MSEB HOLDING CO. LTD.

12th Annual Report for Financial Year 2016-2017

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MSEB HOLDING COMPANY LIMITED

Board of Directors for the Financial Year 2016-2017
(upto the date of Annual General Meeting)

Chairman

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

Vice- Chairman

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

Managing Director

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

Shri. Bipin Shrimali- IAS, w.e.f. 25-05-2016 upto 14-02-2017

Directors

Shri. Bipin Shrimali- IAS, w.e.f. 18-02-2014

Shri. Sanjeev Kumar- IAS, w.e.f. 21-12-2015

Shri. Rajeev Kumar Mital- IAS, w.e.f. 21-01-2015

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. 25-02-015

Director (Finance) & CFO

Smt. Anuradha Bhatia, IRS, from 24-08-2015 to 31-03-2017

Shri. Jaikumar Srinivasan w.e.f. 21-08-2017

Company Secretary

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

DIRECTORS' REPORT

To,
The Members,
MSEB Holding Company Ltd.

The Directors have pleasure to present the 12th Annual Report on the business and the operations of your company during the financial year ended on 31st March, 2017 along with Audited Financial Statements for the year ended 31st March, 2017.

1. FINANCIAL RESULTS:

(Amt. in Rupees)

Particulars	2016-17	2015-16
Total Income	42,77,51,784	41,22,18,637
Expenses		
Employees remuneration and benefits	7,09,12,167	6,88,95,552
Other Expenses	25,01,27,233	26,74,30,591
Depreciation	46,08,01,976	46,05,39,938
Total Expenses	**78,18,41,376**	**79,68,66,081**
Profit/(Loss) Before Tax	**(35,40,89,592)**	**(38,46,47,444)**
Provision for Tax- Current year tax,		
Previous year tax and deferred tax (net)	3,39,87,659	(155,12,873)
Profit/(Loss) after Tax	**(32,01,01,933)**	**(36,91,34,571)**
Items that will be reclassified to profit or loss	(32,99,243)	56,77,181
Comprehensive Income for the period	**(32,34,01,176)**	**(36,34,57,390)**

During the year under review, there is a loss before Tax of Rs. 35,40,89,592 against the loss of Rs. 38,46,47,444 for the previous year 2015-16. The total loss after provision of tax is Rs. 32,01,01,933 for FY 2016-17 as against that of Rs. 36,91,34,571 during the previous year 2015-16. The major element of revenue for the Company is rentals from the properties of the company leased to subsidiaries for their use.

The total gross asset base of the Company at the end of 31.03.2017 was Rs. 1125.61 crores. The Company has suffered losses during the year, which is mainly on account of depreciation amounting to Rs. 46,08,01,976.

The Ministry of Corporate Affairs, GoI vide its notification dated 16.02.2015 notified the Indian Accounting Standards (Ind AS) applicable for certain classes of companies. Ind AS has replaced the existing Indian GAAP prescribed under section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014, as amended.

Preparation of Financial Statements as per requirement of Ind AS has become mandatory with effect from financial year 2016-17. Your Company has prepared its first financial statements for the financial year 2016-17 in accordance with Ind AS. For periods upto and including the year ended 31st March, 2016, your Company prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act, 2013, read together with Rule 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP).

2. FINANCIAL HIGHLIGHTS:

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

ii) It also includes interest received on Fixed Deposits of Rs. 3.39 crores and interest of Rs. 74.65 Lakhs on Income Tax refund for the Assessment Year 2014-15.

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

   a) The Company has opted to continue with the carrying value of all Investment Properties recognised as at 1st April, 2015 measured as per previous Generally Accepted Accounting Principles (GAAPs) specified in the Companies (Accounting Standards) Rules, 2006 notified by the Central Government and other provisions of the Companies Act, 1956 and use that carrying value as the deemed cost of the investment property.

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

   c) Investment in equity shares of M/s Ratnagiri Gas & Power Pvt. Ltd. (RGPPL) of Rs. 516,28,00,000 (P.Y 516,28,00,000) has been impaired on the basis of study report of impairment for Fixed Assets carried by M/s. KPMG.

   d) Expected Credit Loss of Rs. 1,77,30,483 has been provided during the year on Rent receivables.

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

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

4. DIVIDEND:

In view of loss for the year under review, and the considering the position of Reserves, no dividend has been recommended by the Board of Directors for the financial year ended 31st March, 2017.

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

Your Company had applied for extension for holding of the 12th Annual General Meeting to the Registrar of Companies, Maharashtra, Ministry of Corporate Affairs, Govt. of India. The ROC has vide its letter dated September 21, 2017 granted extension of 3 months for holding the Annual General Meeting.

6. DIRECTORS:

Shri. Arvind Singh, IAS was appointed as Director of Company w.e.f. 14.02.2017 and subsequently appointed as Managing Director of the Company w.e.f 01.03.2017 in place of Shri. Bipin Shrimali, IAS, who was holding additional charge for the post of Managing Director from 25.05.2016 till 01.03.2017.

Smt. Anuradha Bhatia, IRS demitted her office of Director (Finance) & Chief Financial Officer (CFO) w.e.f. 31.03.2017 pursuant to Govt. Order.

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

7. KEY MANAGERIAL PERSONNEL (KMP):

During the financial year 2016-17, 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.	Shri. Arvind Singh	Managing Director	1st March, 2017	-
4.	Smt. Anuradha Bhatia	Director (Finance) & CFO	24th August, 2015	31st March, 2017
5.	Shri. Subodh Rameshravji Zare	Company Secretary	21st August, 2015	-

8. DIRECTORS' RESPONSIBILITY STATEMENT:

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

a) That in the preparation of the annual accounts for the year ending March 31, 2017, 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, 2017 on a 'going concern basis;

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

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

9. DECLARATION BY INDEPENDENT DIRECTOR:

The Independent Director of the Company has submitted the declaration of Independence as required under Section 149(7) of the Companies Act, 2013 confirming that he meets the criteria of independence under Section 149(6) of the Companies Act, 2013.

10. PERFORMANCE EVALUATION OF DIRECTORS:

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

11. DEPOSITS:

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

12. SHARE CAPITAL:

The Authorised Share capital of the Company remains unchanged at Rs. 99,000 crores as on 31.03.2017.

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

Particulars	Share Capital (Rs.)
Share Capital as on 31.03.2016 Allotments during the year Share Capital as on 31.03.2017	86299,77,20,630 1092,98,00,000 87392,75,20,630

13.AMOUNT TRANSFERRED TO RESERVES:

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

14. CONSOLIDATED ACCOUNTS:

The Company as on 31st March, 2017, has 3 (three) direct wholly-owned subsidiaries and 4 (four) step down subsidiaries.

In accordance with IND AS-110 (Consolidated Financial Statements), the Company has prepared consolidated financial statements of the Company and all its subsidiaries, which form part of the Annual Report. These financial statements have been prepared from the audited financial statements received from the subsidiary companies, as approved by their respective Board. The Consolidated Financial statements for the financial year 2016-17 have been attached as part of the Annual Accounts.

A brief summary of the results on a consolidated basis is given below: **(Rs. in Crores)**

Particulars	2016-17	2015-16
Revenue		
Revenue from operations	58,257.67	55,650.66
Other Income	2,729.31	3,383.18
Total revenue	60,986.98	59,033.84
Expenses		
Cost of Material Consumed	40,517.16	39,361.39
Employees remuneration and benefits	6,328.40	6,199.70
Finance Costs	6,844.60	5,483.68
Depreciation and amortization	6,093.22	5,507.10
Other Expenses	7,239.84	4,929.81
Total expenses	**67,023.22**	**61,481.68**
Profit/(Loss) Before Tax	**(6,036.24)**	**(2,447.84)**
Provision for Tax - Current year tax, Previous year tax and deferred tax (net)	249.72	(2.54)
Profit/(Loss) after Tax	**(5,786.52)**	**(2,445.29)**
Items that will be reclassified to profit or loss	(231.93)	(172.29)
Comprehensive Income for the period	**(6,018.45)**	**(2,617.59)**

On consolidated basis, the Total Income of the Company during FY 2016-17 stood at Rs. 60,986.98 cr. against Rs. 59,033.84 cr. during FY 2015-16 registering an increase of about 3.3%. the Revenue from Operations mainly consists of revenue of MSEDCL from sale of its power of Rs. 57,601 crores (standalone) which recorded increase of Rs. 3,981 crores (standalone) over that of previous year.

Total Expenses for the year ending 31.03.2017 stood at Rs. 67,023.22 cr. as against Rs. 61,481.68 cr for the year ended 31.03.2016. The Cost of Material Consumed stood at Rs. 40,517.16 crores as against Rs. 39,361.39 crores in FY 2015-16. The staff cost increased to Rs. 6,328.40 versus Rs. 6,199.70 crores. Finance costs increased to Rs. 6,844.60 crores versus Rs. 5,483.68 crores. Depreciation and amortization charges were Rs. 6,093.22 crores against Rs. 5,507.10 crores in FY 2015-16.

The Consolidated Loss after tax for the Current year has been increased by Rs. 3,341.23 crores over that of previous year which is attributable to increase in losses of MSPGCL by Rs. 1,926 crores (standalone) over that of the previous year.

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

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

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

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

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

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

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

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

19. RISK MANAGEMENT:

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

20. VIGIL MECHANISM:

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

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

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

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

22. RIGHT TO INFORMATION ACT, 2005

Your Company ensures compliance under the Right to Information Act, 2005. During the year 2016-17, 9 (nine) applications were received which were replied.

23. MEETINGS OF THE BOARD:

The Board of Directors duly met 10 (ten) times during the financial year from 1st April, 2016 to 31st March, 2017. The dates on which the meetings were held are as follows:

Sr. No.	Number of the Meeting	Date of the Meeting
1.	69th Board Meeting	01.06.2016
2.	70th Board Meeting	20.07.2016
3.	71st Board Meeting	30.08.2016
4.	72nd Board Meeting	14.09.2016
5.	73rd Board Meeting	27.09.2016
6.	74th Board Meeting	26.10.2016
7.	75th Board Meeting	23.11.2016
8.	76th Board Meeting	21.12.2016
9.	77th Board Meeting	18.01.2017
10.	78th Board Meeting	18.03.2017

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	10	10
2.	Shri. Madan Yerawar	8	5
3.	Shri. Arvind Singh	1	1
4.	Shri.Bipinkumar Punambhai Shrimali	10	10
5.	Shri.Sanjeev Kumar	10	8
6.	Shri.Rajeevkumar Prembhushan Mital	10	6
7.	Shri. Surya Pratap Gupta	2	2
8.	Shri. Surendra N. Pandey	4	4
9.	Smt. Anuradha Bhatia	10	10
10.	Shri.Prakash Vithal Page	10	8
11.	Shri.Vishwas Vasant Pathak	10	9
12.	Shri.Rajendra Balbhadra Goenka	10	7

24. COMMITTEES OF THE BOARD:

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

24.1 Audit Committee

24.1.1 The Audit Committee consists of Shri. Prakash Page (Chairman), Shri. Rajeevkumar Mital and Shri. Vishwas Pathak as Members.

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

24.1.3 The audit committee of the Board met 3 (three) times during the year, i.e. on 16.07.2016, 27.09.2016, and 02.12.2016. 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. Rajeevkumar Mital	Member	3	2

24.2 Nomination & Remuneration Committee

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

24.2.2 The Committee met once during the year on 26.10.2016, 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. Rajeev Kumar Mital	Chairman	1	1
2	Shri. P. V. Page	Member	1	1
3	Shri. Vishwas Pathak	Member	1	1

24.3 Corporate Social Responsibility (CSR) Committee

24.3.1 The Corporate Social Responsibility (CSR) Committee of the Company consists of Shri. P. V. Page and Shri. Vishwas Pathak as Members and Shri. Arvind Singh, Managing Director as Chairman.

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

25. STATUTORY AUDITORS:

M/s. Doogar & Associates, Chartered Accountants, Mumbai, (FRN: 000561N) were appointed by Comptroller & Auditor General of India as Statutory Auditors for the year 2016-17.

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

26. 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, 2017.

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, 2017 and in their Report on these Financial Statements are appended to this Report as **Annexure "I"** and **Annexure "IA"** respectively.

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

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

There are **"NIL"** comments on both the Standalone and Consolidated Financial Statements of the Company for the year ended 31.03.2017.

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

28. INTERNAL AUDITORS:

M/s. A N A R & Co., Chartered Accountants, Mumbai (FRN: 124211W) were appointed as Internal Auditors by the Board of Directors for the financial year 2016-17.

29. SECRETARIAL AUDITOR:

Pursuant to the provisions of Section 204 of the Companies Act, 2013 read with Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board of Directors of the Company had appointed M/s A. Y. Sathe & Co., Practising Company Secretaries, Mumbai to undertake the Secretarial Audit of the Company for the year ended 31st March, 2017.

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

30. SECRETARIAL AUDIT REPORT:

The Secretarial Auditor has submitted report in form No. MR–3 and qualified their opinion/observations in respect of the Secretarial Audit conducted for the financial year 2016-17. The Board's responses to the observations of the Secretarial Auditor are appended to this Report as **Annexure "V"**.

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

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

32. PARTICULARS OF EMPLOYEES

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

33. 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"**.

34. SUBSIDIARY COMPANIES:

The Company as on 31st March, 2017, has following subsidiaries:

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

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

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

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

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

36. CORPORATE SOCIAL RESPONSIBILITY (CSR):

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

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

37. CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES:

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

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

38. GENERAL:

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

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

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

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

Jaikumar Srinivasan	**Arvind Singh**
Director (Finance)	Managing Director
DIN: 01220828	DIN: 02780573

Place: Mumbai
Date: 30/12/2017

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

CIN : U40100MH2005SGC153649
Email ID : msebhcl@gmail.com
Tel. No. : 91-22-22608383
Fax No. : 91-22-22619101

Annexure I

REPLIES TO THE AUDIT REPORT ON STANDALONE FINANCIAL STATEMENTS FOR THE PERIOD 01-04-2016 TO 31-03-2017

AUDITOR'S COMMENTS	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, 2017, 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 Ind AS Financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified in the companies (Indian Accounting Standards) Rule 2015 under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone Ind AS Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.	Factual

3. Auditors' Responsibility Our responsibility is to express an opinion on these Standalone Ind AS Financial Statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there-under. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Standalone IND AS Financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Standalone Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Standalone IND AS Financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Standalone Ind AS Financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Standalone IND AS Financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Standalone IND AS Financial statements.	Factual
4. Basis of Qualified Opinion	
a) We have not been able to obtain necessary information and explanations for the purposes of our audit in case of the following; 1. 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. 7.2);	Transfer of ownership of Land & Buildings from erstwhile MSEB in the name of MSEBHCL is in process. Letters have been issued to the concerned authorities for the transfer.

b)	The Share Application money amounting to Rs. 693,78,93,389 has been retained by the company in contravention of section 42 of the Companies Act, 2013. (refer note no. 15).	The said contravention was on account of non issuance of Equity shares by the Subsidiaries to MSEBHCL within the prescribed time limit. Directions have been issued to all the subsidiaries to issue shares within the prescribed time limit and consequently MSEBHCL shall issue shares to GOM within prescribed time limit.
c)	The balances outstanding in the books of the company with its subsidiaries i.e MSEDCL, MSETCL & MSPGCL are under reconciliation, discussion and deliberations. [refer note No. 9.1 & 19.1] and which may have impact on the financial position and certain disclosure in the financial statements	The inter company balances outstanding are due to the difference of opinion between the holding and its subsidiaries. Certain assets / liabilities / reserves relating to subsidiary companies have been transferred to the subsidiaries, but yet to be accepted by them. Due to this certain difference in intercompany balances have emerged. The same will be resolved in the financial year 2017-18.

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 8.3 (d) below on the non compliance of certain Indian Accounting Standards (Ind As), **in our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Ind AS Financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS of the state of affairs (financial position) of the Company as at March 31, 2017, and its loss (financial performance including other comprehensive income) its cash flows and changes in equity for the year ended on that date.**	Factual
6. Emphasis of Matter We draw attention to the following matters in the Notes to the financial statements:	
6.1 Refer note no 10.2 where the company has shown advance tax of Rs. 138,58,00,081 net of the provision of tax in the books of accounts amounting to Rs. 40,07,27,729 and there is no such liability as per income tax records as cases are in appeal. The amount of provision made in the books is as per Company's judgment only.	Income Tax Department has been 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.

6.2 Refer note no 11.1 where the debts outstanding against rentals from property due from subsidiaries amounting to Rs. 2,352,201,324/- (P.Y. Rs. 2,096,284,705/-) have been long outstanding.	Factual
6.3 Refer note no 25.3 where the company has made application to the Revenue Department of Government of Maharashtra for stamp duty exemption on issuance of shares to GOM. The Management is confident that the exemption will be granted.	Follow up is in process
6.4 Refer note no. 9.5 where the investment of the company in MSEDCL of Rs. 467,976,349,040 has been getting depreciated due to continuous losses incurred by MSEDCL. The depreciation in value of shares has not been provided for in the books. Till last year the entire losses of MSEDCL amounting to Rs. 1,497,873 Lacs are not being reflected in the value of shares. The figures for 31.03.2017 have not been finalized.	Factual
7 Other Matters The financial information of the company for the year ended March 31, 2016 and the transition date of the opening balance sheet as at April 1, 2015 included in these standalone Ind AS Financial Statement are based on the previously issued statutory financial statement for the year ended March 31, 2016 and March 31, 2015 prepared in accordance with the Companies (Accounting Standards) Rules, 2006 (as amended) which were audited by us for year 2015-16 and by the predecessor auditor for year 2014-15, on which a modified opinion was provided vide reports dated September 27, 2016 and September 29, 2015 respectively. The adjustments to those financial statements for the differences in accounting principles adopted by the Company on transition to the Ind AS have been audited by us.	Factual
8. Report on Other Legal and Regulatory Requirements 8.3 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

8.4 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
8.5 As required by section 143(3) of the Act, we report that:	Factual
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;	Factual
b. In our opinion, except for the effect of the matters described in the Basis for Qualified Opinion paragraph(4) above proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;	Factual
c. The Balance Sheet, the Statement of Profit and Loss, and the Cash Flows and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;	Factual
d. Subject to our observations in para 4 above, in our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act read with relevant rules issued there under;	Factual
e. The provisions of Section 164(2) of the Companies Act, 2013, are not applicable to the Company, pursuant to the Notification No. GSR 463 (E) dated 5th June, 2015 issued by the Government of India;	Factual
f. With respect to the adequacy of the Internal Financial Controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in Annexure "C".	Factual
g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:	Factual

a. The Company has disclosed the impact of pending litigations on its financial position in Note 24 to its Standalone Financial statements.	Factual
b. The Company does not have any long term contracts including derivative contracts and also as per the Board's estimates, there are no material foreseeable losses, requiring provision under the applicable law or accounting standards;	Factual
c. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.	Factual
d. Disclosures in respect of bank deposits made by the company as a part of Note no. 34 of its standalone Ind AS financial statements as to holding as well as dealing in Specified Bank Notes (SBN's) during the period from November 8, 2016 to December 30, 2016 were in accordance with books of accounts maintained by the Company. Other disclosures such as 'Opening Balances', 'Permitted Receipts & Payments' & its concomitant impact on the closing balances could not be verified since satisfactory evidences/documentation that would support the breakup of currency notes into 'SBN' and 'Other denomination' was not available with the company.	Factual
Annexure "A" to Independent Auditors' Report Referred to in Paragraph 8.1 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.7.5).	Factual

<table>
<tr><td>(b) As explained to us fixed assets have not been physically verified by the company during the year. Physical verification of Fixed Assets was carried by the management during the year 2010-11. The discrepancies after 2010-11, if any, with the book records whether material or otherwise could not be ascertained. (refer note no.7.5).</td><td>Factual</td></tr>
<tr><td>(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:-</td><td>Follow up to transfer the assets in the name of Company is in process</td></tr>
<tr><td>(Amount in Rs.)
<table>
<tr><th>Description of Asset</th><th>No of cases</th><th>Area in acres</th><th>Gross Block as on 31/03/2017 (Rs.)</th><th>Net Block as on 31/03/2017 (Rs.)</th><th>Remarks</th></tr>
<tr><td>Land-Leasehold</td><td>2</td><td>7.10</td><td>2,045,934,468</td><td>1,712,262,776</td><td rowspan="3">The Company is taking appropriate steps for completion of legal formalities for transfer of title.</td></tr>
<tr><td>Land-Freehold</td><td>4</td><td>1.89</td><td>708,880,000</td><td>708,880,000</td></tr>
<tr><td>Building and structures</td><td>13</td><td>Not Availa-ble</td><td>11,805,299,904</td><td>8,769,161,646</td></tr>
</table></td><td></td></tr>
<tr><td>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.</td><td>Factual</td></tr>
<tr><td>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.</td><td>Factual</td></tr>
</table>

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 2017 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 (In Rs.)	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	1,034,815,207	AY 2009-10	Commissioner of Income Tax (Appeals)
3	Income Tax Act, 1961	Tax and Interest	3,96,01,540	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.	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 (Ind As).	Factual
xiv.	According to the information and explanations given to us and on the basis of our overall examination of the Balance Sheet, the Company has made preferential allotment or private placement of shares during the year under review. Company has made preferential allotment or private placement of fully or partly convertible debentures during the year under review. The 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.	Factual
xv.	Based on our audit procedures performed and according to the information and explanations given to us , the Company has not entered into any non-cash transactions with the directors or persons connected with them as covered under Section 192 of the Companies Act, 2013.	Factual

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

“Annexure C” to the Independent Auditor's Report	
1. **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, 2017 in conjunction with our audit of the financial statements of the Company for the year 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 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. **Auditors 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	The Company has established its internal financial control over financial reporting on criteria based on or considering the essential component of internal control stated in the Guidance Note on Audit of internal

	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 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.	Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. This was done by appointing chartered accountants firm for assessing the ICFR and testing their adequacy. The report on the matter was submitted to us, which was later discussed upon and approved in the Internal Audit Committee Meeting held on 06.09.2017. As the above procedure was carried out after 31st March 2017, the reports were unavailable for auditors' evaluation on the date. They will be made available for auditors' review in F.Y 2017-18.
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 are dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.	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 component 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, 2017. We have considered the disclaimer reported above in determining the nature, timing, and extent of audit tests applied In our audit of the standalone Ind AS financial statement s of the Company, and the disclaimer does not affect our opinion on the standalone financial statements of the Company.	The Company has established its internal financial control over financial reporting on criteria based on or considering the essential component 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. This was done by appointing chartered accountants firm for assessing the ICFR and testing their adequacy. The report on the matter was submitted to us ,which was later discussed upon and approved in the Internal Audit Committee Meeting held on 06.09.2017. As the above procedure was carried out after 31st March 2017, the reports were unavailable for auditors' evaluation on the date. They will be made available for auditors' review in F.Y 2017-18.

<table>
<tr><td colspan="3">As referred to in Para 8.2, our report on Directions / Sub-directions issued by Comptroller and Auditor General of India under sub-section (5) of section 143 of the Act.

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

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

<u>AUDITOR'S COMMENTS</u></td><td>Factual</td></tr>
<tr><td>Sr. No</td><td>Directions</td><td>Replies</td><td></td></tr>
<tr><td>1</td><td>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.</td><td>In our opinion and according 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).</td><td>Factual</td></tr>
<tr><td>2</td><td>Whether there are any cases of waiver/ write off of debts/loans/interest etc., if yes, the reasons there for and the amount involved.</td><td>In our opinion and according to the information and explanations given to us, there are no cases of waiver / write off of debts / loans / interest etc.</td><td>Factual</td></tr>
<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>
</table>

Annexure-I

Description of Asset	No of cases	Area in acres	Gross Block as on 31/03/2017 (Rs.)	Net Block as on 31/03/2017 (Rs.)	Remarks
Land-Leasehold	2	7.10	2,045,934,468	1,712,262,776	The Company is taking appropriate steps for completion of legal formalities for transfer of title.
Land-Freehold	4	1.89	708,880,000	708,880,000	
Building and structures	13	Not Available	11,805,299,904	8,769,161,646	

Factual

Annexure B-Sector Specific Sub Directions

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	In current year the Company has not received any grants/ subsidies from central / state government or other agencies for performing certain activities. 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	0.00%
2	Trade Payables (Excluding Inter Unit Payables)	0.00%
3	Trade Payables (Inter Unit Payables)	0.00%
4	Term deposits (Fixed Deposit)	100%
5	Bank Account (Current Account)	100%

On behalf of the Board of Directors

Jaikumar Srinivasan
Director (Finance)
DIN: 01220828

Arvind Singh
Managing Director
DIN: 02780573

Place: Mumbai
Date: 30/12/2017

Factual

Annexure I A

REPLIES TO THE AUDIT REPORT ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 01-04-2016 TO 31-03-2017

Sr. No.	AUDITOR'S COMMENTS	MANAGEMENT'S REPLY
	Basis of Qualified Opinion **In case of Holding Company (MSEBHCL):** We have not been able to obtain necessary information and explanations for the purposes of our audit in case of the followings:- a) Determining the ownership of Tangible Fixed Assets transferred under provisional Transfer Scheme since finalised on 31st March'2016 vide GR No. Reform 2010 / Pr.Ka. 117 / Urja of Rs. 1445.34 crores (refer note no.2);	Transfer of ownership of Land & Buildings from erstwhile MSEB in the name of MSEBHCL is in process. Letters have been issued to the concerned authorities for the transfer.
	b) The Share Application money amounting to Rs. 693.79 crores has been retained by the company in contravention of section 42 of the Companies Act, 2013. (refer note no.19).	The said contravention was on account of non issuance of Equity shares by the Subsidiaries to MSEBHCL within the prescribed time limit. Directions have been issued to all the subsidiaries to issue shares within the prescribed time limit and consequently MSEBHCL shall issue shares to GOM within prescribed time limit.
	c) The balances outstanding in the books of the company with its subsidiaries i.e. MSEDCL, MSETCL and MSPGCL are under reconciliation, discussions and deliberations. (refer note no 43) and which may have impact on the financial position and certain disclosures in the financial statements.	The inter company balances outstanding are due to the difference of opinion between the holding and its subsidiaries.

	Consequential impact of Para a) to c) above on the loss, reserves and EPS are neither quantified/quantifiable nor disclosed.	Certain assets/ liabilities/ reserves relating to subsidiary companies have been transferred to the subsidiaries, but yet to be accepted by them. Due to this certain difference in inter company balances have emerged. The same will be resolved in the financial year 2017-18.
1.	**In case of MSETCL** The total **accumulated Delayed Payment Charges (DPC)** as at 31/03/17 were of Rs. 114910 lakhs. Out of the said accumulated DPC, Company has accounted for Rs. 85499.00 lakhs (w.r.t. 3 distribution licensees) in the current year under 'Other Income'. Company has taken reference of MERC Order in case of 31 of 2016 wherein MERC has reduced the ARR of the Company for the F.Y. 2015-16 by the said amount of Rs. 85499.00 lakhs classifying it as 'Non Tariff Income'. Based on MERC's reference, such DPC of Rs. 85499.00 lakhs has been accounted on accrual basis considering it as a definite and certain income of which the realisability is undoubtful. The accounting of such DPC of Rs. 85499.00 lakhs as 'Other Income' is in contravention to the Company's Accounting Policy referred in Note 1.G.9 to significant accounting policies of the group which states that- “Other Income is recognized on accrual basis except when ultimate realization of such income is uncertain”. The Company vide its Notes to account in F.Y. 15-16 had stated that –“Ultimate realization of delayed payment charges is uncertain. Therefore, for the F.Y. 2015-16 DPC amounting to Rs. 83495 lakhs has not been booked.” This clearly indicates that DPC have to be accounted for as income on realization basis only.	MSETCL has not been booking outstanding DPC as other income in the earlier years, sine MSETCL book other income on accrual basis except when ultimate realisation of such income is uncertain. However, MERC while vide its Order in case no. 31 of 2016 approving ARR for MSETCL, for the FY 2015-16, has reduced DPC, amounting to Rs. 854.99 crs. considering it as Non-Tariff income. Consequently, MSETCL's ARR from Transmission charges has reduced drastically. In FY 2016-17, MSETCL's revenue from Transmission Charges was only Rs. 1,979.49 Crs. (Rs. 223.66 for 1st 3 months

	The accounting of such DPC income in current year is not in accordance of Ind AS-18 'Revenue'. As per paras 9, 14 (c) & (d), 18, 20, 22, 23 and 26 of the said Ind AS-18, recognition of revenue requires that; • Revenue is recognized only when it is probable that the economic benefits associated with the transaction will flow to the entity. Ind AS 18 summarizes that revenue is to be recognized only when there is certainty of realization. • Where the ability to assess the ultimate collection with reasonable certainty is lacking at the time of raising any claim, revenue recognition should be postponed to the extent of uncertainty involved. The Company has now booked such DPC as income on accrual basis without getting any counter confirmation/ assurance from constituents/ distribution licensees on which the same have been levied. Hence, the same tantamount to accounting of 'uncertain' income in current year. This has resulted in: • Overstatement of revenue for F.Y. 2016-17 by Rs. 85,499 lakhs. • Conversion of the actual Net Loss before tax of Rs. 76,663.97 lakhs (calculated prior to accounting of such DPC income) into Net Profit before tax of Rs. 8835.03 lakhs (after accounting of DPC income). • Recognition of debtors for F.Y. 2016-17 by the same Rs 85499.00 lakhs of which the realization is uncertain.	and Rs. 145.39 crs. for next 9 months) as against for the FY 2015-16 - Rs. 3,159.26(Rs. 461.33 crs.for 1st 2 months and Rs. 223.66 crs. for next 10 months). Due to the above stand taken by MERC, MSETCL has also accounted for DPC in the FY 2016-17 amounting to Rs. 854.99 crs.
2.	**Balances of account heads namely:** i. Sundry Debtors (GL Code: 260040, 260060), ii. Sundry Creditors (which inter alia also includes amount payable towards MEDA Projects to Private Developers) (GL Code: 131010, 132010, 133010, 134010, 131030), iii. Obsolete Material Stock (including scrap) (GL Code: 256010), iv. Loss due to Material pending investigation (GL Code: 255020), v. Assets Under Construction (GL Code: 230040-70, 230090, 232010, 237010, 237020, 237030), vi. Adv to Contractor/ supplier (GL Code: 290010), vii. Capital Adv for Projects (GL Code: 290020), viii. Miscellaneous Loans & Advances (GL Code: 293050),	Balances of Bank Loans have been confirmed with the respective banks, balances with MSEB Holding Company and its Subsidiaries is being reconciled. Balance Confirmation from other Sundry Debtors and Creditors is under process.

	ix. Expense Recoverable from Vendors (GL Code: 296050, 296060), x. Provision for Capital Work (GL Code: 150010), xi. Security Deposit Job Work (GL Code: 123040), xii. MSEB holding company ltd and its fellow subsidiaries, xiii. Other Deposit (GL Code: 297020), xiv. ORC Deposit (which inter alia also includes amount received towards MEDA Projects from Private Developers) (GL Code: 123100) 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.	
1.	**In case of MSEDCL** We draw attention to the matters described as below , the effects/ possible effects on the Ind AS financial statements of misstatements, individually or in aggregate, that are undetected in some cases due to our inability to obtain sufficient appropriate audit evidence as mentioned below, which are material but not pervasive. **Property, Plant & Equipment:** a) As mentioned in Note No. 44.4 to the financial statements, due to non-availability of proper and complete records of Work Completion Reports, we have come across instances of non-capitalization and/or delayed capitalization of Property, Plant & Equipment, resulting delay in capitalization with corresponding impact on depreciation for the delayed period.	The instructions are issued to field offices for timely capitalisation and the capitalisation pendency is monitored at Head office level through various SAP Reports.
	b) Refer to Note 1(G)(4) in respect of MSEDCL of 'Significant Accounting Policies'. The Company has capitalised during the year employee cost and office & administrative expenses amounting to Rs. 41,131.68 Lakhs on ad-hoc basis @ 15% of additions of Capital WIP. However the company does not have a practice of specifically identifying such expenses attributable to additions to such CWIP or to the acquisition of fixed	MSEDCL is not having separate wings for handling capitalization and O&M activities. Departments / Staff carry out both the activities at field level & Head Office. Thus the

	assets, which is not in accordance with IndAS 16 - Property, Plant & Equipment. In the absence of sufficient and appropriate audit evidences we are not in a position to comment on the correctness of the same.	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% has been consistently followed by the MSEDCL earlier as well as during the financial year 2016-17 consistently.
	c) Refer to Note 1(G)(4) in respect of MSEDCL of 'Significant Accounting Policies' to the financial statements regarding Borrowing Costs allocated to addition to CWIP amounting to Rs. 2,515.39 Lakhs @ 11.42% (computed on the weighted average interest rate of previous year) without identifying qualifying assets and interrupted projects, which is not in accordance with “Ind AS-23 Borrowing Costs”. 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.	The accounting policy in this regard is disclosed at point no.10(b) in Note-2 on “Significant Accounting Policies” as under “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.” The Company has been following this policy of interest capitalisation consistently.
	d) 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.	The Company has formulated policy for the physical verification of Fixed Assets during the F.Y.2017-18. The same will be implemented.

Presentation of Financial Statements in accordance with Ind AS:

a) As mentioned in Note 44.6(B)(i) to consolidated Financial statements to the Financial Statements, the company has made provision for expected credit loss under Ind AS 109 on trade receivables. While calculating the same, the company has considered trade receivables after deducting security deposits received from consumers. The said deposits have been allocated against the trade receivables in proportionate to the value in the respective age category instead of allocating the same against attributable trade receivables. As a result ECL has not been provided on some of the category of consumers as the allocated security deposit exceeded the balance outstanding. In view of the above, we are unable to comment on the possible impact thereof on the Financial Statements of the company.

Further, for the purpose of calculation of expected credit loss, the company has considered the amount of trade receivables and security deposit as per the IT database and not the amount outstanding as per the books of account. There are differences in balances of trade receivables and security deposit as mentioned below.

(Rs. In Lakhs)

Particulars	**Balance as on 31/03/2017 as per Books of accounts (A)**	**Balance as on 31/03/2017 as per IT Database (B)**	**Differences (A-B)**
Trade receivables	32,76,847	36,16,089	(3,39,242)
Security deposits	6,44,509	6,42,889	1,618

In absence of sufficient and appropriate audit evidences, we are unable to comment on the possible impact thereof on the Financial Statements of the company.

While calculating ECL, the security deposits have been allocated against the trade receivables in proportionate to the value in the respective age category instead of allocating the same against attributable trade receivables. As such ECL has not been provided on some of the category of consumers due security deposit more than arrears of that age category. However, considering the total trade receivable of Rs.32768 crores, the amount of ECL allowance on Trade Receivables as on March 31, 2017 is Rs.76037.62 lakhs, which is around 23 % of the total trade receivables. Thus ECL on trade receivable is adequate.

	b) Attention is invited to Note no. 7 on "Non Current Financial assets"- Ind AS 109, requires interest free loans given to related parties Rs. 71,347.10 Lacs to be carried at present value. However the company has carried such loans at cost which is not in accordance with the requirements of Ind AS. In absence of proper information, we are unable to comment on the possible impact thereof on the Financial Statements of the company.	The said amount is discounted at considering time value of money.
3.	**Depreciation:** We have observed that in some of the cases, depreciation on Property, Plant & Equipment 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 audit trail, we are unable to quantify the impact of the same on depreciation and consequential impact on the financial statements.	The depreciation on Fixed Assets has been charged through SAP-ERP System. As such the possibilities of wrong working, is minimized. The instructions are issued to consider assets commissioned date mentioned on WCR as Capitalisation date. Also if asstes put to use date is earlier than Asset Commissioned date then depreciation on this difference period is provided manually.
4.	**Trade Receivables:** Refer to Note No. 1.C(f) 'Significant Accounting Policies' to Financial Statements, it has been stated that the company has recognized expected credit loss on Trade Receivable and other Financial Assets based on time loss and credit loss. Credit loss has been derived based on provision matrix. However while preparing the provision matrix, the Company has not determined any forward looking information on the behavior pattern of the customers. In absence of any scientific system of making the provision matrix and absence of consideration of behavior pattern of the customers, we are not in a position to comment on the adequacy of the provision for expected credit loss.	The Company has adequately estimated the expected credit loss (ECL) allowance considering the requirements of Ind AS 109. While forward looking information is not yet developed and behavioral pattern of customers is not fully available, the manner of computing the expected credit loss factors in the elements

		that Ind AS 109 requires to make a prudent and reasonable estimation. ECL estimation is complex and inherently judgemental. Also the principles of Ind AS 109 requires ECL estimation to take into consideration a wide range of data, which may not be immediately available, including forward looking estimates of key macro and micro economic factors and management's assumptions of relationship between those forecasts and the amounts and timing of recoveries from customers; more so when the 2.50 Crs customer profile of MSEDCL is so varied and spread out. Moreover, the Company is required to adhere to Government directives as well as it has certain social obligations by which the expectancy of credit loss is also affected. Accordingly, the management is of the firm belief that the assumptions and methodologies for determining ECL is consistent with the

		business and risk management practices and strategies including adhering to regulatory guidelines as well as government directives. The amount of ECL allowance on Trade Receivables as on March 31, 2017 is Rs. 76037.62 lakhs, which is around 23.68 % of the total trade receivables. Hence, the Company is of the opinion that the ECL recognised in the Ind AS financial statements is fair and reasonable and in accordance with the requirements of the standard.
	b) As mentioned in Note No. 44.6(B)(i)a to the Consolidated Financial Statements, there is a difference of Rs. 3,39,242 Lakhs as on 31.03.2017 in the balances of trade receivable as per books of account and as per IT database, which is pending for reconciliation, including Rs. 3,01,213 for the year 2015-16. In absence of proper reconciliation we are not in position to ascertain the impact thereof on the financial statements of the company.	The balances as per books of Accounts and IT reports will be reconciled and adjustments entries will be passed in FY 2017-18.
	c) Trade receivable amounting to Rs.36,22,075.80 Lakhs (excluding ECL adjustments) is net of credit balance amounting Rs.5,56,118.92 Lakhs. In absence of proper details of the credit balances in respect of individual consumers, we are not in a position to ascertain the impact thereof on the financial statements of the company.	After the reconciliation of balances of trade receivables as per books of Accounts with that of IT report, the necessary adjustment entries will be passed in respect of credit balances, if required.

	d) As mentioned in Note No. 11 to the Consolidated Financial Statements, Trade Receivable to the extent of security deposits amounting to Rs.413769.75 Lakhs received from various consumers have been shown as secured debtors without customer wise mapping of the security deposit. As a result the amount shown as secured debtors is overstated to the extent of the deposit received from consumers who have outstanding less than security deposit as on 31st March 2017. In absence of audit trail we are not in position to comment on the consequential impact of the same on the financial statements of the company.	Trade Receivable to the extent of security deposits amounting to Rs. 413769.75 Lakhs received from various consumers have been shown as secured debtors without customer wise mapping of the security deposit.
	e) As mentioned in Note No. 44.9 to the Consolidated Financial Statements, the Trade Receivable from M/s Globle Tower Ltd. (GTL) amounting to Rs.13,621.22 Lakhs are subject to final settlement. Furthermore ECL has not been provided on the balance outstanding. As such, we are not in a position to comment on the adequacy of the trade receivable and impact of the same on the financial statements of the company.	The legal proceeding for recovery of Rs 13621.22 lakhs from Ms GTL is being initiated by the Company, hence, the ECL provision for the same has not been made for the same amount.
5.	**Security Deposits from Consumers** As mentioned in Note No. 44.6(B)(i)a to the Consolidated Financial Statements, there is a difference of Rs. 1,618 Lakhs 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 proper reconciliation, we are unable to comment on the possible impact of the same on the financial statements of the company.	MSEDCL is largest distribution Company having consumers based of around 2.40 Crores. In the legacy system reconciliation of Consumer General Ledger balances as per IT with the Financial Ledgers balances in respect of 'Security Deposits from Consumers' is pending. A separate initiative will be taken in the year 2017-18 to reconcile the balances.

6.	**Accrual System of Accounting** Refer Note 1(F) "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 the complete audit trails, we are not in a position to ascertain the impact of the same on the financial statements of the company.	The Accounts are prepared on accrual basis. The outstanding liabilities / expenses are provided for on the basis of available information and to the best of estimates. With the introduction of SAP system there is rare possibility of expenses being booked on Cash basis except of petty nature. Suitable instructions have been issued to the field offices for accounting on Accrual basis.
7.	**Balances Confirmation:** Refer Note No. 44.3 to Consolidated 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.	In case of Sundry debtors, the energy bills are served to all the consumers periodically and this serves the purpose of sufficient communication of the amount receivable from them. In case of disagreement, the consumers are approaching to the respective offices by making complaints at various local levels. These complaints are attended by field offices and any wrong billing, if noticed after due scrutiny is rectified. Hence issue of bills itself is the confirmation of balance from the debtors.

		In case of loans, the confirmation from the financial institutes and banks are obtained. Moreover, in case of creditors for Power Purchase in most of the cases either confirmation has been obtained or reconciliation has been done. This is indicated in our notes to accounts Note No.31.4. In case of Dues from Govt, the correspondence with company itself is the confirmation of balance with Govt., Also the present system of obtaining balance confirmation will be strengthened.
8.	**Post Office balance, Bank Balance etc:** a) Refer Note No.12 and Note No. 44.3.(ii) to the Consolidated 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:	The reconciliation of balances with post office and DCC banks will be started in FY 2017-18.

(Rs. In Lakhs)

Particulars	Total Debit balance as on 31.03.2017 as per books of accounts	Total Credit balance as on 31.03.2017 as per books of accounts
Post office	13,142.91	4,737.11
DCC	6,847.42	5,012.72
Total	**19,990.33**	**9,749.83**

In absence of non-availability of balance confirmation, we are unable to comment on consequential impact of the same on the financial statements.

	b) Refer Note No. 44.5 to the Consolidated financial statements, The Bank Reconciliation statements at various divisions and circles includes many entries related to cheques deposited by consumers but dishonoured by the bank but have not been reversed in the books of account and are lying under pending reconciliation. Further Bank Reconciliation statements contains many other un-reconciled entries including initial upload balances, which are yet to be reconciled. As such we are unable to comment on the impact thereof on the financial statements.	In case of Operative and Non-Operative accounts with Nationalised banks reconciliation is done by almost all the accounting units. However, the items under reconciliation are pending for proper treatment in books of accounts due to lack of information and non availability of old data. Suitable instructions have been issued to the Field offices to carry out proper accounting of items such as Cheque dishonored bank charges etc. The pending reconciliation items will be cleared in FY 2017-18.
9.	**Classification of Assets and Liabilities to current / non-current:** The Company has not classified the liabilities as current and non-current of the following head of account: a) Refer Note No. 27 Other Non Current Financial Liabilities – Current - i) Deposits Collected from Private Agencies towards Collection of Bills: Rs. 5,903.13 Lakhs	It is predicted to refund amount of deposit to the collection agencies within 1 year from the end of the financial year. As such the same has been considered as current only.
	ii) Retention money from supplier contractor Rs 2,41,087.46 Lakhs	Retention money from supplier contractors is as per the terms & conditions of the contract. The same has been considered as current as it is predicted to refund the same within 1 year from the end of the financial year.

	iii) Deposits from other Rs. 23,773.29 Lakhs	It is predicted to refund amount of deposit within 1 year from the end of the financial year. As such the same has been considered as current only.
	b) Refer Note No 21 Other Financial Liabilities – Non-current which includes Deposits for Electrification, service connections etc amounting Rs 1,292.15 Lakhs. As a result the aforesaid disclosure is not in accordance with the requirements of Schedule – III of the Companies Act 2013	In respect of Deposits for Electrification, Service Connections from consumers is long term in nature lasting up to more than a year or till the consumer is using the services of MSEDCL. Hence, this amount is considered as Non Current.
10.	**Power Purchase:** a) Refer Note No. 37.1.(iii) (a) in respect to MSEDCL to the Consolidated financial statements, the company has made a short provision of Delayed Payment Charges as on 31.03.2017 amounting to Rs. 2,99,236 Lakhs and Rs. 1,24,421 Lakhs payable to MSPGCL and MSETCL respectively including Rs. 66,330 Lakhs for the year 2016-17. As a result the loss of the company has been understated by Rs. 66,330 Lakhs and Other Equity (accumulated Losses) and Current Liabilities are understated by Rs. 4,23,657 Lakhs.	DPC for FY 16-17 has been calculated for MSPGCL and MSETCL as per the calculation of MSEDCL. Whereas the DPS claimed by these companies are differing from MSEDCL calculation. MSEDCL has requested them to waive the DPC. Further, the matter is taken up with GoM extending financial assistance for discharging the liability. Hence the difference of Rs 66330 Crs is considered as contingent liability. This is included in the disclosed amount in our notes to accounts no. 31.1(iii).

	b) Refer Note No. 37.1.(iii) (b) in respect to MSEDCL to the Consolidated financial statements, the company has made a provision for Delayed Payment Charges payable to Independent Power Producers based on base rate instead of as per SBI Prime Lending Rate plus 2% as mentioned in the Power Purchase Agreement entered into. The company has reversed the provision of Rs.8,252 Lakhs made upto 31/03/2016. Furthermore the company has made a short provision of Rs. 9,301 Lakhs for the year 2016-17 and accumulated short provision of Rs. 43,016.13 Lakhs upto 31.03.2017. As a result the loss of the company for the year has been understated by Rs.17,553.06 Lakhs and Other Equity (accumulated Losses) and Current Liabilities are understated by Rs. 43,016.13 Lakhs.	The RBI has introduced Base Rate system in place of PLR system w.e.f. 01.07.2010. Hence, company has filed petition on 02.12.2016 before Hon. MERC for considering Base Rate / MCLR in place of PLR under the PPAs entered into with IPPs for the purpose of calculation of DPS, vide case no.24 of 2017, which is reserved for order. In view of the same MSEDCL has recalculated the liability towards DPS of IPPs on the basis of applicable Base Rate / MCLR from time to time. As such, an amount of Rs.8252 Lakhs has been reversed during the year towards DPS liability provided for earlier years upto March 16. The IPPs are continuing to claim DPS as per PLR rate. Hence, there is difference of Rs 43016 Lakhs in the amount of DPS claim which is considered as contingent liability.
	c) Refer Note No. 37.1.(iii) (c) in respect to MSEDCL to the Consolidated Financial statement, the Company has not provided delayed payment charges amounting to Rs. 20,500 Lakhs as on 31st March 2017. As a result loss of the Company, other equity (accumulated losses) and current liabilities are understated by Rs. 20500 Lakhs.	The payments of wind power generators have been delayed. The Energy Purchase Agreement (EPA) provides for payment to

		DPS for delayed payment. They are requested to waive the DPC on assurance of payment by MSEDCL and it is under consideration. The liability towards DPS to the tune of Rs.20500 Lakhs as on March 17 has not been provided for in F.Y 2016-17 in the books of Accounts and shown as contingent liability.
11.	**Non Provision of various Expenses:** a) As mentioned in Note No. 44.1 to the Consolidated Financial Statements, the amount of Rs. 39,419 Lakhs deposited with MERC towards user charges payable to Mula Pravara Electric Co-op. Society Ltd. have not been debited to Profit & Loss Statement and have been shown as security deposit. As a result the loss of the company for the year is understated by Rs. 39,419 Lakhs and assets are overstated to that extent.	As per the Hon'ble APTEL's order dated 6.5.16, the company has deposited the amount of Rs 39419 lakhs with MERC towards user charges along with carrying cost. The matter regarding payment of user charges to MPECS and valuations of Assets is subjudice. Hence, the same has been accounted for deposit with court and other Authorities and not debited to P/L statement as user charges.
	b) As mentioned in Note No. 37.1.(iii)(d) to the Consolidated Financial Statements, the company has not provided for the liability towards compensation of incremental coal cost pass through due to New Coal Distribution Policy (NCDP) payable to M/s Adani Power Maharashtra Ltd. (APML) and M/s. Rattanindia Power Ltd (RPL) amounting to approx. Rs. 3,91,216 Lakhs. As a result the loss of the company is understated by Rs. 3,91,216 Lakhs and liabilities are understated to that extent.	MSEDCL has preferred appeal against the Hon'ble MERC'S order 20.08.2014 approving indicative compensatory fuel charge in Appellate Tribunal for Electricity (APTEL) in which it has remanded back the

		case to MERC for fresh hearing in view of Supreme Court judgment in Coastal Gujrat Power Ltd (CGPL) matter on similar grounds. The case is pending for hearing before MERC. Hence, the consequent financial Impact of Rs 391216 Lakhs approx., is considered as contingent Liability.
	c) As mentioned in Note No.37(1)(iii)(e) to the Consolidated Financial Statements, the company has not provided for liability towards fixed charges payable to Ratnagiri Gas Power Pvt Ltd amounting to Rs. 2,68,817 Lakhs (including Rs. 6,400 Lakhs for the year) payable upto 31st March 2017. A sum of Rs. 18,101 Lakhs given to RGPPL has been shown as advances. As a result the loss of the company for the year is understated by Rs. 6,400 Lakhs, Other Equity (accumulated Losses) are understated by Rs. 2,68,817 Lakhs, Current Liabilities are understated byRs. 2,50,716 Lakhs and the Non-Current Assets are overstated by Rs. 18,101 Lakhs.	The Gas supply from KG basin is reduced & hence RGPPL offered power on other fuel ie. RLNG . However , due to high cost ,MSEDCL declined the power from RGPPL as per Provision of PPA and did not pay fixed charges and finally terminated the PPA. RGPPL filed petition in CERC and CERC allowed RGPPL to claim fixed charges. MSEDCL filed appeal in APTEL , but it is dismissed. MSEDCL has filed an Appeal in the Hon'ble Supreme Court of India (Dairy No. 14599 of 2015) against the APTEL Order dated 22.04.2015. Hon'ble Supreme Court of India has declined to entertain the appeal. However, Hon'ble

		Supreme Court of India gave liberty to the appellant to move this Court once again in the event it becomes so necessary. If the order is not in favour of MSEDCL, then MSEDCL has to Pay Rs 268817 lakhs (upto March 2017) including Rs 6400 Lakhs for FY 2016-17 as fixed charges and other charges. However, MSEDCL has paid Rs 18101 lakhs as advance. Hence, the net Amount of Rs. 250716 Lakhs is considered as Contingent liability.
12.	**IndAS - 37 - on 'Provisions, Contingent Liabilities and Contingent Assets':** Due to non-availability of proper details and documents, we are unable to examine and verify the quantum of Contingent Liabilities disclosed in Note No. 37.1 in respect of MSEDCL to the Consolidated Financial Statements. In the absence of proper details and documents, we are unable to comment on the consequential impact thereof on the financial statements.	MSEDCL has maintained the list of cases along with the amount involved in respect of Contingent liabilities with details of the cases.
13.	**Refund of Regulatory Liability Charges:** In FY 2003 to 2006 Regulatory Liability charges were collected from the consumers. MERC had passed an order to refund an amount of Rs. 3,22,700 Lakhs to the consumers. The Company has subsequently refunded only Rs 3,11,974 Lakhs upto 31.03.2017. The company has not made any provision towards the balance payment of Rs 10,726 Lakhs. As a result the loss of the company for the year is understated by Rs. 10,726 Lakhs and Current Liabilities are understated to that extent.	The RLC is refunded to the all eligible consumers by the company.

