(V) How much transmission loss in excess of prescribed norms has been incurred during the year and whether the same been properly accounted for in the books of accounts?

The benchmark set by MERC for Transmission Losses is 4.85% and the Transmission Losses incurred by MSETCL during the F.Y. 2015-16 as computed by Maharashtra State Load Dispatch Center (MSLDC) are tabulated below:

Intra State Transmission System (In. STS) Grid Loss for F.Y. 15-16			
Month	**Energy Input Intra STS (In Million Units)**	**Energy Output Intra STS (In Million Units)**	**Transmission Loss (in % age)**
Apr-15	11979.66	11486.13	4.12
May-15	12678.62	12186.92	3.88
Jun-15	10940.52	10498.43	4.04
Jul-15	11985.82	11533.17	3.78
Aug-15	11529.16	11061.04	4.06
Sep-15	11244.54	10802.28	3.93
Oct-15	12932.72	12407.68	4.06
Nov-15	11825.32	11386.25	3.71
Dec-15	11719.00	11298.24	3.59
Jan-16	11348.28	10909.26	3.87
Feb-16	11135.60	10716.83	3.76
Mar-16	12447.00	11929.10	4.16
Total	**141766.247**	**136215.337**	**3.92**

From perusal of the table above, it is evident that Transmission Loss incurred by MSETCL for was 3.92% which is well below the MERC's bench mark. In other words, the said loss in accounting parlance will be termed as "Normal Loss" and will not require any separate accounting in the books of accounts. It has been verified that company has duly accounted for the energy so transmitted by it during the year under audit.

(VI) Whether the assets constructed and completed on behalf of other agencies and handed over to them has been properly accounted for in the financial statements.

The Company has divided its field operations amongst seven different zones in the state of Maharashtra. The major activity of the company is 'transmission of power'. Company also undertakes construction of small sub-stations, towers, plants etc., on behalf of other agencies on 'order specific basis'. Such works are identified in the company as 'ORC works'. The company charges 'Supervision Fees' over and above the expenditure incurred for executing such "ORC Work" which gets recognized as company's income.

As per information made available by the company, details of ORC works across its different zones are given in the table below:

Sr. No.	Zones	ORC works as at 01.04.15	ORC works added during the year	ORC works completed during the year	Balance ORC works remaining as at 31.03.16
1	Amravati	1	-	-	1
2	Aurangabad	14	-	2	12
3	Karad	6	-	-	6
4	Nagpur	25	11	7	29
5	Nasik	10	-	-	10
6	Pune	45	-	-	45
7	Vashi	28	18	5	41
	Total	**129**	**29**	**14**	**144**

"Supervision Charges" accounted during F.Y. 2015-16 on ORC Works were of Rs. 1601 Lacs.

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

(Mukesh Goyal)
Partner
M.No.081810

Place: New Delhi
Date: 24th December, 2016.