14.	**Other Items:** a) The company has shown a sum of Rs.1,25,679 Lakhs and Rs. 54,795 Lakhs as liabilities towards Clearing GRIR and Liability for supplier Work& Maintenance. These balances are net of debit balances. In absence of audit trail we are not in position to ascertain the impact on the Assets and Liabilities of the company.	The same will be reconciled and adjustments entries will be passed in FY 2017-18.
	b) A sum of Rs. 6,248.74 Lakhs paid to the FBSM Corpus as deposits, is included in Security Deposit with others vide Note no.7(a) to consolidated financial statement. Whereas to the best of the information and explanations given to us the aforesaid deposit has, so far been, already received back. However the same have not been properly accounted in the books of account and is continue to be shown as receivable. In view of that the Non-Current Assets and Liabilities are overstated to that extent.	The necessary entries have been passed in FY 2017-18.
	c) As per Ind AS 20, Government grants shall be recognised in profit or loss statement on a systematic basis over the period, in which the entity amortises the related cost for which the grants are intended to compensate. The company assumes that all grants received are utilised and the assets are capitalised in same year. Due to non-availability of sufficient and appropriate audit evidences, we are unable to comment on the consequential impact on the financial statements of the company.	The accounting policy in this regard is disclosed at point no.8 in Note -2 on "Significant Accounting Policies" as under "Government grants relating to the purchase of property, plant and equipment are presented as Capital Grant in financial statements and are credited to profit and loss in a systematic manner over the expected life of the related assets and presented within other operating income" Generally the grants are immediately utilized to create the assets.

	d) A sum of Rs. 3,601.17 Lakhs are has been shown as power purchase un-identified balance and is included in Trade Payable – Current (Liability for purchase of power) vide Note no. 26 to the Consolidated financial statement, for which party-wise details are not provided to us for verification. As a result we are not in a position to comment on the existence of the liability and consequential impact on the financial statements of the company.	The same will be reconciled and adjustments entries will be passed in FY 2017-18.
	e) There is a difference in outstanding balances as on 31.03.2017, as appearing in the books of accounts of the company and its group companies. Details of which are given as under :	The same will be reconciled and adjustments entries will be passed in FY 2017-18.

(Rs. in Lakhs)

Name of the Group Company	Nature	Balance as per MSEDCL	Balance as per other Group Company	Difference
Maharashtra State Power Generation Company Ltd (MSPGCL)	Loans and Advances	46,835.97	46,782.50	53.47
Maharashtra State Electricity Transmission Company Ltd (MSETCL)	Loans and Advances	24,183.28	24,516.93	(333.66)
Maharashtra Power Development Corporation Limited (MPDCL)	Loans and Advances	246.73	230.56	16.17
Aurangabad Distribution Company Limited – Subsidiary of MSEDCL	Loans and Advances	121.11	142.79	(21.68)
Maharashtra State Electricity Board Holding Company Ltd (MSEBHCL)	Other Current Liabilities	4,06,030.79	3,83,014.94	23,015.86

<table>
<tr><td></td><td>In absence of reconciliation we are unable to comment on the impact thereof on the Financial Statement.</td><td></td></tr>
<tr><td></td><td>
f) Note No. 44.13 to the Consolidated financial statements 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 effects of the matters described above, which could be reasonably determined/quantified, on the elements of the accompanying Ind AS financial statements are tabulated as under:

(Amount in Rs. lacs)
<table>
<tr><th>Sr. No.</th><th>Head of Account</th><th>Overstated</th><th>Understated</th></tr>
<tr><td>1</td><td>Other Equity (Accumulated Losses)</td><td>-</td><td>1,075,842.07</td></tr>
<tr><td>2</td><td>Expenses</td><td></td><td></td></tr>
<tr><td></td><td>Delay Payment charges</td><td>-</td><td>104,383.06</td></tr>
<tr><td></td><td>Power Purchase</td><td>-</td><td>6,400.00</td></tr>
<tr><td></td><td>Refund of RLC as per MERC Order</td><td>-</td><td>10,726.00</td></tr>
<tr><td>3</td><td>Current Liability</td><td></td><td></td></tr>
<tr><td></td><td>Trade payable</td><td>6,248.74</td><td>1,129,105.13</td></tr>
<tr><td></td><td>Other Current Liabilities</td><td>-</td><td>10,726.00</td></tr>
<tr><td>4</td><td>Non-Current Asset</td><td></td><td></td></tr>
<tr><td></td><td>Security deposit</td><td>45,667.74</td><td>-</td></tr>
<tr><td></td><td>Advances</td><td>18,101.00</td><td>-</td></tr>
</table>
</td><td>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,2006 is not disclosed .</td></tr>
<tr><td></td><td>In case of MSPGCL</td><td></td></tr>
</table>

	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 Rs. 1,506.67 crores under the head 'Surcharge Income from Customers'. MSEDCL has not paid such Surcharge amounting to Rs.5,247.33crores outstanding as on March 31, 2017 including such accrued income of earlier years. Considering the non-acceptance of billing by MSEDCL, there is uncertainty in the recoverability of the said dues from Maharashtra State Electricity Distribution Company Limited(MSEDCL)	MSPGCL has raised surcharge bills to MSEDCL as per the agreed terms of Power Purchase Agreement and are binding on MSEDCL. These are contractual receivables. Company has carried out reconciliation with MSEDCL and the same has been shared with the Auditors in the reporting year.
	b) 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 environment wherein the vendor-wise, customer-wise, employee-wise, balances payable and receivable etc. are available. Due to its large scale of operations, company enters into huge volume of transactions with numerous vendors. Reconciliation with the vendors is undertaken by the company as an on-going process. However, due to various reasons not attributable to company alone viz., delay in sending invoice by vendors, no response against the balance confirmation requests, wrong details given by

		vendor, claims / counter claims etc, reconciliation or adjustment takes more time in case of some vendors. This year company has carried out identification of old unidentified vendor balances, provisioning of coal advances and impairment of advances to subsidiaries in addition to the regular reconciliation/ adjustment process
	Qualified Opinion **In Case of MSPGCL** 1. Subject to (i) and (ii) below, in our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the state of affairs (financial position) of the Group as at March 31, 2017, and its loss (financial performance including other comprehensive income), its cash flows and the changes in equity for the year ended on that date. (i) In view of para (a) above Basis for Qualified Opinion in respect of MSPGCL, had Surcharge being interest on delayed payment not been accrued, provision for allowance for expected credit loss been not made, booking of earlier years delayed payments surcharge on account of recovery has ceased to be probable been done as an expense, the effect of the matters which could be determined / quantified, on the elements of the accompanying financial statements are tabulated as under:	

(Amount in Rs. Crores)

Sr. No.	Head of Account	Group	Overstated	Understated
1	Delay payment surcharge – Other operating Revenue	Income	1,506.67	-
2	Reversal of earlier years delayed payments surcharge on account of recovery has ceased to be probable	Expenses	-	3,740.66
3	Trade Receivables	Non-current assets	5,247.33	-
4	Allowance for expected credit loss	Expenses	696.32	-
5	Reduction from Non-current - Trade receivable	Trade receivable - Non current	-	696.32
6	Net Impact on retained earning	Other equity	4,551.01	4,551.01

and;

ii) In view of (a) above Basis for Qualified Opinion in respect of MSPGCL, the effect of which on the Loss for the year and net assets as at March 31, 2017 is unascertainable.

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the Basis for Qualified Opinion paragraph above, the aforesaid Ind AS financial statements, read together with the matters described in the 'Emphasis of Matter' paragraph, give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2017, and its loss, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

On behalf of the Board of Directors

Jaikumar Srinivasan
Director (Finance)
DIN: 01220828

Arvind Singh
Managing Director
DIN: 02780573

Place: Mumbai
Date: 30/12/2017

ANNEXURE-II

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 2017.

The preparation of Financial Statements of MSEB **Holding Company Limited,** Mumbai For the year ended 31 march 2017 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 if 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 15 November, 2017.**

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 2017. 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

(P. Madhavi)
ACCOUNTANT GENERAL
(Audit)- III

Place: Mumbai
Date: 28th December, 2017

ANNEXURE-III

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 2017.

The preparation of Consolidated Financial Statements of **MSEB Holding Company Limited,** Mumbai For the year ended 31 march 2017 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 15th November, 2017.**

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 2017. We conducted a supplementary audit of the financial statements of **MSEB Holding Company Limited** and **Maharashtra State Electricity Transmission Company Limited, Maharashtra State Power Generation Company Limited** and **State Electricity Distribution Company Limited** (Subsidiaries of the Company) for the year ended on that date. This supplementary audit has been carried out independently without access to the working papers of the Statutory Auditors and is limited primarily to inquiries of the Statutory Auditors and Company personnel and a selective examination of some of the accounting records.

On the basis of my 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

(P. Madhavi)
ACCOUNTANT GENERAL
(Audit)- III

Place: Mumbai
Date: 28th December, 2017

ANNEXURE-IV

Form No. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2017
[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 Yeshwant 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 & 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, 2017 **("Audit Period" or "financial year")**, 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, 2017, 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 to 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) SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (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:

i) During the financial year, the Company had only one Independent Director instead of minimum two Independent Directors as required under the provisions of the Companies Act, 2013, and consequently, the composition Audit Committee and Nomination & Remuneration Committee was not proper.

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 observation. 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 was 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.
23/11/2016	109,29,80,000	Cash	sankirn/2016/pr.kr./89urja-3 dated 12.09.2016

"ANNEXURE-I"

Sl. No.	No. of GR	Date of GR	No. of Shares
1.	Nidhivi-2015/Pr. Kra.135/Urja-3	28.09.2015	179,85,00,000
2.	Nidhivi-2015/Pr. Kra.135/Urja-3	30.03.2016	157,15,00,000
3.	Nidhivi-2015/ Pr.Kra.172/Urja-3	15.12.2015	51,94,00,000
4.	Nidhivi-2015/ Pr.Kra.121-4/Urja-3	31.03.2016	313,75,00,000
5.	Nidhivi-2015/ Pr.Kra.172/Urja-3	31.03.2016	22,26,00,000
6.	Nidhivi-2015/ Pr.Kra.121-5/Urja-3	31.03.2016	206,15,00,000
7.	Nidhivi-2015/ Pr.Kra.121-1/Urja-3	31.03.2016	3,55,00,000
8.	Nidhivi-2015/ Pr.Kra.121-3/Urja-3	31.03.2016	66,00,000
9.	Nidhivi-2015/ Pr.Kra.121-2/Urja-3	31.03.2016	43,53,00,000
10.	Nidhivi-2015/ Pr.Kra.121-6/Urja-3	31.03.2016	78,00,00,000
11.	Nidhivi-2015/ Pr.Kra.121-7/Urja-3	31.03.2016	36,14,00,000
	Total		**1092,98,00,000**

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

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.

v) Merger/ amalgamation/ reconstruction etc.

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

CS Ajit Sathe
(Proprietor)

Place: Mumbai
Date: 14th December, 2017

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

"ANNEXURE-II"

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: 14th December, 2017

Annexure V

REPLY TO THE OBSERVATION IN THE SECRETARIAL AUDITOR REPORT FOR THE YEAR 2016-17.

Auditor's Observations	Reply
(i) During the financial year, the Company had only one Independent Director instead of minimum two Independent Directors as required under the provisions of the Companies Act, 2013, and consequently, the composition Audit Committee and Nomination & Remuneration Committee was not proper.	Factual. Necessary compliance is under process.

On behalf of the Board of Directors

Jaikumar Srinivasan	**Arvind Singh**
Director (Finance)	Managing Director
DIN: 01220828	DIN: 02780573

Place: Mumbai
Date: 30/12/2017

Annexure VI

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

(A) CONSERVATION OF ENERGY

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

(B) TECHNOLOGY ABSORPTION

i)	Efforts made towards technology absorption	Not Applicable.
ii)	Benefits derived like product improvement, cost reduction, product development or import substitution	Not Applicable.
iii)	In case of imported technology (imported during the last three years reckoned from the beginning of the financial year): a. Details of technology imported; b. Year of import; c. Whether the technology been fully absorbed; d. If not fully absorbed, areas where absorption has not taken place and the reasons thereof.	Not Applicable.
iv)	the expenditure incurred on Research and Development	The Company has not undertaken any activity relating to research and development during the year under review.

(C) FOREIGN EXCHANGE EARNINGS AND OUTGO

(i) Activities relating to exports: initiatives taken to increase exports; development of new export markets for products and services; and export plans:

Not applicable

(ii) Total foreign exchange earned and used

Particulars	2016-17	2015-16
Foreign Exchange earnings	Nil	Nil
Foreign Exchange outgo	Nil	Nil

On behalf of the Board of Directors

Jaikumar Srinivasan	**Arvind Singh**
Director (Finance)	Managing Director
DIN: 01220828	DIN: 02780573

Place: Mumbai
Date: 30/12/2017

Annexure VII

FORM NO. MGT-9

EXTRACT OF ANNUAL RETURN
as on the financial year ended on 31st March, 2017

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

I. REGISTRATION AND OTHER DETAILS:

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

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

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

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

A. Holding Company: Nil

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

Sr. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of Shares Held	Applicable Section
1.	**Maharashtra State Power Generation Company Ltd. (MSPGCL)** Prakashgad, Plot No. G-9, Anant Kanekar Marg, Bandra (East) Mumbai-400051, Maharashtra	U40100MH2005SGC153648	Subsidiary	100%	2(87)
2.	**Maharashtra State Electricity Distribution Company Ltd. (MSEDCL)** Prakashgad, Plot No. G-9, Anant Kanekar Marg, Bandra (East) Mumbai-400051, Maharashtra	U40109MH2005SGC153645	Subsidiary	100%	2(87)
3.	**Maharashtra State Electricity Transmission Company Ltd.** Prakashganga, Plot No. C 19, E Block Bandra Kurla Complex, Bandra (E) Mumbai-400051 Maharashtra	U40109MH2005SGC153646	Subsidiary	100%	2(87)
4.	**Mahagenco Ash Management Services Limited** Prakashgad, 2nd Floor, Plot No. G 9, Prof. Anant Kanekar Marg, Bandra (East) Mumbai-400051, Maharashtra	U40105MH2007SGC173433	Subsidiary of MSPGCL	100%	2(87)
5.	**Mahaguj Colliaries Ltd.** Prakashgad, Plot No. G 9, Prof Anant Kanekar Marg, Bandra (East) Mumbai-400051, Maharashtra	U10102MH2006SGC165327	Subsidiary of MSPGCL	60%	2(87)
6.	**Dhopave Coastal Power Ltd.** 2nd Floor, Prakashgad, Plot No. G 9, Prof. Anant Kanekar Marg, Bandra (East) Mumbai-400051, Maharashtra	U40108MH2007SGC168836	Subsidiary of MSPGCL	100%	2(87)
7.	**Aurangabad Power Company Ltd.** Prakashgad, 2nd Floor, Plot No. G 9, Prof. Anant Kanekar Marg, Bandra (East) Mumbai-400051, Maharashtra	U40109MH2007SGC171852	Subsidiary of MSEDCL	100%	2(87)

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

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

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the financial year				No. of Shares held at the end of the financial year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
1. Indian									
a) Individual/ HUF	-	-	-	-	-	-	-	-	-
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	8629,97,72,063	**8629,97,72,063**	**100%**	-	8739,27,52,063	**8739,27,52,063**	**100%**	-
d) Bodies Corp.	-	-	-	-	-	-	-	-	-
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
Sub Total A(1):-	**0**	**8629,97,72,063**	**8629,97,72,063**	**100%**	**0**	**8739,27,52,063**	**8739,27,52,063**	**100%**	**-**
2. Foreign									
a) NRIs- Individuals	-	-	-	-	-	-	-	-	-
b) Other-Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corporate	-	-	-	-	-	-	-	-	-
d) Banks/FI	-	-	-	-	-	-	-	-	-
e) Any Other	-	-	-	-	-	-	-	-	-
Sub Total A(2):-	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	**0**	**8629,97,72,063**	**8629,97,72,063**	**100%**	**-**	**8739,27,52,063**	**8739,27,52,063**	**100%**	**-**
B. Public Shareholding									
1. Institutions	-	-	-	-	-	-	-	-	-
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks / FI	-	-	-	-	-	-	-	-	-
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-

f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B)(1):-	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	-	-	-	-	-	-	-	-	-
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals	-	-	-	-	-	-	-	-	-
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	-	-	-	-	-	-	-	-	-
ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	-	-	-	-	-	-	-	-	-
c) Others (specify)	-	-	-	-	-	-	-	-	-
i) Non Resident Indians	-	-	-	-	-	-	-	-	-
ii) Clearing Members	-	-	-	-	-	-	-	-	-
iii) HUFs	-	-	-	-	-	-	-	-	-
Sub-total (B)(2):-	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Total Public Shareholding (B)=(B)(1)+ (B)(2)	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**-**	**-**
C. Shares held by Custodian for GDRs & ADRs	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Grand Total (A+B+C)	**0**	**8629,97,72,063**	**8629,97,72,063**	**100%**	**0**	**8739,27,52,063**	**8739,27,52,063**	**100%**	**0**

B) Shareholding of Promoter-

Sr. No.	Shareholder's Name	Shareholding at the beginning of the financial year			Shareholding at the end of the financial year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	Governor of Maharashtra (alongwith nominees)	8629,97,72,063	%	-	8739,27,52,063	100%	-	-
	Total	**8629,97,72,063**	**100%**	**-**	**8739,27,52,063**	**100%**	**-**	**-**

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

Particulars	Shareholding at the beginning of the financial year		Cumulative Shareholding during the financial Year	
	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
At the beginning of the financial year	8629,97,72,063	100%	8629,97,72,063	100%
Allotment of equity shares on 23.11.2016	109,29,80,000	-	8739,27,52,063	100%
At the end of the financial year	**8739,27,52,063**	**100%**	**8739,27,52,063**	**100%**

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

S. No.	For each of the Top 10 Shareholders	Shareholding at the beginning of the financial year		Shareholding at the end of the financial year	
		No. of shares	% to total shares	No. of shares	% to total shares
1	*	-	-	-	-
2	*	-	-	-	-
3	*	-	-	-	-
4	*	-	-	-	-

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

E) Shareholding of Directors and Key Managerial Personnel:

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

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

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

(VI). REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL-
A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

Sr. No.	Particulars of Remuneration	Name of MD / WTD / Manager				Total Amount
		Arvind Singh (MD)	Bipin Shrimali (MD)	Mukesh Khullar (MD)	Anuradha Bhatia (WTD)	Total
1	Gross salary					
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	-	-	24,48,644	24,48,644
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-	1,85,990	1,85,990
	(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)	-	-	-	26,34,364	26,34,364
	Ceiling as per the Act**	-	-	-	N.A.	N.A.

B. Remuneration to other directors

Particulars of Remuneration		Name of Director	
Independent Directors	**Prakash Page**	**-**	**-**
Fee for attending board committee meetings	6,000	-	-
Commission	-	-	-
Others, please specify	-	-	-
Total (1)	**6,000**	-	-
Other Non-Executive Directors	**-**	**R. B. Goenka**	**Vishwas Pathak**
Fee for attending board/committee meetings	-	3,500	6,000
Commission	-	-	-
Others, please specify	-	-	-
Total (2)	0	3,500	6,000
Total (B)=(1+2)	**6,000**	**3,500**	**6,000**
Total Managerial Remuneration	-	-	-
Overall Ceiling as per the Act		1,00,000*	

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

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

Sr. No.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	CS^	CFO*	Total
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	N.A. - - -	11,41,427 10,21,027 1,20,400 -	N.A. - - -	11,41,427 10,21,027 1,20,400 -
2	Stock Option	N.A.	-	N.A.	N.A.
3	Sweat Equity	N.A.	-	N.A.	N.A.
4	Commission - as % of profit others, specify…	N.A. - -	- - -	 - -	 - -
5	Others, please specify	-	-	-	-
	Total (1 to 5)	NIL	11,41,447	NIL	11,41,447

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

^Whole-time 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			N I L		
B. DIRECTORS Penalty Punishment Compounding			N I L		
C. OTHER OFFICERS IN DEFAULT Penalty Punishment Compounding			N I L		

On behalf of the Board of Directors

Jaikumar Srinivasan
Director (Finance)
DIN: 01220828

Arvind Singh
Managing Director
DIN: 02780573

Place: Mumbai
Date: 30/12/2017

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

Sl. No.	Name of the subsidiary	Maharashtra State Power Generation Co. Ltd. (MSPGCL) (Rs. in Crores)	Maharashtra State Electricity Distribution Co. Ltd. (MSEDCL) (Rs. in Lakhs)	Maharashtra State Electricity Transmission Co. Ltd. (MSETCL) (Rs. in Lakhs)	Mahagenco Ash Management Services Limited* (Amt. in Rs.)	Mahaguj Colliaries Ltd.* (Amt. in Rs.)	Dhopave Coastal Power Ltd.* (Amt. in Rs.)	Aurangabad Power Company Ltd.+ (Amt. Rs.)
	Nature	**Direct**	**Direct**	**Direct**	**Step-down**	**Step-down**	**Step-down**	**Step-down**
1.	Date since when subsidiary was acquired	31.05.2005	31.05.2005	31.05.2005	24.08.2007	01.11.2006	16.03.2007	20.06.2007
2.	Reporting period	FY 2016-17	FY 2016-17	FY 2016-17	FY 2016-17	FY 2016-17	FY 2016-17	FY 2016-17
3.	Reporting currency	Indian Rupees	Indian Rupees	Indian Rupees	Indian Rupees	Indian Rupees	Indian Rupees	Indian Rupees
4	Share capital	24854.34	4615963.49	898497.47	500000	500000	500000	500000
5.	Reserves & surplus	(6679.59)	(2883254.24)	109588.19	(1646556)	(20738599)	(82959199)	181482.62
6.	Total Assets	61866.44	9135536.12	2276306.27	921634	544352552	83814450	63021050.35
7.	Total Liabilities	61866.44	9135536.12	2276306.27	2068190	564591151	166273648	62339567.73
8.	Investments	0.26	19226.96	41209.43	-	-	-	-
9.	Turnover	18163.95	5760145.60	216204.94	-	-	-	-
10	Profit before taxation	(929.71)	(317648.93)	8835.03	(680385)	(8704170)	10859	38157
11.	Provision for taxation	(341.74)	-	(9341.97)	(2992)	-	(8575)	11709.51
12.	Profit after taxation	(628.12)	(334757.58)	(2543.06)	(683377)	(8704170)	2284	26366.49
13.	Proposed Dividend	-	-	-	-	-	-	-
14.	Extent of shareholding	100%	100%	100%	100%	60%	100%	100%

*Subsidiary of MSPGCL
+Subsidiary of MSEDCL

Part “B”: Associates and Joint Ventures

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

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

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

1. Names of associates or joint ventures which are yet to commence operations– **Not applicable**
2. Names of associates or joint ventures which have been liquidated or sold during the year– **Not applicable**

On behalf of the Board of Directors

Jaikumar Srinivasan
Director (Finance)
DIN: 01220828

Arvind Singh
Managing Director
DIN: 02780573

Pankaj Sharma
CGM (Finance)

Subodh Zare
Company Secretary

Place: Mumbai
Date: 30/12/2017

Annexure IX

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

PART-I
Performance of Subsidiaries, Associates and Joint Venture Companies

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

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

(Rs. In Lakhs)

Particulars	2016-17	2015-16
Revenue from Operations	2,16,204.94	3,31,484.94
Other Income	1,03,331.39	26,210.88
Total Income	**3,19,536.33**	**3,57,695.82**
Repairs & Maintenance Expenses	12,302.47	18,568.89
Employee Benefits Expenses	96,004.27	89,050.29
Finance Cost	67,090.92	65,891.91
Depreciation and amortization expenses	1,08,501.72	1,05,984.01
Other Expenses	26,801.92	28,611.76
Total Expenditure	**3,10,701.30**	**3,08,106.86**
Profit / (Loss) before tax	**8,835.03**	**49,588.95**
Tax Expenses	(9,341.97)	(1,535.29)
Profit / (Loss) for the year	**(506.94)**	**48,053.67**
Other Comprehensive Income	(2,036.11)	**(2,044.64)**
Total Comprehensive Income for the period	**(2,543.06)**	**46,009.10**

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

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

(Rs. in Lakhs)

Particulars	2016-17	2015-16
Revenue from Operation	57,60,145.60	53,61,965.84
Other Income	2,24,813.10	2,95,082.34
Total Revenue	**59,84,958.70**	**56,57,048.18**
Purchase of Power	47,61,864.88	47,53,038.68

Employee Benefits Expenses	4,12,112.17	4,08,514.38
Finance Expenses	3,25,927.50	2,81,358.51
Depreciation & Amortization	2,84,667.34	2,75,968.90
Other Expenses	5,18,035.74	2,80,675.41
Total Expenses	**63,02,607.63**	**59,99,555.80**
Profit / (Loss) Before Tax	**(3,17,648.93)**	**(3,42,507.70)**
Tax Expenses	-	(4,235.35)
Profit/ (Loss) for the year	**(3,17,648.93)**	**(3,38,272.35)**
Other Comprehensive Income	(17,108.65)	(11,657.99)
Total Comprehensive Income for the period	**(3,34,757.58)**	**(3,49,930.34)**

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

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

(Rs. in Crores)

Particulars	**2016-17**	**2015-16**
Gross Sale of Power	16,623.77	18,237.26
Other Operating Revenue	1,540.18	1,056.16
Other Income	199.90	172.73
Total Revenue	**18,363.85**	**19,466.15**
Cost of material consumed	11,022.66	11,317.72
Employee Benefit Expenses	1,238.92	1,215.92
Finance Cost	2,906.61	2,002.49
Depreciation & Amortisation Expenses	2,107.22	1,633.79
Other Expenses	2,018.14	1,939.09
Total Expenses	**19,293.55**	**18,109.01**
Profit / (Loss) Before Tax	**(929.71)**	**1,357.14**
Tax Expenses	(341.74)	22.38
Profit / (Loss) for the Period	**(587.97)**	**1,334.76**
Other Comprehensive Income	(40.15)	(35.84)
Total Comprehensive Income for the period	**(628.12)**	**1,298.93**

PART-II

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

(Rs. in Crores)

Sr. No.	Particulars	Consolidated as on 31.03.2017	Consolidated as on 31.03.2016	Variation
1.	Revenue from Operations	58,258	55,651	2,607
2.	Other Income	2,729	3,383	(654)
3.	**Total Income**	**60,987**	**59,034**	**1,953**
4.	Total Expenses	60,930	55,974	4,956
5.	**Profit Before Depreciation**	**57**	**3,060**	**(3,003)**
6.	Depreciation for the year	6,093	5,507	586
7.	**Profit Before Tax**	**(6,036)**	**(2,447)**	**(3,589)**
8.	Income Tax & Deferred Tax Provision	250	(2)	248
9.	**Profit for the Period**	**(5,786)**	**(2,445)**	**(3,341)**
10.	**Other Comprehensive Income**	**(231)**	**(173)**	**(58)**
11.	**Total Comprehensive Income**	**(6,017)**	**(2,618)**	**(3,399)**

HIGHLIGHTS

1) Income of MSEDCL increased by Rs. 2838 crores (Rs. 608 crores on account of tariff hike and increase in sales of Rs. 2955 crores by on account of increase in 1173 MUs.

2) Other Income of MSEDCL decrease by Rs. 703 crores due to change in Surcharge accounting, increase in other income by Rs. 992 Crore due to UDAY Scheme.

3) The revenue of MSEDCL for FY 2016-17 includes the Grant of Rs. 1254 crores receivable from Govt. of Maharashtra on account of additional 4 hrs (total 12 hrs) supply to AG consumers during the period of Aug 16 to Dec 16. The tariff order for FY 2016-17 applicable from 1st Nov 2016, hence substantial rise in revenue is observed in FY 2016-17.

4) The Revenue of MSPGCL for Gross sale of Power decrease by Rs. 1613.50 crore due to Negative true-up of earlier years of Rs. 1362 Crores, Surrender of ROE.

5) Total Expenses:

(Rs. in Crores)

Particulars	2015-16	2016-17	Change	Remarks
Cost of Materials	11022	11317	295 increase	Generation by MSPGCL increased from 43k MU to 46k MU.
Cost of Power (Excluding MSPGCL)	28044	29495	1451 increase	Other than MSPGCL Power purchased more.
Employee Costs	6199	6328	129 increase	Normal
Finance Costs	5484	6844	1360 increase	904 increase in MSPGCL due to commissioning of new plants. 445 increase in MSEDCL due to increase in W. Cap & Supreme Court order for refund of SLC & ORC with interest.
Others	4930	7240	2310 increase	2284 increase in MSEDCL due to negative True Up
Total	55679	61224	5545 increase	

6) Depreciation

Depreciation	5507	6093	586 increase	473 increase in MSPGCL, 87 increase in MSEDCL due to increase in Asset base.

7) Due to increase in Losses, Deferred Tax Asset has gone up resulting into reduction in Net Loss after Tax.

8) Other Comprehensive Income (OCI) includes the change due to actuarial gains & losses.

9) **Note: Increase in costs not supported by commensurate increase in any income is 321+445+2284=3050 Crore.**

10) Accumulated Losses of the company has been increased by Rs. 5118 Crore in the FY 2016-17 as compared to previous year resulting in decrease in Net Worth of the company by Rs 4025 Crore. (Considering new equity share of Rs. 1093 Crore issued.)

Annexure X

Annual Report on Corporate Social Responsibility activities for the financial year 2016-17 (Pursuant to section 135 of the Companies Act, 2013)

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

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

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

   Shri. Vishwas Pathak, Shri. Prakash Page and Managing Director of the Company

3. **Financial Details**

Particulars	**Amount (Rs.)**
Average net profit/loss of the Company for last three financial years:	(2,68,17,079)
Prescribed CSR Expenditure (two percent of the average net profit	Nil
Details of CSR Expenditure during the financial year:	
Total amount to be spent for the financial year	Nil
Amount spent	Nil
Amount unspent	Nil

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

(Amt in Rs.)

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

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

   The Company has been incurring losses. The average loss of the Company for immediate preceding three financial years is Rs. 2,68,17,079.

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

On behalf of the Board of Directors

Jaikumar Srinivasan	**Arvind Singh**
Director (Finance)	Managing Director
DIN: 01220828	DIN: 02780573

Place: Mumbai
Date: 30/12/2017

Annexure XI

FORM NO. AOC -2
(Pursuant to clause (h) of sub-section (3) of Section 134 of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014)

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

1. Details of contracts or arrangements or transactions not at Arm's length basis.

Name(s) of the related party and nature of relationship	Amount (Rs.) excluding taxes	Nature of contracts / arrangements / transaction	Duration of the contracts / arrangements / transaction	Salient terms of the contracts or arrangements or transaction including the value, if any.	Justification for entering into such contracts or arrangements or transactions	Date of approval by the Board	Amount paid as advances, if any	Date on which the special resolution was passed in General meeting as required under first proviso to section 188
Maharashtra State Electricity Distribution Co. Ltd. (MSEDCL) [Wholly-owned subsidiary]	18,08,20,056	Leasing of the premises of the MSEB Holding Company Ltd. to MSEDCL, MSETCL and MSPGCL as per terms of the MoU dated 09.05.2014.	The arrangement was made pursuant to the Memorandum of Understandig (MoU) executed on 09.05.2014 for 5 (five) years effective from 01.04.2013.	As per the Memorandum of Understanding executed on 09.05.2014 between MSEB Holding Co. Ltd. with its wholly-owned subsidiaries viz. MSEDCL, MSETCL and MSPGCL.	Pursuant to the directives of the Govt. of Maharashtra contained in the "Maharashtra Electricity Reforms Transfer Scheme, 2005" dated 04.06.2005 for providing and giving effect to the transfer of properties, interests, rights, liabilities obligations, proceedings and personnel of the Maharashtra State Electricity Board.	14.02.2014	Nil	Not applicable.
Maharashtra State Electricity Transmission Co. Ltd. (MSETCL) [Wholly-owned subsidiary]	9,53,54,244							
Maharashtra State Power Generation Co. Ltd. (MSPGCL) [Wholly-owned subsidiary]	10,75,59,900							

2. Details of material contracts or arrangement or transactions at arm's length basis. Nil

On behalf of the Board of Directors

Jaikumar Srinivasan	**Arvind Singh**
Director (Finance)	Managing Director
DIN: 01220828	DIN: 02780573

Place: Mumbai
Date: 30/12/2017

INDEPENDENT AUDITOR'S REPORT

To the Members of
MSEB HOLDING COMPANY LIMITED
Mumbai

1. Report on the Standalone Ind AS Financial Statements

We have audited the accompanying Standalone Ind AS Financial statements of MSEB HOLDING COMPANY LIMITED (the Company), which comprise the Balance Sheet as at 31 March, 2017, the Statement of Profit and Loss (including other comprehensive income), the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as “Standalone Ind AS financial statements”).

2. Management's Responsibility for the Standalone Financial Statements

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

3. Auditors' Responsibility

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

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

4. Basis of Qualified Opinion

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

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

b) The Share Application money amounting to Rs. 6,937,893,389 has been retained by the company in contravention of section 42 of the Companies Act, 2013.(refer note no. 15);

c) The balances outstanding in the books of the company with its subsidiaries i.e. MSEDCL, MSETCL and MSPGCL are under reconciliation, discussions and deliberations. (refer note no 9.1 & 19.1)and which may have impact on the financial position and certain disclosures in the financial statements.

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

5. Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the Basis for Qualified Opinion paragraph and para 8.3 (d) below on the non compliance of certain Indian Accounting Standards(Ind AS), in our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the state of affairs (financial position) of the Company as at March 31, 2017, and its loss(financial performance including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

6. Emphasis of Matter

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

6.1 Refer note no. 10.2 where the company has shown advance tax of Rs. 1,385,800,081 net of the provision of tax in the books of accounts amounting to Rs. 400,727,729 and there is no such liability as per income tax records as cases are in appeal.
The amount of provision made in the books is as per Company's judgment only.

6.2 Refer note no. 11.1 where the debts outstanding against rentals from property due from subsidiaries amounting to Rs.2,352,201,324/- (P.Y. Rs.2,096,284,705/-) have been long outstanding.

6.3 Refer note no. 25.3 where the company has made application to the Revenue Department of Government of Maharashtra for stamp duty exemption on issuance of shares to GOM. The Management is confident that the exemption will be granted.

6.4 Refer note no. 9.5 where the investment of the company in MSEDCL of Rs. 467,976,349,040 has been getting depreciated due to continuous losses incurred by MSEDCL. The depreciation in value of shares has not been provided for in the books. Till last year the entire losses of MSEDCL amounting to Rs. 1,497,873 lacs are not being reflected in the value of shares. The figures for 31.03.2017 have not been finalized.

7 Other Matters

The financial information of the Company for the year ended March 31, 2016 and the transition date opening balance sheet as at April 1, 2015 included in these standalone Ind AS financial statements, are based on the previously issued statutory financial statements for the years ended March 31, 2016 and March 31, 2015 prepared in accordance with the Companies (Accounting Standards) Rules, 2006 (as amended) which were audited by us for year 2015-16 and by the predecessor auditor for year 2014-15, on which a modified opinion was provided vide reports dated September 27, 2016 and September 29, 2015 respectively. The adjustments to those financial statements for the differences in accounting principles adopted by the Company on transition to the Ind AS have been audited by us.

Our opinion is not qualified in respect of matters specified in para (6) & (7) above.

8 Report on Other Legal and Regulatory Requirements

8.3 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.

8.4 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.

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

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

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

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

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

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

f. With respect to the adequacy of the Internal Financial Controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in Annexure "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 25 to its Standalone Ind AS Financial statements.

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

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

d. Disclosures in respect of bank deposits made by the company as a part of Note no. 34 of its standalone Ind AS financial statements as to holding as well as dealing in Specified Bank Notes (SBN's) during the period from November 8, 2016 to December 30, 2016 were in accordance with books of accounts maintained by the Company. Other disclosures such as 'Opening Balances', 'Permitted Receipts & Payments' & its concomitant impact on the closing balances could not be verified since satisfactory evidences/documentation that would support the breakup of currency notes into 'SBN' and 'Other denomination' was not available with the company.

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

Mukesh Goyal
Partner
M. No. 081810

Place: Mumbai
Date: 15.11.2017

Annexure"A" to Independent Auditors' Report

Referred to in Paragraph 8.1 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.7.5).

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

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

Description of Asset	No of cases	Area in acres	Gross Block as on 31/03/2017 (Rs.)	Net Block as on 31/03/2017 (Rs.)	Remarks
Land-Leasehold	2	7.10	2,045,934,468	1,712,262,776	The Company is taking appropriate steps for completion of legal formalities for transfer of title.
Land-Freehold	4	1.89	708,880,000	708,880,000	
Building and structures	13	Not Available	11,805,299,904	8,769,161,646	

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

iii. According to the information and explanations given to us, the Company has not granted loans, secured or unsecured to companies, firms or other parties covered in the Register maintained under Section 189 of the Companies Act, 2013. Accordingly clause 3 (iii) (a) & (b) of the Order 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 2017 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 (In Rs.)	Period to which the amount relates	Forum where dispute is pending
1	Income Tax Act, 1961	Penalty	847,652,847	AY 2007-08	Commissioner of Income Tax (Appeals)
2	Income Tax Act, 1961	Penalty	1,034,815,207	AY 2009-10	Commissioner of Income Tax (Appeals)
3	Income Tax Act, 1961	Tax and Interest	39,601,540	AY 2010-11	Income Tax Appellate Tribunals
4	Income Tax Act, 1961	Tax and Interest	82,490,910	AY 2011-12	Income Tax Appellate Tribunals
5	Income Tax Act, 1961	Tax and Interest	72,525,020	AY 2012-13	Commissioner of Income Tax (Appeals)
6	Income Tax Act, 1961	Tax and Interest	115,898,560	AY 2013-14	Commissioner of Income Tax (Appeals)

viii. The Company has not taken any loans from financial institutions or banks and has not issued debentures. However in respect of Bonds issued by erstwhile MSEB, no confirmation for determination of the Liability recorded in the books of the Company under provisional Transfer Scheme, since finalised on 31st March'2016 vide GR No. Reform 2010 / 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 Indian accounting standards (Ind AS).

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

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

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

For **Doogar & Associates**
Chartered Accountants
Firm Registration No: 000561N

Mukesh Goyal
Partner
M.No. 081810

Place: Mumbai
Date: 15.11.2017

"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, 2017 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing 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 controls over financial reporting and whether such internal financial controls were operating effectively as at March 31, 2017.

We have considered the disclaimer reported above in determining the nature, timing, and extent of audit tests applied in our audit of the standalone Ind AS 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: 15.11.2017

Annexure "B"- As referred in para 8.2, our Report on Directions / Sub-Directions issued by Comptroller and Auditor General of India under sub-section (5) of section 143 of the Act

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

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

AUDITOR'S COMMENTS

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.	In our opinion and according to the information and explanations given to us, there are no cases of waiver/write off of debts/loans/interest etc.
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 31/03/2017 (Rs.)	Net Block as on 31/03/2017 (Rs.)	Remarks
Land-Leasehold	2	7.1	2,045,934,468	1,712,262,776	The company is taking appropriate steps for completion of legal formalities for transfer of title.
Land-Freehold	3	1.89	708,880,000	708,880,000	
Building and structures	13	Not Available	11,805,299,904	8,769,161,646	

ii Sector specific Sub Directions

AUDITOR'S COMMENTS

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	In current year the Company has not received any grants/subsidies from central/ state government or other agencies for performing certain activities. However, Rs.5,746,170 (including interest) pertaining to earlier years is still payable. As explained to us the claimants could not be traced hence it is payable.

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

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

Mukesh Goyal
Partner
M. No. 081810

Place: Mumbai
Date: 15.11.2017

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 2017.

The preparation of Financial Statements of MSEB **Holding Company Limited,** Mumbai For the year ended 31 march 2017 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 if 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 15 November, 2017.**

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 2017. 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

(P. Madhavi)
ACCOUNTANT GENERAL
(Audit)- III

Place: Mumbai
Date: 28th December, 2017

PART - I BALANCE SHEET
MSEB Holding Company Limited
Balance Sheet as at 31st March 2017 (Amt in Rs.)

	Particulars	Note No.	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
	1		2	3	4
	ASSETS				
(1)	**Non Current Assets**				
a	Property, Plant & Equipment	7	2,486,997,125	2,521,172,766	2,554,235,279
b	Capital Work in Progress	7	-	10,673,673	17,226,114
c	Investment Properties	8	8,769,161,646	9,178,807,218	9,596,583,525
d	Goodwill		-	-	-
e	Other Intangible Assets		-	-	-
f	Intangible Assets under Development		-	-	-
g	Biological Assets other than bearer plants		-	-	-
h	Financial Assets		-	-	
	(i) Investments	9	810,297,357,639	803,359,464,250	792,529,764,262
	(ii)Trade Receivables			-	-
	(iii) Loans			-	-
	(iv) Others (to be specified)			-	-
i	Deferred Tax Assets (Net)			-	-
j	Other Non Current Assets	10	38,601,113,938	38,634,092,483	40,277,600,901
(2)	**Current Assets**				
a	Inventories		-	-	-
b	Financial Assets				
	(i) Investments		-	-	-
	(ii) Trade Receivables	11	2,352,201,324	2,096,284,705	2,114,143,709
	(iii) Cash & cash Equivalents	12	389,198,947	469,611,400	55,148,144
	(iv) Bank Balances Other than (iii) above		-	-	-
	(v) Loans		-	-	-
	(iv) Others		-	-	-
c	Current Tax Assets (Net)		-	-	-
d	Other Current assets	13	12,623,498	16,472,476	17,886,685
	Assets held for sale/Assets included in disposal group(s) held for sale		-	-	-
	Total Assets		**862,908,654,117**	**856,286,578,971**	**847,162,588,619**
	EQUITY AND LIABILITIES				
	EQUITY				
a	Equity Share capital	14	873,927,520,630	862,997,720,630	848,710,057,630
b	Other Equity	15	-14,079,197,870	-9,763,890,083	-6,091,876,101
	LIABILITIES				

(1)	**Non Current Liabilities**				
a	Financial laibilities				
	(i) Borrowings		-	-	-
	(ii) Trade Payables	16	22,823	22,823	22,823
	(iii) Other fianancial Liabilities (other than those specified in item (b))		-	-	-
b	Provisions	17	44,794,940	56,927,226	58,217,125
c	Deferred Tax Liabilities (Net)	18	-	-	109,144,433
d	Other Non Current Liabilities			-	-
(2)	**Current Liabilities**				
a	Financial laibilities				
	(i) Borrowings		-	-	-
	(ii) Trade Payables		-	-	-
	(iii) Other fianancial Liabilities (other than those specified in item (c))		-	-	-
b	Other Current Liabilties	19	2,978,010,982	2,976,039,029	4,354,254,499
c	Provisions	20	37,502,612	19,759,346	22,768,210
d	Other Current Liabilities				
	Liabilities classified as held for sale/Liabilities included in disposal group held-for sale		-	-	-
	Total Liabilities and Equity		**862,908,654,117**	**856,286,578,971**	**847,162,588,619**
	Significant Accounting Policies	1-6			
	Notes to accounts	7-37			

See accompanying notes to the financial statements

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

Jaikumar Srinivasan
Director Finance & CFO

Arvind Singh
Managing Director

Mukesh Goyal
Partner
Membership Number : 081810

Pankaj Sharma
CGM (F)

Subodh Zare
Company Secretary

Place : Mumbai
Date : 15/11/2017

PART II - STATEMENT OF PROFIT AND LOSS
MSEB Holding Company Limited
Statement of Profit and Loss for the year ended 31st March 2017 (Amt in Rs.)

	Particulars	Note	31st March 2017	31st March 2016
(i)	**Revenue from operations**		-	-
(ii)	Other Income	21	427,751,784	412,218,637
I	**Total Income (i)+(ii)**		**427,751,784**	**412,218,637**
	Expenses			
(i)	Cost of materials consumed		-	-
(ii)	Purchase of Stock-in-Trade		-	-
(iii)	Changes in Inventories of finished goods, Stock-in-trade and work-in-progress		-	-
(iv)	Employee Benefits Expenses	22	70,912,167	68,895,552
(v)	Finance Costs		-	-
(vi)	Depreciation and amortization expense	23	460,801,976	460,539,938
(vii)	Others expenses	24	250,127,233	267,430,591
II	**Total Expenses ((i) to (vii))**		**781,841,376**	**796,866,081**
III	**Profit /(Loss) before exceptional items and tax (I - II)**		-354,089,592	-384,647,444
IV	Exceptional Items			
V	**Profit /(Loss) before tax (III - IV)**		**-354,089,592**	**-384,647,444**
VI	Tax Expenses:			
	(1) Current Tax			93,631,560
	(2) Deferred Tax			-109,144,433
	(3) Previous Year Taxes		33,987,659	-
VII	**Profit /(Loss)for the period from continuing operations (V-VI)**		**-320,101,933**	**-369,134,571**
VIII	**Profit /(Loss) from discontinued operations before tax**		**-**	**-**
IX	Tax Expenses of discontinued operations		-	-
X	**Profit /(Loss) from discontinued operations (After tax) (VIII - IX)**		**-**	**-**
XI	**Profit /(Loss) for the period**		**-320,101,933**	**-369,134,571**
XII	**Other Comprehensive Income**			
(A)	(i) Items that will not be reclassified to profit or loss			-
	(ii) Income tax relating to items that will not be reclassified to profit or loss			
	Subtotal (A)			**-**
(B)	(i) Items that will be reclassified to profit or loss		-3,299,243	5,677,181

	(ii) Income tax relating to items that will be reclassified to profit or loss			
	Subtotal (B)		**-3,299,243**	**5,677,181**
XIII	**Other Comprehensive Income(A+B)**		**-3,299,243**	**5,677,181**
XIV	**Total Comprehensive Income for the period (XI + XIII)**		**-323,401,176**	**-363,457,390**
XV	**Earning per equity share (for continuing operations)**			
	Basic (Rs.)		**-0.004**	**-0.04**
	Diluted (Rs.)		**-0.004**	**-0.03**
XVI	**Earnings per equity share (for discontinued operations)**			
	Basic (Rs.)		**-**	**-**
	Diluted (Rs.)		**-**	**-**
XVII	**Earnings per equity share (for continuing and discontinued operations)**			
	Basic (Rs.)		**-0.004**	**-0.04**
	Diluted (Rs.)		**-0.004**	**-0.03**
	Significant Accounting Policies	**1-6**		
	Notes to accounts	**7-37**		

See accompanying notes to the fianancial statements

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

Jaikumar Srinivasan
Director Finance & CFO

Arvind Singh
Managing Director

Mukesh Goyal
Partner
Membership Number : 081810

Pankaj Sharma
CGM (F)

Subodh Zare
Company Secretary

Place : Mumbai
Date : 15/11/2017

PART III - CASH FLOW
MSEB Holding Company Limited
Cash Flow Statement for the year ended 31st March 2017 (Amt in Rs.)

PARTICULARS	2016-17		2015-16	
A. Cash flows from operating activities				
Net profit before taxation		(354,089,592)		(384,647,444)
Adjustments for:				
Depreciation	460,801,976		460,539,938	
Interest income	33,929,855		27,647,576	
Previous Year Taxes	33,987,659			
Interest expenses	-	528,719,490	-	488,187,514
Operating profit before working capital changes		174,629,898		103,540,070
Adjustments for:				
Increase/(Decrease) in Reserves	-3,299,243		54,983,589	
Increase/(Decrease) in Other Long Term Liabilities	-		-	
Increase/(Decrease) in Long Term Provisions	(12,132,286)		(1,289,899)	
Increase/(Decrease) in Other Current Liabilities	1,971,953		(1,378,215,470)	
Increase/(Decrease) in Short Term Provisions	17,743,266		(3,008,864)	
Increase/(Decrease) in Deferred Tax Liabilities	-		-	
Increase/(Decrease) in Other Non Current Assets	32,978,545		1,643,508,418	
Increase/(Decrease) in Short Term Loans & Addvances	-		-	
Increase/(Decrease) in Other Current assets	3,848,983		1,414,209	
Increase/(Decrease) in Trade Receivable	(255,916,619)	(214,805,401)	17,859,004	335,250,987
Cash generated from operations		**(40,175,503)**		**438,791,057**
Less: Taxes paid(net of refunds)			(93,631,560)	
		-		(93,631,560)
Cash flow before extraordinary item		(40,175,503)		345,159,497
Add/ Less: Extra-ordinary items				
Net cash from operating activities (A)		**(40,175,503)**		**345,159,497**
B. Cash flows from investing activities				
Purchase of fixed assets and addition to Capital Work in Progress	(6,307,095)		(3,148,677)	
Sale of Assets	-		-	
Purchase of Non Current Investments	(6,937,893,389)		(10,829,699,988)	
Interest received (Net of TDS)	(33,929,855)		(27,647,576)	
Fixed Deposits Matured				
Net cash used for investing activities (b)		(6,978,130,339)		(10,860,496,241)
C. Cash flows from financing activities				
Proceeds from issuance of Share Application Money Pending allotment	-	6,937,893,389		
Interest paid	-		10,929,800,000	
Increse in Long Term borrowings on account of Interest			-	
Interest charged to P & L	-		-	
Decrease in Other Current Liabilities on account of interest	-		-	
Net cash from financing activities (C)		-		10,929,800,000

Net increase in cash and cash equivalents (A+B+C)		**(80,412,453)**		**414,463,256**
Cash and cash equivalents at beginning of period		**469,611,400**		**55,148,144**
Cash and cash equivalents at end of period		**389,198,947**		**469,611,400**

Foot Note:
1) Cash flow is prepared under Indirect Method as prescribed Ind AS 7-Cash Flow Statements

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

Cash & Cash Equivalents	As on 31.03.17	As on 31.03.16
Balance in Current accounts	307,072	568,969
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)	388,891,875	469,042,431
Total	**389,198,947**	**469,611,400**

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

Jaikumar Srinivasan
Director Finance & CFO

Arvind Singh
Managing Director

Mukesh Goyal
Partner
Membership Number : 081810

Pankaj Sharma
CGM (F)

Subodh Zare
Company Secretary

Place : Mumbai
Date : 15/11/2017

MSEB Holding Company Limited
Statement of changes in equity
PART -I BALANCE SHEET
Statement of changes in Equity for the period ended 31st March 2017
A. Equity Share Capital

Particulars	Amt (Rs.)
As at 1st April 15	83,852,959,000
Issue of share capital on account of FRP	764,857,098,630
Restated Balance as on 1 April 2015	848,710,057,630
Issue of share capital	14,287,663,000
As at 31st March 16	862,997,720,630
Issue of share capital	10,929,800,000
As at 31st March 17	873,927,520,630

C. Other Equity
For the Year 31st March 2016

	Share application money pending allotment	Equity component of compound financial instruments	Reserves and Surplus			
			Capital reserves	Securities premium Reserve	Other reserves	Retained Earnings
Balance as on 1st April 2015	**96,829,189,240**	**-**	**2,650,228,968**	**-**	**1,640,303**	**-41,104,584,748**
Changes in accounting policy/prior period errors	682,315,572,390	-	-2,650,228,968	-	-1,640,303	20,725,045,647
Shares issued during the year	764,857,098,630					
Restated balance at the beginning of the reporting period	14,287,663,000	-	-	-	-	-20,379,539,101
Profit for the year	-	-	-	-	-	-319,828,163
Other Comprehensive Income for the year	-	-	-		-	5,677,181
Dividends	-	-	-	-	-	-
Transfer to retained earnings	-	-	-	-	-	-
Share Application Money received during the year	10,929,800,000.00					
Shares issued during the year	14,287,663,000.00	-	-	-	-	-
Balance as on 31st March 2016	**10,929,800,000**	**-**	**-**	**-**	**-**	**-20,693,690,083**

Note: Remeasurement of defined benefit plans and fair value changes relating to own credit risk of the fiancial liabilities designated at fair value through profit or loss shall be recognised as a part of retained earning with separate disclosure of such items alongwith the relevant amounts in the notes3.

For the Year 31st March 2017

	Share application money pending allotment	Equity component of compound financial instruments	Reserves and Surplus			
			Capital reserves	Securities premium Reserve	Other reserves (Specify nature)	Retained Earnings
Balance as on 1st April 2016	**10,929,800,000**	**-**	**-**	**-**	**-**	**-20,693,690,083**
Changes in accounting policy/prior period errors						
Restated balance at the beginning of the reporting period		-	-	-	-	-20,693,690,083
Profit for the year			-	-	-	-320,101,933
Other Comprehensive Income for the year			-	-	-	-3,299,243.00
Dividends			-	-	-	-
Transfer to retained earnings			-	-	-	-
Share Application Money received during the year	6,937,893,389					
Shares issued during the year	10,929,800,000		-	-	-	-
Balance as on 31st March 2017	**6,937,893,389**	**-**	**-**	**-**	**-**	**-21,017,091,259**

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.

   Depreciation of Rs. 2,273,899,452/- on the increased value of assets as a result of FRP for the period 05th June 2005 to 31st March 2015 was charged to Profit & Loss Account as 'prior period depreciation' on 31st March 2016. However, for IND AS Compliance, the same has been adjusted against retained earnings as on 1st April 2015. The profit & loss account for the period 2015-16 and the balance sheet as on 1st April 2015 has been reinstated accordingly.

II. 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.

Particulars	Liabilities as on 05.06.2005
State Government loan	3,098
Central Plan Allocation	603
CPSU Dues Coal	567
CPSU Dues Power Purchase	451
GOM loans	912
Total	**5,632**

On approval of FRP the State Government loans have been taken over by the GOM against equity but the interest of Rs. 28,377,693,940/- provided for the period from 05-06-2005 to 31-03-2015 was not taken over by the GOM and was written back in the accounts as an exceptional income as on 31st March 2016.

However, for IND AS Compliance, the same has been adjusted against retained earnings as on 1st April 2015. The profit & loss account for the period 2015-16 and the balance sheet as on 1st April 2015 has been reinstated accordingly.

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

Jaikumar Srinivasan
Director Finance & CFO

Arvind Singh
Managing Director

Mukesh Goyal
Partner
Membership Number : 081810

Pankaj Sharma
CGM (F)

Subodh Zare
Company Secretary

Place : Mumbai
Date : 15/11/2017

Note 1: Corporate information:

Maharashtra State Electricity Board Holding Company Ltd. (MSEBHCL) was incorporated w.e.f. 31.05.2005 consequent upon the decision of the Government of Maharashtra (GOM) for reorganization of MSEB, pursuant to Chapter XIII of Electricity Act 2003. It has three Subsidiaries Companies viz. Maharashtra State Power Generation Co. Ltd. (MSPGCL), Maharashtra State Electricity Transmission Co. Limited (MSETCL), Maharashtra State Electricity Distribution Co. Limited (MSEDCL). The Company started its operation from 6th June 2005 in accordance with the “Provisional Transfer Scheme” of the Government of Maharashtra. The “Provisional Transfer Scheme” was a scheme under which all the three subsidiary Companies and this Company came into existence from the erstwhile MSEB Board. The said scheme has been finalised and the Financial Restructuring Plan (FRP) has been approved by the GOM on 31st March 2016 and 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.

Note2: Basis of preparation:

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

The financial statements up to year 31st March 2016 were prepared in accordance with accounting standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended)and other relevant provisions of the Act. But for the year ended March 31, 2017, the financial statements have been prepared in accordance with Ind AS. The disclosure relating to Ind AS 101 “First-time Adoption of Indian Accounting Standards” have been given in Note 32. The details of the first time adoption exemptions availed by the Company are given in Note 3.

The accounting policies are applied consistently to all the periods presented in the financial statements, including the preparation of the opening Ind AS Balance Sheet as at 1st April, 2015 being the date of transition to Ind As.

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

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

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

Note 3: First-time adoption-mandatory exceptions, optional exemptions:

Overall principle

The Company has prepared the opening Balance Sheet as per Ind AS as of the transition date which is 1st April, 2015, by
(a) recognising all assets and liabilities whose recognition is required by Ind AS;
(b) not recognising items of assets or liabilities which are not permitted by Ind AS;
(c) reclassifying items from previous GAAP to Ind AS as required under Ind AS; and
(d) applying Ind AS in measurement of recognised assets and liabilities.

However, this principle is subject to certain exceptions and certain optional exemptions availed by the Company as detailed below:

a) Deemed cost for property, plant and equipment, investment property and intangible assets

The Company has elected to continue with the carrying value of all of its property, plant and equipment, investment property and intangible assets recognised as of 1st April, 2015 measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

The carrying value as on 1st April 2015 has been taken after considering the FRP adjustments implemented during F.Y. 31st March 2016 with retrospective effect from 05-06-2005.

b) Investments in subsidiary and associate

The Company has opted to recognise investments in equity instruments of subsidiaries, associates and joint venture at cost.

Note 4 : Current and non-current classification:

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

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

Or

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

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle.
- It is held primarily for the purpose of trading,
- It is due to be settled within twelve months after the reporting period,

Or

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

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

Note 5 : Significant accounting judgements, estimates and assumptions:

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

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

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

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

Note 6 : Significant accounting policies:

1. Property, Plant and Equipment (PPE):

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

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

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

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

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

Leased Assets

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

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

Estimated useful lives of the assets are as follows:

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

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

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

The carrying value as on 1st April 2015 has been taken after considering the FRP adjustments implemented during F.Y. 31st March 2016 with retrospective effect from 05-06-2005.

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

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

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

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

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

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

Transition to Ind AS:
On transition to Ind AS, MSEBHCL has opted to continue with the carrying value of all investment properties recognised as at 1st April 2015 measured as per previous Generally Accepted Accounting Principles (GAAP) specified in Companies(Accounting Standards) Rules 2006

notified by the Central Government and other provisions of the Companies Act 1956 and use that carrying value as the deemed cost of investment properties.

The carrying value as on 1st April 2015 has been taken after considering the FRP adjustments implemented during F.Y. 31st March 2016 with retrospective effect from 05-06-2005.

3. Intangible assets:

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

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

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

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

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

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

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

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

4. Impairment of non-financial assets:

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

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

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

5. Cash and cash equivalents:

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

6. Revenue Recognition:

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

a. Interest income –

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

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

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

7. Accounting/ classification of expenditure and income

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

8. Employee benefits:

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

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

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

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

Compensated Absence

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

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

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

9. Borrowing costs:

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

10. Leases:

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

a. Company as a lessee

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

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

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

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

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

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

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

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

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

12. Taxes on Income:

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

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

- When the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit/(tax loss).

- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interest in joint ventures, where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary differences will be not reverse in the foreseeable future.

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

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit/(tax loss).

- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available which the temporary differences can be utilised.

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

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

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

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

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

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

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

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

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

14. Fair value measurement:

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

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

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

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

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

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

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

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

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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

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

15. Financial Instruments:

(i) Financial assets:

Initial recognition and measurement:

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

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

Subsequent measurement

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

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

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

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

- **Business model test:** The objective of the Company's business model is to hold the financial asset to collect the contractual cash flows (rather than to sell the instrument prior to its contractual maturity to realise its fair value changes).

- **Cash flow characteristic test:** The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

- Business model test:The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

- Cash flow characteristic test: The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

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

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

Derecognition

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

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

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

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

Investment in associates, joint venture and subsidiaries

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

Impairment of financial assets

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

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

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

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

The Company follows 'simplified approach' for recognition of impairment loss allowance on:
- Trade receivables or contract revenue receivable; and
- All lease receivables

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

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

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

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

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

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

(ii) Financial Liabilities:

Initial recognition and measurements

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

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

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:
Financial liabilities at fair value through profit or loss

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

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

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

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

Derecognition

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

(iii) Offsetting of financial instruments:

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

16. Cash flow statement

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

Note 7
Property, Plant And Equipment

Particulars	Leasehold Land	Freehold Land	Plant & Machinery	Vehicles	Furniture & Fixtures	Computers	Total	Capital Work in Progress
Year ended 31st March 2016								
Gross Carrying Amount								
Cost as at 1st April 2015	2,045,934,468	708,880,000	120,924,276	6,248,086	118,171,714	1,142,387	3,001,300,931	17,226,114
Additions	-	-	3,524,980	-	3,100,265	1,173,272	7,798,517	5,480,500
Adjustments	-	-	-	-	-	13,500	13,500	-
Disposal/Transfers	-	-	-	-	-	-	-	12,032,941
Closing Gross Carrying Amount	**2,045,934,468**	**708,880,000**	**124,449,256**	**6,248,086**	**121,271,979**	**2,329,159**	**3,009,112,948**	**10,673,673**
Accumulated Depreciation and Impairment								
Opening Accumulated Depreciation	267,807,731	-	72,058,814	3,196,807	103,340,443	661,857	447,065,652	-
Depreciation Charge during the year	32,931,129	-	5,420,011	748,689	1,380,016	381,864	40,861,709	-
Adjustments	-	-	-	-	-	12,825	12,825	-
Disposal/Transfers	-						-	-
Closing Accumulated Depreciation and Impairment	**300,738,860**	**-**	**77,478,825**	**3,945,496**	**104,720,459**	**1,056,546**	**487,940,186**	**-**
Net Carrying Amount	**1,745,195,608**	**708,880,000**	**46,970,431**	**2,302,590**	**16,551,520**	**1,272,613**	**2,521,172,762**	**10,673,673**
Year ended 31st March 2017								
Gross Carrying Amount								
Opening Gross Carrying Amount	2,045,934,468	708,880,000	124,449,256	6,248,086	121,271,979	2,329,159	3,009,112,948	10,673,673
Additions	-	-	559,944	3,923,433	1,270,295	209,219	5,962,891	344,202
Adjustments	-	-	-	-	-	-	-	
Disposal/Transfers	-	-	-	-	-	-	-	11,017,875
Closing Gross Carrying Amount	**2,045,934,468**	**708,880,000**	**125,009,200**	**10,171,519**	**122,542,274**	**2,538,378**	**3,015,075,839**	**-**
Accumulated Depreciation and Impairment								
Opening Accumulated Depreciation	300,738,860	-	77,478,825	3,945,496	104,720,459	1,056,546	487,940,186	-
Depreciation Charge during the year	32,932,832	-	5,505,683	1,061,434	76,733	561,846	40,138,528	-
Adjustments							-	-
Disposal/Transfers							-	
Closing Accumulated Depreciation and Impairment	**333,671,692**	**-**	**82,984,508**	**5,006,930**	**104,797,192**	**1,618,392**	**528,078,714**	**-**
Net Carrying Amount	**1,712,262,776**	**708,880,000**	**42,024,692**	**5,164,589**	**17,745,082**	**919,986**	**2,486,997,125**	**-**

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

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

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

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

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

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

7.7) Additions to Fixed Assets amounting to Rs. 13,057,334/- (PY Rs 9,700,426/-) have been accounted for the year on the basis of information received from MSEDCL (Civil Section).

7.8) During the year, completion certificates were received against capital work in progress and accordingly Rs. 11,017,876/- were capitalised.

Note 8 : Investment Property

Particulars	Freehold Buildings
Cost	
Cost as at 1st April 2015	11,792,380,119
Additions	1,901,909
Adjustments	-
Disposal/Transfers	-
As at 31st March 2016	**11,794,282,028**
Additions	11,017,876
Adjustments	-
Disposal/Transfers	-
As at 31st March 2017	**11,805,299,904**
Accumulated Depreciation	
As at 1st April 2015	2,195,796,594
Depreciation Charge during the year	419,678,216
Adjustments	-
Disposal/Transfers	-
As at 31st March 2016	**2,615,474,810**
Depreciation Charge during the year	420,663,448
Adjustments	-
Disposal/Transfers	-
As at 31st March 2017	**3,036,138,258**
Net Book Value	
As at 1st April 2015	9,596,583,525
As at 31st March 2016	9,178,807,218
As at 31st March 2017	8,769,161,646
Fair Value	
As at 31st March 2016	9,178,807,218
As at 31st March 2017	8,769,161,646

Note 9: Investments

(Amt in Rs.)

Particulars	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
Trade Investments			
Investments in Equity Instruments			
-Unquoted			
-Subsidiary Companies			
1. Maharashtra State Electric Power Trading Co Ltd	--	--	100,100,000
2. Maharashtra State Power Generation Co Ltd 24,854,286,788 shares of Rs. 10 each (P.Y 24,098,306,788 shares of Rs. 10 each)	248,542,867,880	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 each)	500,000	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 each)	500,000	500,000	500,000
5. Maharashtra State Electricity Transmission Co. Ltd8,984,924,733 shares of Rs. 10 each (P.Y 8,984,924,733 shares of Rs. 10 each)	89,849,247,330	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 each)	500,000	500,000	500,000
7. Maharashtra State Electricity Distribution Co. Ltd 46,496,584,904 shares of Rs. 10 each (P.Y 461,595,849,04 shares of Rs. 10 each)	464,965,849,040	461,595,849,040	57,032,605,100
-Other Companies			
Ratnagiri Gas & Power Pvt Ltd Nil (P.Y 516,280,000 shares of Rs. 10 each)	--	---	
Sub Total (a)	**803,359,464,250**	**792,429,664,250**	**137,706,550,740**
Share Application Money Pending Allotment			
1. Maharashtra State Power Generation Co. Ltd	3,927,893,389	7,559,800,000	160,410,722,247
2. Maharashtra State Electricity Transmission Co. Ltd	--	--	89,849,247,330
3. Maharashtra State Electricity Distribution Co. Ltd	3,010,000,000	3,370,000,000	404,563,243,945
Sub Total (b)	**6,937,893,389**	**10,929,800,000**	**654,823,213,522**
Total (a) + (b)	**810,297,357,639**	**803,359,464,250**	**792,529,764,262**

Particulars	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
Aggregate amount of quoted investments	--	--	--
Aggregate amount of unquoted investments	803,359,464,250	792,429,664,250	137,706,550,740

9.1) The investment in Subsidiary companies up to 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:

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.

9.2) Investments include Rs. 1,500,000/- paid to subsidiary companies Viz, MSPGCL, MSETCL & MSEDCL (Rs. 500,000/- 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.

9.3) Share Application Money of Rs.3,927,893,389/- (P.Y.Rs. 7,559,800,000/-) 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 2016-2017 and for which shares are yet to be issued.

9.4) Share Application Money of Rs.3,010,000,000/- (P.Y.Rs . 3,370,000,000/-) 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 2016-2017 and for which shares are yet to be issued.

9.5) The investment of the company in MSEDCL of Rs.467,976,349,040/-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 1,497,873 lacs has not being reflected in the value of shares. The figures for 31-03-2017 have not being finalised.

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

Scenario 1 –

	Amount (in Rs.)
Equity Value	(33,550,000,000)
Impairment of Fixed Assets	(22,413,000,000)

Scenario 2 – Considering potential loan restructuring

	Amount (in Rs.)
Equity Value Impairment of Fixed Assets	7,501,000,000 (22,413,000,000)

As on 31.03.2017 details of equity holding is as under:

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

Indicators impacting RGPPL for Impairment assessment

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

Significant decline in net worth of the company:

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

(Amount in INR)

Particulars	March 31,2017	March 31,2016	March 31, 2015
Share Capital Reserves & Surplus	38,203 -44,816	38,203 -35,680	33,700 -24,951
Total	**-6,613**	**2,523**	**8,749**

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

Based on above, it can be inferred that the fair value of the investment as at 1st April 2015.

Note 10: Other Non-Current Assets

(Amt in Rs)

Particulars	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
Security Deposits Unsecured, Considered Good			
Deposits – with Telephone Authorities	--	--	----
Loans and advances to related parties Unsecured, Considered Good MSPGCL MSEDCL	-- 37,214,986,138	-- 37,489,623,233	--- 39,137,945,219
Other loans and advances Unsecured, Considered Good Advances receivable in cash or in kind or in value to be received Other Deposits	246,719 81,500	-- 81,500	25,957 81,500

Miscellaneous loans and advances	--	--	---
Advance Tax and Tax Deducted at Source (net of provision for tax)	1,385,800,081	1,144,387,750	1,139,548,225
Total	**38,601,113,938**	**38,634,092,483**	**40,277,600,901**

10.1) Loans and Advances to related parties - MSEDCL of Rs. 37,214,986,138/-(P.Y. Rs. 37,489,623,233/-) and includes transfer of common and specific liabilities, assets and reserves amounting to net balance of Rs. 2,070,553,100/- which are under reconciliation, discussions and deliberations.

10.2) The Company has shown advance tax of Rs. 1,385,800,081/- net of the provision of tax in the books of accounts amounting to Rs. 400,727,729/- and there is no such liability as per income tax records as cases are in appeal. The amount of provision made in the books are as per companies judgement only.

Note 11: Trade Receivables

(Amt in Rs)

Particulars	As at 31st March 2017	As at 31st March 2016	As At 1st April 2015
Long Term Trade Receivables -against rentals from property			
Considered Good over six months	2,428,306,503	2,045,379,375	2,097,467,029
Considered doubtful not exceeding six months	78,151,953	187,431,529	154,667,724
Less/Add : Allowance for Expected Credit Loss	154,256,682	136,526,199	137,991,044
	2,352,201,324	**2,096,284,705**	**2,114,143,709**

11.1) The debts outstanding against rentals from property due from subsidiaries amounting to Rs. 2,352,201,324/-(P.Y. Rs. 2,096,284,705/-) have been long outstanding.

Note12: Cash & Cash Equivalent

(Amt in Rs)

Particulars	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
Cash and Cash Equivalent			
a. Balances with banks			
- In Current Accounts	307,072	568,969	572,734
- In Deposit Accounts with original maturity less than 3 months	--	--	54,575,410
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	388,891,875	469,042,431	-----
Total	**389,198,947**	**469,611,400**	**55,148,144**

Note13: Other Current Assets

(Amt in Rs)

Particulars	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
Inter Corporate Deposits with SICOM	----	----	13,000,000
Prepaid Expenses	67,898	83,495	20,253
Other Advances	1,000	53,589	186,980
Interest Accrued and due on fixed deposits	12,554,600	16,335,392	4,679,452
Total	**12,623,498**	**16,472,476**	**17,886,685**

Note 14: Share Capital

Particulars	As at 31 March 2017		As at 31 March 2016		As at 1st April 2015	
	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount
A) Authorised Share Capital	9,900,000,000	990,000,000,000	9,900,000,000	990,000,000,000	9,900,000,000	990,000,000,000
9,900 crores (P.Y 2,500 crores) Equity Shares (hereafter referred to as 'shares') of Rs. 10 each						
B) Issued, Subscribed & Paid up Capital						
8,739 crores (P.Y 8,630 crores) Equity Shares (hereafter referred to as 'shares') of Rs. 10 each fully paid up.	87,392,752,063	873,927,520,630	86,299,772,063	862,997,720,630	84,871,005,763	848,710,057,630
	87,392,752,063	**873,927,520,630**	**862,997,720,63**	**862,997,720,630**	**84,871,005,763**	**848,710,057,630**

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

	As at 31 March, 2017		As at 31 March, 2016		As at 1st April 2015	
Name of the Shareholder	**No. of shares held**	**% of Total Paid up Capital**	**No. of shares held**	**% of Total Paid up Capital**	**No. of shares held**	**% of Total Paid up Capital**
Gov of Maharashtra and its nominees	87,392,752,063	100%	86,299,772,063	100%	84,871,005,763	100%
	87,392,752,063	**100%**	**86,299,772,063**	**100%**	**84,871,005,763**	**100%**

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

Name of the Shareholder	As at 31St March 2017	As at 31 March, 2016	As at 1st April 2015
	No. of Shares (Amt in crores)	No. of Shares (Amt in crores)	No. of Shares (Amt in crores)
Shares outstanding at the beginning of the year	86,29,97,72,063	84,871,005,763	84,871,005,763
Shares issued during the year	1,09,29,80,000	1,428,766,300	-------
Shares bought back during the year	-	-	--
Shares outstanding at the end of the year	87,392,752,063	86,299,772,063	84,871,005,763

c) Details of Issued, Subscribed & paid up capital during the year.
1,092,980,000 Equity shares were allotted on 23-11-2016.

d) Rights, Preferences and restrictions attaching to each class of shares
The Company has only one class of Equity Shares having par value of Rs. 10 per share.

e) Shares in respect of each class in the Company held by its Holding Company or its ultimate holding Company including shares:
Not applicable.

f) Shares reserved for issue under options and contracts or commitments for the sale of shares or disinvestment, including the terms and amounts.
Not applicable.

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

Particulars	2016-17	2015-16	2014-15	2013-14	2012-13
i) Equity Shares allotted as fully paid up Bonus Shares	NIL	NIL	NIL	NIL	NIL
ii) Equity Shares issued for consideration other than cash	NIL	76,751	NIL	NIL	NIL

h) Terms of any securities convertible into equity shares issued along with the earliest date of conversion in descending order starting from the farthest such date.
Not Applicable

i) Calls unpaid (showing aggregate value of calls unpaid by directors and officers).
Not Applicable

j) Forfeited Shares (amount originally paid up)
Not Applicable

Note 15
OTHER EQUITY

(Amount in Rs)

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
(a) Capital Reserve			
Opening balance	-	-	2,650,228,968
Less: Current year transfer		-	2,650,228,968
Closing balance	-	-	-
(b) Sinking Fund for repayment of Borrowing			
- Opening balance	-	-	37,138
- Less: Current year transfer	-	-	37,138
- Closing balance	-	-	-
(c) Contingent Reserve			
Opening balance	-	-	294,787
Less: Current year transfer	-	-	294,787
Closing balance	-	-	-
(d) Consumer Rebate Reserve			
Opening balance	-	-	833,918
Less: Current year transfer		-	833,918
Closing balance	-	-	-
(e) Tariff and Dividend Control Reserve			
Opening balance	-	-	421,786
Less: Current year transfer		-	421,786
Closing balance	-	-	-
(f) Development Rebate Reserve			
Opening balance	-	-	45,414
Less: Current year transfer	-	-	45,414
Closing balance	-	-	-

(g) Development Fund Opening balance Less: Current year transfer Closing balance	 - - -	 - - -	 7,260 7,260 -
(h) Favir Value through Other Comprehensive Income Opening balance Add: Other Comprehensive Income (Fair value loss on FVOCI financaial asset) Closing balance	 - - -	 - - -	 - - -
(i) Surplus / (Deficit) in Statement of Profit and Loss Opening balance Add: Profit / (Loss) for the year Add: Profit for MSEPTCL Closing balance	 (20,693,690,083) (323,401,176) - (21,017,091,259)	 (20,379,539,101) (363,457,390) 49,306,408 (20,693,690,083)	 -18,901,416,181 -1,478,122,920 - -20,379,539,101
Total	**(21,017,091,259)**	**(20,693,690,083)**	**(20,379,539,101)**

SHARE APPLICATION MONEY PENDING ALLOTMENT

(Amount in Rs)

Particulars	As at 31 March, 2017	As at 31 March, 2016	As at 1st April, 2015
100% pertaining to GOM	6,937,893,389	10,929,800,000	14,287,663,000
Total	**6,937,893,389**	**10,929,800,000**	**14,287,663,000**

TOTAL OTHER EQUITY	**(14,079,197,870)**	**(9,763,890,083)**	**(6,091,876,101)**

Note 16: Trade Payables

(Amt in Rs)

Particulars	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
Trade Payable under Micro, Small and Medium Enterprises Others Other Liabilities	-- -- 22,823	-- -- 22,823	-- -- 22,823
Total	**22,823**	**22,823**	**22,823**

16.1) Details of Dues to Micro and Small Enterprises:

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

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

Sr No.	Particulars	31.03.2017	31.03.2016	01.04.2015
1	Principal Amount due and remaining Unpaid	Nil	Nil	Nil
2	Interest Due on above and the unpaid interest thereon	Nil	Nil	Nil
3	Interest paid	Nil	Nil	Nil
4	Payment made beyond the appointed day during the year	Nil	Nil	Nil
5	Interest due and payable for the period of delay	Nil	Nil	Nil
6	Interest accrued and remaining unpaid	Nil	Nil	Nil
7	Amount of further interest remaining due and payable in succeeding years	Nil	Nil	Nil

Note 17: Provisions

(Amt in Rs)

Particulars	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
Provision for Employee Benefits			
Provision for compensated absence	21,356,393	25,714,090	26,009,491
Provision for gratuity	23,438,547	31,213,136	32,207,634
Total	**44,794,940**	**56,927,226**	**58,217,125**

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

Note 18: Deferred Tax Liability/Asset (net)

(Amt in Rs)

	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
Deferred Tax Liabilities			
Fixed Assets/Depreciation	2,388,314,265	2,508,820,769	109,144,433
Employee Benefits		5,002,931	
Deferred Tax Assets			
Employee Benefits	2,496,382		
Unabsorbed Depreciation	141,580,863	116,503,187	
Others	19,663,086,651	18,209,440,554	--
Net Deferred Tax Asset/Liability	**17,418,849,631**	**15,812,120,041**	**109,144,433**

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

Note 19: Other Current Liabilities

(Amt in Rs)

Particulars	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
a) Current maturities of long term debts- unsecured	--	--	--
b) Interest accrued and due on borrowings	--	--	--
Interest accrued but not due on Govt Loans	--	--	--
Interest accrued and due on State Govt Loan/CSPU dues coal/CSPU dues PP	--	--	--
c) Inter Company Payable			
MSETCL	744,368,035	743,628,035	744,927,972
MSEB Residual	5,746,170	57,46,170	1,383,828,944
MSPGCL	2,226,927,202	2,225,961,073	2,225,048,393
Other Payables			
Statutory Dues	649,263	566,273	235,772
Others	320,312	137,478	213,418
Total	**2,978,010,982**	**2,976,039,029**	**4,354,254,499**

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

19.1) Inter Company Payables:

i) Inter Company Payables : MSETCL of Rs. 744,368,035/- (Rs. P.Y. 743,628,035/-) includes transfer of common and specific liabilities, assets and reserves amounting to net balance of Rs. 517,638,283/- which are under reconciliation, discussions and deliberations.

ii) Inter Company Payables : MSPGCL of Rs. 2,226,927,202/- (Rs. P.Y. 2,225,961,073/- debit balance) includes transfer of common and specific liabilities, assets and reserves amounting to net balance of Rs. 862,730,471/- which are under reconciliation, discussions and deliberations.

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

Note 20: Provisions

(Amt in Rs)

Particulars	**As at 31st March 2017**	**As at 31st March 2016**	**As at 1st April 2015**
Provision for Employee Benefits			
Provision for compensated absence	12,682,275	6,717,002	5,747,351
Provision for gratuity	17,388,879	8,725,484	8,866,388
Audit Fees Payable	585,000	472,500	468,000
Other Provisions	6,846,458	3,844,360	7,686,471
Total	**37,502,612**	**19,759,346**	**22,768,210**

20.1) Other Provisions include Provision for Liabilities for Expenses – Rs. 6,846,458/- (P.Y. Rs. 3,844,360/-)

Note 21: Other Income

(Amt in Rs.)

Particulars	**As at 31st March 2017**	**As at 31st March 2016**
Income from Rentals	384,352,860	384,352,860
Interest on Fixed Deposits with bank	33,929,855	27,301,309
Interest on Inter Corporate Deposits with SICOM	--	346,267
Cash Discount Received	575,604	159,888
Rent from Staff Quarters	3,148	1,248
Interest on IT refund	7,465,244	--
Other Miscellaneous Receipts	1,425,073	57,065
Total	**427,751,784**	**412,218,637**

Note 22: Employees Benefits Expense

(Amt in Rs.)

Particulars	**As at 31st March 2017**	**As at 31st March 2016**
Salary	63,873,183	60,611,888
Directors Remuneration	2,634,634	1,546,541
Contribution to provident fund	4,404,350	6,737,123
Total	**70,912,167**	**68,895,552**

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

22.2) Full time Director - Finance was appointed on deputation from Income Tax Department till March 2017.

Note 23: Depreciation and amortisation expenses

(Amt in Rs.)

Particulars	**As at 31st March 2017**	**As at 31st March 2016**
Depreciation and amortisation expense	460,801,976	460,539,938
Total	**460,801,976**	**460,539,938**

Note 24: Other Expenses

(Amt in Rs)

Particulars	As at 31st March 2017	As at 31st March 2016
Administrative and General Expenses		
Rent, Rates & taxes	29,995,602	31,796,323
Professional charges	2,390,456	3,621,448
Audit Fees (inclusive of service tax)		
-As an auditor	650,000	749,780
-other matters		
Legal Charges	2,282,500	--
Printing & Stationery	1,763,549	753,916
Conveyance Expenses	67,886	106,320
Fees & Subscription	41,804	5,218,176
Telephone	193,980	178,728
Insurance on Fixed Assets	123,755	64,535
Repairs & Maintenance		
-Office Equipments	16,161,265	23,616,854
-Vehicles	368,979	324,015
-Building	53,972,257	60,339,379
-Furniture	4,131,730	4,585,045
Meeting Expense	229,146	701,057
Travelling Expense	1,258,042	1,293,483
Postage & Telegram	9,494	6,051
Bank Charges & Commission	13,438	5,480
Books & Periodicals	30,498	19,408
Advertisement	2,098,100	949,859
Consultancy Charges	--	184,345
Vehicle Hiring Charges	6,665,242	5,026,598
Vehicle Expenses	655,638	307,391
Electricity Charges	60,005,654	69,671,694
Water Charges	6,269,532	5,779,715
Security Charges	16,390,709	15,776,080
Upkeep of Office Premises	19,305,578	18,945,481
Prior Period Expenses	5,416,876	17,301,927
Other Miscellaneous Expenses	639,244	306,552
Interest as per BMC directives	1,265,796	1,265,796
Provision for Expected Credit Loss	17,730,483	(1,464,845)
Total	**250,127,233**	**267,430,591**

24.1) 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.

24.2) As per the Memorandum of Understanding dated 08/06/2009, the expenditure amounting the Rs. 29,995,602/- (P.Y. Rs.31,796,322/-) 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.

24.3) As per New Memorandum of Understanding dated 09/05/2014, the expenditure amounting the Rs.230,448,024/- (P.Y. Rs 299,183,561/-) 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.

24.4) Prior Period Items

(Amt in Rs)

Particulars	**As at 31st March 2017**	**As at 31st March 2016**
Prior Period Expenses/Income (net)		
Prior Period Expenses		
Salaries	217,870	192,354
Administrative Expense of Previous Year		
Professional Fees	--	343,500
Other Expenses	1,082,546	
Director Sitting Fees	--	30,000
Repairs Civil Repairs	4,741,831	16,571,380
Excess Provision written back	--	165,943
Prior Period Income		
Excess Provision written back	625,371	1,250
Total	**5,416,876**	**17,301,927**

Note 25: Contingent Liabilities and commitments

a) Contingent Liabilities

Nature of Dues	Amount (in Rs.) P.Y 2016-17	Amount (in Rs.) P.Y 2015-16	Period to which the amount relates
Penalty	1,371,736,837/-	1,371,736,837/-	A.Y 2007-08
Penalty	1,134,815,207/-	1,134,815,207/-	A.Y 2009-10
Tax and Interest	92,310,540/-	92,310,540/-	A.Y 2010-11
Tax and Interest	82 490 910/-	82,490,910/-	A.Y 2011-12
Tax and Interest	72,255,020/-	72,255,020/-	A.Y 2012-13
Tax and Interest	1,158,998,560/-	1,158,998,560/-	A.Y 2013-14
Stamp Duty on issue of shares	20,054,663/-	9,124,863/-	A.Y 2016-17

25.1) 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.

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

25.3) 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.Nil (P.Y. Rs. 11,017,876/-)

Note 26: Operating Leases (IND AS 17)

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

Note27: Employee Benefit (IND AS 19)

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

Particulars	Gratuity (Unfunded)		Leave Encashment (Unfunded)	
	2016-17	2015-16	2016-17	2015-16
Discount	7.70%	7.15%	7.70%	7.15%
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 & 60 yrs	58 yrs	58 & 60 yrs	58 yrs

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

Particulars	Gratuity (Unfunded)		Leave Encashment (Unfunded)	
	2016-17	2015-16	2016-17	2015-16
Service cost				
a. Current Service cost	1,693,842	1,683,794	1,551,554	1,662,599
b. Past Service Cost	-	-		
c. (Gain)/Loss on settlements	-	-		
d. Total Service cost	1,693,842	1,683,794	1,551,154	1,662,599
Net Interest Cost				
a. Interest expense on DBO	2,739,343	2,857,985	2,238,590	2,252,887
b. Interest (income) on plan assets	-	-	-	-
c. Interest (income) on reimbursement rights	-	-	-	-
d. Interest expense on effect of (asset ceiling)	-	-		
e. Total net interest cost	2,739,343	2,857,985	2,238,950	2,252,887
Immediate Recognition of (Gains)/Losses- Other Long Term Benefits	-	-	2,767,279	(3,241,236)
Administrative expenses and taxes	-	-		
Defined Benefit cost included in P & L	4,433,185	4,541,779	6,557,423	674,250

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

	Gratuity (Unfunded)		Leave Encashment (Unfunded)	
	2016-17	**2015-16**	**2016-17**	**2015-16**
a. Actuarial (Gain)/Loss due to Demographic Assumption changes in DBO	-	-	-	-
b. Actuarial (Gain)/Loss due to Financial Assumption changes in DBO	795,007	140,392	-	-
c. Actuarial (Gain)/Loss due to Experience on DBO	2,504,237	(5,817,573)	-	-
d. Return on Plan Assets (Greater)/Less than Discount rate	-	-	-	-
e. Return on reimbursement rights (excluding interest income)	-	-	-	-
f. Changes in asset ceiling / onerous liability (excluding interest income)	-	-	-	-
g. Total Actuarial (Gain)/ Loss included in OCI	**3,299,243**	**(5,677,181)**	**-**	**-**

Table 3: Total Cost Recognised in Comprehensive Income

	Gratuity (Unfunded)		Leave Encashment (Unfunded)	
	2016-17	**2015-16**	**2016-17**	**2015-16**
Cost Recognised in P&L	4,433,185	4,541,779	6,557,423	674,250
Remeasurements Effects Recognised in OCI	3,299,243	(5,677,181)	-	-
Total cost Recognised in Comprehensive Income	7,732,428	(1,135,402)	6,557,423	674,250

Table 4: Change in Defined Benefit Obligation

	Gratuity (Unfunded)		Leave Encashment (Unfunded)	
	2016-17	**2015-16**	**2016-17**	**2015-16**
Defined Benefit Obligation as of Prior Year	39,938,620	41,074,022	32,431,092	31,756,842
Service Cost a. Current Service cost	1,693,842	1,683,794	1,551,554	1,662,599
b. Past service cost	-	-		
c. (Gain)/Loss on settlements	-	-	-	-
Interest Cost	2,739,343	2,857,985	2,238,590	2,252,887
Benefit payments from plan assets	-	-		
Benefit payments directly by employer	(6,843,622)	-	(4,949,847)	
Settlements	-	-		
Participant contribution				
Acquisition/ Divestiture	-	-		
Actuarial (Gain)/ Loss - Demographic	-	-		
Actuarial (Gain)/ Loss - Financial	795,007	140,392	792,852	134,113
Actuarial (Gain)/ Loss - Experience	2,504,237	(5,817,573)	1,974,427	(3,375,349)
Effect of changes in foreign exchange rates				
Defined Benefit Obligation as of Current Year	40,827,426	39,938,620	34,038,668	32,431,092

Table 5: Change in Fair Value of Plan Assets

	Gratuity (Unfunded)		Leave Encashment (Unfunded)	
	2016-17	2015-16	2016-17	2015-16
Fair value of plan assets at end of prior year	-	-	-	-
Expected Return on Plan Assets	-	-	-	-
Employer contributions	-	-	-	-
Participant contributions				
Benefit payments from plan assets	-	-	-	-
Settlements	-	-	-	-
Acquisition/ Divestiture	-	-	-	-
Actuarial (Gain)/ Loss on Plan Assets	-	-	-	-
Fair value of plan assets at end of year	-	-		

Table 6 : Net Defined Benefit Asset/ (Liability)

	Gratuity (Unfunded)		Leave Encashment (Unfunded)	
	2016-17	2015-16	2016-17	2015-16
Defined Benefit Obligation	40,827,426	39,938,620	34,038,668	32,431,092
Fair Value of Plan Assets	-	-		
(Surplus)/ Deficit	40,827,426	39,938,620	34,038,668	32,431,092
Effect of Asset Ceiling	-	-		
Net Defined Benefit Liability/ (Asset)	40,827,426	39,938,620	34,038,668	32,431,092
Expected Company Contributions for the Next Year	-	-	-	-

Table 7: Reconciliation of Amounts in Balance Sheet

	Gratuity		Leave Encashment	
	(Unfunded)		(Unfunded)	
	2016-17	2015-16	2016-17	2015-16
Net defined benefit liability (asset) at prior year end	39,938,620	41,074,022	32,431,092	31,756,842
Defined benefit cost included in P&L	4,433,185	4,541,779	6,557,423	674,250
Total remeasurements included in OCI	3,299,243	(5,677,181)	-	-
Other significant events/ One time Ind AS 19 Adjustment	-	-	-	-
Acquisition/ Divestiture	-	-	-	-
Amounts recognized due to plan	-	-	-	-
Employer contributions	-	-	-	-
Direct benefit payments by Employer	(6843,622)	-	(4,949,847)	-
Effect of changes in foreign exchange rates			-	-
Net defined benefit liability (asset)- end of period	40,827,426	39,938,620	34,038,668	32,431,092

Table 8: Reconciliation of Statement of Other Comprehensive Income

	Gratuity		Leave Encashment	
	(Unfunded)		(Unfunded)	
Reconciliation of Statement of Other Comprehensive Income	**2016-17**	**2015-16**	**2016-17**	**2015-16**
Cumulative OCI- (Income)/Loss, Beginning of Period	(1,850,341)	3,826,839	-	-
Total remeasurements included in OCI	3,299,243	(5,677,181)	-	-
Cumulative OCI- (Income)/Loss, End of Period	1,448,902	(1,850,341)	-	-

Table 9 : Current / Non Current Liability

	Gratuity (Unfunded)		Leave Encashment (Unfunded)	
	2016-17	2015-16	2016-17	2015-16
Current Liability	17,388,879	8,725,484	12,682,275	6,717,002
Non Current Liability	23,438,547	31,213,136	21,356,392	25,714,090
Non Current asset	-	-	-	-
Total	40,827,426	39,938,620	34,038,668	32,431,092

Table 10: Expected Future Cashflows

	Gratuity (Unfunded)	Leave Encashment (Unfunded)
	2016-17	2016-17
Year 1	17,388,879	12,682,275
Year 2	1,442,374	1,526,840
Year 3	6,056,801	4,811,355
Year 4	5,529,875	4,555,061
Year 5	3,111,920	2,610,552
Year 6 to 10	13,270,770	12,347,447

Table 11: Components of Defined Benefit Cost for Next Year

	Gratuity	Leave Encashment
	(Unfunded)	(Unfunded)
	01/04/2016 to 31/3/2017	01/04/2016 to 31/3/2017
Service Cost		
a. Current Service Cost	1,756,549	1,664,961
b. Past service cost	-	-
c. (Gain)/ loss on settlements	-	-
d. Total Service Cost	1,756,549	1,664,961
Net interest cost		
a. Interest expense on DBO	2,297,509	1,980,373
b. Interest (income) on plan assets	621,652	
c. Interest (income) on reimbursement rights	-	-
d. Interest expense on effect of (asset ceiling)	-	-
Total net interest cost	2,919,161	1,980,373
Immediate Recognition of (Gain) / Losses – Other Long Term Benefits	-	-
Administrative expenses and taxes	-	-
Defined benefit cost included in P&L	4,675,709	3,645,334

Plan Assets

Particulars	Gratuity		Leave Encashment	
	(Unfunded)		(Unfunded)	
	2016-17	2015-16	2016-17	2015-16
The weighted- average asset allocations at the year end were as follows:	0.00 %	0.00 %	0.00 %	0.00 %
Equities	0.00 %	0.00 %	0.00 %	0.00 %
Bonds	0.00 %	0.00 %	0.00 %	0.00 %
Gilts	0.00 %	0.00 %	0.00 %	0.00 %
Pooled assets with an insurance company	0.00 %	0.00 %	0.00 %	0.00 %
Other	0.00 %	0.00 %	0.00 %	0.00 %
Total	0.00 %	0.00 %	0.00 %	0.00 %
Actual return on plan assets	-	-	-	-

Sensitivity Analysis

Particulars	Gratuity		Leave Encashment	
	(Unfunded)		(Unfunded)	
Defined Benefit Obligation	2016-17	2015-16	2016-17	2015-16
Discount rate				
a. Discount rate – 100 basis points	42,392,779	41,413,859	35,615,770	33,849,389
b. Discount rate + 100 basis points	39,413,190	38,587,744	326,32,132	31,146,926
Salary increase rate				
a. Discount rate – 100 basis points	39,387,249	38,554,528	32,604,953	31,115,469
b. Discount rate + 100 basis points	42,389,589	41,424,033	35,618,177	33,859,178

Valuation done by the actuary is relied upon.

Note 28: Segment Reporting (IND AS 108)

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

Note 29: Related Party Disclosure (IND AS 24)

a)

Sr No.	List of related parties over which control exists	Relationship
1	Maharashtra State Electricity Distribution Co. Ltd.	Wholly owned subsidiary
2	Maharashtra State Electricity Transmission Co. Ltd.	Wholly owned subsidiary
3	Maharashtra State Power Generation Co. Ltd.	Wholly owned subsidiary
5	Aurangabad Power Company Ltd	Subsidiary of MSEDCL
6	Dhule Thermal Power Company Ltd	Subsidiary of MSPGCL
7	Mahaguj Colliaries Ltd	Subsidiary of MSPGCL
8	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 25 of the Accounting Standard, the company is not required to disclose transactions with its subsidiaries since they are state-controlled enterprises.

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

Name of related party	Relationship	
Ratnagiri Gas and Power Pvt Ltd	Dividend Received	Nil
	Investment made during the year	Nil
	Closing Balance Investment	5,162,80,000 shares of Rs. 10 each and net realisable value is Nil

b) **Key Management Personnel:**

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

I. Whole time Director - Finance has been appointed on deputation from Income Tax Department from August 2015 to 31st March 2017 and has drawn remuneration of Rs. 26,34,634/- during the year.

II. Whole time Company Secretary has been appointed on contract basis from August 2015 and salary of Rs 1,141,447/- was paid to him during the year.

Note 30: Corporate Social Responsibility (CSR)

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

	Year Ended 31/03/2017	**Year Ended 31/03/2016**
2% of average net profits over the last three years	(26,817,079)	(3,097,182)
Amount expended on CSR activity during the year	---	---
Pending obligations towards expenditure on CSR	---	---

Note 31: Earnings per share as per (IND AS 33)

Particulars	**As at 31st March 2017**	**As at 31st March 2016**
Profit/(Loss) after taxes Rs.	(323,401,176)	(363,457,390)
Number of equity shares outstanding	86,683,063,679	9,584,608,494
Face Value of Equity Shares Rs./share	10	10
Earnings per share (basic)	(0.004)	(0.04)
Earnings per share (diluted)	(0.004)	(0.03)

Note 32: Financial Instruments – Accounting, Classification and Fair Value Measurements.

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

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

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

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

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

   Level 1: quoted (unadjusted) process in active markets for identical assets or liabilities.
   Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.
   Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

Note 33: Financial risk management objectives and policies

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

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

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

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

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

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

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

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

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

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

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

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

Note No. 34 : Demonetisation

Additional information as required by Paragraph 6 of the General Instructions for Preparation of Balance Sheet to Schedule III to the Companies Act, 2013 with respect to details of Specified Bank Notes (SBNs) held and transacted during the period 8.11.16 to 30.12.2016.

	SBNs	Other Denomination Notes	Total
Closing cash in hand as on 08.11.2016 (*) **	27000	5,985	32,985
Add:			
Withdrawal from Banks		18,000	18,000
Receipts for permitted transactions			
Less:			
Paid for permitted transactions		19,888	19,888
Deposited in Banks	27000	326	27,326
Closing cash in hand as on 30.12.2016 (*)	-----	3,771	3,771

*As certified by the Management

For the purposes of this clause, the term ‘Specified Bank Notes’ shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated the 8th November, 2016.

** Includes SBNs Rs 27000/- and Rs 5,985/- Other Denomination Notes under Imprest Accounts.

Note 35: Disclosure as required by Indian Accounting Standard (IND AS) 101 First Time Adoption of Indian Accounting Standards.

The MSEB 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.

Hence, 2015 being a transitional period, the Balance sheet as on 01-04-2015 is restated by giving impact of this event.

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

II. 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.

III. 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.

IV. 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.

V. 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.

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**

VI. 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.

VII. 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 MSPGCL MSETCL MSEDCL	 1,397 15,111 6,289 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 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.

I Reconciliation of Balance sheet as on 1st April 2015

Particulars	Note No.	Indian GAAP	Adjustments		IND AS
1		2	3	4	5
ASSETS			On Account of FRP	On Account of IND AS	
Non Current Assets					
Property, Plant & Equipment		457,219,738	11,693,599,066	-9,596,583,525	2,554,235,279
Capital Work in Progress		17,226,114			17,226,114
Investment Properties		-		9,596,583,525	9,596,583,525
Goodwill		-	-		
Other Intangible Assets		-	-		-
Intangible Assets under Development		-	-		-
Biological Assets other than bearer plants		-	-		-
Financial Assets		-	-		-
(i) Investments		185,660,601,608	612,031,962,654	-5,162,800,000	792,529,764,262
(ii) Trade Receivables		-	-		
(iii) Loans		-	-		
(iv) Others (to be specified)		-	-		
Deferred Tax Assets (Net)		-			
Other Non Current Assets		10,173,637,345	30,103,963,556	-	40,277,600,901
Current Assets					
Inventories		-	-		
Financial Assets		-	-		
(i) Investments		-	-		
(ii) Trade Receivables		35,471,685,385	-33,219,550,632	-137,991,044	2,114,143,709
(iii) Cash & cash Equivalents		55,148,144	-		55,148,144
(iv) Bank Balances Other than (iii) above		-	-		
(v) Loans		-	-		
(iv) Others		-	-		
Current Tax Assets (Net)		-	-		
Other Current assets		17,886,685	-		17,886,685
Assets held for sale/Assets included in disposal group(s) held for sale					
Total Assets		**231,853,405,019**	**620,609,974,644**	**-5,300,791,044**	**847,162,588,619**
EQUITY AND LIABILITIES					
EQUITY					
Equity Share capital		83,852,959,000	764,857,098,630		848,710,057,630
Other Equity		58,376,473,763	-64,468,349,864		-6,091,876,101
LIABILITIES					
Non Current Liabilities					
Financial laibilities					

(i) Borrowings		66,473,655,357	-66,473,655,357		-
(ii) Trade Payables		11,232,773,080	-11,232,750,257		22,823
(iii) Other fianancial Liabilities (other than those specified in item (b))		-	-		
Provisions		593,840,299	-535,623,174		58,217,125
Deferred Tax Liabilities (Net)		109,144,433	-		109,144,433
Other Non Current Liabilities		-	-		-
Current Liabilities					
Financial laibilities					
(i) Borrowings		-	-		-
(ii) Trade Payables		-	-		-
(iii) Other fianancial Liabilities (other than those specified in item (c))		-			-
Other Current Liabilties		11,206,518,956	-6,852,264,457		4,354,254,499
Provisions		8,040,131	14,728,079		22,768,210
Other Current Liabilities		-	-		-
Liabilities classified as held for sale/ Liabilities included in disposal group held-for sale					
Total Liabilities and Equity		**231,853,405,019**	**615,309,183,600**	**-**	**847,162,588,619**

II Reconciliation of Balane sheet as on 31st March 2016

Particulars	Note No.	Indian GAAP	Adjustments		IND AS
1		2	3	4	5
ASSETS			On Account of FRP	On Account of IND AS	
Non Current Assets					
Property, Plant & Equipment		11,699,979,983	-	-9,178,807,218	2,521,172,765
Capital Work in Progress		10,673,673	-		10,673,673
Investment Properties		-	-	9,178,807,218	9,178,807,218
Goodwill		-	-		-
Other Intangible Assets		-	-		-
Intangible Assets under Development		-	-		-
Biological Assets other than bearer		-	-	-	-
Financial Assets		-	-		-
(i) Investments		808,522,264,250		-5,162,800,000	803,359,464,250
(ii)Trade Receivables		-	-		
(iii) Loans		-	-		
(iv) Others (to be specified)		-	-		
Deferred Tax Assets (Net)		-	-		
Other Non Current Assets		38,634,092,483	-0		38,634,092,483

Current Assets					
Inventories		-	-		-
Financial Assets		-	-		
(i) Investments		-	-		-
(ii) Trade Receivables		2,232,810,904		-136,526,199	2,096,284,705
(iii) Cash & cash Equivalents		469,611,400	-		469,611,400
(iv) Bank Balances Other than (iii) above		-	-		-
(v) Loans		-	-		-
(vi) Others		-	-		-
Current Tax Assets (Net)		-	-		-
Other Current assets		16,472,476	-		16,472,476
Assets held for sale/Assets included in disposal group(s) held for sale					
Total Assets		**861,585,905,169**	**-0**	**-5,299,326,199**	**856,286,578,971**
EQUITY AND LIABILITIES					
EQUITY					
Equity Share capital		862,997,720,630			862,997,720,630
Other Equity		-4,405,407,838	-5,221,956,046	-136,526,199	-9,763,890,083
LIABILITIES					
Non Current Liabilities					
Financial liabilities					
(i) Borrowings		-	-		-
(ii) Trade Payables		22,823		-	22,823
(iii) Other fianancial Liabilities (other than those specified in item (b))		-	-		-
Provisions		10,391,954	46,535,272		56,927,226
Deferred Tax Liabilities (Net)		-			-
Other Non Current Liabilities		-	-		-
Current Liabilities					
Financial liabilities					
(i) Borrowings		-	-		-
(ii) Trade Payables		-	-		-
(iii) Other fianancial Liabilities (other than those specified in item (c))		-	-		-
Other Current Liabilties		2,976,039,029			2,976,039,029
Provisions		7,138,571	12,620,775		19,759,346
Other Current Liabilities					
Liabilities classified as held for sale/ Liabilities included in disposal group held-for sale					
Total Liabilities and Equity		**861,585,905,169**	**-5,162,799,999**	**-136,526,199**	**856,286,578,971**

III Reconciliation of total comprehensive income for the year ended 31st March 2016

Particulars	Indian GAAP	Adjustments	IND AS
Revenue from operations			
Other Income	412,218,637	-	412,218,637
Total Income (i)+(ii)	**412,218,637**	**-**	**412,218,637**
Expenses			
Cost of materials consumed	-	-	-
Purchase of Stock-in-Trade	-	-	-
Changes in Inventories of finished goods, Stock-in-trade and work-in-progress	-	-	-
Employee Benefits Expenses	65,088,350	3,807,202	68,895,552
Finance Costs	-	-	-
Depreciation and amortization expense	460,539,938	-	460,539,938
Others expenses	2,559,726,660	-2,292,296,069	267,430,591
Total Expenses ((i) to (vii))	**3,085,354,948**		**796,866,081**
Profit /(Loss) before exceptional items and tax (II-I)	**-2,673,136,311**		-384,647,444
Exceptional Items	28,377,693,940	-28,377,693,940	-
Profit /(Loss) before tax (III - IV)	**25,704,557,629**		**-384,647,444**
Tax Expenses:			
(1) Current Tax	93,631,560	-	93,631,560
(2) Deferred Tax	-109,144,433		-109,144,433
Profit /(Loss)for the period from continuing operations (V-VI)	**25,720,070,502**		**-369,134,571**
Profit /(Loss) from discontinued operations before tax		-	-
Tax Expenses of discontinued operations		-	-
Profit /(Loss) from discontinued operations (After tax) (VII- IX)		**-**	**-**
Profit /(Loss) for the period	**25,720,070,502**		**-369,134,571**
Other Comprehensive Income			
(i) Items that will not be reclassified to profit or loss	-	-	
(ii) Income tax relating to items that will not be reclassified to profit or loss	-	-	
Subtotal (A)		**-**	**-**
(i) Items that will be reclassified to profit or loss	-	5,677,181	5,677,181
(ii) Income tax relating to items that will be reclassified to profit or loss		-	-
Subtotal (B)	-	**5,677,181**	5,677,181
Other Comprehensive Income(A+B)	**-**	**5,677,181**	5,677,181
Total Comprehensive Income for the period (XII + XIII)	**25,720,070,502**		**-363,457,390**
Earning per equity share (for continuing operations)			
Basic (Rs.)	3.47		-0.04
Diluted (Rs.)	3.47		-0.03
Earnings per equity share (for discontinued operations)			
Basic (Rs.)	-	-	-
Diluted (Rs.)	-	-	-
Earnings per equity share (for continuing and discontinued operations)			
Basic (Rs.)			-0.04
Diluted (Rs.)			-0.03

IV. Reconciliation of equity as on 31st March 2016

Particulars	01/04/2015	31/03/2016
Opening Balance as per GAAP		
Equity Capital		
Opening Balance as per GAAP	83,852,959,000	848,710,057,630
Shares Issued on account of FRP	764,857,098,630	14,287,663,000
Balance	**848710057630.00**	**862,997,720,630**
Other Equity		
Share Application Money		
Opening Balance as per GAAP	96,829,189,240	14,287,663,000
Share Application Money received on account of FRP	682,315,572,390	10,929,800,000
Shares Issued on account of FRP	764,857,098,630	14,287,663,000
Balance	**14,287,663,000**	**10,929,800,000**
Other Reserves		
Opening Balance as per GAAP	**-38,452,715,477**	**-20,379,539,101**
FRP Adjustments	12,711,359,307	
Adjustments on account of Expected Credit Loss	137,991,044	
Adjustment on account of Fair Valuation of Financial Assets	5,162,800,000	
IND AS Adjustments	61,026,025	
Profit for the year		-314,150,982
Balance	**-20,379,539,101**	**-20,693,690,083**
TOTAL EQUITY	**842,618,181,529.00**	**853,233,830,547.00**

Note 36: Standards issued but not yet effective

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

IND AS 115 Revenue from Contracts with Customers

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

Note 37: Figures for the previous year have been regrouped wherever necessary.

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

Jaikumar Srinivasan
Director Finance & CFO

Arvind Singh
Managing Director

Mukesh Goyal
Partner
Membership Number : 081810

Pankaj Sharma
CGM (F)

Subodh Zare
Company Secretary

Place : Mumbai
Date : 15/11/2017

Consolidated Financial Statement 2016 - 2017

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF **MSEB HOLDING COMPANY LIMITED**

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

We have audited the accompanying consolidated Ind AS financial statements of MSEB HOLDING COMPANY LIMITED (hereinafter referred to as "the Holding Company") and its subsidiaries incorporated in India (the Holding Company and its subsidiaries together referred as "the Group"), its associates and jointly controlled entities, which comprise the Consolidated Balance Sheet as at 31 March 2017, the Consolidated Statement of Profit and Loss (including other comprehensive income), the Consolidated Statement of Cash Flows and the Consolidated Statement of Changes in Equity for the year then ended and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "Consolidated Ind AS financial statements").

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

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

Basis of Qualified Opinion

In case of Holding Company (MSEBHCL):

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

a) Determining the ownership of Tangible Fixed Assets transferred under provisional Transfer Scheme since finalised on 31st March'2016 vide GR No.Reform2010/Pr.Ka.117/Urja of Rs.1445.34 crores (refer note no.2);

b) The Share Application money amounting to Rs.693.79 crores has been retained by the company in contravention of section 42 of the Companies Act, 2013.(refer note no.19)

c) The balances outstanding in the books of the company with its subsidiaries i.e. MSEDCL, MSETCL and MSPGCL are under reconciliation, discussions and deliberations. (refer note no 43) and which may have impact on the financial position and certain disclosures in the financial statements.

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

In case of MSETCL

1. The total **accumulated Delayed Payment Charges (DPC)** as at 31/03/17 were of Rs.

114910 lakhs. Out of the said accumulated DPC, Company has accounted for Rs. 85499.00 lakhs (w.r.t. 3 distribution licensees) in the current year under 'Other Income'. Company has taken reference of MERC Order in case of 31 of 2016 wherein MERC has reduced the ARR of the Company for the F.Y. 2015-16 by the said amount of Rs. 85499.00 lakhs classifying it as 'Non Tariff Income'. Based on MERC's reference, such DPC of Rs. 85499.00 lakhs has been accounted on accrual basis considering it as a definite and certain income of which the realisability is undoubtful.

The accounting of such DPC of Rs. 85499.00 lakhs as 'Other Income' is in contravention to the Company's Accounting Policy referred in Note 1.G.9 to significant accounting policies of the group which states that- "Other Income is recognized on accrual basis except when ultimate realization of such income is uncertain".

The Company vide its Notes to account in F.Y. 15-16 had stated that –"Ultimate realization of delayed payment charges is uncertain. Therefore, for the F.Y. 2015-16 DPC amounting to Rs. 83495 lakhs has not been booked." This clearly indicates that DPC have to be accounted for as income on realization basis only.

The accounting of such DPC income in current year is not in accordance of Ind AS-18 'Revenue'. As per paras 9, 14 (c) & (d), 18, 20, 22, 23 and 26 of the said Ind AS-18, recognition of revenue requires that;

- Revenue is recognized only when it is probable that the economic benefits associated with the transaction will flow to the entity. Ind AS 18 summarizes that revenue is to be recognized only when there is certainty of realization.

- Where the ability to assess the ultimate collection with reasonable certainty is lacking at the time of raising any claim, revenue recognition should be postponed to the extent of uncertainty involved.

The Company has now booked such DPC as income on accrual basis without getting any counter confirmation/ assurance from constituents/ distribution licensees on which the same have been levied. Hence, the same tantamount to accounting of 'uncertain' income in current year.

This has resulted in:
- Overstatement of revenue for F.Y. 2016-17 by Rs. 85,499 lakhs.
- Conversion of the actual Net Loss before tax of Rs. 76,663.97 lakhs (calculated prior to accounting of such DPC income) into Net Profit before tax of Rs. 8835.03 lakhs (after accounting of DPC income).
- Recognition of debtors for F.Y. 2016-17 by the same Rs 85499.00 lakhs of which the realization is uncertain.

2. **Balances of account heads namely:**
i. Sundry Debtors (GL Code: 260040, 260060),
ii. Sundry Creditors (which inter alia also includes amount payable towards MEDA Projects to Private Developers) (GL Code: 131010, 132010, 133010, 134010, 131030),
iii. Obsolete Material Stock (including scrap) (GL Code: 256010),
iv. Loss due to Material pending investigation (GL Code: 255020),
v. Assets Under Construction (GL Code: 230040-70, 230090, 232010, 237010, 237020, 237030),
vi. Adv to Contractor/ supplier (GL Code: 290010),
vii. Capital Adv for Projects (GL Code: 290020),
viii. Miscellaneous Loans & Advances (GL Code: 293050),
ix. Expense Recoverable from Vendors (GL Code: 296050, 296060),
x. Provision for Capital Work (GL Code: 150010),
xi. Security Deposit Job Work (GL Code: 123040),
xii. MSEB holding company ltd and its fellow subsidiaries,
xiii. Other Deposit (GL Code: 297020),
xiv. ORC Deposit (which inter alia also includes amount received towards MEDA Projects from Private Developers) (GL Code: 123100)

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

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

1. Property, Plant & Equipment:

a) As mentioned in Note No. 44.4 to the financial statements, due to non-availability of proper and complete records of Work Completion Reports, we have come across instances of non-capitalization and/or delayed capitalization of Property, Plant & Equipment, resulting delay in capitalization with corresponding impact on depreciation for the delayed period.

b) Refer to Note 1(G)(4) in respect of MSEDCL of 'Significant Accounting Policies'. The Company has capitalised during the year employee cost and office & administrative expenses amounting to Rs. 41,131.68 Lakhs on ad-hoc basis @ 15% of additions of Capital WIP. However the company does not have a practice of specifically identifying such expenses attributable to additions to such CWIP or to the acquisition of fixed assets, which is not in accordance with IndAS 16 - Property, Plant & Equipment. In the absence of sufficient and appropriate audit evidences we are not in a position to comment on the correctness of the same.

c) Refer to Note 1(G)(4) in respect of MSEDCL of 'Significant Accounting Policies' to the financial statements regarding Borrowing Costs allocated to addition to CWIP amounting to Rs. 2,515.39 Lakhs @ 11.42% (computed on the weighted average interest rate of previous year) without identifying qualifying assets and interrupted projects, which is not in accordance with “Ind AS-23 Borrowing Costs”. 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.

d) 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.

2. Presentation of Financial Statements in accordance with Ind AS:

a) As mentioned in Note 44.6(B)(i) to consolidated Financial statements to the Financial Statements, the company has made provision for expected credit loss under Ind AS 109 on trade receivables. While calculating the same, the company has considered trade receivables after deducting security deposits received from consumers. The said deposits have been allocated against the trade receivables in proportionate to the value in the respective age category instead of allocating the same against attributable trade receivables. As a result ECL has not been provided on some of the category of consumers as the allocated security deposit exceeded the balance outstanding. In view of the above, we are unable to comment on the possible impact thereof on the Financial Statements of the company.

Further, for the purpose of calculation of expected credit loss, the company has considered the amount of trade receivables and security deposit as per the IT database and not the amount outstanding as per the books of account. There are differences in balances of trade receivables and security deposit as mentioned below.

(Rs. In Lakhs)

Particulars	**Balance as on 31/03/2017 as per Books of accounts (A)**	**Balance as on 31/03/2017 as per IT Database (B)**	**Differences (A-B)**
Trade receivables	32,76,847	36,16,089	(3,39,242)
Security deposits	6,44,509	6,42,889	1,618

In absence of sufficient and appropriate audit evidences, we are unable to comment on the possible impact thereof on the Financial Statements of the company.

b) Attention is invited to Note no. 7 on “Non Current Financial assets”- Ind AS 109, requires interest free loans given to related parties Rs.71,347.10 Lacs to be carried at present value. However the company has carried such loans at cost which is not in accordance with the requirements of Ind AS. In absence of proper information, we are unable to comment on the possible impact thereof on the Financial Statements of the company.

3. Depreciation:

We have observed that in some of the cases, depreciation on Property, Plant & Equipment 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 audit trail, we are unable to quantify the impact of the same on depreciation and consequential impact on the financial statements.

4. Trade Receivables:

a) Refer to Note No. 1.C(f) 'Significant Accounting Policies' to Financial Statements, it has been stated that the company has recognized expected credit loss on Trade Receivable and other Financial Assets based on time loss and credit loss. Credit loss has been derived based on provision matrix. However while preparing the provision matrix, the Company has not determined any forward looking information on the behavior pattern of the customers. In absence of any scientific system of making the provision matrix and absence of consideration of behavior pattern of the customers, we are not in a position to comment on the adequacy of the provision for expected credit loss.

b) As mentioned in Note No. 44.6(B)(i)a to the Consolidated Financial Statements, there is a difference of Rs. 3,39,242 Lakhs as on 31.03.2017 in the balances of trade receivable as per books of account and as per IT database, which is pending for reconciliation, including Rs. 3,01,213 for the year 2015-16. In absence of proper reconciliation we are not in position to ascertain the impact thereof on the financial statements of the company.

c) Trade receivable amounting to Rs.36,22,075.80 Lakhs (excluding ECL adjustments) is net of credit balance amounting Rs.5,56,118.92 Lakhs. In absence of proper details of the credit balances in respect of individual consumers, we are not in a position to ascertain the impact thereof on the financial statements of the company.

d) As mentioned in Note No. 11 to the Consolidated Financial Statements, Trade Receivable to the extent of security deposits amounting to Rs.413769.75 Lakhs received from various consumers have been shown as secured debtors without customer wise mapping of the security deposit. As a result the amount shown as secured debtors is overstated to the extent of the deposit received from consumers who have outstanding less than security deposit as on 31st March 2017. In absence of audit trail we are not in position to comment on the consequential impact of the same on the financial statements of the company.

e) As mentioned in Note No. 44.9 to the Consolidated Financial Statements, the Trade Receivable from M/s Globle Tower Ltd. (GTL) amounting to Rs.13,621.22 Lakhs are subject to final settlement. Furthermore ECL has not been provided on the balance outstanding. As such, we are not in a position to comment on the adequacy of the trade receivable and impact of the same on the financial statements of the company.

5. **Security Deposits from Consumers**

As mentioned in Note No. 44.6(B)(i)a to the Consolidated Financial Statements, there is a difference of Rs. 1,618 Lakhs 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 proper reconciliation, we are unable to comment on the possible impact of the same on the financial statements of the company.

6. **Accrual System of Accounting**

Refer Note 1(F) “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 the complete audit trails, we are not in a position to ascertain the impact of the same on the financial statements of the company.

7. **Balances Confirmation:**

Refer Note No. 44.3 to Consolidated 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.

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

a) Refer Note No.12 and Note No. 44.3.(ii) to the Consolidated 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 Lakhs)

Particulars	Total Debit balance as on 31.03.2017 as per books of accounts	Total Credit balance as on 31.03.2017 as per books of accounts
Post office	13,142.91	4,737.11
DCC	6,847.42	5,012.72
Total	**19,990.33**	**9,749.83**

In absence of non-availability of balance confirmation, we are unable to comment on consequential impact of the same on the financial statements.

b) Refer Note No. 44.5 to the Consolidated financial statements, The Bank Reconciliation statements at various divisions and circles includes many entries related to cheques deposited by consumers but dishonoured by the bank but have not been reversed in the books of account and are lying under pending reconciliation. Further Bank Reconciliation statements contains many other un-reconciled entries including initial upload balances, which are yet to be reconciled. As such we are unable to comment on the impact thereof on the financial statements.

9. Classification of Assets and Liabilities to current / non-current:

The Company has not classified the liabilities as current and non-current of the following head of account:

a) Refer Note No. 27 Other Non Current Financial Liabilities –Current -

i) Deposits Collected from Private Agencies towards Collection of Bills: Rs. 5,903.13 Lakhs

ii) Retention money from supplier contractor Rs 2,41,087.46 Lakhs

iii) Deposits from other Rs. 23,773.29 Lakhs

b) Refer Note No 21 Other Financial Liabilities – Non-current which includes Deposits for Electrification, service connections etc amounting Rs 1,292.15 Lakhs.

As a result the aforesaid disclosure is not in accordance with the requirements of Schedule – III of the Companies Act 2013

10. Power Purchase:

a) Refer Note No. 37.1.(iii) (a) in respect to MSEDCL to the Consolidated financial statements, the company has made a short provision of Delayed Payment Charges as on 31.03.2017 amounting to Rs. 2,99,236 Lakhs and Rs. 1,24,421 Lakhs payable to MSPGCL and MSETCL respectively including Rs. 66,330 Lakhs for the year 2016-17. As a result the loss of the company has been understated by Rs. 66,330 Lakhs and Other Equity (accumulated Losses) and Current Liabilities are understated by Rs. 4,23,657 Lakhs.

b) Refer Note No. 37.1.(iii) (b) in respect to MSEDCL to the Consolidated financial statements, the company has made a provision for Delayed Payment Charges payable to Independent Power Producers based on base rate instead of as per SBI Prime Lending Rate plus 2% as mentioned in the Power Purchase Agreement entered into. The company has reversed the provision of Rs.8,252 Lakhs made upto 31/03/2016. Furthermore the company has made a short provision of Rs. 9,301 Lakhs for the year 2016-17 and accumulated short provision of Rs. 43,016.13 Lakhs upto 31.03.2017. As a result the loss of the company for the year has been understated by Rs.17,553.06 Lakhs and Other Equity (accumulated Losses) and Current Liabilities are understated by Rs. 43,016.13 Lakhs.

c) Refer Note No. 37.1.(iii) (c) in respect to MSEDCL to the Consolidated Financial statement , the Company has not provided delayed payment charges amounting to Rs. 20,500 Lakhs as on 31st March 2017. As a result loss of the Company, other equity (accumulated losses) and current liabilities are understated by Rs. 20500 Lakhs.

11. Non Provision of various Expenses:

a) As mentioned in Note No. 44.1 to the Consolidated Financial Statements, the amount of Rs. 39,419 Lakhs deposited with MERC towards user charges payable to MulaPravara Electric Co-op. Society Ltd. have not been debited to Profit & Loss Statement and have been shown as security deposit. As a result the loss of the company for the year is understated by Rs. 39,419 Lakhs and assets are overstated to that extent.

b) As mentioned in Note No. 37.1.(iii)(d) to the Consolidated Financial Statements, the company has not provided for the liability towards compensation of incremental coal cost pass through due to New Coal Distribution Policy (NCDP) payable to M/s Adani Power Maharashtra Ltd. (APML) and M/s. Rattanindia Power Ltd (RPL) amounting to approx. Rs. 3,91,216 Lakhs. As a result the loss of the company is understated by Rs. 3,91,216 Lakhs and liabilities are understated to that extent.

c) As mentioned in Note No.37(1)(iii)(e) to the Consolidated Financial Statements, the company has not provided for liability towards fixed charges payable to Ratnagiri Gas Power Pvt Ltd amounting to Rs. 2,68,817 Lakhs (including Rs. 6,400 Lakhs for the year) payable upto 31st March 2017. A sum of Rs. 18,101 Lakhs given to RGPPL has been shown as advances. As a result the loss of the company for the year is understated by Rs. 6,400 Lakhs, Other Equity (accumulated Losses) are understated by Rs. 2,68,817 Lakhs, Current Liabilities are understated byRs. 2,50,716 Lakhs and the Non-Current Assets are overstated by Rs. 18,101 Lakhs.

12. Ind AS - 37 - on 'Provisions, Contingent Liabilities and Contingent Assets':

Due to non-availability of proper details and documents, we are unable to examine and verify the quantum of Contingent Liabilities disclosed in Note No. 37.1 in respect of MSEDCL to the Consolidated Financial Statements. In the absence of proper details and documents, we are unable to comment on the consequential impact thereof on the financial statements.

13. Refund of Regulatory Liability Charges:

In FY 2003 to 2006 Regulatory Liability charges were collected from the consumers. MERC had passed an order to refund an amount of Rs. 3,22,700 Lakhs to the consumers. The Company has subsequently refunded only Rs 3,11,974 Lakhs upto 31.03.2017. The company has not made any provision towards the balance payment of Rs 10,726 Lakhs. As a result the loss of the company for the year is understated by Rs. 10,726 Lakhs and Current Liabilities are understated to that extent.

14. Other Items:

a) The company has shown a sum of Rs.1,25,679 Lakhs and Rs. 54,795 Lakhs as liabilities towards Clearing GRIR and Liability for supplier Work& Maintenance. These balances are net of debit balances. In absence of audit trail we are not in position to ascertain the impact on the Assets and Liabilities of the company.

b) A sum of Rs. 6,248.74 Lakhs paid to the FBSM Corpus as deposits, is included in Security Deposit with others vide Note no.7(a) to consolidated financial statement. Whereas to the best of the information and explanations given to us the aforesaid deposit has, so far been, already received back. However the same have not been properly accounted in the books of account and is continue to be shown as receivable. In view of that the Non-Current Assets and Liabilities are overstated to that extent.

c) As per Ind AS 20, Government grants shall be recognised in profit or loss statement on a systematic basis over the period, in which the entity amortises the related cost for which the grants are intended to compensate. The company assumes that all grants received are utilised and the assets are capitalised in same year. Due to non-availability of sufficient and appropriate audit evidences, we are unable to comment on the consequential impact on the financial statements of the company.

d) A sum of Rs. 3,601.17 Lakhs are has been shown as power purchase un-identified balance and is included in Trade Payable – Current (Liability for purchase of power) vide Note no. 26 to the Consolidated financial statement, for which party-wise details are not provided to us for verification. As a result we are not in a position to comment on the existence of the liability and consequential impact on the financial statements of the company.

e) There is a difference in outstanding balances as on 31.03.2017, as appearing in the books of accounts of the company and its group companies. Details of which are given as under :

(Rs. In Lakhs)

Name of the Group Company	Nature	Balance as per MSEDCL	Balance as per other Group Company	Difference
Maharashtra State Power Generation Company Ltd (MSPGCL)	Loans and Advance	46,835.97	46,782.50	53.47
Maharashtra State Electricity Transmission Company Ltd (MSETCL)	Loans and Advances	24,183.28	24,516.93	(333.66)
Maharashtra Power Development Corporation Limited (MPDCL)	Loans and Advances	246.73	230.56	16.17
Aurangabad Distribution Company Limited – Subsidiary of MSEDCL	Loans and Advances	121.11	142.79	(21.68)
Maharashtra State Electricity Board Holding Company Ltd (MSEBHCL)	Other Current Liabilities	4,06,030.79	3,83,014.94	23,015.86

In absence of reconciliation we are unable to comment on the impact thereof on the Financial Statement.

f) Note No. 44.13 to the Consolidated financial statements 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 effects of the matters described above, which could be reasonably determined / quantified, on the elements of the accompanying Ind AS financial statements are tabulated as under:

(Rs. In Lakhs)

S.No.	Head of Account	Overstated	Understated
1	**Other Equity(Accumulated Losses)**	-	1,075,842.07
2	**Expenses**		
	Delay Payment charges	-	104,383.06
	Power Purchase	-	6,400.00
	Refund of RLC as per MERC Order	-	10,726.00
3	**Current Liability**		
	Trade payable	6,248.74	1,129,105.13
	Other Current Liabilities	-	10,726.00
4	**Non- Current Asset**		
	Security deposit	45,667.74	-
	Advances	18,101.00	-

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 Rs. 1,506.67 crores under the head 'Surcharge Income from Customers'. MSEDCL has not paid such Surcharge amounting to Rs.5,247.33crores outstanding as on March 31, 2017 including such accrued income of earlier years. Considering the non-acceptance of billing by MSEDCL, there is uncertainty in the recoverability of the said dues from Maharashtra State Electricity Distribution Company Limited(MSEDCL)

(b) 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.

Qualified Opinion

In Case of MSPGCL

1. Subject to (i) and (ii) below, in our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the state of affairs (financial position) of the Group as at March 31, 2017, and its loss (financial performance including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

   (i) In view of para (a) above Basis for Qualified Opinion in respect of MSPGCL, had Surcharge being interest on delayed payment not been accrued, provision for allowance for expected credit loss been not made, booking of earlier years delayed payments surcharge on account of recovery has ceased to be probable been done as an expense, the effect of the matters which could be determined / quantified, on the elements of the accompanying financial statements are tabulated as under:

(Rs. In Lakhs)

Sr. No.	Head of Account	Group	Overstated	Understated
1	Delay payment surcharge –	Income	1,506.67	-
	Other operating Revenue			
2	Reversal of earlier years delayed payments surcharge on account of recovery has ceased to be probable	Expenses	-	3,740.66
3	Trade Receivables	Non-current assets	5,247.33	-
4	Allowance for expected credit loss	Expenses	696.32	-
5	Reduction from Non-current - Trade receivable	Trade receivable -Non current	-	696.32
6	Net Impact on retained earning	Other equity	4,551.01	4,551.01

and;

ii) In view of (a) above Basis for Qualified Opinion in respect of MSPGCL, the effect of which on the Loss for the year and net assets as at March 31, 2017 is unascertainable.

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the Basis for Qualified Opinion paragraph above, the aforesaid Ind AS financial statements, read together with the matters described in the 'Emphasis of Matter' paragraph, give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2017, and its loss, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Emphasis of Matters:

In the case of Holding Company(MSEBHCL)

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

1. Refer note no 43(2) where the company has shown advance tax of Rs. 138.58 crores net of the provision of tax in the books of accounts amounting to Rs 40.07 crores 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 43(3) where the debts outstanding against rentals from property due from subsidiaries amounting to Rs. 235.22 crores (P.Y. Rs. 209.63 crores) have been long outstanding.

3. Refer note no. 37(3) where the company has made application to the Revenue Department of Government of Maharashtra for stamp duty exemption on issuance of shares to GOM. The Management is confident that the exemption will be granted.

In case of MSEDCL

1. As mentioned in Note no.7 to the Consolidated Financial Statements, the company has made provision for Expected Credit Loss (Time Loss) under Ind AS 109 on other loans receivable amounting to Rs. 9,687.45 on balances outstanding as on transition date i.e.01.04.2015 on account of impracticability instead of its origination date.

2. While preparing the Ind AS financial Statements the company has regrouped the following liabilities as on 31.03.2016 and 01.04.2015 from Non- current (Indian GAAP) to Current (Ind AS). However, appropriate disclosure and reason under Ind AS 101 for same has not be complied with:

(Rs. In Lakhs)

Particulars	As at 31.03.2016	As at 01.04.2015
Deposits for Electrification, service connections, etc.	7,045.89	6,292.65
Deposit from Staff Welfare Fund	5,587.16	4,424.80
Security Deposits from collection agencies	5,097.01	4,614.20
Security Deposit against Energy AG Pumps under EGS	448.71	392.70
Amount owed to licensees	493.69	493.69
Deposits & retention from Suppliers & contractors	1,57,490.49	1,44,962.84
Refundable amount under Non-DDF scheme	7,219.02	6,657.53
Liability for capital supplies/ works	4,694.29	1,145.37

3. As mentioned in note no. 44.26 of Consolidated Financial Statement, while giving Ind AS impact, the value of Property, Plant and Equipment (PPE) as on 1st April 2015 is computed after considering the re-valued assets under FRP scheme which was as per GR No. Reform2010/P.K. 117/Urja-3 dated 31st March, 2016 whose impact was given under Indian GAAP in the financial statements as on 31st March, 2016. The accumulated depreciation up-to 31.03.2015 thereon is adjusted in the retained earnings as on 1st April 2015. The adjustment has been done in cognizance with holding company.

4. Refer Note No 44.24 to Consolidated Financial Statements, Company is required to invest every year an amount equivalent to contingency reserve created during the last year as per Maharashtra Electricity Regulatory Commission (MERC) Guidelines. However the Company has made an earmarked investment of Rs. 18,522.29 Lakhs as against the contingency reserve of Rs. 68,500 Lakhs as on 31.03.2017.

In Case of MSPGCL:

We draw attention to following notes:

Holding Company: Maharashtra State Power Generation Co. Ltd.

a) Refer Note no. 39(B), in respect of MSPGCL, regarding accounting of shortfall/excess if any, based on the provisional accounts of the Contributory Provident Fund (CPF), in the absence of the requisite details and information.

b) Refer Note no. 38 in respect of MSPGCL regarding agreements with the government of Maharashtra in respect of various hydro power generation facilities that are yet to be executed.

Subsidiary Company: Mahaguj Collieries Limited

c) We would like to draw attention to Significant Accounting Policies in Notes to Accounts regarding the Ind AS financial statements being prepared on a going concern basis, notwithstanding the fact that the company has a loss of Rs. 87, 04,170/- in financial year 2016-17 and negative reserves of Rs. 2,07,38,599/- has exceeded its share capital and is completely eroded as at March 31, 2017. The appropriateness of the said basis is inter alia dependent on the fact that the company will get the compensation from the Ministry of Coal, Government of India after the block is re-allotted to new allottee of the Machhakatta-Mahanadi coal block (previously allotted to the promoters of the company) for transfer of documents and rights namely geological report, mining plan, mine closure plan, etc as per the compensation that may be decided by the Ministry of Coal, Govt. of India.

Subsidiary Company: Dhopave Coastal Power Limited:

d) The accounts of the company are not prepared on Going Concern Basis as the Management has decided to close down the Company. The Company has accordingly, provided for loss on account of Capital Work – in – Progress and Advance for Consultancy Charges during financial year 2015 – 2016 to the tune of Rs. 8,29,00,738. Attention is invited to Summary of Significant Accounting Policies which clarifies the matter in more detail.

Our opinion is not qualified in respect of above matters.

Other Matters

i) The financial information of the Holding Company and Its subsidiaries for the year ended March 31, 2016 and the transition date opening balance sheet as at April 1, 2015 included in these consolidated Ind AS financial statements, are based on the previously issued statutory financial statements for the years ended March 31, 2016 and March 31, 2015 prepared in accordance with the Companies (Accounting Standards) Rules, 2006 (as amended) which were audited by us for the year 2015-16 and by the predecessor auditor for the year 2014-15, on which a modified opinion was provided vide reports dated September 3, 2016 and September 23, 2015 respectively. The adjustments to those financial statements for the differences in accounting principles adopted by the Group on transition to the Ind AS have been audited by us.

ii) We did not audit the financial statement/ financial information of the three subsidiaries, whose financial statement reflect total Assets of Rs.18,284,742.67 Lakhs and Revenue of Rs.8,143,449.89 Lakhs as considered in the consolidated financial statements. These financial statements/financial information have been audited by other auditors, whose reports have been furnished to us by the management, and our opinion, on the consolidated financial statements, in so far as it relates to amounts and disclosures included in respect of such subsidiaries and our report in terms of Section 143(3) & (11) of the Act, in so far as it relates to subsidiaries, is based solely on the report of the auditors.

Our opinion is not qualified in respect of above matters.

Report on Other Legal and Regulatory Requirements

1. As required under Section 143(5) of the Companies Act, 2013, we give in the "Annexure B", Statement on the Directions issued by the Comptroller and Auditor General of India after complying the suggested methodology of Audit, the action taken thereon and its impact on the accounts and consolidated Ind AS financial statements of the company.

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

a. We have sought and, except for the possible effect of the matter described in basis for qualified opinion, obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

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

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

d. Subject to our observations in basis of qualified opinion para , in our opinion, the aforesaid consolidated Ind AS financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act read with relevant rules issued there under;

e. Being a Government Company, pursuant to the notification number GSR 463(E) dated 5th June, 2015 issued by the Government of India, the provisions of Section 164(2) of the Companies Act, 2013 are not applicable to the Company.

f. with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure A"; and

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

   i. The consolidated IndAS financial statements has disclosed the impact of pending litigations on its financial position in its consolidated IndAS financial statements Refer Note 37 to the consolidated IndAS financial statements.

ii. The Group does not have any long-term contracts which require it to make provision for material foreseeable losses. Also, the Group has not entered into any derivative contracts.

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Group.

iv. Disclosures in respect of bank deposits made by the company as a part of Note no. 42 of its consolidated Ind AS financial statements as to holding as well as dealing in Specified Bank Notes (SBN's) during the period from November 8, 2016 to December 30, 2016 were in accordance with books of accounts maintained by the Company and its subsidiaries. Other disclosures such as 'Opening Balances', 'Permitted Receipts & Payments' & its concomitant impact on the closing balances could not be verified since satisfactory evidences/documentation that would support the breakup of currency notes into 'SBN' and 'Other denomination' was not available with the holding company.

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

Mukesh Goyal
Partner
M. No. 081810

Place: Mumbai
Date: 15.11.2017

“Annexure A” to the Independent Auditor's Report

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

We have audited the internal financial controls over financial reporting of MSEB Holding Company Ltd. (“the Holding Company”) as of March 31, 2017 in conjunction with our audit of the consolidated Ind AS financial statements of the Company for the year ended on that date and its subsidiary companies as of that date. The auditors of subsidiary companies have audited the internal financial controls over financial reporting as of March 31, 2017
.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

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

Holding Company (MSEBHCL):
Because of the matter described in Disclaimer of Opinion paragraph below, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on internal financial controls system over financial reporting of the Company.

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

The auditors of subsidiary companies believe that the audit evidence they have obtained is sufficient and appropriate to provide a basis for their audit opinion on the Subsidiary Companies' internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting
A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that
(1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
(2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and
(3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

In the case of Holding Company: MSEBHCL

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, 2017.
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.

In the case of Subsidiary Company: MSETCL

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

Opinion
In our opinion, to the best of our information and according to the explanations given to us, 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 31st March, 2017, 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 issued by the ICAI.

In the case of Subsidiary Company: 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 317 2017, based on "the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India".

In the case of Subsidiary Company: MSPGCL

Inherent Limitations of Internal Financial Controlsover 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 inadequatebecause of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Basis of Qualified Opinion/Disclaimer of Opinion

A. According to the information and explanations given to us and based on our audit, the following material weakness has been identified in case of holding company, Maharashtra State Power Generation Co. Ltd as at March 31, 2017.

(1) The Company's internal financial control over timely capitalization of fixed assets and adjustment of liquidated damages in the fixed assets accountingare not operating effectively. These material weakness could potentially result is material misstatement in Company's fixed assets, CWIP, depreciation and expenses.

(2) The Company's internal financial control over procurement and accounting of material, maintenance of subsidiary records pertaining to employees and stores, timely adjustments of advances to suppliers and provision for liabilities including interest payments to MSME vendors are not operating effectively. Controls over calculation and accounting of the late delivery and short supply penalties to supplier of coal are inadequate. These material weaknesses may result in incorrect valuation of liabilities and assets of the Company.

(3) The Company's internal financial control over maintenance of Inventory records, reconciliation with financial ledger and valuation of Inventory are not operating effectively. These material weakness could potentially result is misstatement of inventory value.

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis.

B. In case of one of the subsidiary company not audited by us, the auditors have reported as under:

According to information and explanation given to us, the Company has not established internal financial controls over financial reporting on criteria based on or considering the essential components of internal controls 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 our opinion whether the Company had adequate internal financial controls over financial reporting and whether such internal financial controls were operating effectively as at 31st March, 2017.

Qualified opinion

Being the Government undertaking, the holding company's internal control process over financial reporting is designed by way of various Manuals, Rules, Circulars and instructions issued from time to time and our opinion is based on the internal control process over financial reporting as defined therein. During the course of our audit of financial statements we have on test-checking basis and on review of adequacy of internal control process over financial reporting, have identified some gaps both in adequacy of design of control process and its effectiveness which have been reported in "Basis of Qualified Opinion" above.

In our opinion, with a exception of the matters described in para above and except for the effects/possible effects of the material weaknesses described in "Basis of Qualified Opinion" above on the achievement of the objectives of the control criteria, the Holding Company has maintained, in all material respects, adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as of March 31, 2017. The Holding Company is yet to formally establish criteria considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

In case of one subsidiary company, Mahaguj Collieries Limited because of the reason stated in para B under the basis for disclaimer of opinion, the auditor has stated as under:

We are unable to obtain sufficient appropriate audit evidence to provide a basis for our opinion whether the Company had adequate internal financial controls over financial reporting and whether such internal financial controls were operating effectively as at 31st March, 2017.
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 our disclaimer does not affect our opinion on the financial statements of the Company.

In case of other Subsidiary Company, Dhopave Coastal Power Limited the auditors have opined as under:

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 31st March 2017, 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.

We have considered the material weaknesses identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the March 31, 2017 consolidated IndAS financial statements of the Company and subject to the matters modified in our main audit report, these material weaknesses do not affect our qualified opinion on the consolidated Ind AS financial statements of the Company.

In the case of Subsidiary Company: MSEDCL

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Disclaimer of Opinion

According to the information and explanation given to us and based on our audit, the Company has not established its internal control over financial reporting on criteria based on or considering the essential components of internal control stated in the Guidance note on Audit of Internal Financial Control Over Financial Reporting issued by the Institute of Chartered Accountants of India. Because of this reason , we are unable to obtain sufficient and appropriate audit evidence to provide a basis for our opinion whether the Company had adequate internal control over financial reporting and whether such internal control were operating effectively as on 31st March 2017.

However based on the limited audit procedure performed by us during the course of 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 31st March, 2017:

1. The company does not have an appropriate internal control system for identification of overheads to be capitalized with the cost of Property, Plant and Equipment which could potentially result into under/over/delayed capitalization of Property, Plant and Equipment and corresponding impact on the depreciation charged and operational results of the company.
2. The company does not have appropriate internal control system for ensuring capitalization of Property, Plant and Equipment 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 Property, Plant and Equipment and corresponding impact on the operational results due to lower charge of depreciation.
3. The company does 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 does not have appropriate Internal control system for physical verification of items of Property, Plant and Equipment 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 analyzing the reasons for such deviation so as to give appropriate treatment of discrepancies therein.
6. The company does 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 yearend 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 does 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 does not have an appropriated control system for reconciliation/confirmation of vendor/ contractor/ Trade Receivables amounts and loan and advances balances including the balances of group companies and consequent adjustments which could potentially result in some changes in the financial statements.
9. The company does 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 Chartered Accountants, 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 does 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 does not have an internal control for timely and accurate reconciliation of significant accounts and confirmation of balances lying with DCC Bank/Post offices Accounts. This could potentially result into impaired financial reporting.
13. The company does not have an internal control for timely and proper reconciliation of difference between balances as per Bank Statement and the balances as per books of account. These includes various dishonoured cheque feed to consumers account which have not been reversed even after dishonor of the cheques by the banker.

14. The Company do not have adequate internal control system of clearing GRIR and liability for suppliers account. This could potentially result into under/over statement of such liability in the financial statements.
15. The Company do not have adequate internal control system of reconciling the balances of its group companies. This could potentially result into under/over statement of such balances in the financial statements.

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.

We have considered the material weaknesses identified and reported above in determining the nature, timing and audit tests applied in our audit of the financial statements of the Company and these material weaknesses above have affected our opinion on the IndAS financial statements of the Company and we have issued qualified opinion on the Ind AS financial statement.

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

Mukesh Goyal
Partner
M. No. 081810

Place: Mumbai
Date: 15.11.2017

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 a statement on the matters specified in the said Directions.

In the Case of Holding Company (MSEBHCL)

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

AUDITOR'S COMMENTS

Sr. No.	Directions	Replies
1	Whether 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.	In our opinion and according to the information and explanations given to us, there are no cases of waiver/write off of debts/loans/interest etc.
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 Assets	No of cases	Area in acres	Gross Block as on 31/03/2017 (Rs. in crores)	Net Block as on 31/03/2017 (Rs. in crores)	Remarks
Land-Leasehold	2	7.1	204.59	171.23	The company is taking appropriate steps for completion of legal formalities for transfer of title.
Land-Freehold	3	1.89	70.89	70.89	
Building and structures	13	Not Available	1180.53	876.92	

ii Sector specific Sub Directions

AUDITOR'S COMMENTS

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	In current year the Company has not received any grants/subsidies from central/ state government or other agencies for performing specific activities. However, Rs.0.57 crores (including interest) pertaining to earlier years is still payable. As explained to us the claimants could not be traced hence it is payable.

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

2. In the Case of MSPGCL

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: Mahaguj Collieries Limited:
The Company has not been selected for disinvestment, so the complete status report in terms of valuation of assets (including intangible assets and land) and liabilities (including Committed & General Reserves), including the mode and present stage of disinvestment process is not applicable to the Company.

Subsidiary Company: Dhopave Coastal Power Limited:
No, Company has not been selected for disinvestment.

Subsidiary Company: Mahagenco Ash Management Service 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.2016-17. In Last Year(F.Y. 2015-16) ,the Company has received a letter from MSEB Holding Company Ltd (its parent company) to recognize in its books certain fictitious 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 fictitious 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 fictitious assets / liabilities. Such balances include transfer of capital reserve amounting to Rs.260 Crores. (Company's share Rs.39 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 additional details of the same from the parent company.

Subsidiary Company: Mahaguj Collieries Limited:
There were no cases of waiver / write off of debts / loans / interest etc during the year under audit.

Subsidiary Company: Dhopave Coastal Power Limited:
During the course of audit and as per information and explanations given to us, there were no cases of any cases of waiver/ write off of debts/loans/interest etc. by the company during FY 2016 – 2017.

Subsidiary Company: Mahagenco Ash Management Service Limited
There are no cases of waiver/write off of loans/interest etc. observed during the Year.

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: Mahaguj Collieries Limited:
There is no inventory lying with third parties and the company has not received assets as gifts from government or other authorities.

Subsidiary Company: Dhopave Coastal Power Limited:
Not Applicable.

Subsidiary Company: Mahagenco Ash Management Service Limited
Not Applicable, there is No Inventory.

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 298 pending legal/arbitration cases given below:

Age of Cases	No. of Cases
Less than 1 year	34
1 to 2 Years	37
2 to 3 Years	16
3 to 5 Years	37
More than 5 Years	164
Others unattended	10
Total	**298**

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: Mahaguj Collieries Limited:
Report on age-wise analysis of pending litigations/arbitration cases, including the reasons of pendency and existence / effectiveness of a monitoring mechanism for expenditure on all legal cases (foreign and local) to be given

Subsidiary Company: Dhopave Coastal Power Limited:
Not Applicable.

Subsidiary Company: Mahagenco Ash Management Service Limited
Not Applicable

Comments on Sub-directions u/s 143(5) of the Companies Act 2013

5) **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. Till September first week, 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-à-vis Grade allocated to Colliery. Post that, Company has appointed recognized coal Analyst Company i.e. Central Institute of Mining and Fuel Research (CIMFR). CIMFR do technical analysis of Coal Grade from the loading points of the coal Company. On the basis of the analysis report submitted by CIMFR, SE Coal office reconciles grade mentioned in invoice with grade mentioned in said report and raise grade slippage claims to coal companies. This process has started on different dates in different companies.

Further, as on March 31, 2017, the amount of claim against coal suppliers by MSPGCL for short supply of coal as per agreement amounted to Rs. 1035.67Crores. However, one of thesupplier, Western Coal Field Limited (WCL), has claimed an amount of Rs.167.41Crores 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 suppliers.

Subsidiary Company: Mahaguj Collieries Limited:
Not Applicable

Subsidiary Company: Dhopave Coastal Power Limited:
Not Applicable

Subsidiary Company: Mahagenco Ash Management Service Limited
Not Applicable

6) 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: Mahaguj Collieries Limited:
Not Applicable as the Company is not in operation.

Subsidiary Company: Dhopave Coastal Power Limited:
Not Applicable

Subsidiary Company: Mahagenco Ash Management Service Limited
Not Applicable

7) Whether there is appropriate classification of inventory with value such as Scrap, obsolete material etc.?

Holding Company: Maharashtra State Power Generation Co. Ltd.
Yes. Based on the audit procedures conducted by us, the Company has appropriate system of classification of inventory.

Subsidiary Company: Mahaguj Collieries Limited:
Not Applicable

Subsidiary Company: Dhopave Coastal Power Limited:
Not Applicable as the Company is not in operation.

Subsidiary Company: Mahagenco Ash Management Service Limited
Not Applicable

8) **Whether profit/loss mentioned in Audit Report is as per Profit & Loss Accounts of the Company?**

Holding Company: Maharashtra State Power Generation Co. Ltd.
Yes, the loss mentioned in Audit Report is as per Profit & Loss Accounts of the Company except for the effect if any, due to the consequential adjustment upon receipt of confirmation and reconciliation, which is unknown as mention in para 4 and qualification with regard to recognition of surcharge income as mentioned in para 5 of our Audit Report.

Subsidiary Company: Mahaguj Collieries Limited:
The Loss mentioned in Audit Report is as per Profit and Loss Statement of the Company

Subsidiary Company: Dhopave Coastal Power Limited:
Yes

Subsidiary Company: Mahagenco Ash Management Service Limited
Yes

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: Mahaguj Collieries Limited:
Not Applicable

Subsidiary Company: Dhopave Coastal Power Limited:

Not Applicable as the Company is not in operation.

Subsidiary Company: Mahagenco Ash Management Service Limited
Not Applicable

10) **Whether the Company has an effective system for recovery of Revenue as per contractual terms and the Revenue is properly accounted for in the books of accounts in compliance with the Applicable Accounting Standards?**

Holding Company: Maharashtra State Power Generation Co. Ltd.
Not Applicable

Subsidiary Company: Mahaguj Collieries Limited:
Not Applicable

Subsidiary Company: Dhopave Coastal Power Limited:
Yes

Subsidiary Company: Mahagenco Ash Management Service Limited
Yes. It has only Interest on small Investments as Revenue

11) **Where Land Acquisition is involved in setting up new projects, report whether settlement of dues done expeditiously and in a transparent manner in all cases? The cases of deviation may please be detailed.**

Holding Company: Maharashtra State Power Generation Co. Ltd.
Not Applicable

Subsidiary Company: Mahaguj Collieries Limited:
Not Applicable

Subsidiary Company: Dhopave Coastal Power Limited:
Not Applicable as the Company is not in operation

Subsidiary Company: Mahagenco Ash Management Service Limited
Not Applicable

12) **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.
Not Applicable

Subsidiary Company: Mahaguj Collieries Limited:
Not Applicable

Subsidiary Company: Dhopave Coastal Power Limited:
Not Applicable as the Company is not in operation

Subsidiary Company: Mahagenco Ash Management Service Limited
Not Applicable

3. In the Case of MSETCL

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.

(i) It may be noted that total trade receivables of the company are Rs. 267933.06 Lakhs as at 31/03/17 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. 176653.28 Lakhs as at 31/03/17 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. 19684.18 Lakhs as at 31/03/17. The said IUT balances cannot be written off until it is fully reconciled.

DPC amounting to Rs. 75476.57 lakhs w.r.t MSEDCL (out of the total DPC of Rs. 85499.00 lakhs booked) has been accounted for as income on accrual basis as per MERC Order No 31 of 2016 as at 31/03/17. However, MSEDCL does not recognize the levy of the said DPC as its liability and has not accounted for the same as its consequent expenditure.

Thereby total amount recoverable against MSEDCL accounts for 94.10 % of the total debtors of the company (excluding dues recoverable on account of IUT).

(ii) 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 Financial Liabilities – Retention Money’ 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. 8691.51 Lakhs as at 31.03.17 whereas the amount of LD getting booked as income was only Rs. 489.66 Lakhs as at 31/03/17. The company vide its accounting policy stated in the Notes forming part of Financial statements has clarified that such LD charges gets accounted for under “Other Income“ upon ‘realization basis’ only.

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. 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.2016-17.

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. 2016-17.

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 Lakhs, have been duly disclosed in Notes to Accounts under the head “Contingent Liability” for F.Y. 2016-17 at Note No. 37 to Balance Sheet.

In addition to above, as per information provided, there are 74 numbers of small pending legal/arbitration cases individually less than Rs. 10.00 Lakhs 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. 31 of Profit & Loss Account. The total legal expenses incurred during the year amounts to Rs. 488.54 Lakhs (F.Y. 2015-16 Rs 979.17 Lakhs).

The legal expenses were found sanctioned, paid and accounted for in routine manner as in the case of other administrative expenses.

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.

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 31/03/17 for accounting various types of Inventory under SAP are as under:

GL Codes	Description of Inventory	o/s bal as at 31/03/17 (Amt in Rs. Lacs)
250010	Steel	1,116.10
250020	Cement	-
250030	Transformers	5,620.55
250040	Metering Equipment & substation Equipment	9,393.75
250050	Cables & Conductors	7,442.26
250060	Poles	-
250070	Service Connection Material & Electrical Fittings	-
250080	Spares	947.06
280090	Others	2,538.01
255010	Material Pending Investigation	1.11
255020	Loss due to Material pending investigation	202.84
255030	Spl GL stores Inventory Diff	-
255040	MASA Stock rectification	62.70
256010	Obsolete Material Stock (including scrap)	(52.84)
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.

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:

(Amt in Rs. Lacs)

GL Code	Description	Opening Balance as at 1/04/16	Addition/ Clearance / adjustment during the year	Closing Balance as at 31/03/17
290010	Adv to Contractor / supplier	2359.07	891.45	3250.52
290020	Capital Adv for Projects	6824.57	-4251.43	2573.14

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 31/03/17. 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	201
Vendors / Contractors wherein opening amount had debit balance & closing amount had become NIL i.e. advances were squared off	17
Vendors / Contractors wherein opening amount had debit balance but closing amount had credit balance (i.e. adverse balance)	**6 (Cr. bal of Rs. 892.82 Lacs as at 31.03.2017)**
Vendors / Contractors wherein both opening amount & closing amount had adverse balance (i.e. Credit balance)	**72 (Cr. bal of Rs. 5578.46 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 31.03.2017 do not have 'Adverse / Negative Balance'. However, there are 78 individual instances / cases which had outstanding negative balance i.e, credit balance as on 31.03.2017.	

It has been informed that discrepancies in such 78 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.

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."

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 652 no. of sub-stations, transformers, and transmission lines for making transmission of the `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	3,000.00	-
500KV HVDC	2	3,582.00	1,504.000
400KV	30	27,210.00	8,415.497
220KV	219	51,610.00	16,729.427
132KV	315	27,854.50	14,913.310
110KV	36	2,305.00	1,759.365
100KV	38	2,798.00	701.356
66KV	11	853.00	682.195
Total	**652**	**1,19,212.50**	**44,716.150**

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

HVAC System (MERC Benchmark 98%)

Year	2015-16	2016-17
Avail	99.72%	99.63%

HVDC System (MERC Benchmark 95%)

Year	2015-16	2016-17
Avail	94.53%	97.00%

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.

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. 2016-17 as computed by Maharashtra State

Load Dispatch Center (MSLDC) are tabulated below:

Intra State Transmission System (In. STS) Grid Loss for F.Y. 2016-17

Month	Energy Input Intra STS	Energy Output Intra STS	Transmission Loss
Month	**(In Million Units)**	**(In Million Units)**	**(in % age)**
Apr-16	12,515.52	12,048.51	3.73%
May-16	12,763.48	12,338.80	3.33%
Jun-16	11,500.22	11,089.81	3.57%
Jul-16	10,343.98	9,960.32	3.71%
Aug-16	11,139.77	10,729.98	3.68%
Sep-16	10,986.69	10,584.90	3.66%
Oct-16	11,707.42	11,277.21	3.67%
Nov-16	12,191.76	11,732.11	3.77%
Dec-16	12,501.94	12,075.00	3.42%
Jan-17	12,383.08	11,944.13	3.54%
Feb-17	12,032.42	11,590.10	3.68%
Mar-17	13,762.49	13,242.22	3.78%
Total	**1,43,828.77**	**1,38,613.09**	**3.63%**

From perusal of the table above, it is evident that Transmission Loss incurred by MSETCL for was 3.63% 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.

Whether the assets has been constructed and completed on behalf of other agencies and handed over to them has been properly accounted for in the books of Accounts.

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 01.04.16	ORC works added during the year	ORC works completed during the year	Balance ORC works remaining as at 31.03.17
1	Amravati	1	0	0	1
2	Aurangabad	12	7	5	14
3	Karad	6	1	0	7
4	Nagpur	29	11	3	37
5	Nasik	10	1	0	11
6	Pune	45	33	3	75
7	Vashi	41	0	0	41
	Total	**144**	**53**	**11**	**186**

“Supervision Charges” accounted during F.Y. 2016-17 on ORC Works were of Rs. 1379.03 Lacs.

In order to execute the ORC works, deposits are taken from parties for whom the company performs/ executes such ORC works. Such ORC deposits are accounted for under GL Code 123100 which has an outstanding balance of Rs. 27071.95 lakhs. It was observed that old unreconciled balances are appearing in the said ledger for which details were readily not available with the respective profit centre.

Company also executes projects in case of generation of energy from non conventional sources. As per accounting policy 2.16(B), 50% of the cost of such power evacuation project is borne by Company and balance 50% is to be reimbursed by MEDA to the respective private developer. Execution of MEDA projects is done by two ways. (i) wherein the vendor gives the entire amount before hand for execution of the project to the Company as ORC deposit and the Company after the execution of project reimburses 50% to the vendor and creates the asset of the same value and the remaining 50% is paid by MEDA to the vendor. (ii) wherein the vendor itself executes the project and the Company subsequently pays 50% of the cost of project to the vendor and MEDA reimburses the remaining 50% to vendor.

The amount payable by Company to the vendor/ private developer is accounted for under GL code 131010. It has been observed that both such GL codes (123100 & 131010) remain unreconciled as at the year end. Complete details of such projects falling under MEDA grant are not readily available with the Company. As a result, the Asset Capitalization of such MEDA projects is not accurate.

In the case of MSEDCL

<table>
<tr><th>A</th><th>Directions</th><th>Auditors' Comments</th></tr>
<tr><td>1</td><td>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.</td><td>As per the information and explanation given to us, the Company has waive / write off interest and delayed payment charges on arrear receivable from consumer as per the scheme of PD amnesty and Payjal yojana which has been implemented by the Company and the details of the amount waived/written off under the schemes for F.Y.2016-17 is as follows:

1. Payjal Yoja Rs. 1,723.51 Lakhs
2. PD Amnesty : Rs. 4,290.57 Lakhs
Total : Rs. 6,014.08 Lakhs

The amounts were waived/written off for recovery of arrears from PD and Payjal Yojana pertains to public water works (PWW) consumers in Rural Area.</td></tr>
<tr><td>2</td><td>Whether proper records are maintained for inventories lying with third parties & assets received as gift from Government or other authorities.</td><td>As per the information and explanation given to us, the company purchases inventories as per the requirement and specified norms. It is also certified by the management that no inventories is lying with third parties and the Company has not received any assets as gift from govt. or other authorities”.</td></tr>
<tr><td>3</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.</td><td>As per the information and explanation given to us, the Age wise analysis of pending legal / arbitration cases are as below:

<table><tr><th>Ageing of Cases</th><th>No. of Cases</th></tr><tr><td>Up-to 5 Years</td><td>4,373</td></tr><tr><td>More than 5 up-to 10 Years</td><td>982</td></tr><tr><td>More than 10 up-to 15 Years</td><td>266</td></tr><tr><td>More than 15 Years</td><td>148</td></tr><tr><td>Total</td><td>5,769</td></tr></table></td></tr>
</table>

		As informed to us the reasons for pendency are as under : 1. The cases pending for more than five years - these cases are pending due the various reasons such as- a) Due to large backlog of pending cases before the various courts b) On Appeals against interim Orders proceedings in main suit is stayed till outcome of Appeals. c) The concern persons may not be traceable for serving the summons due to change in address or premises is closed etc. d) The execution petitions are filed but the warrants remained unserved to the parties due to various reason i.e. closure of factory, changes in address, new address has not found, their whereabouts are untraceable and the detail of property of Judgement Debtors not found etc. for execution of warrant. e) Writ Petitions (admitted) pending before High Court as a result of backlog of pending cases f) Hon'ble High court admits the matters and after stay, matter is listed for final hearing in due course. However, the disposal of these matters is purely within the domain of Hon'ble High Court. As informed to us the payments of fees of advocates engaged for conducting cases on behalf of Company and its officers, are made as per approved circular. And also as informed to us there is no foreign cases which are pending.
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 Reserves) may be examined, including the mode and present stage of disinvestment process.	As per the information and explanation given to us, the Company has not been selected for disinvestment; hence the clause is not applicable.

B	Sub Directions	Auditors' Comments
1	Has the company entered into agreement with franchisees for distribution of Electricity in selected areas and revenue sharing agreement adequately protect the financial interest of the Company?	As per information and explanations provided to us, during the year the Company has not entered into agreement with any franchisees for distribution of Electricity, However the company is supplying power to certain old franchisees in selected areas which is not below its average cost of purchase.
2	Whether the reconciliation of receivables and payables between the generation, distribution and transmission companies has been completed. The reasons for difference may be examined.	As per information and explanations provided to us, the balances of receivables and payables w.r.t. power purchases with power generation, distribution and transmission companies has been duly reconciled with books of accounts as at 31st March, 2017 except the balances with Tamil Nadu Coastal, Posoco WRPC Reactive Charges, Akaltara Power Ltd., Tatiya Andhra Pradesh, Orissa Power Transmission Corp., Adani Power Maharashtra Ltd., EMCO Ltd. and Non-Conventional Energy vendors. The main reasons for the items in reconciliation include accounting of DPC, Rebate, Charges related to change in law, Capacity Charges, Energy Bills, FAC Bills, supplementary bills of Uran Gas TPS, Infirm power Chandrapur Unit 8 & Unit 9, Arrears of HT Consumer recovered by MSEDCL not transferred to MSPGCL. And also refer the para no. 15.(g) of Ann-A of audit report for differences of intercompany balances.
3	How much tariff roll back subsidies have been allowed and booked in the accounts during the year? Whether the same is being reimbursed regularly by the State Govt. shortfall if any may be commented?	As per information and explanations provided to us, the GOM provides concession in rate towards sale of power to certain categories of consumers. During the year the Company has been allowed the following subsidy against supply power at concessional rate to the consumer:

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

(Rs. In Lakhs)

Year	2016-17
Subsidy Allowed for FY 16-17	8,27,122
Opening Balance as on 01.4.16	1,68,033
Subsidy Accounted in FY 16-17	7,78,081
Subsidy Received/Adjusted upto FY 16-17	6,23,088
Balance Receivable from GoM in FY 17-18	3,23,026
Amount Received from GoM in 2017-18	2,01,832

</td></tr>
<tr><td>4</td><td>Report on the efficacy of the system of billing and collection of Revenue in the Company. Further, Whether tamper proof meters have been installed for all consumers? If not then, examine how accuracy of billing is ensured.</td><td>

1. As per information and explanations provided to us as regards to report on the efficacy of the system of billing and collection of revenue, the company prepares monthly collection reports and compares the billing & collections and take follow up with field office for the recovery of outstanding.
As on 31st March, 2017, the total Trade Receivables outstanding is Rs. 28,49,620 Lakhs.

2. As per information and explanations provided to us as regards to installation of tamper proof meters, MSEDCL have approx. 248 Lakhs consumers out which approx. 233 Lakhs consumers are metered and only approx. 15 Lakhs consumers are under unmetered AG category.
Further, as certified by the management, all the metered consumers are provided with tampered proof meters.

3. The following method is adapted for billing of unmetered Ag sale of LT unmetered Ag consumers,

   i) At the end of quarter, IT section computes quarterly Sub-Division **wise kwh / HP Indices** units

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

		ii) While computing kwh/HP norm, only the consumers with **NORMAL meter status** having progressive reading iii)(negative and zero consumption excluded) will be considered. iv)Consumption of consumers having consumption greater than **224 kWh/ hp/ month** will be **CAPPED to 224kWh / hp / month** v) Rationale behind CAP of 224 kwh / HP / Month is Maximum 3000 Running hours per year and 300 days of operation = 3000 / 300 = 10 Hours per day 0.746 kw(1hp) X 10 Hrs X 30 days = 224 kWh / HP/Month vi)This **Subdivision wise kwh / HP Index** computed will be used to Compute quarterly consumption of unmetered agriculture consumers in subdivision. **The method is approved by MERC.**
5	Whether Profit and Loss mentioned in Audit report is as per Profit and loss statement of the Company.	To the best of our knowledge and belief, the Profit and Loss mentioned in Audit report is as per the Profit and loss statement of the Company.
6	Whether the Company recovers Fuel and Power Purchase Adjustment Cost (FPPCA) and accounts for as approved by the Maharashtra Electricity Regulatory Commission (MERC)?	As per information and explanations provided to us, the Company calculates Monthly Fuel Adjustment Cost and levies to the consumers in the bill. The same is accounted as Revenue from consumers. The quarterly FPPCA calculation is sent to MERC for vetting. The Company has obtained post facto approval of the same upto August 2016.
7	Whether the Liabilities and other financial implications arising due to implementation of UDAY (Ujwal Discom Assurance Yojana) have been correctly accounted for may be examined.	As per information and explanations provided to us and as per the examination carried out by us, the liabilities and other financial implications arising due to implementation of UDAY Scheme have been correctly account. Also refer note no. 31.24 of the financial statements regarding accounting of UDAY scheme.

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

Mukesh Goyal
Partner
M. No. 081810

Place: Mumbai
Date: 15.11.2017

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 2017.

The preparation of Consolidated Financial Statements of **MSEB Holding Company Limited,** Mumbai For the year ended 31 march 2017 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 15th November, 2017.**

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 2017. We conducted a supplementary audit of the financial statements of **MSEB Holding Company Limited** and **Maharashtra State Electricity Transmission Company Limited, Maharashtra State Power Generation Company Limited** and **State Electricity Distribution Company Limited** (Subsidiaries of the Company) for the year ended on that date. This supplementary audit has been carried out independently without access to the working papers of the Statutory Auditors and is limited primarily to inquiries of the Statutory Auditors and Company personnel and a selective examination of some of the accounting records.

On the basis of my 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

(P. Madhavi)
ACCOUNTANT GENERAL
(Audit)- III

Place: Mumbai
Date: 28th December, 2017

PART - I BALANCE SHEET
MSEB Holding Company Limited
Consolidated Balance Sheet as at 31st March 2017 (Amt in Crores)

	Particulars	Note No.	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
	1		2	3	4
	ASSETS				
(1)	**Non Current Assets**				
a	Property, Plant & Equipment	2	117,654.54	101,555.40	94,656.08
b	Capital Work in Progress	2A	7,505.99	23,058.51	25,940.07
c	Investment Properties	3	876.92	917.88	959.66
d	Goodwill		-	-	-
e	Other Intangible Assets	2B	36.86	56.46	65.21
f	Intangible Assets under Development		129.77	120.78	-
g	Investments in Subsidiaries, associates and joint ventures	4	-40.32	-6.20	10.12
h	Financial Assets		-	-	
	(i) Investments	5	606.37	641.46	624.99
	(ii) Trade Receivables	6	3,231.58	3,453.90	2,701.39
	(iii) Loans	7	1,506.81	1,059.59	1,270.46
	(iv) Others (to be specified)				
i	Deferred Tax Assets (Net)			-	-
j	Other Non Current Assets	8	2,198.70	2,125.48	6,239.04
(2)	**Current Assets**				
a	Inventories	9	2,339.86	2,719.57	2,125.46
b	Financial Assets				
	(i) Investments	10	85.81	59.63	75.78
	(ii) Trade Receivables	11	18,416.33	12,400.98	30,021.87
	(iii) Cash & cash Equivalents	12	1,531.68	772.17	554.97
	(iv) Bank Balances Other than (iii) above		-	-	-
	(v) Loans	13	229.17	883.75	806.11
	(iv) Others	14	2,391.80	1,411.71	984.04
c	Current Tax Assets (Net)		-	-	-
d	Other Current assets	15	3,098.04	3,627.46	7,044.74
	Assets held for sale/Assets included in disposal group(s) held for sale	16	328.61	178.23	215.49
	Regulatory Assets	17	2,315.00	2,524.00	224.00
	Total Assets		**164,443.52**	**157,560.76**	**174,519.48**
	EQUITY AND LIABILITIES				
	EQUITY				
a	Equity Share capital	18	87,392.77	86,299.79	84,871.03

b	Other Equity	19	-38,470.57	-32,893.54	-29,650.89
	LIABILITIES				
(1)	**Non Current Liabilities**				
a	Financial laibilities				
	(i) Borrowings	20	50,017.71	40,427.88	41,722.69
	(ii) Trade Payables				
	(iii) Other fianancial Liabilities (other than those specified in item (b))	21	8,000.58	7,907.55	11,458.66
b	Provisions	22	5,145.17	4,907.14	4,850.75
c	Deferred Tax Liabilities (Net)	23	3,346.86	3,636.13	3,559.19
d	Other Non Current Liabilities	24	5,998.01	4,786.48	3,615.53
(2)	**Current Liabilities**				
a	Financial laibilities				
	(i) Borrowings	25	16,154.44	17,220.76	9,682.69
	(ii) Trade Payables	26	4,907.27	4,422.15	23,438.01
	(iii) Other fianancial Liabilities (other than those specified in item (c))	27	16,837.25	17,680.87	16,905.79
b	Other Current Liabilties	28	3,156.40	991.39	681.62
c	Provisions	29	1,957.62	2,174.15	3,384.40
d	Current Tax Liabilities (Net)		-	-	0.02
	Liabilities classified as held for sale/ Liabilities included in disposal group held-for sale		-	-	-
	Total Liabilities and Equity		**164,443.52**	**157,560.76**	**174,519.48**
	Significant Accounting Policies	1			
	Notes to accounts	2 to 51			

See accompanying notes to the financial statements

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

Jaikumar Srinivasan
Director Finance & CFO

Arvind Singh
Managing Director

Mukesh Goyal
Partner
Membership Number : 081810

Pankaj Sharma
CGM (F)

Subodh Zare
Company Secretary

Place : Mumbai
Date : 15/11/2017

PART II - STATEMENT OF PROFIT AND LOSS
MSEB Holding Company Limited
Statement of Profit and Loss for the year ended 31st March 2017 (Amt in Crores)

	Particulars	Note	31st March 2017	31st March 2016
(i)	**Revenue from operations**	30	58,257.67	55,650.66
(ii)	**Other Income**	31	2,729.31	3,383.18
I	**Total Income (i)+(ii)**		**60,986.98**	**59,033.84**
	Expenses			
(i)	Cost of materials consumed	32	40,517.16	39,361.39
(ii)	Purchase of Stock-in-Trade		-	-
(iii)	Changes in Inventories of finished goods, Stock-in-trade and work-in-progress		-	-
(iv)	Employee Benefits Expenses	33	6,328.40	6,199.70
(v)	Finance Costs	34	6,844.60	5,483.68
(vi)	Depreciation and amortization expense	35	6,093.22	5,507.10
(vii)	Others expenses	36	7,239.84	4,929.81
II	**Total Expenses ((i) to (vii))**		**67,023.22**	**61,481.68**
III	**Profit /(Loss) before exceptional items and tax (I - II)**		**-6,036.24**	**-2,447.84**
IV	Exceptional Items			
V	**Profit /(Loss) before tax (III - IV)**		**-6,036.24**	**-2,447.84**
VI	Tax Expenses:			
	(1) Current Tax		-14.21	55.87
	(2) Deferred Tax		260.53	106.22
	(3) Previous Year Taxes		3.40	-164.63
VII	**Profit /(Loss)for the period from continuing operations (V-VI)**		**-5,786.52**	**-2,445.29**
VIII	**Profit/(Loss) from discontinued operations before tax**		**-**	**-**
IX	Tax Expenses of discontinued operations		-	-
X	**Profit /(Loss) from discontinued operations (After tax) (VIII - IX)**		**-**	**-**
XI	**Profit /(Loss) for the period**		**-5,786.52**	**-2,445.29**
XII	**Other Comprehensive Income**			
(A)	(i) Items that will not be reclassified to profit or loss		-260.66	-201.57
	(ii) Income tax relating to items that will not be reclassified to profit or loss		28.73	29.27

	Subtotal (A)		-231.93	-172.29
(B)	(i) Items that will be reclassified to profit or loss			
	(ii) Income tax relating to items that will be reclassified to profit or loss			
	Subtotal (B)		-	-
XIII	**Other Comprehensive Income(A+B)**		-231.93	-172.29
XIV	**Total Comprehensive Income for the period (XI + XIII)**		**-6,018.45**	**-2,617.59**
XV	**Earning per equity share (for continuing operations)**			
	Basic (Rs.)		-0.69	-2.73
	Diluted (Rs.)		-0.69	-2.45
	Significant Accounting Policies	1		
	Notes to Accounts	2 to 51		

See accompanying notes to the financial statements

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

Jaikumar Srinivasan
Director Finance & CFO

Arvind Singh
Managing Director

Mukesh Goyal
Partner
Membership Number : 081810

Pankaj Sharma
CGM (F)

Subodh Zare
Company Secretary

Place : Mumbai
Date : 15/11/2017

MSEB HOLDING COMPANY LTD
Consolidated Cash Flow for the year ended 31st March 2017

(Amt in Crores)

PARTICULARS	2016-17		2015-16	
A. Cash flows from operating activities				
Net profit before taxation		(6,036)		(2,447)
Adjustments for:				
Depreciation	6,093		5507	
Previous Yr Tax	3		0	
Amorization of premium on investment	0		0	
Interest income	(14)		(14)	
Provision for expected credit loss	1,099		1317	
Finance Cost	6,976		5659	
Unrealised Foreign Exchange	(47)		0	
Provision for obsolence	(71)		-14	
Operating profit before working capital changes		14,039		12455
		8,003		10,008
Changes in Working Capital				
Adjustments for (increase) / decrease in operating assets :				
(Increase)/Decrease in Inventories	451		(614)	
Increase/(Decrease) in Reserves	0		5	
Increase/(Decrease) in Long Term Provisions	26		(1,207)	
Increase/(Decrease) in Other Non Current Liabilities	1,383		1178	
Increase/(Decrease) in Other Non Current Financial Liabilities	-		249	
(Increase)/Decrease in Other Current Liabilities	2,182		(942)	
(Increase)/Decrease in Short Term Provisions	(153)		0	
(Increase)/Decrease in Long Term Loans & Advances	(1,166)		0	
(Increase)/Decrease in Short Term Loans & Advances	20		0	
(Increase) /Decrease in Other Current Financial Assets	279		174	
(Increase) /Decrease in Regulatory assets	209		(2,300)	
Increase/(Decrease) in Other Current Financial Liabilities	5,022		(641)	
(Increase)/Decrease in Other Current Investments	(21)		0	
(Increase)/Decrease in Other Non Current assets	32		374	
(Increase)/Decrease in Other Current assets	921		3344	
(Increase)/Decrease in Current Tax assets	381		0	
(Increase)/Decrease in Trade Payable	(3,048)		3401	
(Increase)/Decrease in Trade Receivable	(4,679)		(4,902)	
Income Tax Refund	(346)		(4)	
Cash generated from operations		1,493		(1,885)
Less: Taxes paid(net of refunds)	(2)		(9)	
Add: Income Tax for earlier years	-			
		(2)		(9)
Net cash from operating activities (A)		**9,493**		**8,114**

B. Cash flows from investing activities				
Purchase of fixed assets and addition to Capital Work in Progress and FRP	(6,580)		(9,478)	
Purchase of Non Current Investments	(625)		(1,087)	
Sale of Fixed Assets and non current assets	-		4	
Pre- Operative Expenses	(5)		(10)	
Interest received (Net of TDS)	14		14	
Loans and advances	(287)		53	
Net cash used for investing activities (b)		**(7,483)**		**(10,504)**
C. Cash flows from financing activities				
Proceeds from issuance of shares	1,575		2094	
Proceeds from other non current financial liabilities	(3,728)		0	
Proceeds from other current financial liabilities	(889)		0	
Dividend Paid	(4)		(12)	
Repayment of Long Term borrowings	-		(8)	
Proceeds from Long Term borrowings	9,599		(1,247)	
Proceeds from Short Term borrowings	589		7708	
Repayment of Short Term borrowings	(1,663)		(268)	
Interest and Financial Charges	(6,730)		(5,660)	
Net cash from financing activities (C)		**(1,251)**		**2607**
Net increase in cash and cash equivalents (A+B+C)		759		217
Cash and cash equivalents at beginning of period		772		555
Cash and cash equivalents at end of period		**1,532**		**772**

Significant Accounting Policies and1 Notes to accounts 2 to 51

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

Jaikumar Srinivasan
Director Finance & CFO

Arvind Singh
Managing Director

Mukesh Goyal
Partner
Membership Number : 081810

Pankaj Sharma
CGM (F)

Subodh Zare
Company Secretary

Place : Mumbai
Date : 15/11/2017

Statement of changes in equity
MSEB Holding Company Limited
Statement of changes in Equity for the period ended 31st March 2017

A. Equity Share Capital

Particulars	Amt (Rs.)
As at 1st April 15	8,385.32
Issue of share capital on account of FRP	76,485,71
Restated Balance as on 1 April 2015	**84,871.03**
Issue of share capital	1,428.77
As at 31st March 16	**86,299.79**
Issue of share capital	1,092.98
As at 31st March 17	**87,392.77**

B. Other Equity

	Share application money pending allotment	Retained Earnings	Other Comprehensive Income	Other Equity	Total Other Equity
As at 01-04-2015	**9682.92**	**-27686.38**		**971.47**	**-17031.99**
FRP adjustments	68,232	-4364.75			63866.81
shares issued	-76,486				-76485.71
Restated Balance as on 01-04-2015	**1428.77**	**-32051.13**	**0.00**	**971.47**	**-29650.89**
Add profit for the year		-2,444.16			-2444.16
Other Comprehensive Income			-173.43		-173.43
Additions during the year	1,093	-443.34		154.07	803.71
Shares Alloted during the year	-1,428.77				-1428.77
As at 01-04-2016	**1,092.98**	**-34,938.63**	**-173.43**	**1,125.54**	**-32893.54**
Add profit for the year		-5,787.18			-5787.18
Other Comprehensive Income			-231.27		-231.27
Additions during the year	693.79	676.46		164.15	1534.40
Shares Alloted during the year	-1,092.98				-1092.98
As at 31-03-2017	**693.79**	**-40,049.35**	**-404.70**	**1,289.69**	**-38,470.57**

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 : 15/11/2017

Jaikumar Srinivasan
Director Finance & CFO

Pankaj Sharma
CGM (F)

Arvind Singh
Managing Director

Subodh Zare
Company Secretary

NOTE 1

Significant Accounting Policies on Consolidated Financial Accounts for the year ended 31st March, 2017

A) Corporate Information

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

B) Basis of preparation of Consolidated financial statements

Compliance with Ind AS

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

The financial statements up to year 31st March 2016 were prepared in accordance with accounting standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended) and other relevant provisions of the Act. But for the year ended March 31, 2017, the financial statements have been prepared in accordance with Ind AS.

The accounting policies are applied consistently to all the periods presented in the financial statements, including the preparation of the opening Ind AS Balance Sheet as at 1st April, 2015 being the date of transition to Ind As.

The preparation of the financial statements requires management to make estimates and assumptions. Actual results could vary from these estimates. The accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year or in the year of the revision and future years, if the revision affects both current and future years.

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

All amounts disclosed in the financial statements and notes have been rounded off to the nearest crore as per requirement of Schedule III unless otherwise.

Principles of Consolidation

The consolidated financial statements relate to the consolidation of MSEB Holding Company Ltd (MSEBHCL) and its following Subsidiaries:

Maharashtra State Electricity Distribution Company Ltd. (MSEDCL)	100% Subsidiary of MSEBHCL
Maharashtra State Power Generation Company Ltd. (MSPGCL)	100% Subsidiary of MSEBHCL
Maharashtra State Transmission Company Ltd (MSETCL)	100% Subsidiary of MSEBHCL
Dhopave Coastal Power Ltd. (DCPL)	100% Subsidiary of MSPGCL
Mahagenco Ash Management Services Ltd (MAMSL)	100% Subsidiary of MSPGCL
Mahaguj Collieries Ltd (MCL)	60% Subsidiary of MSPGCL
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.

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.

Maharashtra State Electric Power Trading Company Ltd (MSEPTCL) has been merged with MSEB Holding Co Ltd wide order number 24/02/2014-CL-III dated 16/07/2015 with effect from 01.04.2015.

As far as possible the Consolidated Financial Statements are prepared using uniform accounting policy for like transactions and other events in similar circumstances and are presented in the same manner as the Company's separate financial statements.

Assets and Liabilities created under applicable electricity laws continue to be depicted under appropriate heads.

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) First-time adoption-mandatory exceptions, optional exemptions:

Overall principle

The Company has prepared the opening Balance Sheet as per Ind AS as of the transition date which is 1st April, 2015, by

(a) recognising all assets and liabilities whose recognition is required by Ind AS;
(b) not recognising items of assets or liabilities which are not permitted by Ind AS;
(c) reclassifying items from previous GAAP to Ind AS as required under Ind AS; and
(d) applying Ind AS in measurement of recognised assets and liabilities.

However, this principle is subject to certain exceptions and certain optional exemptions availed by the Company as detailed below:

a) Deemed cost for property, plant and equipment, investment property and intangible assets

The Company has elected to continue with the carrying value of all of its property, plant and equipment, investment property and intangible assets recognised as of 1st April, 2015 measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

The carrying value as on 1st April 2015 has been taken after considering the FRP adjustments implemented during F.Y. 31st March 2016 with retrospective effect from 05-06-2005.

b) Investments in subsidiary and associate

The Company has opted to recognise investments in equity instruments of subsidiaries, associates and joint venture at cost.

c) Derecognition of financial assets and liabilities

The Company has applied the derecognition requirements of financial assets and liabilities prospectively for transactions occurring on or after 1st April, 2015 (date of transition).

d) Classification of debt instruments

The Company has determined the classification of debt instruments in terms of whether they meet the amortised cost criteria or the FVTOCI criteria based on the facts and circumstances that existed as of the transaction date.

e) Financial assets at fair value through other comprehensive income

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

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

f) Financial assets at fair value through profit or loss (FVTPL)

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

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

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

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

e) Impairment of financial assets

The Company has applied the impairment requirements of Ind AS 109 retrospectively; however, as permitted by Ind AS 101, it has used reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial instruments were initially recognised in order to compare it with the credit risk at the transition date. Further, the company has not undertaken an exhaustive search for information when determining, at the date of transition to Ind ASs, whether there have been significant increases in credit risk since initial recognition, as permitted by Ind AS 101.

In respect of MSEBHCL:

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

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

In respect of MSPGCL:

Equity investments at FVTPL or at Cost

The Company has designated investment in equity shares as at FVTPL on the basis of facts and circumstances that existed at the transition date. The Company has opted to recognise investments in equity instruments of subsidiaries, associates and joint venture at cost.

In respect of MSEDCL:

The Company had recognised Expected Credit Loss (ECL) on Trade receivables and other financial assets. The ECL primarily comprises of two main factors, viz. Time loss (money value) and Credit loss. Time loss is computed considering an appropriate discount rate. The management believes that the rate used in determining the actuarial valuation of employment benefits is reflective of the loss it suffers due to delays in collection. This rate is reviewed once a year. The Credit loss is calculated on the basis of the credit spread of Corporate Bonds having a tenure of 10 years as at the date of the balance sheet.

Trade receivables were categorised into five groups for computing ECL viz. 1) Government authorities/bodies, 2) Permanent Disconnected consumers, 3) Agricultural consumers and

4) Regular (Good, whose total outstanding for more than 2 years are less than 20% of Total outstanding of such class) and 5) Regular (Other) Consumers. Time loss for all categories was considered as same, whereas Credit loss was provided on the basis of credit spread for Corporate Bonds (published by FIMMDA) which are rated among various categories based on their credit worthiness. The management has estimated an appropriate credit rating for each of the above five groups.

Security deposit available with the Company for each of the above groups of customers is reduced from the gross outstanding of trade receivables. This reduction is done on the basis of the ageing of the gross outstanding. ECL is provided on the Net Trade Receivable (gross less allocated security deposit) to the extent of unsecured portion. In case of Permanant Disconnted Consumers, the provision matrix (in the range of 20% to 100%) is applied on the basis of ageing of receivables.

The ECL on other receivables from Government of Maharashtra and receivables from Group companies are provided to the extent of Time loss only in the FY 15-16 and FY 16-17 on the balance as on 01.04.2015 due to impracticability.

f) Equity investments at FVTPL or at Cost

The Company has designated investment in equity shares as at FVTPL on the basis of facts and circumstances that existed at the transition date. The Company has opted to recognise investments in equity instruments of subsidiaries, associates and joint venture at cost.

g) Government Grant

The Company has elected to apply the requirements in Ind AS 20 retrospectively to government grants existing at the date of transition to Ind AS.

h) Determining whether an arrangement contains a lease

The Company has applied Appendix C of Ind AS 17 determining whether an arrangement contains a lease to determine whether an arrangement existing at the transition date contains a lease on the basis of facts and circumstances existing at that date.

i) In respect of MSETCL:

MSETCL had not booked outstanding DPC as other income in the earlier years, since MSETCL booked other income on accrual basis except when ultimate realization of such income was uncertain. Even MERC was not adjusting transmission tariff by deducting DPC from ARR in the past. However, MERC while vide its Order in case no. 31 of 2016 approving ARR for MSETCL for the F.Y. 2015-16, has reduced DPC amounting to Rs. 854.99 crs. considering it as Non-Tariff income. Consequently, MSETCL's ARR from Transmission Charges has reduced drastically. In F.Y. 2016-17, MSETCL's revenue from Transmission charges was only Rs. 1979.49 crs. (Rs.223.66 for 1st 3 months and Rs. 145.39 crs for next 9 months) as against for the F.Y. 2015-16- Rs.3159.26 (Rs. 461.33 crs. for 1st 2 months and 223.66 crs for next 10 months).

Since MERC has already assumed DPC as income as if released, MSETCL has also accounted for DPC in the F.Y 2016-17 amounting to Rs 854.99 crs.

D) Current and non-current classification:

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

An asset is current when it is:

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

Or

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

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle.
- It is held primarily for the purpose of trading,
- It is due to be settled within twelve months after the reporting period,

Or

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

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

All other liabilities are classified as non-current.

E) Note on Historical cost convention

The financial statements have been prepared on going concern basis under the historical cost convention except:

(a) certain financial instruments and

(b) defined benefit plans

which are measured at fair value at the end of each reporting period, as explained in the accounting policies below.

F) Significant accounting judgements, estimates and assumptions:

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

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

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

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

- Evaluation of recoverability of deferred tax assets;
- Revenue recognition

G) Other Significant Accounting Policies:

1) Property, Plant and Equipment (PPE):

In respect of MSEBHCL

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

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

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

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

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

Leased Assets

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

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

Estimated useful lives of the assets are as follows:

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

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

Transition to Ind AS:

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

In respect of MSPGCL

Property, Plant and Equipment

Freehold lands are carried at cost. All other items of Property, Plant and Equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any.

The initial cost of an asset comprises its purchase price or construction cost (including import duties, freight and non-refundable taxes); any incidental costs directly attributable to bring the asset into the location and condition necessary for it to be capable of operating in the manner intended by management; and borrowing cost for qualifying assets (i.e. assets that necessarily take a substantial period of time to get ready for their intended use).

The purchase price is the aggregate amount paid and the fair value of any other consideration given to acquire the asset. The cost also includes trial run cost and other operating expenses such as freight, installation charges etc. The projects under construction are carried at costs comprising of direct costs, related pre-operational incidental expenses and attributable interest.

Capital Expenditure incurred by the Company, resulting in creation of Property Plant and Equipment 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 Property Plant and Equipment 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.

In case of Capital Work in Progress where the final settlement of bills with the contractor is yet to be effected, capitalization is done on provisional basis subject to necessary adjustment in the year of final settlement.

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

An item of Property, Plant and Equipment and any significant part initially recognised separately as part of Property, Plant and Equipment is derecognised upon disposal; or when no future economic benefits are expected from its use or disposal; or when the Property, Plant Equipment has been re-classified as ready for disposal. Any gain or loss arising on de-recognition of the asset is included in the Statement of Profit and Loss when the asset is derecognised.

Lease arrangements for land are identified as finance lease, in case such arrangements result in transfer of the related risks and rewards to the Company. Accordingly, the Company classifies land lease arrangement with a term in excess of 99 years as a finance lease.

Spare parts which are meeting the requirement of Property, Plant and Equipment are capitalized as Property, Plant and Equipment in case the unit value of the spare part is above the threshold limit. In other cases, the spare parts are inventorised on procurement and charged to Statement of Profit and Loss on consumption.

Written Down Value of old Machinery Spares is charged to 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.

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

Intangible Assets

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

i. Intangible assets lives are amortised on straight line basis over their useful life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation expense on intangible assets and impairment loss is recognised in the statement of Profit & Loss.

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

Capital Work-in-progress

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

ii. The total cost including all office expenses incurred by the Company at project and planning offices for the period, are apportioned to respective Capital Work-in-Progress accounts in respect of projects under implementation, on the basis of cumulative balances of expenditure in respect of assets under construction.

The costs incurred and revenue generated during the Trial Runs Stage of the Project / Power Station are adjusted during capitalization.

Impairment of Non-Financial Assets

Non-financial assets other than inventories, deferred tax assets and non-current assets classified as held for sale are reviewed at each Balance Sheet date to determine whether there is any indication of impairment.

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

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

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

Depreciation /Amortization

A. Leasehold land is amortized over a period of lease generally. However for land held under lease for investment in land, for cost of clearing site, the depreciation is charged on the life of asset which is 25 years.

Property , Plant and Equipment

i) The company has estimated the useful life of an item of Property Plant and Equipment based on a techno-commercial evaluation. This estimation includes the pattern of usage of the Property Plant and Equipment item. Accordingly, the Company provides depreciation on straight line method to the extent of 90% of the cost of asset.

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

iii) In case of Assets (other than assets mentioned in (iv) below) whose depreciation has not been charged upto 70% after its commissioning, company charges the depreciation rates as prescribed below, on the Gross Block of assets for calculating depreciation till the end of such year in which the accumulated depreciation reaches upto 70% in respect of such asset. After attainment of 70% depreciation, the company charges depreciation on the basis of balance useful life upto 90%, since the company has estimated useful life in case of Thermal and Gas based power generating Stations as 25 years and in case of Hydro Generating Stations as 35 years.

Type of asset	Depreciation (%)
Plant & Machinery in generating station of Hydro – electric, Steam Electric, & Gas based power generation Plant, Cooling Tower, Hydraulic Works, Transformers & other fixed apparatus, Transmission lines, Cable Network etc	5.28%
Buildings & Other Civil Works.	3.34%

i) In case of following assets depreciation is charged straight line method upto 90% of or assets at rates mentioned below:

Type of asset	Depreciation (%)	Useful life
Furniture, Fixtures and Office Equipment	6.33%	15 years
Vehicles	9.50%	10 years
IT Equipment	15.00%	6years

i) Items of Property, Plant and Equipment costing not more than the threshold limit are depreciated at 100 percent in the year of acquisition. Cost of all Mobile Phones is charged off to Revenue during the year of purchase irrespective of thresh hold limit.

ii) Depreciation on spare parts specific to an item of Property, Plant and Equipment is based on life of the related Property, Plant and Equipment.

iii) The techno-commercial evaluation of the useful life, residual value and pattern of depreciation is reviewed annually. The present estimation is similar to the method used by MERC to determine tariff through MERC (Multi Year Tariff) Regulations 2015.

In respect of MSEDCL :

a) Freehold lands are carried at cost.

b) PPE is recognized when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. PPE is stated at cost net of tax/duty credits availed, if any, less accumulated depreciation and cumulative impairment. Specific know-how fees paid, if any, relating to plant & equipment is treated as a part of cost thereof. Cost includes purchase price and any attributable cost of bringing the asset to its working condition for its intended use and for qualifying assets, borrowing costs capitalised in accordance with the Company's accounting policy.

c) For transition to Ind AS, the carrying value of PPE under previous GAAP as on April 1, 2015 is regarded as its cost.

d) Inventories with useful life for more than one year are accounted as PPE as per Ind AS 16.

Depreciation / Amortisation:

A. Leasehold land is amortized over a period of lease generally.

B. Property, Plant and Equipment:

a) The company has estimated the useful life of an item of Property Plant and Equipment based on a techno-commercial evaluation. This estimation includes the pattern of usage of the Property Plant and Equipment item. Accordingly, the Company provides depreciation on straight line method to the extent of 90% of the cost of asset.

b) The techno-commercial evaluation of the useful life, residual value and pattern of depreciation is reviewed annually. The present estimation is similar to the method used by MERC to determine tariff through MERC (Multi Year Tariff) Regulations 2015.

c) The rates of Depreciation applied are as under:

Assets Group	**Rate**
Leasehold Land	3.34
Buildings	3.34
Hydraulic Works	5.28
Other Civil Works	3.34
Plant & Machinery	5.28
Lines & Cable Networks	5.28
Vehicles	9.50
Furniture & Fixtures	6.33
Office Equipment	6.33
IT Equipment	15.00

d) In case of Assets whose depreciation has not been charged upto 70% after its commissioning, Company charges depreciation at the rates prescribed above till the end of such year in which the accumulated depreciation reaches upto 70%. After attainment of 70% accumulated depreciation, the Company charges depreciation on the basis of remaining useful life upto 90% of the cost of asset in terms of the requirement of the above Regulations.

e) Depreciation on addition/deletions of assets during the year is provided on pro-rata basis.

f) The assets costing Rs.5,000/- or less individually are depreciated at 100% in the year they are put to use.

In respect of MSETCL:

On the date of transition to Ind AS, the Company has considered the carrying value of Property, Plant and Equipment as per previous GAAP to be the deemed cost as per Ind AS 101 'First-time Adoption of Indian Accounting Standards'.

Property, Plant and Equipment is initially measured at cost of acquisition/construction including any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. After initial recognition, Property, Plant and Equipment is carried at cost less accumulated depreciation / amortization and accumulated impairment losses, if any.

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associatedwith the expenditure will flow to the Company.

Property, Plant and Equipment acquired as replacement of the existing assets are capitalized and its corresponding replaced assets removed/ retired from active use are derecognized.If the cost of the replaced part or earlier inspection is not available, the estimated cost of similar new parts/inspection is used as an indication of what the cost of the existing part/ inspection component was when the item was acquired or inspection was carried out.

In the case of commissioned assets, contracts for construction of Sub-station and Transmission Lines where final settlement of bills with contractors is yet to be effected, capitalization is done on provisional basis subject to necessary adjustments in the year of final settlement.

The cost of land includes payments/liabilities towards compensation and other expenses wherever possession of land is taken.

Expenditure on leveling, clearing and grading of land is capitalized as cost of Land Development.

Spares parts whose cost is Rs.10,00,000/- and above, standby equipment and servicing equipment which meets the recognition criteria of Property, Plant and Equipment are capitalized.

In other cases, thespare part is inventorised on procurement and charged to Statement of Profit and Loss on consumption.

An item of Property, Plant and Equipment is derecognized when no future economic benefits are expected from their use or upon disposal.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in the Statement of Profit and Loss on the date of disposal or retirement.

Depreciation/Amortisation

Depreciation/amortization on the assets related to transmission business is provided on straight line method following the rates and methodology notified by the Maharashtra Electricity Regulatory Commission (MERC) for the purpose of recovery of tariff.

Cost of software capitalized as intangible asset is amortized over the period of legal right to use or 4 years, whichever is less with nil residual value.

Mobile Phones are charged off within 3 years from the date of Purchase.
Depreciation/ Amortization on additions to/deductions from property, plant and equipment during the year is charged on pro-rata basis from/up to the date on which the asset is available for use/disposed.

Where the cost of depreciable property, plant and equipment has undergone a change due to increase/decrease on account of price adjustment, change in duties or similar factors, and the unamortized balance of such asset is depreciated retrospectively at the rates and methodology as specified by the MERC Tariff Regulations.

Depreciation on spares parts, standby equipment and servicing equipment which are capitalized, is provided on straight line method from the date they are available for use over the remaining useful life of the related assets of transmission business, following the rates and methodology notified by the MERC.
The residual values, useful lives and methods of depreciation for assets other than assets related to transmission business are reviewed at each financial year end and adjusted prospectively, wherever required.

Fixed Assets costing Rs. 5,000/- or less, are fully depreciated in the year of acquisition.

Leasehold land is fully amortized over lease period in accordance with the rates and methodology specified in MERC Tariff Regulation.

Depreciation rates used for various classes of assets are as under:

Particulars	Rate
Tangible Assets	
Hydraulic Works	5.28%
Buildings & Other Civil Works	3.34%
Plant & Machinery	5.28%
Transmission lines, Cable Network etc	5.28%
Furniture, Fixtures and Office Equipments	5.28% to 15%
Vehicles	6.33%

2) Investment Properties

In respect of MSEBHCL

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

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

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

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

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

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

Transition to Ind AS:

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

3) Intangible Assets

In respect of MSEBHCL

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

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

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

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

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

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

d) Other acquired intangible assets – Other intangible assets are initially recognised at cost.

Other intangible assets acquired in business combinations are amortised over the estimated useful lives from the date they are available for use.

Transition to Ind AS:

On transition to Ind AS, MSEBHCL has opted to continue with the carrying value of all Intangible Assets recognised as at 1st April 2015 measured as per previous Generally Accepted Accounting Principles (GAAP) specified in Companies(Accounting Standards) Rules 2006 notified by the Central Government and other provisions of the Companies Act 1956.

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

In respect of MSPGCL :

Expenses capitalized on account of purchase of new application software, implementation of the said software by external third party consultants and purchase of licenses are amortized over their estimated useful lives. Other intangible assets are amortized over the period for which benefits are estimated to generate sufficient economic benefits.

In respect of MSEDCL :

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

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

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

In respect of MSETCL:

On the date of transition to Ind AS, the Company has considered the carrying value of

Intangible Assets as per previous GAAP to be the deemed cost as per Ind AS 101.

Intangible assets are measured on initial recognition at cost. After initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses.

Subsequent expenditure on already capitalized Intangible assets is capitalized when it increases the future economic benefits embodied in an existing asset and is amortized prospectively.

The cost of software (which is not an integral part of the related hardware) acquired for internal use and resulting in significant future economic benefits is recognized as an intangible asset when the same is ready for its use.

An item of Intangible asset is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit and Loss when the asset is derecognized.

4) Capital Work -In-Progress

In respect of MSPGCL:

i) In case of Property Plant and Equipment, for new projects / expansion, the related expenses and interest cost up to the date of commissioning attributable to such project / expansion are capitalized.

ii) The total cost including all office expenses incurred by the Company at project and planning offices for the period, are apportioned to respective Capital Work-in-Progress accounts in respect of projects under implementation, on the basis of cumulative balances of expenditure in respect of assets under construction.

In respect of MSEDCL:

a) Fifteen percent of the cost of Capital Work in Progress incurred during the year is added to Capital Work in Progress towards Employee Cost and Administration and General Expenses as the Operation and Maintenance Circles are executing both Capital Works and Operation and Maintenance Works.

b) Interest relating to construction period in respect of acquisition of the qualifying assets is capitalised on the addition to Work in Progress during the year based on the average interest rate applicable to the loan.

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

In respect of MSETCL:

On the date of transition to Ind AS, the Company has considered the carrying value of CWIP as per previous GAAP to be the deemed cost as per Ind AS 101.

Cost of material, erection charges and other expenses incurred for the construction of Property, Plant and Equipment are shown as CWIP based on progress of erection work till the date of capitalization.

Expenditure of Corporate office and Project Offices, attributable to construction of property, plant and equipment are identified and allocated on a systematic basis to the cost of the related assets.

Interest during construction and expenditure (net) allocated to construction as per policy above are kept as a separate item under CWIP and apportioned to the assets being capitalized in proportion to the closing balance of CWIP.

Unsettled liability for price variation/exchange rate variation in case of contracts is accounted for on estimated basis as per terms of the contracts.

Costs incurred on identification, survey and feasibility studies of a project under sanctioned scheme are shown as a distinct item under capital work in progress till the period of its rejection or three years, whichever is earlier. In case of rejection, the expenses are charged to Statement of Profit and Loss in the year of rejection.

5) Non Current Assets held for Sale:

In respect of MSPGCL

Non-current assets are classified as held for sale if their carrying amounts will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met, only when the sale is highly probable and the asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sale of such assets.

Non-current assets classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell.

Property, plant and equipment and intangible assets classified as held for sale are not depreciated or amortized.

6) Inventories

In respect of MSPGCL

Stock of materials including stores, spare parts is valued at lower of cost or net realizable value, and cost is determined on weighted average cost method. Cost comprises of cost of purchase (net of VAT refund receivable) and other costs incurred in bringing them to their present location and condition. Losses towards unserviceable and obsolete stores and spares identified on review are provided in the accounts.

In respect of MSEDCL:

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

In respect of MSETCL:

Inventories are valued at lower of the cost, determined on weighted average basis and net realizable value.

Cost of inventories comprises of cost of purchase and other costs incurred in bringing the inventories to its present location and condition. Inventories are issued on First out (FIFO) basis.

Spares which do not meet the recognition criteria as Property, Plant and Equipment are recorded as inventories.

Obsolete, slow moving and unserviceable stocks are identified at the time of physical verification of stocks and where necessary, provision is made for such stocks.

7) Impairment of non-financial assets:

In respect of MSEBHCL

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

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

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

In respect of MSEDCL

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

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

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

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

In respect of MSPGCL

Non-financial assets other than inventories, deferred tax assets and non-current assets classified as held for sale are reviewed at each Balance Sheet date to determine whether there is any indication of impairment.

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

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

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

In respect of MSEPTCL:

Cash generating units as defined in Ind AS 36 'Impairment of Assets, are identified at the Balance Sheet date. At the date of Balance Sheet, if there is any indication of impairment and the carrying amount of the cash generating unit exceeds its recoverable amount (i.e the higher of the fair value less costs of disposal and value in use), an impairment loss is recognized. The carrying amount is reduced to the recoverable amount and the reduction is recognised as an impairment loss in the Statement of Profit and Loss. The impairment loss recognised in the prior accounting period is reversed to the extent of increase in the estimate of recoverable amount. Post impairment, depreciation is provided on the revised carrying value of the impaired asset over its remaining useful life.

8) Cash and cash equivalents:

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

9) Revenue Recognition:

In respect of MSEBHCL

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

a) Interest income –

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

b) Dividend income –

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

c) Lease Income –

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

In respect of MSPGCL

i. The Company recognizes revenue when the amount of revenue can be reliably measured and it is probable that future economic benefits will flow to the entity.

ii. Revenue from the sale of goods is recognised when the:

  a) significant risks and rewards of ownership of the goods are passed to the buyer,

  b) the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold,

  c) revenue can be measured reliably,

  d) it is probable that economic benefits associated with the transaction will flow to the Company, and

  e) the costs incurred or to be incurred in respect of the transaction can be measured reliably.

iii. Revenue from the sale of electricity is measured at the fair value of the consideration received or receivable, net of returns, taxes or duties collected on behalf of the government and applicable trade discounts or rebates.

iv. Sale of electricity is accounted 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.

v. Interest income is recognised taking into account the amount outstanding and the applicable effective interest rate.

vi. Sale of fly ash is accounted for based on rates agreed with the customers. Amount collected are kept under separate account head "Fly Ash Utilisation Fund" in accordance with the guidelines issued by MOE&F dated 03-11-2009. The said fund gets utilised to the extent of expenditure incurred for promotion of ash utilization.

vii. Other income is recognized on accrual basis. Sale of scrap, reject coal etc. is accounted for when such scrap is actually lifted by the buyer from Company's premises and company prepares invoice towards the said sale transaction. Recoveries on account of Liquidated Damages and interest on advance to contractors are recognized as income / adjusted to fixed asset in the year it is crystallized.

In respect of MSEDCL:

a) Sale of Power:

Revenue is recognised to the extent that it is probable that economic benefit will flow to the Company and that the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated rebates and other similar allowances.

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

ii. Unbilled revenue accrued up to the end of the financial year is accounted in the books of accounts on estimation basis and includes FAC (Fuel Adjustment Cost), if any.

iii. Bills raised for theft of energy, under section 135 and for unauthorised use of power under section 126 of Electricity Act 2003, whether on consumer or outsiders are recognised in full as soon as assessment is received from the competent authority of the Company.

iv. Revenue on account of delay payment surcharge (DPS) and interest on arrears in case of consumers defaulting payment of bills for consecutive three months is recognised on collection basis. The charged DPS and interest in case of such consumers is treated as a deferred income (liability).

b) Other Operating Income and Other Income:

i. **Regulatory Income/Expenses:**

The tariff of the Company is regulated by MERC. The Regulatory Assets/Liabilities are being accounted based on principles laid down under Tariff Regulations / Tariff orders as notified by MERC. The recognition of Regulatory Assets/Liabilities is as per Ind AS 114 “Regulatory Deferral Accounts”, i.e. on the basis of actual revenue expenditure incurred and the revenue income accounted in the Books of Accounts. Any adjustments that may arise on Annual Performance Review / Mid-Term Review by MERC under Multi-Year Tariff Regulations are made after completion of such review.

ii. Sale of scrap is recognised on realisation.

iii. Interest income on Non-current investments is accounted on accrual basis, using Effective Interest Rate (EIR) method. Interest Income other than Non-current Investments is accounted on accrual basis.

iv. Dividend income is accounted for when the right to receive income is established.

In respect of MSETCL:

Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of return, trade allowances, rebates.

Transmission Income

Revenue from transmission of electricity received from Distribution Licensees is accounted for based on Monthly Intra State Transmission Tariff Order issued by the Maharashtra Electricity Regulatory Commission (MERC).

Revenue from Operations such as Open Access charges, SLDC Charges, Rescheduling Charges are recognized as per MERC Orders.

Dividend Income

Dividend income is recognized when the right to receive payment is established.

Interest Income

Interest income is recognised using effective interest rate (EIR) method.

Sale of Scrap

Income from sale of scarp is accounted from on realization.

Supervision charges

The supervision charges received from outright Consumers Contribution is recognised in the year of receipt.

Other Income

Other Income is recognized on accrual basis except when ultimate realization of such income is uncertain.

10) Employee benefits:

In respect of MSEBHCL

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

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

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

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

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

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

In respect of MSPGCL:

i. Short Term Employee Benefits

Short term employee benefits are recognized as an expense at undiscounted amount in the Statement of Profit & Loss of the year in which related services are rendered by the employees.

ii. Post-employment benefits

a) Defined Contribution Plan

Company pays fixed contribution to Provident Fund at predetermined rates along with employee's contribution to a separate trust which also manages funds of other group companies. The funds are then invested in permitted securities. The contribution to the fund for the period is recognized as expense and is charged to the Statement of Profit and Loss

b) Defined Benefit Plans

<u>Post-employment benefits</u>

Liability towards defined employee benefits like gratuity are determined on actuarial valuation by independent actuaries at the year-end by using Projected Unit Credit method.

Re-measurements of the net defined benefit liability, which comprises of actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised in Other Comprehensive Income.

<u>Other long-term employee benefits</u>

Liability towards other long term employee benefits i.e. leave encashment are determined on actuarial valuation by independent actuaries using Projected Unit Credit method.

<u>Ex-gratia</u>

Company accrues for the ex-gratia expenditure in the books of accounts as and when the same is declared by the company for its employees.

In respect of MSEDCL:

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

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

Defined contribution plans:

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

Defined benefits plans:

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

In respect of MSETCL:

Short Term Employee Benefits:

Short term employee benefits are recognized at the undiscounted amount in the Statement of Profit and Loss in the year in which the related services are rendered.

Other long-term employee benefit obligations

The liabilities for earned leave and sick leave that are not expected to be settled wholly within 12 months are measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method based on Actuarial Valuation.

The benefits are discounted using the yields of Corporate Bonds at the end of the reporting period that have terms approximating to the terms of the related obligation.

Re-measurements as a result of experience adjustments and changes in actuarial assumptions are recognised in the Statement of Profit and Loss.

Post- employment benefits:

The Company operates the following post-employment schemes:

(i) defined benefit plans such as gratuity; and

(ii) Defined contribution plans such as provident fund.

Defined Benefit Plan

Liability towards defined employee benefits like gratuity is determined on actuarial valuation by independent actuaries at the year-end by using Projected Unit Credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Defined Contribution Plan

Defined Contribution Plans such as Provident Fund etc. are charged to the Statement of Profit and Loss as incurred. Further for certain employees, the monthly contribution for Provident Fund is made to a separate trust which also manages funds of other group companies.The minimum rate of interest payable by the Trust is in accordance with rate notified by the Government. The Company has an obligation to make good the shortfall, if any.

12) Borrowing costs:

In respect of MSEBHCL:

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

In respect of MSPGCL:

Borrowing cost consists of interest and other costs incurred in connection with the borrowing of funds. Borrowing costs directly attributable to the acquisition or construction of an asset that necessarily takes a substantial period of time to get ready for its intended use are capitalised as part of the cost of the asset till the month in which the asset is ready for intended use. Other borrowing costs not attributable to the acquisition or construction of any capital asset are recognized as expenses in the period in which they are incurred.

In respect of MSETCL:

Borrowing costs consist of interest and other costs incurred in connection with the borrowing of funds. Borrowing costs also include exchange differences to the extent regarded as an adjustment to the borrowing costs.

Borrowing costs that are attributable to the acquisition or construction of qualifying assets (i.e. an asset that necessary takes a substantial period of time to get ready for its intended use) are capitalized as a part of cost of such assets. All other borrowing costs are charged to the Statement of Profit and Loss.

13) Leases:

In respect of MSEBHCL

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

a) Company as a lessee

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

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

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

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

b) Company as a lessor

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

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

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

In respect of MSPGCL:

<u>Finance Lease</u>

Assets acquired as Finance leases, where the Company has substantially all the risks and rewards of ownership, such assets are capitalized at the inception of the lease at the lower of fair value or the present value of minimum lease payments and a liability is created for an equivalent amount. Lease rentals paid are allocated between the liability and interest cost, so as to obtain a constant periodic rate of interest on outstanding liability for each period.

<u>Operating Lease</u>

Lease arrangements which are not classified as finance leases are considered as operating lease.

Payments made under Operating Leases are generally recognised in Statement of Profit and Loss on a straight-line basis over the term of the lease, unless such payments are structured to increase in line with expected general inflation. The lease agreement in respect of hydro power generation facilities has not been entered into with Government of Maharashtra.

In respect of MSEDCL:

Operating lease payments / Income are recognised in the statement of profit and loss on a Straight Line basis over the lease term. Where the rentals are structured solely to increase in line with expected general inflation to compensate for lessor's expected inflationary cost increase, such increase are recognised in the year in which such benefits accrue. The Company does not have any finance lease arrangements.

In respect of MSETCL:

Finance Lease

Assets acquired as Finance leases, where the Company has substantially all the risks and rewards of ownership, such assets are capitalized at the inception of the lease at the lower of fair value or the present value of minimum lease payments and a liability is created for an equivalent amount. Lease rentals paid are allocated between the liability and interest cost, so as to obtain a constant periodic rate of interest on outstanding liability for each period.

Operating Lease

Lease arrangements which are not classified as finance leases are considered as operating lease.Payments made under Operating Leases are generally recognized in Statement of Profit and Loss on a straight-line basis over the term of the lease, unless such payments are structured to increase in line with expected general inflation.

Lease Agreements in respect of land are considered as Finance Lease as the land has been used for the construction of Sub-Stations which are having perpetual use.

14) Government Grants

In respect of MSPGCL:

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with.

When the grant relates to an expense item, it is recognized in Statement of Profit and Loss on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed.

When the grant relates to property, plant and equipment, the cost of property, plant and equipment is shown at gross value and grant thereon is treated as liability (deferred income) and are credited to statement of profit and loss on a systematic basis over the useful life of the asset.

In respect of MSEDCL:

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

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

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

In respect of MSETCL:

Grants from the government are recognized at their fair value where there is reasonable assurance that the grant will be received and the Company will comply with all attached conditions.

When the grant relates to an expense item, it is recognized in Statement of Profit and Loss on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to Profit and Loss on a straight - line basis over the expected lives of related assets and presented within other income.

15) Accounting/ classification of expenditure and income

In respect of MSPGCL:

Income / expenditure in aggregate pertaining to prior year(s) above the threshold limit are corrected retrospectively.

Prepaid expenses upto threshold limit in each case, are charged to revenue as and when incurred.

Insurance claims are accounted on acceptance basis.

All other claims/entitlements are accounted on the merits of each case.

16) Investments

In respect of MSPGCL:

Investments in equity shares of Subsidiaries, Joint Ventures & Associates are recorded at cost and reviewed for impairment at each reporting date.

The Company has chosen the carrying value of the investment in Subsidiaries, associates and joint ventures existing as per previous GAAP as on date of transition to Ind AS i.e. 1st April 2015 as deemed cost.

17) Foreign Currency transactions

In respect of MSPGCL:

Transactions in foreign currencies are initially recorded at the respective exchange rates prevailing at the date of transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at spot rates of exchange at the reporting date.

Exchange differences arising on settlement or translation of monetary items are recognised in Statement of Profit and Loss either as 'Exchange Rate Variation' or as 'finance costs' (to the extent regarded as an adjustment to borrowing costs), as the case maybe.

In respect of MSETCL:

Functional and presentation currency

The financial statements are presented in Indian rupee (INR), which is Company's functional and presentation currency.

Transactions and balances

Transactions in foreign currencies are recognized at the prevailing exchange rates on the transaction dates. Realized gains and losses on settlement of foreign currency transactions are recognized in the Statement of Profit and Loss.

Monetary foreign currency assets and liabilities at the year-end are translated at the year-end exchange rates and the resultant exchange differences are recognized in the Statement of Profit and Loss.

18) Earnings per share:

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

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

19) Taxes on Income:

a) Current income tax

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

b) Deferred tax

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

When the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit/(tax loss).

In respect of taxable temporary differences associated with investments in subsidiaries, associates and interest in joint ventures, where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary differences will be not reverse in the foreseeable future.

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

When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit/(tax loss).

In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available which the temporary differences can be utilised.

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

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

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

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

20) Provisions, Contingent Liabilities, Contingent Assets and Commitments:

In respect of MSEBHCL

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

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

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

b) Contingencies – Contingencies liabilities are recognised at their fair value only, if they were assumed as part of a business combination. Contingent assets are not recognised.

However, when the realisation of income is virtually certain, then the related asset is no longer a contingent asset, and is recognised as an asset. Information on contingent liabilities is disclosed in the notes to the financial statements, unless the possibility of an outflow of resources embodying economic benefits is remote. The same applies to contingent assets where an inflow of economic benefits is probable.

In respect of MSPGCL:

Provisions are recognized when there is a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are discounted using an appropriate discount rate. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Contingent liabilities are possible obligations whose existence will only be confirmed by future events not wholly within the control of the Company, or present obligations where it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities are not recognized in the financial statements but are disclosed unless the possibility of an outflow of economic resources is considered remote.

Contingent liabilities and Capital Commitments disclosed are in respect of items which in each case are above the threshold limit.

Contingent assets are not recognised but disclosed in the financial statements when an inflow of economic benefits is probable

In respect of MSEDCL:

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

Contingent assets are disclosed where an inflow of economic benefits is probable. A brief description of the nature of the contingent assets, where an inflow of economic benefits is probable, and, where practicable, an estimate of their financial effect will be disclosed.

In respect of MSETCL:

Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are discounted. Unwinding of the discount is recognized in the Statement of Profit and Loss as a finance cost. Provisions are reviewed at each Balance Sheet date and are adjusted to reflect the current best estimate.

Contingencies

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made. Information on contingent liability is disclosed in the Notes to the Financial Statements. Contingent assets are not recognized.

21) Exceptional items:

Exceptional items refer to items of income or expense within the income statement from ordinary activities which are non-recurring and are of such size, nature or incidence that their separate disclosure is considered necessary to explain the performance of the Company.

22) Accounting of Losses on account of flood, fire, cyclone etc

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

23) Current and non-current classification:

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

An asset is current when it is:

Expected to be realised or intended to sold or consumed in normal operating cycle,

Held primarily for the purpose of trading

Expected to be realised within twelve months after reporting period.

Or

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

All other assets are classified as non-current.

A liability is current when:

It is expected to be settled in normal operating cycle.

It is held primarily for the purpose of trading,

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

Or

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

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

All other liabilities are classified as non-current.

24) Fair value measurement:

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

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

In the principal market for the asset or liability

Or

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

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

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

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

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

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

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

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

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

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

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

25) Financial Instruments:

Financial assets:

Initial recognition and measurement:

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

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

Subsequent measurement

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

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

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

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

Business model test: The objective of the Company's business model is to hold the financial asset to collect the contractual cash flows (rather than to sell the instrument prior to its contractual maturity to realise its fair value changes).

Cash flow characteristic test: The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

Business model test: The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

Cash flow characteristic test: The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Amortized cost

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

The asset is held within a business model whose objective is

- To hold assets for collecting contractual cash flows, and
- Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial recognition, such financial assets are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method and such amortization is recognised in the Statement of Profit and Loss.

Debt instruments at Fair value through profit and loss (FVTPL)

Fair value through profit and loss is a residual category for measurement of debt instruments.

After initial measurement, any fair value changes including any interest income, impairment loss and other net gains and losses are recognised in the Statement of Profit and Loss.

Equity investments

All equity investments in scope of Ind-AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. For all other equity instruments, the Company decides to classify the same either as at FVOCI or FVTPL. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

For equity instruments classified as FVOCI, all fair value changes on the instrument, excluding dividends, are recognized in other comprehensive income (OCI). There is no recycling of the amounts from OCI to Statement of Profit and Loss, even on sale of such investments

Equity instruments included within the FVTPL category are measured at fair value with all fair value changes being recognized in the Statement of Profit and Loss.

Investments in equity instruments of subsidiaries, associates and joint venture entities are carried at cost less impairment.

Impairment of financial assets

In accordance with Ind-AS 109, the Company applies Expected Credit Loss (“ECL”) model for measurement and recognition of impairment loss on the financial assets measured at amortised cost and those carried at FVOCI.

Loss allowances on trade receivables are measured following the 'simplified approach' at an amount equal to the lifetime ECL at each reporting date.

Derecognition

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

The rights to receive cash flows from the asset have expired, or

The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement and either:

a) The Company has transferred substantially all the risks and rewards of the asset, or

b) The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

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

Investment in associates, joint venture and subsidiaries

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

Impairment of financial assets

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

- Financial assets measured at amortised cost;

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

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

- the 12-months expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date); or

- full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument).

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

- Trade receivables or contract revenue receivable; and

- All lease receivables

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

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

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

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

ii) Financial Liabilities:
Initial recognition and measurements

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

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

Subsequent measurement

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

Financial liabilities at fair value through profit or loss

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

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

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

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

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are recognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

Finance guarantee contracts

Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee.

Subsequently, the liability is a measured at the higher of the amount of loss allowance determined as per impairment requirements of IND AS 109 and the amount recognised less cumulative amortisation.

Derecognition

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

iii) Offsetting of financial instruments:

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

H) Significant accounting judgements, estimates and assumptions:
In respect of MSEBHCL

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

a) Judgments:

b) Estimates and assumptions:

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

Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or the Company's fair value less costs of disposal and its value in use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or the Company's fair value exceeds it recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If so such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

Defined benefit plans

The cost of the defined benefit plan and other post-employment benefits and the resent value of such obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and attrition rate. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Fair Value measurement of financial instruments

When the fair value of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the Discounted Cash Flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

Development Costs

The Company capitalises development costs for a project in accordance with the accounting policy. Initial capitalisation of costs is based on management's judgement that technological and economic feasibility is confirmed, usually when a product development project has reached a defined milestone according to an established project management model. In determining the amounts to be capitalised, management makes assumptions regarding the expected future cash generation of the project, discount rates to be applied and the expected period of benefits.

Impairment of financial assets

The impairments provisions for financial assets are based on assumptions about the risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

I Reconciliation of Balance sheet as on 1st April 2015

Particulars	Indian GAAP	Adjustments	IND AS
ASSETS			
Non Current Assets			
Property, Plant & Equipment	60,029.92	34,626.16	94,656.08
Capital Work in Progress	25,897.00	43.07	25,940.07
Investment Properties	-	959.66	959.66
Goodwill	-	-	-
Other Intangible Assets	65.21	0.00	65.21
Intangible Assets under Development	-	-	-
Investments in Subsidiaries, associates and joint ventures	-	10.12	10.12
Financial Assets	-	-	
(i) Investments	1,138.70	-513.71	624.99
(ii)Trade Receivables	-	2,701.39	2,701.39
(iii) Loans	1,510.35	-239.89	1,270.46
(iv) Others (to be specified)	-	-	
Deferred Tax Assets (Net)	-	-	-
Other Non Current Assets	965.21	5,273.82	6,239.04
	-	-	
Current Assets	-	-	
Inventories	2,446.02	-320.56	2,125.46
Financial Assets	-	-	
(i) Investments	77.51	-1.72	75.78
(ii) Trade Receivables	31,331.02	-1,309.15	30,021.87
(iii) Cash & cash Equivalents	567.61	-12.64	554.97
(iv) Bank Balances Other than (iii) above	-	-	-
(v) Loans	2,720.72	-1,914.61	806.11
(iv) Others	-	984.04	984.04
Current Tax Assets (Net)	-	-	-
Other Current assets	6,820.81	223.93	7,044.74
	-	-	
Assets held for sale/Assets included in disposal group(s) held for sale	-	215.49	215.49
Regulatory Assets	-	224.00	224.00
Total Assets	**1,33,570.07**	**40,949.41**	**1,74,519.48**

EQUITY AND LIABILITIES			
EQUITY			
Equity Share capital	8,385.30	76,485.73	84,871.03
Other Equity	11,557.06	-41,207.96	-29,650.90
	-	-	
LIABILITIES	-	-	
Non Current Liabilities	-	-	
Financial laibilities	-	-	
(i) Borrowings	54,350.12	-12,627.44	41,722.69
(ii) Trade Payables	-	-	
(iii) Other fianancial Liabilities (other than those specified in item (b))	6,232.71	5,225.95	11,458.66
Provisions	-	4,850.75	4,850.75
Deferred Tax Liabilities (Net)	2,911.66	647.53	3,559.19
Other Non Current Liabilities	5,075.48	-1,459.95	3,615.53
	-	-	
Current Liabilities	-	-	
Financial laibilities	-	-	
(i) Borrowings	9,682.69	0.00	9,682.69
(ii) Trade Payables	18,289.37	5,148.64	23,438.01
(iii) Other fianancial Liabilities (other than those specified in item (c))	-	16,905.79	16,905.79
Other Current Liabilties	15,582.60	-14,900.98	681.62
Provisions	1,503.08	1,881.33	3,384.40
Current Tax Liabilities (Net)	-	0.02	0.02
Liabilities classified as held for sale/ Liabilities included in disposal group held-for sale	-	-	
Total Liabilities and Equity	**1,33,570.07**	**40,949.41**	**1,74,519.48**

II Reconciliation of Balance sheet as on 31st March 2016

Particulars	Indian GAAP	Adjustments	IND AS
ASSETS			
Non Current Assets			
Property, Plant & Equipment	1,01,972.78	-417.38	1,01,555.40
Capital Work in Progress	23,138.74	-80.23	23,058.51
Investment Properties	-	917.88	917.88
Goodwill	-	-	-
Other Intangible Assets	56.46	0.00	56.46
Intangible Assets under Development	-	120.78	120.78
Investments in Subsidiaries, associates and joint ventures	-	-6.20	-6.20
Financial Assets	-	-	-
(i) Investments	1,154.93	-513.47	641.46
(ii)Trade Receivables	-	3,453.90	3,453.90
(iii) Loans	1,188.56	-128.97	1,059.59
(iv) Others (to be specified)	-	-	
Deferred Tax Assets (Net)	-	-	-
Other Non Current Assets	729.33	1,396.14	2,125.48
	-	-	
Current Assets	-	-	
Inventories	3,125.30	-405.73	2,719.57
Financial Assets	-	-	
(i) Investments	93.94	-34.32	59.63
(ii) Trade Receivables	19,414.07	-7,013.09	12,400.98
(iii) Cash & cash Equivalents	737.67	34.50	772.17
(iv) Bank Balances Other than (iii) above	-	-	-
(v) Loans	2,916.59	-2,032.84	883.75
(iv) Others	-	1,411.71	1,411.71
Current Tax Assets (Net)	-	-	-
Other Current assets	7,632.49	-4,005.04	3,627.46
	-	-	
Assets held for sale/Assets included in disposal group(s) held for sale	-	178.23	178.23
Regulatory Assets		2,524.00	2,524.00
Total Assets	**1,62,160.87**	**-4,600.11**	**1,57,560.76**

EQUITY AND LIABILITIES			
EQUITY			
Equity Share capital	86,299.77	0.02	86,299.79
Other Equity	-21,316.11	-11,577.43	-32,893.54
LIABILITIES			
Non Current Liabilities			
Financial laibilities			
(i) Borrowings	46,829.96	-6,402.08	40,427.88
(ii) Trade Payables			
(iii) Other fianancial Liabilities (other than those specified in item (b))	4,590.43	3,317.12	7,907.55
Provisions	-	4,907.14	4,907.14
Deferred Tax Liabilities (Net)	3,041.81	594.32	3,636.13
Other Non Current Liabilities	5,075.71	-289.23	4,786.48
	-	-	
Current Liabilities			
Financial laibilities			
(i) Borrowings	17,220.77	-0.00	17,220.76
(ii) Trade Payables	2,130.38	2,291.77	4,422.15
(iii) Other fianancial Liabilities (other than those specified in item (c))	17,244.81	436.06	17,680.87
Other Current Liabilties	-	991.39	991.39
Provisions	1,043.34	1,130.81	2,174.15
Current Tax Liabilities (Net)			
Liabilities classified as held for sale/ Liabilities included in disposal group held-for sale			
Total Liabilities and Equity	**1,62,160.87**	**-4,600.11**	**1,57,560.76**

III Reconciliation of total comprehensive income for the year ended 31st March 2016

Particulars	Indian GAAP	Adjustments	IND AS
Revenue from operations	55,738.37	-87.71	55,650.66
Other Income	3,237.83	145.35	3,383.18
Total Income (i)+(ii)	**58,976.20**		**59,033.84**
Expenses			
Cost of materials consumed	39,584.51	-223.12	39,361.39
Purchase of Stock-in-Trade	-		-
Changes in Inventories of finished goods, Stock-in-trade and work-in-progress	-		-
Employee Benefits Expenses	6,374.26	-174.56	6,199.70
Finance Costs	5,723.98	-240.30	5,483.68
Depreciation and amortization expense	4,950.35	556.75	5,507.10
Others expenses	3,933.59	996.22	4,929.81
Total Expenses ((i) to (vii))	**60,566.69**		**61,481.68**
Profit /(Loss) before exceptional items and tax (II-I)	**-1,590.49**		**-2,447.84**
Exceptional Items	-24,750.53	24,750.53	-
Profit /(Loss) before tax (III - IV)	**-26,341.02**		**-2,447.84**
Tax Expenses:			
(1) Current Tax	-55.87	111.74	55.87
(2) Deferred Tax	-130.15	236.36	106.22
(3) Previous Year Taxes	-		-164.63
Profit /(Loss)for the period from continuing operations (V-VI)	**-26,527.04**		**-2,445.29**
Profit /(Loss) from discontinued operations before tax			-
Tax Expenses of discontinued operations			-
Profit /(Loss) from discontinued operations (After tax) (VII- IX)			**-**
Profit /(Loss) for the period	**-26,527.04**		**-2,445.29**
Other Comprehensive Income			
(i) Items that will not be reclassified to profit or loss	0	-201.57	-201.57
(ii) Income tax relating to items that will not be reclassified to profit or loss		29.27	29.27
Subtotal (A)			**-172.29**
(i) Items that will be reclassified to profit or loss			
(ii) Income tax relating to items that will be reclassified to profit or loss			
Subtotal (B)			-

Other Comprehensive Income(A+B)			**-172.29**
Total Comprehensive Income for the period (XI + XIII)	**-26,527.04**		**-2,617.59**
Earning per equity share (for continuing operations)			
Basic (Rs.)	-27.52		-2.73
Diluted (Rs.)	-27.52		-2.45

IV Reconciliation of Equity as on 31st March 2016

Other Equity Reconciliation			
Particulars		**01-04-2015**	**31-03-2016**
Opening Balance as per GAAP			
Equity Capital		8,385.32	84,871.03
Shares Issued on account of FRP		76,485.71	1,428.77
Balance		**84,871.03**	**86,299.79**
Other Equity			
Share Application Money			
Opening Balance as per GAAP		9,682.92	1,428.77
Share Application Money received on account of FRP		68,231.56	1,092.98
Shares Issued on account of FRP		76,485.71	1,428.77
Balance		**1,428.77**	**1,092.98**
Other Reserves			
Opening Balance as per GAAP		**-28,657.85**	**-31,079.66**
FRP and Ind AS Adjustments		-2,421.81	
Other Comprehensive Income			-173.43
Profit for the year			-2,444.16
Additions			-289.27
Balance		**-31,079.66**	**-33,986.52**
Balance		**55,220.14**	**53,406.25**

Note 2
PROPERTY, PLANT AND EQUIPMENT

Particulars	Leasehold Land	Freehold Land	Factory Buildings	Other Buildings	Plant & Equipments	Line & Cable Networks	Hydraulic Works	Other Civil Works *	Roads and Others	Furniture & Fixtures	Vehicles	Office Equipment (Including computer)	Others	Communi-cation Equipment	IT Equipment	Capital Expenditure resulting in assets not belonging to the company	Total
Year ended 31st March 2016																	
Gross Carrying Amount																	
Cost as at 1st April 2015	418.06	12,513.56	3,340.65	740.49	35,217.73	38,268.73	1,360.31	2,062.17	359.09	97.38	18.57	140.38	40.80	24.47	47.51	58.83	94,708.73
Provision for obsolescence																	
1st April 2015																	
Additions	1.98	102.15	182.83	98.00	9,068.07	2,361.95	340.42	122.73	82.07	5.83	1.36	7.22	4.10	7.98	13.08	-	12,399.77
Adjustments	18.82	69.20	24.20		1,095.38	4,546.88	-31.02	115.04		-0.48	-0.51	5.93	-				5,843.43
Revaluation of assets	-12.59	-75.00	-19.35		-2,582.64	-3,541.99	-1.10	-34.48		-0.02	-0.02	-0.07	-				-6,267.27
Provision for obsolescence			-0.40		-22.66	-6.79	-0.30		-0.28	-0.00	-0.11	-0.01				-0.05	-30.60
Ind AS Adjustments					88.53	-	-	-		-0.01	-	-1.78	-				86.74
Disposal/Transfers/prov for obsolescence	-	-	-		-2.49	-	-	-		-	-	-	-				-2.49
Closing Gross Carrying Amount	**426.28**	**12,609.90**	**3,527.93**	**838.49**	**42,861.93**	**41,628.77**	**1,668.30**	**2,265.46**	**440.88**	**102.70**	**19.28**	**151.67**	**44.90**	**32.45**	**60.59**	**58.78**	**106,738.32**
Accumulated Depreciation and Impairment																	
Opening Accumulated																	
Depreciation	26.78				7.21					10.33	0.32	0.07	-				44.71
Depreciation Charge during the year	8.75	-	120.88	34.28	2,438.29	2,298.25	100.32	178.48	16.42	6.02	1.90	24.14	14.34	2.03	0.11	4.54	5,248.75
Revaluation of Assets			-14.53		-1,979.30	-2,487.92	-0.72	-15.89		-0.01	-0.02	-0.07	-				-4,498.45
Ind AS Adjustments'					11.03	-	-	-		0.00	-	0.18	-				11.20
Provision for obsolescence																	-
Disposal/Transfers	-0.01		39.22		1,800.83	2,598.33	-25.47	-25.96		-0.10	-0.69	-9.45	-				4,376.70
Closing Accumulated																	
Depreciation and Impairment	**35.52**	**-**	**145.58**	**34.28**	**2,278.05**	**2,408.67**	**74.13**	**136.63**	**16.42**	**16.25**	**1.52**	**14.86**	**14.34**	**2.03**	**0.11**	**4.54**	**5,182.91**
Net Carrying Amount	**390.76**	**12,609.90**	**3,382.36**	**804.21**	**40,583.88**	**39,220.11**	**1,594.17**	**2,128.83**	**424.46**	**86.45**	**17.76**	**136.80**	**30.56**	**30.42**	**60.49**	**54.24**	**101,555.40**
Year ended 31st March 2017																	
Gross Carrying Amount																	
Opening Gross Carrying Amount	426.28	12,609.90	3,527.93	838.49	42,861.93	41,628.77	1,668.30	2,265.46	440.88	102.70	19.28	151.67	44.90	32.45	60.59	58.78	106,738.32
Additions	5.60	51.55	265.18	154.68	17,893.49	3,014.39	859.62	286.26	18.45	8.23	5.11	12.34	6.42	5.34	2.45		22,589.11
Adjustments	-0.17	0.48	64.86	-2.00	-662.77	-9.60	-21.39	-20.55	-43.75	-2.00	-0.90	-2.23	-2.92			-0.44	-703.38
Provision for obsolescence					0.01	-											0.01
Ind AS Adjustments'					-265.08	-	-	-		0.01	-	0.81	-				-264.25
Disposal/Transfers/Capitalised	-	-	-		-	-	-	-		-	-	-	-				-
Closing Gross Carrying Amount	**431.71**	**12,661.93**	**3,857.98**	**991.17**	**59,827.58**	**44,633.57**	**2,506.53**	**2,531.17**	**415.58**	**108.94**	**23.50**	**162.58**	**48.40**	**37.79**	**63.04**	**58.34**	**128,359.80**
Accumulated Depreciation and Impairment					4922.54												
Opening Accumulated Depreciation	35.52	-	145.58	34.28	2,278.05	2,408.67	74.13	136.63	16.42	16.25	1.52	14.86	14.34	2.03	0.11	4.54	5,182.91
Depreciation Charge during the year	8.93		113.27	83.81	3,006.41	2,415.07	154.59	131.27	19.74	5.96	2.10	18.98	1.72	2.89	12.14	4.54	5,981.42
Adjustments			-27.31	-1.03	-407.14	-3.92	-13.59	-40.21	-16.88	-1.55	-0.42	-0.21				-0.38	-512.65
Disposal/Transfers/Capitalised	0.00		-0.39		40.51	12.06	1.45	-6.97	-	-0.00	-0.52	-5.60	-				40.55
Provision for obsolescence																	-
Ind AS Adjustments'					13.00	-	-	-		0.00	-	0.03	-				13.03
Closing Accumulated																	
Depreciation and Impairment	**44.45**	**-**	**231.14**	**117.06**	**4,930.83**	**4,831.87**	**216.57**	**220.72**	**19.28**	**20.66**	**2.69**	**28.06**	**16.06**	**4.92**	**12.24**	**8.70**	**10,705.26**
Net Carrying Amount	**387.27**	**12,661.93**	**3,626.84**	**874.11**	**54,896.74**	**39,801.70**	**2,289.96**	**2,310.45**	**396.30**	**88.28**	**20.81**	**134.53**	**32.34**	**32.87**	**50.80**	**49.64**	**117,654.54**

NOTE 2A
Capital Work in Progress

(Amt in Crores)

Particulars	Year	MSPGCL	MSETCL	MSEDCL	MSEBHCL	Total
Captial Work in Progess	2016-17	1177.14	2696.53	3632.32	0.00	**7505.99**
	2015-16	17313.91	3225.78	2517.75	1.07	**23058.51**
	2014-15	20576.83	4073.41	1288.10	1.72	**25940.07**

NOTE 2B

(Amt in Crores)

Particulars	Computer software	Software Licences	Right of Way (RoW)	Total
Gross Carrying amount				
Deemed cost as at 1st April, 2015	68.65	16.16	1.23	86.05
Additions	8.36	2.99	0.00	11.35
Disposals	1.65	0.32	0.00	1.97
Balance as at 31st March, 2016	75.36	18.84	1.23	95.43
Additions	0.11	6.52	0.00	6.62
Disposals	(0.02)	0.00	0.00	(0.02)
Balance as at 31st March, 2017	75.45	25.36	1.23	102.04
Accumulated amortisation	0.00	0.00	0.00	0.00
Balance as at 1st April, 2015	20.85	0.00	0.00	20.85
Additions	15.44	2.98	0.07	18.49
Disposals	0.05	0.32	0.00	0.37
Balance as at 31st March, 2016	36.24	2.66	0.07	38.98
Additions	15.66	10.47	0.07	26.20
Disposals	0.00	0.00	0.00	0.00
Balance as at 31st March, 2017	51.90	13.14	0.14	65.18
Net Carrying amount				
Balance as at 31st March, 2017	**23.55**	**12.22**	**1.09**	**36.86**
Balance as at 31st March, 2016	**39.12**	**16.17**	**1.16**	**56.46**
Balance as at 1st April, 2015	**47.80**	**16.16**	**1.25**	**65.21**

Note 3
INVESTMENT PROPERTY **(Amt in Crores)**

Particulars	Freehold Buildings
Cost	
INV	1,179.24
Additions	0.19
Adjustments	-
Disposal/Transfers	-
As at 31st March 2016	**1,179.43**
Additions	1.10
Adjustments	-
Disposal/Transfers	-
As at 31st March 2017	**1,180.53**
Accumulated Depreciation	
As at 1st April 2015	219.58
Depreciation Charge during the year	41.97
Adjustments	-
Disposal/Transfers	-
As at 31st March 2016	**261.55**
Depreciation Charge during the year	42.07
Adjustments	-
Disposal/Transfers	-
As at 31st March 2017	**303.61**
Net Book Value	
As at 1st April 2015	**959.66**
As at 31st March 2016	**917.88**
As at 31st March 2017	**876.92**
Fair Value	
As at 31st March 2016	917.88
As at 31st March 2017	876.92

	2016-17
Rental Income derived from investment properties	38.44
Direct operating expenses (including repairs and maintainance) generating rental income	8.18
Profit arising from investment properties	**30.26**

Note 4: Non Current Assets: Investments in Subsidiaries, associates and joint ventures

(Amt in Crores)

Particulars	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
Investments in Associates			
Maharashtra State Power Trading Co Ltd 10,010,000 shares of Rs 10/- each	----	----	10.01
UCM Coal Co. Ltd 30,000 Equity Shares of Rs 10 each fully paid up	0.03	0.03	0.03
Add:- Share of Income from investment	-0.06	-0.01	-0.02
Quasi Equity investment in subsidiaries	4.80	-6.22	0.09
Less : Allowance for Expected Credit Loss	-45.10	0.00	0.00
Total	**-40.32**	**-6.20**	**10.12**

Note 5: Non Current Assets: Financial Assets: Investments

(Amt in Crores)

Particulars	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
Trade Investments			
-Other Companies (i) Ratnagiri Gas & Power Pvt Ltd Nil (P.Y 516,280,000 shares of Rs. 10 each)	---	---	---
(ii) The Raigad Distirict Central Co-op Bank Ltd at Fair Value through Profit & Loss (FVTPL)	2.00	2.00	2.00
Investment : Quoted at amortised cost			
Investments in Government Securities*	102.45	170.22	169.19
Investments in Bonds*	311.70	278.93	263.41
Investments In Bonds at Amortised Cost			
i) Of Central Govt.Bonds (Earmarked against Contingency Reserve)			
8.15% Govt-FCI Bond 2022	10.48	10.48	10.47

[1050000 bonds of Face Value of Rs.100/- each ; Market Value of C.Y.Rs.103.807 ; (P.Y Rs.101.369 ; 1st April,2015 103.2 each)]			
8.01% Govt-Oil Bond-2023	19.31	19.29	19.27
[(1950000 bonds of Face Value of Rs.100/- each ; Market Value of C.Y. Rs.103.12 ; (P.Y. Rs.100.45 1st April,2015 100.41 each)]			
8.03% Govt-Food Bond-2024	9.90	9.89	9.89
[1000000 bonds of Face Value of Rs.100/- each ; Market Value of C.Y.Rs.103.19; (P.Y.Rs.100.43 1st April,2015 100.57 each)]			
8.23% Govt-Food Bond-2027	9.96	9.96	9.96
[1000000 bonds of Face Value of Rs.100/- each; Market Value of C.Y.Rs.104.45 ; P.Y.Rs.101.56, (1st April, 2015 Rs. 101.19 each)]			
8% Oil Bond 2026	51.78	51.91	52.04
[5000000 bonds ofFace Value of Rs.100/- each; Market Value of C.Y. Rs.102.95; P.Y.Rs.100.07 , 1st April 2015 100.42 each)]			
8.28% GOI 2032	26.83	26.82	26.82
[2700000 bonds of Face Value of Rs.100/- each ; Market Value of C.Y. Rs.108.63 ; (P.Y.103.01, 1st April,2015 104.33 each)]			
8.30% GOI 2040	28.73	28.73	28.72
[2900000 bonds of Face Value of Rs.100/- each ; Market Value of C.Y.Rs.108.51 ; (P.Y.103.80, 1st April,2015 105.0 each)]			
PFC Bonds			
9.45% PFC 2026	28.93	28.92	28.92
[290 bonds of Face Value of Rs.1000000/- each ; (Market Value of P.Y.Rs. 982305, 1st April,2015 Rs. 982305 each)]			
ii) NPCIL Bonds	4.30	4.30	4.30
4.75% NPCIL-2019			
[43 bonds of Face Value of Rs.1000000/- each]			
Total	**606.37**	**641.46**	**624.99**

5.1) Investment in Ratnagiri Gas & Power Pvt Ltd Rs. 516 crores (P.Y Rs. 516 crores): RGPPL carried out an impairment study for Fixed Assetsthrough KPMG. They submitted their final report on 13.05.2017, as follows:

Scenario 1-

	Amt. (in crores)
Equity Value	(3,355)
Impairment of Fixed Assets	(2,241)

Scenario 2 – Considering potential loan restructuring

	Amt. (in crores)
Equity Value	750
Impairment of Fixed Assets	(,2241)

As on 31.03.2017 details of equity holding is as under:

Name of Shareholder	Amt. (in crores)
NTPC Limited	974
GAIL (India) Limited	974
MSEB Holding Company Limited	516
IDBI Bank Limited	482
State Bank of India	383
ICICI Bank Limited	340
Canara Bank	82
IFCI Limited	67
Total	**3,820**

Indicators impacting RGPPL for Impairment assessment

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

Significant decline in net worth of the company:

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

(Amount in Crores)

Particulars	**March 31,2017**	**March 31,2016**	**March 31, 2015**
Share Capital	38,203	38,203	33,700
Reserves & Surplus	-44,816	-35,680	-24,951
Total	**-6,613**	**2,523**	**8,749**

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

Based on above, it can be inferred that the fair value of the investment as at 1st April 2015.

Note 6: Non Current : Financial: Trade Receivables

(Amount in Crores)

Particulars	**As at 31st March 2017**	**As at 31st March 2016**	**As at 1st April 2015**
Unsecured considered good;	3,740.66	3,740.66	2,701.39
Less: Allowance for Expected Credit Loss	-509.07	-286.75	---
Total	**3,231.58**	**3,453.90**	**2,701.39**

Note 7: Non Current : Financial: Loans

(Amount in Crores)

Particulars	**As at 31st March 2017**	**As at 31st March 2016**	**As at 1st April 2015**
Unsecured , considered good unless stated otherwise			
Balances with group companies	217.94	61.13	218.72
Security Deposits	18.51	14.07	14.48

(a) Security Deposits with (Unsecured: Considered good)			
(i) Maharashtra Electricity Regulatory Commission Refer Note no	394.19	0.00	0.00
(ii) Court Authorities	170.23	160.77	58.30
(iii) Others	87.94	141.03	143.55
b) Loans to related parties (i)] (UnSecured: Considered good)			
i) Maharashtra State Power Generation Co Ltd	468.36	479.98	456.52
ii) Maharashtra State Electricity Transmission Co Ltd	241.83	251.32	235.03
iii) MSEB Holding Co. ltd	0.00	0.00	137.75
iv) Dhopave Coastal Power Ltd.	2.07	2.07	2.07
v) Aurangabad Power Company Ltd.	0.00	1.16	1.16
Less: Allowance for Expected Credit Loss Refer Note no	-96.54	-54.63	0.00
c) Loans to others (Unsecured: Considered good)			
(i) Loans & Advances to Licensees	0.31	0.31	0.31
Less: Provision for Doubtful Loans & Advances	-0.31	0.00	0.00
(ii) House Building advance to staff	0.14	0.08	0.11
(iii) Loan to MPDCL	2.47	2.47	2.47
Less: Allowance for Expected Credit Loss Refer Note no	-0.33	-0.18	0.00
Total	**1,506.81**	**1,059.59**	**1,270.46**

Note 8: Non Current : Other Assets

(Amount in Crores)

Particulars	**As at 31st March 2017**	**As at 31st March 2016**	**As at 1st April 2015**
Advance payment of Income Tax (net of Provision)	814.12	748.09	265.64
Capital Advances	85.95	201.17	788.75

Unamortised transaction cost	1.53	1.93	2.33
Security Deposits	0.36	0.36	0.36
Less:- Provision for doubtful debts	-0.33	-0.33	-0.33
Advances for O&M Supplies / recoverables	243.85	215.86	192.39
Less:- Provision for doubtful debts	-243.85	-215.86	-192.39
Balance recoverable from statutory authorities	0.16	0.16	0.00
Less:- Provision for doubtful debts	-0.16	-0.16	0.00
Advance to Irrigation Department Government of Maharashtra	138.21	138.21	138.21
Less:- Allowance for Expected Credit Loss	-28.08	-21.50	-11.77
Advance Tax (net of provisions)	0.00	0.00	0.00
Staff Advance	2.74	14.57	18.56
Capital advances	0.00	0.00	0.00
Deferred Lease Rent	637.65	563.73	477.98
Claims Receivable under MVAT Refund Account	57.53	57.53	57.53
i) Advance with Ratnagiri Gas Power Private Limited [Note no. 31(1)(iii)(e)]	181.01	181.01	181.01
ii) Capital Advance	118.02	84.61	93.19
iii) Other	10.23	43.22	259.14
b) Others (Unsecured, Considered good)			
Recevaible from GoM	79.50	67.14	54.01
Excise Duty Receivable	2.01	1.39	0.52
Prepaid Expenses	0.09	0.09	0.10
Related parties			
MSEDCL	98.15	44.24	3,913.79
TOTAL	**2,198.70**	**2,125.48**	**6,239.04**

In case of MSEBHCL:

8.1) Loans and Advances to related parties - MSEDCL of Rs. 3,723 crores (P.Y. Rs. 3,749 crores) and includes transfer of common and specific liabilities, assets and reserves amounting to net balance of Rs. 207 crores which are under reconciliation, discussions and deliberations.

8.2) The Company has shown advance tax of Rs. 138 crores net of the provision of tax in the books of accounts amounting to Rs. 40 crores and there is no such liability as per income tax records as cases are in appeal. The amount of provision made in the books are as per companies judgement only.

Note 9: Current Assets: Inventories

(Amount in Crores)

Particulars	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
Stores & Spares	238.38	233.74	275.61
Less: Provision for Material Losses	-3.84	-3.84	-11.91
Pending Investigation &Obsolete Materials	-	-	-
Raw materials (Coal)	602.01	1,023.46	274.78
Fuel Oil, LDO etc	171.51	184.45	168.60
Stock-in-transit (Coal)	49.00	51.82	48.18
Stores and spares	1,620.93	1,492.12	1,612.03
Less : Provision for Obsolescence of stores and spares	-338.12	-262.18	-241.83
Total	**2,339.86**	**2,719.57**	**2,125.46**

Note 10: Current Assets: Financial Assets: Investments

(Amount in Crores)

Particulars	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
At amortised Cost			
Investments in Government Securities	69.30	0.33	38.56
Investments in Bonds	-0.33	47.50	35.59
Investment in Mutual Funds	16.85	11.79	1.63
Total	**85.81**	**59.63**	**75.78**

Note 11: Current Assets : Financial assets – Trade Receivables

(Amount in Crores)

Particulars	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
Unsecured unless stated otherwise			
Considered Good	12,363.82	3,593.09	19,362.80

- Allowance for Expected Credit Loss	-7,774.03	-7,126.29	-5,988.03
Considered Doubtful	26.36	0.00	0.00
- Allowance for Doubtful	-26.36	0.00	0.00
Unsecured considered good;	6,103.19	6,586.15	7,947.14
Doubtful	97.49	0.00	0.00
Less: Allowances for Bad and Doubtful Debts	--	0.00	0.00
Others (Debts not exceeding six months)	0.06	18.74	15.47
Secured & Considered good [Refer Note No] :	**4,137.70**	**6,174.60**	**5,773.25**
Unsecured & Considered good:			
Receivable from GoM towards subsidy to consumers [Note no. 31(9)]	3,488.11	3,154.70	2,911.25
Total	**18,416.33**	**12,400.98**	**30,021.87**

Note 12: Cash & Cash Equivalent

(Amount in Crores)

Particulars	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
Balances with Banks	1,004.41	641.62	503.81
Demand Deposits with Banks with original maturity less than 12 months	514.71	115.31	7.26
Cash and Stamps on Hand	7.88	6.41	26.90
Cheques/ Drafts on hand	4.69	8.83	17.00
Total	**1,531.68**	**772.17**	**554.97**

Note 13: Loans

(Amount in Crores)

Particulars	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
Loans & Advances to Employees	48.57	171.04	239.88
Receivable from CPF Trust	40.73	30.63	29.10
Loans to related parties	0.00	349.84	63.41
Other Advances	1.19	0.82	92.69
Interest Receivable	1.40	1.67	2.01

Income accrued and due- Int	23.65	23.64	24.28
Subsidy/ Grant/ Equity Receivable	61.00	157.15	203.58
Other Receivables (Including Receivable under Solar Pump Scheme)	52.63	3.87	4.93
Amounts receivables from other State Electricity Boards	144.41	145.08	146.22
Less: Provision for Doubtful Debt	-144.41	0.00	0.00
Total	**229.17**	**883.75**	**806.11**

Note 14: Others

(Amount in Crores)

Particulars	**As at 31st March 2017**	**As at 31st March 2016**	**As at 1st April 2015**
Fixed Deposits Received from Suppliers/ Contractors as Security Deposits	7.06	6.36	7.15
Receivable from MSEB CPF Trust	22.48	0.54	6.99
Claims for loss/damage to materials	0.01	0.01	0.01
Interest Receivable	15.51	17.94	20.92
Other Receivable	1.91	1.90	1.75
Other Advances	0.00	0.01	0.02
Recoverable from Employees	2.30	0.76	3.10
Unbilled Receivables	1,519.83	558.40	298.69
Receivable under MVAT refund	723.25	730.43	544.38
Rent Receivable	0.63	0.68	2.33
Claims receivable	18.48	18.55	53.65
Recoverable from Contractors	18.04	10.31	0.00
Prepaid expenses	62.30	65.81	43.76
Inter Corporate Deposits with SICOM	0.00	0.00	1.30
Total	**2,391.80**	**1,411.71**	**984.04**

Note 15: Other Current Assets

(Amount in Crores)

Particulars	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
Unsecured, Considered Good			
Prepaid Expenses	0.67	1.00	1.21
Advances to Suppliers	32.51	23.59	108.59
Advances and Recoverables	7.26	7.27	7.31
Amortised transaction cost	0.40	0.40	0.40
Expenses Recoverable	0.00	0.00	0.00
Considered good	1.03	1.11	1.04
Considered doubtful	1.49	1.49	1.49
- Provision for Doubtful Debts	-1.49	-1.49	-1.49
Coal Deposits	0.00	0.00	54.05
Prepaid Expenses	38.69	32.03	5.63
Balances with Statutory Authorities	69.40	64.55	0.52
Advances for O & M supplies / works	1,481.10	717.73	359.26
Advances for coal / fuel supplies	539.53	760.88	1,186.15
Unbilled Revenue	1,017.49	2,018.90	5,320.59
Less:- Allowance for Expected Credit Loss	-90.03	0.00	0.00
Total	**3,098.04**	**3,627.46**	**7,044.74**

Note 16: Assets classified as sale

(Amount in Crores)

Particulars	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
Assets classified as held for sale	328.61	178.23	215.49
Total	**328.61**	**178.23**	**215.49**

Note 17: Regulatory Assets

(Amount in Crores)

Particulars	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
Regulatory Assets	2,315.00	2,524.00	224.00
Total	2,315.00	2,524.00	224.00

Note 18: Share Capital

Particulars	As at 31 March 2017		As at 31 March 2016		As at 1st April 2015	
	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount
A) Authorised Share Capital	9,900	99,000.00	9,900	99,000.00	9,900	99,000.00
9,900 crores (P.Y .9,900 crores) Equity Shares (hereafter referred to as 'shares') of Rs. 10 each						
B) Issued, Subscribed & Paid up Capital						
8,739 crores (P.Y 8,630 crores) Equity Shares (hereafter referred to as 'shares') of Rs. 10 each fully paid up.	8,739	87,392.77	8,630	86,299.79	8,487	84,871.03
	8,739	**87,392.77**	**8,630**	**86,299.79**	**8,487**	**84,871.03**

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

	As at 31 March, 2017		As at 31 March, 2016		As at 1st April 2015	
Name of the Shareholder	No. of shares held	% of Total Paid up Capital	No. of shares held	% of Total Paid up Capital	No. of shares held	% of Total Paid up Capital
Gov of Maharashtra and its nominees	8,739	100%	8,630	100%	8,487	100%
	8,739	**100%**	**8,630**	**100%**	**8,487**	**100%**

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

Name of the Shareholder	As at 31St March 2017	As at 31 March, 2016	As at 1st April 2015
	No. of Shares (Amt in crores)	No. of Shares (Amt in crores)	No. of Shares (Amt in crores)
Shares outstanding at the beginning	8,630	8,487	8,487

of the year			
Shares issued during the year	109	143	-------
Shares bought back during the year	-	-	--
Shares outstanding at the end of the year	8,739	8,630	8,487

c) Details of Issued, Subscribed & paid up capital during the year.
109 crores shares allotted on 23-11-2016 issued.

d) Rights, Preferences and restrictions attaching to each class of shares
The Company has only one class of Equity Shares having par value of Rs. 10 per share.

e) Shares in respect of each class in the Company held by its Holding Company or its ultimate holding Company including shares:
Not applicable.

f) Shares reserved for issue under options and contracts or commitments for the sale of shares or disinvestment, including the terms and amounts.
Not applicable.

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

Particulars	2016-17	2015-16	2014-15	2013-14	2012-13
i) Equity Shares allotted as fully paid up Bonus Shares	NIL	NIL	NIL	NIL	NIL
ii) Equity Shares issued for consideration other than cash	NIL	76,751	NIL	NIL	NIL

h) Terms of any securities convertible into equity shares issued along with the earliest date of conversion in descending order starting from the farthest such date.
Not Applicable

i) Calls unpaid (showing aggregate value of calls unpaid by directors and officers).
Not Applicable

j) Forfeited Shares (amount originally paid up)
Not Applicable

Note 19 Other Equity

	Share application money pending allotment	Retained Earnings	Other Comprehensive Income	Other Equity	Total Other Equity
As at 01-04-2015	**9682.92**	**-27686.38**		**971.47**	**-17031.99**
FRP adjustments	68,232	-4364.75			63866.81
shares issued	-76,486				-76485.71
Restated Balance as on 01-04-2015	**1428.77**	**-32051.13**	**0.00**	**971.47**	**-29650.89**
Add profit for the year		-2,444.16			-2444.16
Other Comprehensive Income			-173.43		-173.43
Additions during the year	1,093	-443.34		154.07	803.71
Shares Alloted during the year	-1,428.77				-1428.77
As at 01-04-2016	**1,092.98**	**-34,938.63**	**-173.43**	**1,125.54**	**-32893.54**
Add profit for the year		-5,787.18			-5787.18
Other Comprehensive Income			-231.27		-231.27
Additions during the year	693.79	676.46		164.15	1534.40
Shares Alloted during the year	-1,092.98				-1092.98
As at 31-03-2017	**693.79**	**-40,049.35**	**-404.70**	**1,289.69**	**-38,470.57**

Note 20: Non Current Liabilities: Borrowings

(Amt in Crores)

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Secured			
Term Loans from Banks	275.32	381.92	437.65
Term Loans from Other Parties	6,521.15	5,838.94	6,253.75
Term Loan From Financial Institutions	21,573.89	21,671.59	22,389.03
Rural Electrification Corporation	9,702.05	8,839.66	8,569.42
Power Finance Corporation	6,763.98	4,446.89	4,530.45
Term Loan From Banks	2,003.03	78.72	1,562.88
Unsecured Loans			
Loan from KEC International	0.00	4.12	4.12
Term Loan From Financial Institutions	46.48	0.00	46.88
Term Loan From Others	201.05	205.36	0.05
Loan from World Bank	159.20	98.45	27.08
Loan from KFW	514.30	700.38	611.36
Unsecured - at amortized cost	0.00	0.00	0.00
From other parties	0.00	0.00	0.00
State Government Loans - GoM	55.85	85.11	154.09
GoM Loan for Uday Yojana [Refer Note no]	3,968.00	0.00	0.00
Interest free Loan from MIDC	123.52	25.05	25.05
Current Maturities			
Rural Electrification Corporation (REC)	-1,083.67	-1,115.73	-1,595.59
Power Finance Corporation (PFC)	-779.71	-773.72	-1158.65
Raigad District Central Cooperative Banks Ltd.	-4.46	-29.60	-65.90
State Govt.Loans - GoM	-22.26	-29.26	-68.98
Total	**50,017.71**	**40,427.88**	**41,722.69**

Note 21: Non Current Liabilities: Other Financial Liabilities

(Amt in Crores)

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Retention Money	881.83	883.81	981.20
Security Deposits	279.85	311.07	321.43
Other deposits	306.22	196.85	68.41
Others	0.00	0.42	0.42
Security deposits from consumers	6,450.90	6,178.76	5,776.91
Deposits for Electrification, service connections, etc.	12.92	16.47	20.22
MSEB Holding Co Ltd. [Refer Note no]	0.00	251.72	4,221.62
Contribution from GoM through REC for RGGVY (Loan) [Refer Note no]	68.86	68.45	68.45
Total	**8,000.58**	**7,907.55**	**11,458.66**

Note 22: Non Current Liabilities: Provisions

(Amt in Crores)

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Provision for Employment Benefits			
Provision for Gratuity	2,543.19	2,556.78	2,587.08
Provision for Leave Encashment	2,601.98	2,350.36	2,263.67
Total	**5,145.17**	**4,907.14**	**4,850.75**

Note 23: Deferred Tax Liabilities

(Amt in Crores)

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Deferred tax liabilities			
Property, plant and equipment	1,937.48	1,839.35	1.665.97
Amortisation of borrowings	1.56	1.89	2.78
Revaluation of Property, plant and equipment	601.22	601.22	601.22
Government grant	-1.70	-1.02	-0.36
Inventories	-11.19	-3.23	-0.38
Others	0.00	0.00	53.27
DTL	**2,527.37**	**2,438.22**	**2,312.50**
Deferred tax assets			
Gratuity	144.43	147.17	150.04
Others	76.06	76.06	76.06
Leave Encashment	71.61	61.36	40.95
Disallowance u/s 14A	1.72	1.72	1.72
Impairment on trade receivables	9.63	0.51	0.51
Amortisation of investment in govt securities	15.67	13.58	13.42
DTA	**319.12**	**300.40**	**282.70**
Reversal of opening DTL	35.00	35.00	0.00
Property, plant and equipment	3,709.08	2,944.47	2,496.64
Investment	-10.53	0.00	0.00
Inventories	-99.77	-85.56	-80.76
Trade Receivable	-245.29	-175.27	-100.77
Provisions	-320.09	-359.81	-380.51
Unabsorbed depreciation	-1,899.32	-898.93	-498.26
Loans and advances	39.53	108.41	92.75
Total	**3,346.86**	**3,636.13**	**3.559.19**

Note 24: Other Non Current Liabilities

(Amt in Crores)

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Deferred Government Grants			
Others	167.18	175.29	182.60
Security Deposits	19.40	20.64	37.91
Other deposits	0.00	0.00	0.00
Capital Grant	53.64	34.05	16.59
Advance against Depreciation	0.00	189.70	189.70
Grants and contributions from Consumers [Refer Note no]	5,419.62	4,031.21	2,858.55
Contribution from GoM through REC for RGGVY (Subsidy)[Refer Note no]	333.25	329.50	324.08
Payable to Holding Company _ MSEDCL	0.22	1.37	1.37
Payable to MSPGCL	4.71	4.71	4.71
Total	**5,998.01**	**4,786.48**	**3,615.53**

Note 25: Current Liabilities: Financial Liabilities- Borrowings

(Amt in Crores)

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Loan Repayable on Demand			
Secured			
From Banks			
Cash Credit	3,432.91	4,746.25	5,039.03
Canara Bank	0	1,383.52	1,038.01
Bank of India	0	312.19	307.25
Bank of Maharashtra	0	469.02	413.60
IDBI	0	147.00	146.83
United Bank of India	0	489.28	299.16
Syndicate Bank	0	382.20	450.00
From Banks (WCDL) [Refer Note no.]			

Canara Bank	1,500.00	0.00	0.00
Bank of India	340.00	0.00	0.00
United Bank of India	490.00	0.00	0.00
Syndicate Bank	350.00	0.00	0.00
- from banks (Short Term Loan)			
(Secured against first & exclusive charge on Trade Receivables(only HT Consumers) of Escrowed Circles)			
State bank of India	2,190.40	4,047.60	388.80
Unsecured			
Working capital loans from banks	2,652.04	969.00	949.09
Other Short Term Loans	3,423.44	3,824.71	50.91
Unsecured - at amortized cost			
Loans from banks			
Bank of Maharashtra	100.00	300.00	500.00
Raigad District Co-Op Bank	250.00	150.00	100.00
Bank of India	183.98	0.00	0.00
The Gadchiroli District Central Co-Op. Bank	916.67	0.00	0.00
Maharashtra State Co-op. Bank	125.00	0.00	0.00
Vijaya Bank	200.00	0.00	0.00
Ratnagiri District Co-Op. Bank	0.00	0.00	0.00
Total	**16,154.44**	**17,220.76**	**9,682.69**

Note 26: Current Liabilities – Trade Payables

(Amt in Crores)

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Dues to Micro,Small and Medium Enterprises (Refer note)	2.40	0.70	0.77
Due to others	248.05	307.53	442.64
Other than MSME	1,703.99	1,255.95	3,971.14
Trade Payables: [Refer Note no]	0.00	0.00	0.00
Liability for purchase of Power	409.43	662.68	15,232.41

Liability for transmission charges	670.61	516.65	3,512.30
Other Payable	1,872.78	1,678.64	278.76
Total	**4,907.27**	**4,422.15**	**23,438.01**

Note 27: Other Financial Liabilities

(Amt in Crores)

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Current maturities of long term debt	0.00	909.61	916.93
Interest accrued but not due on borrowings	85.88	92.08	100.38
Unclaimed matured open market bonds and interest accrued thereon	0.85	0.85	0.85
Payable from MSEB CPF Trust	0.00	3.63	0.00
Employee related payables	80.38	45.20	45.60
Capital creditors	126.14	125.80	144.15
Payable to group companies	436.95	442.89	462.53
Liability for prior period expenses	0.00	5.69	30.37
Other payables	1.51	1.13	0.91
Current maturities of Long Term Borrowings	2,236.26	3,212.94	923.54
Retentions	2,853.90	2,399.77	2,463.49
Other Deposits	94.68	158.97	161.95
Interest accrued but not due	242.36	444.35	527.63
Payables for Capital goods	120.15	105.14	534.96
Related Party Payables	599.32	387.46	597.68
Others	171.09	963.59	634.72
Payable to employees	8.45	2.46	44.28
Current Maturities of Long-Term Debt			
i) Secured - at amortised Cost			
From Financial Institutions	1,863.38	1,889.45	2,754.24
From Banks	4.46	29.60	65.90
ii) Unsecured - at amortised Cost			
From Government of Maharashtra	22.26	29.26	68.98

Deposits :			
From Consumers	35.33	38.07	38.95
From Others	237.73	163.57	193.59
From Supplier & Contractors	2,410.87	2,249.94	1,812.30
From collection agencies	59.03	50.97	46.14
Interest Accrued			
i) On loans	381.96	326.54	303.43
ii) On Deposit	555.56	391.97	394.19
Payable to GoM towards Electricity Duty and Tax on sale of Electricity	3,425.11	2,855.18	3084.64
MSEB Holding Co Ltd.	302.52	0.00	0.00
Others	206.10	215.23	118.08
MSETCL	51.76	51.76	74.49
MSEB Residual	0.57	0.57	138.38
MSPGCL	222.69	87.17	222.50
Total	**16,837.27**	**17,680.87**	**16,905.79**

Note 28: Other Current Liabilities

(Amt in Crores)

Particulars	**As at 31st March, 2017**	**As at 31st March, 2016**	**As at 1st April, 2015**
Unclaimed Open Market Bonds			
Duties & taxes payable	78.72	79.15	64.60
Advances from customers	4.27	1.06	5.95
Income tax deducted at source- Salary	9.21	20.05	6.62
Income tax deducted at source - Contractors	2.27	8.82	24.09
Service Tax liability	0.04	2.25	0.46
Liability for Grant towards Energisation of AG Pump under EGS	2.46	13.72	14.68
Financial participation by consumers	1.06	1.06	1.06
Grants and contributions from Consumers	650.61	565.48	461.57
Deferred Interest & DPC [Refer Note]	2,170.83	99.64	0.00

Other Liabilities	236.84	200.08	102.50
Evonik Energy Services India Pvt.Ltd	0.08	0.08	0.08
JMT & Associates	0.00	0.00	0.00
Bhat, Kelkar & Co.	0.00	0.00	0.00
Total	**3,156.40**	**991.39**	**681.62**

Note 29: Provisions

(Amt in Crores)

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Provision for employee benefits			
Provision for gratuity	541.83	502.00	496.26
Provision for leave encashment	514.00	534.06	472.91
Provision for CSR Expenditure	80.32	81.44	80.43
Provision for late interest payment	2.67	76.91	33.00
Provision for Pay Revision	0.00	2.67	84.02
Provision for Interest Shortfall on PF Liability	0.00	15.17	15.17
Provision for expenses	818.80	897.44	2,139.95
Other Provision	0.00	64.45	62.65
Total	**1,957.62**	**2,174.15**	**3,384.40**

Note 30: Revenue from Operations

(Amt in Crores)

Particulars	As at 31st March 2017	As at 31st March 2016
a) Operating Revenue :		
Revenue from sale of power	101.02	1,311.12
Transmission charges recoveries	337.86	563.50
Transmission charges recoveries (goa)	97.68	59.13
Transmission charges recoveries (dadar nagar)	43.62	47.82
Open Access Charges	23.61	21.38
SLDC Charges	16.99	10.11
Rescheduling Charges	1.86	0.97

Revenue from sale of power	53,780.45	50,835.67
Less: Prompt Payment discount	-234.84	-249.12
Contract for last mile activity	0.00	0.07
Service Income under IRU contact	0.07	0.00
b) Other Operating Revenue	0.00	0.00
Delayed Payment Surcharge	0.00	0.00
Miscellaneous Operating Income	33.51	16.90
Sale of Fly Ash	26.79	26.82
Less: Transferred to Fly Ash Utilisation Fund	-26.79	-26.82
Standby charges	402.03	401.69
Revenue from operating subsidy & grant	1,254.32	0.00
Truing up adjaustments	2,343.00	2,568.00
Miscellaneous charges from consumers	56.49	63.42
Total	**58,257.67**	**55,650.66**

Note 31: Other Income

(Amt in Crores)

Particulars	**As at 31st March 2017**	**As at 31st March 2016**
Other Income		
On Deposits	50.67	56.32
Income from Rent, Hire Charges,etc	11.67	10.22
Profit from sale of assets/stores/scarp	16.16	11.20
Sale of tender forms	2.59	2.86
Sundry credit balance write back	95.45	90.30
Other receipts	80.95	66.39
Govt Grant Amortisation	0.46	0.46
Interest income	0.00	0.00
Profit on sale of Property , Plant and Equipment	3.71	14.25
Sale of tender forms	1.01	1.09
Income from sale of scrap	6.26	3.84
Government Grant	8.11	7.31
Amortisation of investments	-0.24	0.40
Other Miscellaneous Income	203.43	167.58

Gain on foreign currency transactions and translations (Net)	0.00	0.07
Interest from Investment valued at Amortised Cost	15.79	15.64
Interest from Consumers	462.04	1,773.13
Other	65.24	124.35
Contribution, Grants and Subsidies towards cost of Capital Assets [Refer Note no.]	391.85	565.48
Grant under UDAY Scheme [Refer Note no.]	991.75	0.00
Miscellaneous Receipts	321.46	472.23
Income from Rentals	0.01	0.01
Interest on Fixed Deposits with bank	0.00	0.00
Interest on Inter Corporate Deposits with SICOM	0.00	0.03
Cash Discount Received	0.06	0.02
Rent from Staff quarters	0.00	0.00
Interest on IT refund	0.75	0.00
Other miscellaneous receipts	0.14	0.00
Total	**2,729.31**	**3,383.18**

Note 32: Cost of material consumed

(Amt in Crores)

Particulars	As at 31st March 2017	As at 31st March 2016
Coal	10,269.37	10,407.31
Gas	502.62	747.52
Oil	176.36	117.94
Water	72.07	44.95
Power Purchase Cost		
Conventional Power	19,147.27	19,107.60
Less: Rebate	-56.03	-73.41
Non Conventional Sources	5,894.99	5,437.52
Transmission Charges	4,510.51	3,571.96
Total	**40,517.16**	**39,361.39**

Note 33: Employee Benefit Expense

(Amt in Crores)

Particulars	As at 31st March 2017	As at 31st March 2016
Salaries, allowances, bonus etc.	4,862.93	4,860.34
Contribution to provident funds	1,286.43	1,290.18
Gratuity Leave Encashment and other Employee Benefits	335.76	247.35
Employee Welfare expenses	251.75	212.87
Other Staff Costs	26.40	18.38
Directors Remuneration	0.26	0.15
	6,763.53	**6,629.28**
Less: Employees cost capitalised	-435.13	-429.58
Total	**6,328.40**	**6,199.70**

Note 34: Finance Costs

(Amt in Crores)

Particulars	As at 31st March 2017	As at 31st March 2016
Interest Expenses		
a) On Loan from		
Banks	3,191.47	2,311.71
Others	2,853.60	2,676.14
Transaction costs	0.40	4.75
b) On Security Deposits from Consumers	603.32	432.00
c) Payable to Suppliers and Contractors	178.23	188.91
Other Borrowing Costs	0.00	0.00
Financial Charges	113.97	0.71
Bank Charges	33.21	35.37
Guarantee charges	0.07	0.18
Miscellaneous Costs	0.63	9.31
Amortisation of borrowings	0.96	0.38
Less: Interest and Finance Charges Capitalised	-131.26	-175.78
Total	**6,844.60**	**5,483.68**

Note 35: Depreciation & Amortisation

(Amt in Crores)

Particulars	As at 31st March 2017	As at 31st March 2016
Depreciation & Amortisation Expenses	6,081.44	5,493.88
Amortisation on intangible fixed assets	11.79	13.22
TOTAL	**6,093.22**	**5,507.10**

Note 36: Other Expenses

(Amt in Crores)

Particulars	As at 31st March 2017	As at 31st March 2016
Rent	7.31	6.87
Hydro Lease rent	452.10	452.08
Repairs &Maintenance	0.00	0.00
Plant & Machinery & Building	1,367.80	1,368.75
Vehicle	0.04	0.03
Furniture	0.41	0.46
Office Equipment	1.62	2.36
Others	321.34	193.47
Ash Handling Expenses	31.88	32.63
Repairs &Maintenance - others	0.00	0.00
Insurance Charges	20.01	11.40
Rates & Taxes	35.09	33.86
Others -		
Lubricants, consumables stores including obsolescence	70.45	57.85
Domestic water	0.49	0.12
Legal & Professional Charges	33.18	43.43
Commission to Agents	2.27	26.91
Other Bank charges	0.52	3.22
Contribution towards assets not owned by company/CSR expenditure	9.46	6.20
Provision for doubtful advances	204.52	93.65
Impairment of Financial Instruments	----	----

Other General Expenses	375.09	179.32
Loss on Obsolescence of Fixed Assets	0.00	28.21
Loss on foreign Exchange variance (net)	0.00	93.82
Expenses transferred to Fly Ash Utilisation Fund	0.00	-26.82
Payment to the auditors for		
Audit Fees	2.33	1.64
Other services	3.98	8.21
Reimbursement of Expenses	0.06	0.18
Reimbursement of Service Tax	0.09	0.09
Advertisement Expenses	0.76	0.48
Advertisement of tenders / notices and other purchase related advertisement	10.07	8.50
Electricity Charges	6.88	3.42
Freight Charges	0.04	0.05
Government Inspection Fees	0.00	0.01
Insurance	0.00	3.07
Membership & Subscription	7.25	7.59
Miscellaneous Expenses	579.71	604.59
Miscellaneous losses and provisions	28.69	0.32
Octroi Charges	0.04	0.22
Postage Telephone & Telex	4.88	4.84
Printing & Stationery	2.92	2.99
Security Expenses	59.06	49.52
Travelling & Conveyance	85.01	84.87
Upkeep of office	13.27	11.12
Vehicle Running & Maintenance Expenses	5.25	5.12
Water charges	6.05	5.11
Expenditure on Hire	19.17	16.59
Fees & Subscription	0.04	0.59
Foreign Exchange Loss	2.69	44.62
Telephone	0.02	0.02
Corporate Social Responsibility Expenses	7.87	44.65
Rebate for prompt payment	0	0

Expenses towards Consumer Grievance Redressal Fourm	1.77	1.32
Refund of RLC as per MERC Order	176.59	4.83
Truing Up Adjustment	2,552.00	268.00
Provision for Expected Credit Loss	894.81	1,222.93
Meeting Expenses	0.02	0.07
Prior Period Expenses (net)	0.54	1.73
Interest as per BMC directives	0.13	0.13
Less:Administration expenses capitalised	-68.24	-85.43
Total	**7,239.84**	**4,929.81**

Note 37: Contingent Liabilities and commitments:

In respect of MSEBHCL:

a) Contingent Liabilities

Nature of Dues	Amt (in crores.) P.Y 2016-17	Amt (in crores.) P.Y 2015-16	Period to which the amount relates
Penalty	137	137	A.Y 2007-08
Penalty	113	113	A.Y 2009-10
Tax and Interest	9	9	A.Y 2010-11
Tax and Interest	8	8	A.Y 2011-12
Tax and Interest	7	7	A.Y 2012-13
Tax and Interest	11	11	A.Y 2013-14
Stamp Duty on issue of shares	2	0.9	A.Y 2016-17

37.1) Out of the penalty of Rs. 137 crores (P.Y. Rs. 137 crores) for the A.Y. 2007-08 Rs. 25 crores have been paid under protest against which stay proceeding are pending under PCIT.

37.2) Out of the penalty of Rs. 113 (P.Y. Rs. 113 crores) for the A.Y. 2009-10 Rs. 10 crores have been paid under protest against which stay proceeding are pending under PCIT.

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

b) Commitments:

The estimated amount of contracts remaining to be executed on capital account and not provided for In respect of Others Rs.Nil (P.Y. Rs. 1 crore)

In respect of MSEDCL:

1. Contingent Liabilities and Commitments:

(Rs. in Crores)

Sr, No.	Particulars	As at 31.03.17	As at 31.03.16
(a)	Bank Guarantees issued in favour of third parties against deposit	100	100
(b)	Claims against the MSEDCL not acknowledged as debts.	13,530	13,762
(c)	Liability against capital commitments exceeding Work Order /Contract value of Rs. 500 Lakhs, outstanding (net of advances)	7,949	5,940
(d)	Disputed Duties / Tax Demands	4,682	4,645

Contingent Liabilities include:-

(i) The payment released to M/s. Datar Switchgear Ltd.(DSL) from September 1998 is booked under head of account ."Amount recoverable from the contractors" amounting to Rs. 9 crores up to 31st March, 2000 being matter under dispute. Further, DSL 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.2crores was received from DSL towards refund against various O&M Circles. The interim award was passed by arbitration directing the Board to pay Rs.9 crores to DSL against a Bank Guarantee (BG) of Rs.7 crores. Accordingly, payment was released by the Board. But, DSL and their Banker have failed to renew B.G. and hence ,the Board preferred an appeal in the High Court for contempt of Court due to non-renewal of B.G. and also asked for suspension of arbitration proceedings for having violated the arbitration award. Out of total BG amount of Rs.7 crores, Rs.1 crore was appropriated and for the balance amount of. 6 crores, B.G. was required. DSL 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.186 crores with interest @10%p.a. onRs.179 crores and Rs.1crore towards Cost of Proceedings. An appeal bearing case no. 374/2004 was filed against the Arbitration Award dt.18thJune,2004 of Arbitration Tribunal in **Hon'ble** Bombay High Court (Single Bench). Further, Bombay High Court Single Bench passed the judgment on 3rd August, 2005 &set aside the Arbitration award. Further, DSL filed an Appeal bearing No.672/2005 on 26thAugust, 2005 against the order of Hon'able Bombay High Court (Single Bench) dated 3rdAugust, 2005. Division Bench on 22ndOctober 2008 has set aside the order passed by single bench and the case was remanded back against Single Bench of Hon'ble Bombay High Court for adjudication in the arbitration petitionNo.374/2004. The Single Bench passed the judgment on 10th Mar, 2009 against MSEDCL. Subsequently, Hon.Justice passed the order on 31stMarch, 2009directingMSEDCLto submit Bank Guarantee for Rs.75 crores on or before 6April,2009 to the prothonotary and Senior Master Bombay High Court.

Accordingly, MSEDCL has submitted Bank Guarantee of Rs..75 croreson4th 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 MSEDCL depositing Rs. 179 crores on or before 20th June, 2009 and furnishing Bank Guarantee for balance amount of Rs. 65 crores 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. 65 crores with Hon'ble Bombay High Court and furnish Bank Guarantee for balance of Rs. 200 crores 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. 75 crore sas 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, Mumbai upheld the award of Rs. 179 crores awarded by 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 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 firm pugned order of Division bench of Hon'ble Bombay High Court, Mumbai.

In the interim order of Hon'ble Supreme Court, Delhi ordered that MSEDCL has required depositing Rs. 100 crores in the form of Demand Draft and Bank Guarantee of Rs. 100 crores with Hon'ble Bombay High Court and furnish to 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 January, 2014. M/s. DSL has taken away 100 crores cash from Hon. BHC Mumbai after furnishing the Bank Guarantee of the same amount to the Senior Master & Protho-notary The bank guarantee deposited by MSEDCL is renewed up to January, 2018.

The hearing was conducted on 8th & 9th Aug-2017. Hon'ble Supreme Court. The hearing was concluded on 10.08.2017. Hon'ble Supreme Court has directed to file written submission by both the parties within one week and reserved the judgment.

M/s. DSL enterprises 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. The claim amount is Rs. 420 crores. (asperM/s.DSL Enterprises). Next date will be listed in due course before protho-notory.

M/s. DSL has filed suit no.3761 of 2000 before High Court Mumbai for claiming damages of Rs.34 crores of old LTSC panel no.12555 in order placed in the year 1993-94. The matter is under process before BHCMumbai (Single bench comprising of Hon'ble Judge Mrs.Roshan Dalvi).After hearing the matter Hon'ble Judge passed order dt 18/02/2015, to appoint Commissioner to record the cross examination / witness.The case is disposed off on 07-July-2017 with no cost on either side.

(ii) The lease rent payment to M/s. Asian Electronics towards LTLMS panels installed by them has been stopped since June 2006, as LTLMS panels were not working.The dispute has been referred to Arbitrator by M/s. Asian Electronics &a claim of Rs.157 crores has been lodged against the MSEDCL. MSEDCL Has lodged counter claim of Rs.502 crores 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 MSEDCLtowards seeking bank guarantee for counter claim of Rs.502 crores have been dismissed by Arbitral Tribunal.

The FIRs of 31 numbers along with criminal applications filed against M/s. Asian before Aurangabad bench of Bombay High Court are under process. The admission and denial of documents are 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 and considering the above-mentioned facts, was pleased to adjourn the arbitration proceedings sinedie (long adjournment).

The arbitration proceeding started again after dismissal of Appeal no. 854 of 2015 (Asian Electronics VsSBI Global factors ltd.) by Hon'ble Bombay High Court as MSEDCLisanintervener inthis matter &submitted affidavit to Bombay High Court that M/s.Asian Electronics did not disclosed that Arbitration between the MSEDCL and Asian Electronics. Last date of hearing was27.02.2017. The process of Arbitration is in process. Matter is at a Stage of Directions on claim and counter claim.

(iii) Power Purchase related liabilities :

a) The Payments to MSETCL and MSPGCL are delayed in FY 2016-17 and as such they have claimed Delayed Payment Charges/ Surcharge (DPS). MSEDCL could not pay to these parties as per Power Purchase Agreement (PPA), as there is delay in issue of various orders from MERC and some billing issues. MSEDCL and MSEB Holding Co. has requested them to waive the DPC. Further, the matter is taken up with GoM as per MSEB Holding Co. Ltd.'s directives for extending financial assistance for discharging the liability. Hence, it would not be appropriate to make provisions in the accounts; as such DPC is shown as Contingent Liability for MSETCL and MSPGCL as detailed below.

(Rs. in crores)

Particulars	since when	Amt of DPS upto 2015-16	Amt of DPS for 2016-17	Total amount of DPS as on 31.03.2017	Total Provision made up to this year	Short Provision
MSPGCL	2009-10	3,386	354	3,741	748	2,992
MSETCL.	2011-12	935	309	1,244	Nil	1,244

b) The Power Purchase Agreement (PPA), with Independent Power Producers (IPP) companies provide for delayed payment surcharge, at SBI Prime Lending Rate plus 2%. MSEDCL has provided for Delayed Payment Surcharge (DPS) at this rate till March 16. However, the RBI has introduced Base Rate system in place of PLR system w.e.f. 01.07.2010. Hence, MSEDCL has filed petition on 02.12.2016 before Hon. MERC for considering Base Rate / MCLR in place of PLR under the PPAs entered into with IPPs for the purpose of calculation of DPS, vide case no.24 of 2017, which is reserved for order. In view of the same MSEDCL has recalculated the liability towards DPS of IPPs on the basis of applicable Base Rate / MCLR from time to time. As such, an amount of Rs.83 crores has been reversed during the year towards DPS liability provided for earlier years upto March 16. The IPPs are continuing to claim DPS as per PLR rate. Hence, there is difference of Rs 430 crores in the amount of DPS claim which is considered as contingent liability. The difference on account of change in rate works out to be Rs.32284 Lakhs and the difference on account of Energy bill etc. works out to be Rs.107 crores. The statement of the same is given herein below.

(Rs. in Crores)

	DPS claimed by IPPS	DPS liability provided by MSEDCL	Difference shown as ContingentLiability on account of DPS
Adani Power Maharashtra Ltd 1320 MW	223	81	142
Adani Power Maharashtra Ltd 1200 MW	227	150	77
Adani Power Maharashtra Ltd 125 MW	23	18	5
RattanIndia Power Ltd 450	155	66	89
RattanIndia Power Ltd 750	87	36	51
JSW Energy Limited	116	64	52
GMR Warora Energy Ltd (EMCO)	28	16	12
TOTAL	861	431	430

c) DPS Liability towards Wind generators :
The payments of wind power generators have been delayed. The Energy Purchase Agreement (EPA) provides for payment to DPS for delayed payment. The liability towards DPS to the tune of Rs.205 crores as on March 17 has not been provided for in F.Y 2016-17 in the books of Accounts and shown as contingent liability.

d) Disputed liability for compensatory tariff on account of NCDP :
The Govt of India (GOI) has declared New Coal Distribution Policy (NCDP) on 23.07.2013. As per this new policy, Fuel Supply Agreement is allowed to be signed upto 65 to 75% of Aggregate Contract Quantity only. The balance coal to be arranged by way of import by the Coal India Ltd (CIL) / respective generators. As per direction of Ministry of Power, Govt. of India (MoP) letter dated 31st July 2013, to all the States as well as State Commissions the higher cost of imported coal is to be considered for pass through, as per modalities suggested by Central Electricity Regulatory Commission (CERC).
M/s Adani Power Maharashtra Ltd. (APML) and M/s. Rattanindia Power Ltd (RPL) have filed petition before Hon'ble MERC for compensation of incremental coal cost pass through due to New Coal Distribution Policy (NCDP) seeking compensation over and above the tariff discovered through Competitive bidding vide Case No. 189 of 2013 and Case No. 154 of 2013respectively.
MERC vide Order dated 20.08.2014 approved Rs.1.95 per/ Kwh for M/s APML and Rs.1.55 per Kwh for RPL as indicative compensatory fuel charge.
MSEDCL has preferred appeal against the order in Appellate Tribunal for Electricity (APTEL) in which it has remanded back the case to MERC for fresh hearing in view of Supreme Court judgment in Coastal Gujrat Power Ltd (CGPL) matter on similar grounds. The case is pending for hearing before MERC.
Hence, the consequent financial Impact of Rs 391216 Lakhs approx. , which has not been provided for, is considered as contingent Liability.

e) Power Purchase Agreement was executed between Ratnagiri Gas and Power Pvt Ltd. (RGPPL) and MSEDCL on 10.04.2007. Gas supply from Krishna-Godavari D6 Basin (KG D6) Basin was continuously reducing from September 2011 and subsequently completely stopped from January 2014 onwards. RGPPL explored the possibility of alternative fuel i.e. RLNG for part generation at high cost. However, due to such high cost and to avoid financial burden on consumers, MSEDCL has not accepted the power in accordance with clause 5.9 of PPA. Due to acute shortage of gas situation, RGPPL was changing schedule quantum frequently and power varies from 0 to 1200 MW. Hence, MSEDCL has informed to RGPPL that as and when RGPPL changes the quantum of schedule power frequently, this power will be treated as infirm power and payment will be made accordingly. MSEDCL did not pay capacity charges to RGPPL from May 2013 onwards. RGPPL has not declared capacity from 13.09.2014 onwards. Gas Supply Agreement (GSA) from KG D-6 basin is expired on 31.03.2014 and thereafter RGPPL has not approached MSEDCL to facilitate of Gas Supply Agreement (GSA) for future period. Hence MSEDCL has terminated the PPA w.e.f. 01.04.2014. However, RGPPL is claiming DPC & also fixed charges without any generation & without any scheduling power for MSEDCL. RGPPL had filed petition (Petition No. 166/MP/2012) in CERC to recover full capacity charges based on availability declared on R-LNG.

CERC vide order dt. 30.7.2013 has allowed RGPPL to declare availability on R-LNG to recover capacity charges. MSEDCL has filed an appeal (Appeal No. 261/2013) in Appellate Tribunal (APTEL) against the CERC Order dated 30.07.2013. APTEL, Vide Order dated 22.04.2015, has dismissed the appeal i.e. Appeal No. 261 of 2013. MSEDCL has filed an Appeal in the Hon'ble Supreme Court of India (Dairy No. 14599 of 2015) against the APTEL Order dated 22.04.2015. Hon'ble Supreme Court of India has declined to entertain the appeal. However, Hon'ble Supreme Court of India gave liberty to the appellant to move this Court once again in the event it becomes so necessary.

If the order is not in favour of MSEDCL, then MSEDCL has to Pay Rs 2,688 crores (upto March 2017) including Rs 64 crores for FY 2016-17as fixed charges and other charges. However, MSEDCL has paid Rs 181 crores as advance. Hence, the net Amount of Rs. 2507 crores is considered as Contingent liability.

f) In case of purchase from Non-conventional energy, 27 Wind power projects having generation capacity of 154 MW are commissioned in FY 14-15 & 15-16 and power is injected in the Grid. The approximate generation @ 22% CUF is 297MUs and the corresponding amount will be Rs. 169 crores up to Mar 2017. (@ MERC prudential tariff rate of Rs. 5.71/-per kwh) and same has been provided in the books of accounts.

In respect of MSPGCL

Contingent Liabilities & Commitments

(Rs. in Crores)

I	Contingent Liabilities	31.03.2017	31.03.2016	01.04.2015
	MSPGCL may be contingently liable for interest claim of SECL,WCL and SCCL amounting to Rs 109.00 Crs (P.Y.Rs 59.54 Crs) plus performance incentive and short lifting Rs. 740.00 crs. (P.Y. Rs 425.65 crs.)	849.00	485.19	11.34
	Arbitation between M/s. TATA Projects Ltd., and MAHAGENCO for Bhusawal 2x500 MW project is in progress. As a part of arbitration proceedings, M/s. TATA Projects has claimed Rs. 197 Crs.for prolongation and other cost.	197.46	-	-
	M/s Mahalaxmi Infra Project Ltd., Kolhapur, has made a claim towards construction of RCC lower Barage which has been challenged by the company and the matter is sub-judice at Bombay High Court. Pending the decision on the matter, company has recognised contingent liability of Rs. 178 crores (PY 151 Crs.)	178.33	151.13	128.08
	MSPGCL may be contingently liable for Counter claims	169.01	169.01	285.93

	lodged by Coal Washery Operator Amounting Rs 169.01 crores (P. Y. Rs. 169.01 crores) towards supply of washed coal			
	Imported Coal Suppliers have lodged claim towards change in railway freight and other charges. The matter is in arbitration, hence pending the decision company has recognised contingent liability of Rs. 127 Crs. (PY 52 Crs.)	127.45	52.41	11.77
	Company has recognised Contingent liabilities of approx Rs. 103.20 Crores (P.Y.Rs 97.42 crores) towards demand of Irrigation Dept.for water supplied at Shiral Pump House and given to Ratnagiri Power & Gas Ltd.	103.20	97.49	71.97
	Other miscellaneous claims lodged against the company but not acknowledged as debt	223.11	263.57	760.80
	Total Claims	**1,847.56**	**1,218.81**	**1,269.88**
	Tax Demands Outstanding and disputed by the company	68.64	112.11	111.04
	Guarantees extended by the company	803.77	743.98	422.08
	Total Contingent Liabilities	**2,719.96**	**2,074.90**	**1,803.01**
II	**Commitments**			
A	Estimated amount of contracts remaining to be executed on Capital Account not provided for	344.14	739.45	1,763.11

In respect of MSETCL
Contingent Liabilities (Ind AS 37) : (In excess of Rs. Ten Lakhs individually in value)

1 2710 : CCCM Dn. Aurangabad

The contractor failed to execute the assignment as per terms and conditions of the Contract; hence its payment was withheld. The Contractor opted to resolve dispute with then MSEB through arbitration. Sole Arbitrator, Mr. M. D. Tambekar declared to pay Rs. 33.37 Lakhs (matter-I) and Rs. 11.96 Lakhs (matter- II) to Contractor and interest @15% per annum thereon. The company after taking legal opinion, has filed appeal in the Hon. High Court, Bombay (Bench at Aurangabad), against the award declared by the sole arbitrator.

Meanwhile, on 18/01/2010, judgement was held in favour of Company at Principle District Court, Aurangabad. Accordingly, assessment of claims & interest charges over the claims delivered by the Hon. Principle District Judge, Aurangabad, were prepared & submitted to concerned pleader. The total amount due to M/s Balraje Constructions was Rs. 9.68 Lakhs (Matter-I) and Rs. 3.38 Lakhs (Matter-II) i.e. Rs. 13.06 Lakhs including interest. The same has been deposited in the Hon'ble District Court Aurangabad.

Further, summons from Hon. High court Mumbai, Aurangabad bench for arbitration appeal No.8/2010 & 7/2010 scheduled at 16/07/2010.The judgement was given by the Hon’ble High Court Mumbai Bench Aurangabad on dated 25/04/2011 & referred the matter to the sole Arbitrator. But MSETCL opted to file SLP against the order. Now special leave petition vide SLP No. 15457/2011 dated 09/05/2011 (Matter-I) and SLP No. 15309/2011 dated 06-05-2011 (Matter-II) is filed in Hon’ble Superme Court New Delhi. As per supreme court order against SLP No. 15457/2011 dated 09/05/2011 (Matter-I) granted stay and SLP No.15309/2011 dated 06/05/2011 (Matter-II) the amount involved is small, the SLP is dismissed and again referred the matter to the sole arbitrator.

The liability which may be encumbered by MSETCL, will be Rs. 76.06 Lakhs i.e. total liability including interest upto 31/03/2015 is Rs. 89.12 Lakhs less amount deposited in the court of Rs. 13.06 Lakhs.

2 132 KV Shahada-Taloda line erection work was given to M/s Mistry Construction Co., at cost of Rs. 9.25 Lakhs. But the contractor has not completed the work. Hence 63 Towers work was completed departmentally. The respondent has submitted the final bill for full completed work, which was not carried out by him and hence, his claim was refused.

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 Lakhs to the contractor towards final bill after recovering Rs.10,354 from the petitioner which is due to MSETCL & Rs. 1.54 Lakhs against supply of water cost , risk. The MSEB had deposited Rs. 5.32 Lakhs in the court by deducting the abovementioned amount. After receipt of certified copy of the judgement, the MSEB appealed in High Court of Mumbai Bench at Aurangabad on 03.03.2002 against the decision of Hon Senior division Court Jalgaon.

At present Hon' High Court Bench Aurangabad transferred to Dist. Court Jalgaon on dtd 08.02.2012. Now the case is still pending at Dist. Court Jalgaon. The contingent liability may amount to Rs. 5.32 Lakhs.

3 "1620 : Amaravati Constn.Divn.

4 "4710 : CCCM Dn. Nagpur Case No. 42/2003

The Case No. 569/2009 between Sudhir Sahani and MSETCL is pending before civil court, Nagpur.The last date of hearing was 19/03/2015. The contingent liability in this case amounts to Rs. 19.27 Lakhs.

5 Mr. N.S Suryawanshi & others have filed suit against MSETCL at District Court, Nasik. The Hon, District court Nasik, passed order against MSETCL, and ordered MSETCL to pay Rs. 145.58 Lakhs as compensation for land acquisition.

Against this, MSETCL has filed an appeal at High Court, Bombay. The Hon. High Court, Bombay has given stay on order passed by District court Nasik. Further the Hon. High Court has ordered MSETCL to deposit Rs. 80.38 Lakhs and the same has been deposited in May/June 2002 in the District Court, Nasik by the Head Office. The amount was paid on 5th June.2002 & 14th June 2002. On 30th March 2005 MSETCL has paid Rs. 71.73 Lakhs as interest with Hon. High Court, Bombay, as security deposit.

The case is disposed off by the High Court of Mumbai and has refered the same to the Reference Court to determine total compensation payable after hearing all parties. The contingent liability is however not quantified as the Reference Court has to determine the compensation payable under Section 23(1-A), 23(2) and 28 of the Land Acquisition Act, 1894.

6 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 Lakhs 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 Lakhs 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.

7 Mr. Satish R. Vani & others has filed civil suit No. L.A.R.5361994 in the Civil Court, Sheogaon, claiming additional compensation for land acquired for erection of 132KV S/station at Sheogaon. The Civil Court Sheogaon has held the case against MSETCL and

has ordered MSETCL to pay the additional compensation Rs. 55.40 Lakhs against which MSETCL has appealed before Hon'ble High Court for 50% of amount i.e. Rs. 27.70 Lakhs and deposited Rs. 27.70 Lakhs in the Court. After that Court permitted withdrawal of Rs. 15.00 Lakhs and balance amount Rs. 12.70 Lakhs remained with Court. The Contingent liability in the case is Rs. 12.70 Lakhs .

8 "4310 : HVDC TL O&M Division, Chandrapur Case No.410 dt. 27.04.1993

M/s. Ganesh Engg. Company, Nagpur has requested Hon. High Court to give decision at the earliest, however, Hon. Court rejected the plea of M/sGanesh Engg. Co., Nagpur on 23/07/2012 and ordered to submit the papers within 10 weeks from 23/07/2012. The matter has been admitted for final hearing from 21/10/2013 and M/s Ganesh Engg. has been given time to remove the objections as a last chance within 3 weeks from Dt. 11/02/2014. The contingent liability in this case may amount to Rs. 160.35 Lakhs.

9 The Micro and Small Enterprises Facilitation Council (MSEFC) passed the order dated 28th January 2010 directing MSETCL to pay total interest of Rs. 267.69 Lakhs i.e. M/s Minerva Switchgears, Nagpur Rs. 194.60 Lakhs and M/s Sigma Transformers Pvt. Ltd Rs. 73.09 Lakhs. Out of total interest claim, MSETCL has deposited Rs. 200.76 Lakhs on 26.04.2010 towards 75% of the claim with the “Principal District and Session Judge, Nagpur” while filling an appeal. The contingent liability in this case may amount to Rs. 267.69 Lakhs.

10 "1600 : EHV Constn.Circle, Amaravati

11 Disputed Statutory Dues aggregating Rs. 22,888.00 Lakhs that have not been deposited on accounted of disputed matters pending before appropriate authorities are as under.

a) 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 Lakhs.

b) Rectification application dated 27.01.2009 for AY 2006-07 has been filed against demand of Rs.18 Lakhs 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 Lakhs.

c) 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 Lakhs . Furthermore proceedings are also pending before ITAT.

d) 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 Lakhs .

e) 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 Lakhs.

f) 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 Lakhs.

12 "1120 : EHV O&M Dn. Akola

13 "4710 : CCCM Dn. Nagpur Case Dated 03.03.2014

14 "5720 : CCCM Dn. Jalgaon Case no. 331/2008 & RTS Appeal No. /2010. dt. 04.06.2010

15 "5720 : CCCM. Dn. Jalgaon Special Darkhast No. 03/2013 dt. 11.09.2013

16 "6120 : EHV O&M Dn. II Pune : Case No. 980/2008

17 "6210 : EHV O&M Dn. Solapur Appeal/13013/2015 dt. 01.05.2015

18 "7210 : EHV O&M Dn. Panvel Case No. MACP No.444/ 2008

19 "7710 : CCCM Dn.Airoli Case No. 398 of 2008

20 All Zone Land Compensation, Crop Compensation and ROW Cases Pending F.Y. 2016-17

1)Amravati Zone (Rs. in Lakhs)

Sr. No.	Profit Centre No. of Office	Name of the Office	Name of Court where suit was file	Name of Party against whom case is pending	Amount involved in Case (Rs)	Amount Deposited in the Court if any (Rs)
1	1210	EHV O & M DIV. AKOLA	High Court, Aurangabad	Sou. Rekha S. Dikondwar & other one Latur	34.90	7.79
2	1620	EHV Const. Div. Amravati	District Court, Amravti	Haribhau Gughane V/S Executive Engineer EHV Constr, Div, Amt.	0.45	0.45
3	1620	EHV Const. Div. Amravati	Civil Court,Yavatmal	Mohmmad Aslam, Po-Yavatmal.	1.50	-
4	1620	EHV Const. Div. Amravati	Civil Court (Lower) Pusad	EE MSETCL Amravati V/S Nasir Khan Kausar Khan Pusad	0.64	-
5	1620	EHV Const. Div. Amravati	Civil Court (Lower) Pusad	MSETCL Amravati V/S EE Kausar Khan Akthar Khan Pusad	2.73	-
6	1710	EHV CCCM Div. Amravati	District & Session Judge, Yavatmal	M/s. AKD Associates, Nagpur	5.81	-
7	1710	EHV CCCM Div. Amravati	Adhoc D.J. 2 Amravati (Judge – P.R. Modak)	M/s A.K.D. Associate, Nagpur	2.86	-
8	1710	EHV CCCM Div. Amravati	C.J.S.D. Darwha	Shri Uttamrao Raut Land owner	27.43	-
9	1710	EHV CCCM Div. Amravati	Civil Judge Ghatanji	Shri Gadewar	0.70	-

2) Aurangabad Zone (Rs. in Lakhs)

Sr. No.	Profit Centre No. of Office	Name of the Office	Name of Court where suit was file	Name of Party against whom case is pending	Amount involved in Case (Rs)	Amount Deposited in the Court if any (Rs)
1	2610	EHV Project.Divn. Aurangabad	High Court of Bombay Bench at Aurangabad	Nandu Bala Rathod & others	8.29	8.29
2	2610	EHV Project.Divn. Aurangabad	High Court, Aurangabad	Arunabai Shivsigh Pardesi Vs State of Maharashtra	-	-
3	2610	EHV Project.Divn. Aurangabad	Hon. Supreme Court of India	District Collector, Abad, Kisanlala Bramhanath & 11 others	139.00	-
4	2610	EHV Project.Divn. Aurangabad	Hon. Supreme Court of India	District Collector, Abad, Babu R. Chavan & 7 others	-	-
5	2610	EHV Project.Divn. Aurangabad	Hon. Supreme Court of India	District Collector, Abad, Ambadas Dhavle & 56 others	-	-
6	2610	EHV Project. Divn. Aurangabad	Hon. Supreme Court of India	District Collector, Abad, Kalash Bala Bodkhe & 5 others	-	-
7	2610	EHV Project. Divn. Aurangabad	Hon. Supreme Court of India	District Collector, Abad, Dhansingh P. Rathod & 249 others	-	-
8	2610	EHV Project. Divn. Aurangabad	Hon. Supreme Court of India	District Collector, Abad, Shankar K. Rathod & 14 others	-	-
9	2610	EHV Project. Divn. Aurangabad	High Court of Aurangabad	District Collector, Abad, Ramkisan A. Jinwal & 13 others	-	-
10	2610	EHV Project. Divn. Aurangabad	MERC	Shri. Kalyan Appa Wagh	-	-
11	2610	EHV Project. Divn. Aurangabad	Hon. High Court of Bombay Bench at Nagpur	Shri. Subhash K. Chavan & others	-	-
12	2610	EHV Project. Divn. Aurangabad	Hon. High Court of Bombay Bench at Aurangabad	Shri. Pandurang R. Zhinjurde	1.44	-
13	2610	EHV Project. Divn. Aurangabad	Hon. High Court of Bombay Bench at Aurangabad	Shri. Ram S. Kulkarni	1.12	-

14	2610	EHV Project. Divn. Aurangabad	Hon. High Court of Bombay Bench at Aurangabad	Shri. Manohar S. Zhinjurde	0.88	-
15	2610	EHV Project. Divn. Aurangabad	Hon. High Court of Bombay Bench at Aurangabad	Shri. Ganpat K. Zhinjurde	1.37	-
16	2610	EHV Project. Divn. Aurangabad	Hon. High Court of Bombay Bench at Aurangabad	Shri. Arjun D. Pawar	-	-
17	2610	EHV Project. Divn. Aurangabad	District Court Aurangabad	Chainsingh A. Jonwal	2.00	-
18	2610	EHV Project. Divn. Aurangabad	Hon. High Court of Bombay Bench at Aurangabad	Vinod Baburao Rathod	-	-
19	2610	EHV Project. Divn. Aurangabad	Hon. High Court of Bombay Bench at Aurangabad	MSETCL Vs Chainsingh Asaram Jonwal	2.00	-
20	2610	EHV Project. Divn. Aurangabad	District Court, Jalna	Sandeep A. Sawade & others	12.00	-
21	2630	EHV Project Division Nanded	District Magistrate Nanded	Shankar Laxman Dhange & Other 19	10.00	-
22	2630	EHV Project Division Nanded	District Magistrate Nanded	Shri Dadarao Purbhaji Mungal & 15 Other	20.00	-
23	2630	EHV Project Division Nanded	District Magistrate Parbhani,	Chander P. Kasture & Others i/r of 400KV Chandrapur - Parli line	10.00	-
24	2630	EHV Project Division Nanded	High court Aurangabad	Shri.Pravin Nagnathrao Paldewar	10.00	-
25	2630	EHV Project Division Nanded	MERC, Mumbai	Vikram Shivaji Mugal & others	10.00	-
26	2630	EHV Project Division Nanded	District Magistrate Nanded	Vimal Balaji Puyad	1.92	-
27	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
28	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

29	2720	EHV CCCM Division Parbhani	Hon. C.J.S.D . Court Gangakhed	..Anantrao K Ambekar Through LRS Smt. Ushatai A Ambekar & others	43.16	-
30	2720	EHV CCCM Division Parbhani	Hon. HC Aurangabad	1. Smt. Budhabai Balaji Hamad R/o Kumdalwadi	1.57	0.75
31	2720	EHV CCCM Division Parbhani	Hon. High court bench Aurangabad	1. Smt. Punjabai Dhondiba Madane r/o Umri	3.09	8.20
32	2730	EHV CCCM Division Latur	Hon. HC Aurangabad	Veermath Sansthan Trust. Ahmedpur Dist. Latur	107.00	10.80
33	2730	EHV CCCM Division Latur	Dist. Court Osmnabad	Smt. Pushpabai Vijaysingh Raje	25.00	-
34	2730	EHV CCCM Division Latur	Hon. Supreme Court, Delhi	Rajendra N Gaikwad, Beed	79.26	-
35	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
36	2730	EHV CCCM Division Latur	Dist. Court Latur	Sambappa Shankarappa Raut & others	125.00	-
37	2730	EHV CCCM Division Latur	CJSD Nilanga	Smt. Kamlabai Govindrao Patil	43.07	43.07
38	2730	EHV CCCM Division Latur	Hon. HC Aurangabad	Veermath Sansthan Trust. Ahmedpur Dist. Latur	6.69	-
39	2730	EHV CCCM Division Latur	Dist court Osmanabad	Shri. Gulam Mohuddin Imam Saheb & others	3.49	-
40	2730	EHV CCCM Division Latur	District Court Ambejogai	Chadrashekhar S/O Sadashiv Dhabikar	80.25	-

3) Nashik Zone

(Rs. in Lakhs)

Sr. No.	Profit Centre No. of Office	Name of the Office	Name of Court where suit was file	Name of Party against whom case is pending	Amount involved in Case (Rs)	Amount Deposited in the Court if any (Rs)
1	5620	EHV Construction Division Jalgaon	District Court Jalgaon	Shri Kishor Zope & Others	105.00	-
2	5710	EHV CCCM Dn. Nashik	HIGH COURT, Bench, Aurangabad	Mr. R. C. Nawandar & others	79.71	79.71
3	5710	EHV CCCM Dn. Nashik	HIGH COURT, Bench, Aurangabad	Heirs of Late Bahiru Raghinath Gunjal	9.06	14.12
4	5710	EHV CCCM Dn. Nashik	HIGH COURT, Bench, Aurangabad	S. R. Wani & Others	6,435.00	27.70
5	5720	EHVCCCM DN JALGAON	High-court A'bad.	Mr.P. N. Patil & others 3, Shahada	10.25	9.97
6	5720	EHVCCCM DN JALGAON	High-court A'bad.	Late Mr. R. C. Agrawal, Chopda & Its Legal Heirs	39.52	17.76
7	5720	EHVCCCM DN JALGAON	High-court A'bad.	Mr. K. B. Chavan, Chopda	14.52	6.51
8	5720	EHVCCCM DN JALGAON	High-court A'bad.	Shri Daga Shripat Patil, Parola	14.35	14.35
9	5720	EHVCCCM DN JALGAON	High-court A'bad.	Shri Rama Shripat Patil, Parola	12.22	12.23
10	5720	EHVCCCM DN JALGAON	High-court A'bad.	Shri Prakash S. Patil, Parola	18.23	18.23
11	5720	EHVCCCM DN JALGAON	High-court A'bad.	Mohd. Ali Hussain Ali Chopada Dist. Jalgaon.	84.14	21.04
12	5720	EHVCCCM DN JALGAON	High-court A'bad.	Mr. R. G. Patil & Shri. C. G. Patil -- Shahada	75.94	-
13	5720	EHVCCCM DN JALGAON	High-court A'bad.	Smt. Parvatabai R. Mahajan & Others 2	75.00	-
14	5720	EHVCCCM DN JALGAON	Civil Judge JD. Sakri	Smt.Sindhubai V Patil & Others	10.00	-

4) Nagpur Zone (Rs. in Lakhs)

Sr. No.	Profit Centre No. of Office	Name of the Office	Name of Court where suit was file	Name of Party against whom case is pending	Amount involved in Case (Rs)	Amount Deposited in the Court if any (Rs)
1	4610	EHV Proj.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 Proj. Dn-I,Nagpur	District Judge-7, Nagpur	Shri Bhudev C. Wandhe	220.00	-
3	4610	EHV Proj. Dn-I,Nagpur	District Judge Nagpur	Shri Devanad Dattuji Awale	300.00	-
4	4610	EHV Proj. Dn-I, Nagpur	District Judge Nagpur	Smt Anusaibai Dattuji Awale	750.00	-
5	4610	EHV Proj. Dn-I, Nagpur	Distt. Judge, Wardha	Shri Ashok Shyamsunder Agarwal & 02 others	395.66	-
6	4610	EHV Proj. Dn-I, Nagpur	District Court Civil, Nagpur	Shri Harish Daulatrao Ramteke	800.00	-
7	4610	EHV Proj. Dn-I, Nagpur	District Judge No 3, Nagpur	Smt Sunanda Dhanraj Bhalerao	400.00	-
8	4610	EHV Proj. Dn-I, Nagpur	High Court Nagpur Bench	Shri.Ramchandra Jagannath Kulkarni & others	70.37	-
9	4610	EHV Proj. Dn-I, Nagpur	Distt Court Chandrapur	Shri Manohar Shantalwar Vs. MSETCL	0.76	-
10	4610	EHV Proj. Dn-I, Nagpur	Distt. Judge, Wardha	Shri Devidas Supare	6.20	-
11	4610	EHV Proj. Dn-I, Nagpur	High Court Nagpur Bench	Shri Pandurang Haridas Kite & others	2.00	2.00
12	4610	EHV Proj. Dn-I,Nagpur	Distt. Judge, Wardha	Shri Mohan Barole	5.04	-
13	4610	EHV Proj. Dn-I, Nagpur	Distt. Judge, Wardha	Mrs. Chandrakala Mohan Barole	42.75	-
14	4610	EHV Proj. Dn-I, Nagpur	District Judge 17, Suyog Building, Nagpur	Shri. Ghanshyam Umraoji Bhalerao	800.00	-
15	4630	EHV Proj. Dn. Chandrapur	District Judge-1 Warora	Shri Mahadeo Jiotode	90.00	-
16	4630	EHV Proj. Dn. Chandrapur	District Judge-1 Warora	Sau. Suman Maroti Jiotode	60.00	-

17	4630	EHV Proj. Dn. Chandrapur	District Judge-1 Warora	Sau. Kalpana Mahadeo Jiotode	-	-
18	4630	EHV Proj. Dn. Chandrapur	District Judge-1 Wardha	Sau. Kalpana Eknath Kapse	28.00	-
19	4710	EHV CCCM DIVISION, NAGPUR	3rd Ad-Hoc Distt Judge. Nagpur	Maharashtra State Textile Corporation V/S MSETCL Compensation of amount under award date 14.06.2000 in respect of land at Jattarodi	615.00	-
20	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	-
21	4710	EHV CCCM DIVISION, NAGPUR	5th Jt Civil Judge Sr Dn. Nagpur	Shriram Trading Co. Case filed against award of arbitrator	2.67	-
22	4710	EHV CCCM DIVISION, NAGPUR	5lh Jt.Civil Judge Sr. Dn. Nagpur	M/s.Shriram Trading Co. Nagpur for decree regarding realisation of award amt. by arbitrator. -WBM road at Kanhan	2.67	-
23	4710	EHV CCCM DIVISION, NAGPUR	6th Jt.Civil Judge Jr Dn. Nagpur	Lucky construction V/S MSETCL Case filed for non-handing over of complete site.- Jat-Tarodi	2.63	-
24	4710	EHV CCCM DIVISION, NAGPUR	3rd Ad-Hoc. Distt Judge, Nagpur	Rajan Nagpal, Nagpur V/s MSETCL/GOM/Sp. LAO,Nagpur Land case at Yenvva (Katol)	0.12	-
25	4710	EHV CCCM DIVISION, NAGPUR	3rd Ad-Hoc. Distt Judge, Nagpur	Ajay Akhand, Fetri, Ashok Gormade, Chicholi, Nagpur V/s. MSETCL/GOM/ Sp. LAO, Nagpur Land Case at Yenwa (Katol)	0.22	-
26	4720	Office of the Executive Enginneer (Civil) EHV CCCM Division, MSETCL Chandrqapur	Court of Sub -Divisional Officer Hinganghat	MSETCL VS Tahasildar Samudrapur	15.55	5.51
27	4720	Office of the Executive Enginneer (Civil) EHV CCCM Division, MSETCL Chandrqapur	Civil Judge Senior Division Warora	Maharashtra case & other VS Dadaji Thengane & Others	5.18	-
28	4720	Office of the Executive Enginneer (Civil) EHV CCCM Division, MSETCL Chandrqapur	No case filed in court, discussed on local level	MSETCL vs Grampanchayat Tulana	88.00	-

5) Pune Zone (Rs. in Lakhs)

Sr. No.	Profit Centre No. of Office	Name of the Office	Name of Court where suit was file	Name of Party against whom case is pending	Amount involved in Case (Rs)	Amount Deposited in the Court if any (Rs)
1	6000	EHV Proj. Zone Pune	Labour Court,Pune	Shri. V.L. Satav, LDC	-	-
2	6000	EHV Proj. Zone Pune	Bombay High Court Aurangabad Bench.	Shri. B.E. Chavan, Tracer	-	-
3	6000	EHV Proj. Zone Pune	Superme court of India Delhi.	"Shri M.G.Pardeshi, Ex. Sr. Operator, 220 KV Khadki s/stn. Now retired Koregaon Park, PUNE-411001."	-	-
4	6100	EHV O&M Cir. Pune	Labour Court, PMT BUILDING NO.1, FIRST FLOOR, SWARGATE, PUNE	Shri.Milind Madhukar Wagh	0.70	-
5	6100	EHV O&M Cir. Pune	Hon. High Court Mumbai	Shri.Ashwin Narendra Wagh	12.00	-
6	6100	EHV O&M Cir. Pune	Hon. District Court Pune	B.S. Kulkarni	3.00	-
7	6100	EHV O&M Cir. Pune	Hon. Civil Court Pune		1.26	-
8	6120	EHV O&M Divn.II,Pune	Hon.Civil Court Pune	B.S.Kulkarni	1.26	-
9	6200	EHV O&M Cir.Solapur	Labour Court, Solapur	CMD/ T N Bhimale	-	-
10	6200	EHV O&M Cir.Solapur	Industrial Court, Solapur	CMD/ T N Bhimale	-	-
11	6200	EHV O&M Cir.Solapur	Civil Court Solapur	EE EHV Solapur/V.D.Somvashi	-	-
12	6600	EHV Proj.Circle, Pune	Labour Court, Pune	Shri.V.L.Satav, LDC (Resigned from Board's service)	-	-
13	6600	EHV Proj.Circle, Pune	Bombay High Court Aurangabad Bench	Shri. B.E. Chavan, Tracer EHV Cosntn.Dn-1, Pune (Caste Invalid)	-	-
14	6600	EHV Proj.Circle, Pune	Supreme court of India	Shri.Ghansham K Parate, Typist Major Store, Baramati	-	-
15	6610	EHV Proj. Dn.I Pune	Civil Judge Jr.Dn.at Sasawad	Mr.Gorakhranath Madadeo Misal	-	-
16	6610	EHV Proj. Dn.I Pune	In the Court of Hon Civil Judge Jr. Div. Pune.	Bharatlal Rupchand Dharmawat	-	-

17	6620	EHV Proj. Dn.II Pune	"Civil Court Tal. Karad Dist Satara District Court Karad	"Shankar Pandurang Karnale (Pawar) Karad	-	-
18	6620	EHV Proj. Dn.II Pune	Civil Court,Junner	Shri.Ramchandra N.Shegar	-	-
19	6620	EHV Proj. Dn.II Pune	Civil Court, Pune	Mrs.Ashalata Rama Chandva Dhongade, Pune	-	-
20	6620	EHV Proj. Dn.II Pune	Civil court,Pune	Mrs. Sandhya Parage Binde, Pune	-	-
21	6630	EHV Proj. Dn.III Pune	District & Session Court Tuljapur	Navanath Dyanu Mohite	-	-
22	6630	EHV Proj. Dn.III Pune	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	-	-
23	6630	EHV Proj. Dn.III Pune	Session Court Mangalweda	1.Vandana Dembhare 2.Shubhangi Dembhare 3.Pragati Dembhare	-	-
24	6710	CCCM Dn.Solapur	District Court Solapur	Sou. Sulochana P. Birajdar, Solapur	10.00	-
25	6710	CCCM Dn.Solapur	Barshi Court	B. N. Wani & Dare At. Barshi	-	-
26	6720	CCCM Dn.Pune	Supreme Court	Shabbir ‘A’ Sabuwala	73.87	-
27	6720	CCCM Dn.Pune	Supreme court	Rusi Mehta	-	-
28	6720	CCCM Dn.Pune	Bombay High Court	Talson Real Estate Private Limited & Anr.	-	-
29	6720	CCCM Dn.Pune	Arbitration Case	M/S R R Kapoor contractor Ahmednagar	145.12	-

6) SLDC Kalwa

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					-	-

7) Karad Zone

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	3610	EHV Projects Division, Kolhapur	Civil Court, Kolhapur	M/s. Banchode Constn., Kolhapur	27.00	-

8) Vashi Zone

(Rs. in Lakhs)

Sr. No.	Profit Centre No. of Office	Name of the Office	Name of Court where suit was file	Name of Party against whom case is pending	Amount involved in Case (Rs)	Amount Deposited in the Court if any (Rs)
1	7110	EHV O & M Dn. Bhandup			3.19	-
2	7210	EHV (O&M) Division Panvel	Alibag	M.A. Segar Vs EHV (O&M) Division Panvel	2.47	-
3	7240	EHV O&M Dn Dombivali	Mumbai H/C	Smt. Suman Namdeo Zalte & others V/S E.E. MSEB Mohone Dist Thane	1.18	-
4	7710	EHV CCCM DN AIROLI	CIVIL COURT, VASAI	M/s. Yogeshwar Devlopers, Vasai	-	-
5	7720	EHV CCCM DN PNL	DISTRICT COURT ALIBAG	Smt. Godavari Shantaram Shahane and others	10.00	-

Note 38: Operating Leases (IND AS 17)

In respect of MSEBHCL:

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

In respect of MSEDCL:

i) The Company has numerous operating leases for office and residential premises for employees that are renewable on periodic basis and cancellable at its option. An expense lease rent for operating leases recognised in statement of Profit and Loss for the year is Rs.29 crores(previous year Rs. 28 crores).

ii) The Company has entered into the lease agreement with MSEB Holding Company Ltd. in respect of office premises occupied at Head Office i.e. 'Prakashgad' and 'Dharavi', Guest House at New Delhi and residential quarters at various places in Mumbai on which lease charges paid during the year amounting to Rs.18 crores (Previous Year 18 crores) included in the amount shown at (i) above.

(iii) Ascertainment of Lease in the Power Purchase Arrangement:

The company has entered into the power purchase agreement with MSPGCL and other generators. The significant output of power generated from the MSPGCL and other many generators is purchased by MSEDCL. Hence MSEDCL tested the said power purchase arrangement in terms of Appendix C to Ind AS 17 so as to determine whether the arrangement contains element of lease. It is identified that the arrangement conveys that the MSEDCL has "right" to use the assets of the MSPGCL and other generators, however, the MSEDCL has no obligation over the losses arising out of non-availability of power plant for power generation due to non-maintenance and the costs are borne by them. Accordingly, there is no transfer of risks & rewards to the Company from MSPGCL and other generators to this extent. Consequently, the arrangement does not satisfy the criteria of financial lease.

In respect of MSPGCL:
Leases
Operating Lease

A. Leases as lessee

a) The Company enters into cancellable/non-cancellable operating lease arrangements for land, office premises, staff quarters and others. Payments made under operating leases are generally recognised in statement of Profit and Loss based on corresponding periods contractual terms of the lease, since the Company considers it to be more representative of time pattern of benefits flowing to it.The lease rentals paid for the same are charged to the Statement of Profit and Loss.

The future minimum lease payments and payment profile of non-cancellable (Hydro Plant Leases) operating leases are as under:

i. Future minimum lease payments

At March 31, the future minimum lease payments under non-cancellable leases were payable as follows:

(Rs. in Crores)

	31.03.2017	**31.03.2016**	**01.04.2015**
Less than one year	452.08	452.10	452.08
Between one and five years	1,812.73	1,809.84	1,809.08
More than five years	7,326.60	7,781.57	8,234.41
	9,591.41	**10,043.51**	**10,495.57**
			(Rs. Crores)
ii. Amounts recognised in profit or loss		**31.03.2017**	**31.03.2016**
Lease expense		452.10	452.08

Ascertainment of Lease in the Power Purchase Arrangement:

The company has entered into the power purchase agreement with MSEDCL. The significant output of power generated from the Company's plants is sold to MSEDCL. Hence company tested the said power purchase arrangement in terms of Appendix C to Ind AS 17 so as to determine whether the arrangement contains element of lease. It is revealed that the arrangement conveys the right to use the assets to MSEDCL, however, the losses arising out of non-maintenance of availability of power plant for power generation are borne by Mahagenco. Accordingly, there is no transfer of risks & rewards to MSEDCL to this extent. Consequently, the arrangement does not satisfy the criteria of financial lease.

In respect of MSETCL:

Lease Disclosures

A) Finance Lease

The company has taken land on lease from Government of Maharashtra, CIDCO, MIDC, etc for construction of substation and lines for 99 years and more by payment of upfront premium. Such lease arrangements have been considered as finance lease.

As on 31.03.2017 **(Rs. in Crores)**

Particulars	Land
Gross carrying amount	104.52
Accumulated amortisation	9.23
Amortisation recognised in statement of P&L	0.73

As on 31.03.2016 **(Rs. in crores)**

Particulars	Land
Gross carrying amount	100.04
Accumulated amortisation	8.50
Amortisation recognised in statement of P&L	0.53

As on 01.04.2015 **(Rs. in Crores)**

Particulars	Land
Gross carrying amount	81.22
Accumulated amortisation	7.97
Amortisation recognised in statement of P&L	0.25

Particulars	As at 31.03.17		As at 31.03.16		As at 01.04.15	
	Mini Lease pay	Present value of MLP	Mini Lease Pay	Present value of MLP	Mini Lease Pay	Present value of MLP
Within one year	-	-	-	-	-	-
After one but not more than five years	-	-	-	-	-	-
More than five years	-	-	-	-	-	-
Total minimum lease payments	-	-	-	-	-	-
Less : amounts representing finance charges	-	-	-	-	-	-
Present value of minimum lease payments	-	-	-	-	-	-

B) Operating Lease

a) Lease as lessee

i) The Company has an operating leases for office facilities and residential premises under a non-cancellable operating lease agreements. The lease rentals paid for the same are charged to Statement of Profit and Loss.

ii) Future minimum rentals payable under non-cancellable operating leases are as follows

(Rs. in Crores)

Particulars	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
Not Later than one year	10.86	10.86	9.58
Later than one year and not later than five years	0.07	10.94	19.22
Later than five years	-	-	-

iii) Amounts recognised in profit or loss

(Rs. in Crores)

Particulars	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
Lease Expense	11.86	10.77	9.57
Contingent Rent Expense	--	--	--

b) Leases as lessor

The Company has given land to Maharashtra Eastern Grid Power Transmission Company Limited for 20 years for construction of 765/400 sub-station. The said lease is considered as operating lease in the books of MSETCL.

As on 31.03.2017 **(Rs. in Crores)**

Particulars	Land
Gross carrying amount	3.39
Accumulated amortisation	--
Amortisation recognised in statement of P&L	--

As on 31.03.2016 **(Rs. in Crores)**

Particulars	Land
Gross carrying amount	3.39
Accumulated amortisation	--
Amortisation recognised in statement of P&L	--

As on 01.04.2015 **(Rs. in Crores)**

Particulars	Land
Gross carrying amount	3.39
Accumulated amortisation	--
Amortisation recognised in statement of P&L	--

Note 39: Employee Benefit (IND AS 19)

In case of MSEBHCL:

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

Particulars	Gratuity (Unfunded)		Leave Encashment (Unfunded)	
	2016-17	2015-16	2016-17	2015-16
Discount	7.70%	7.15%	7.70%	7.15%
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 & 60 yrs	58 yrs	58 & 60 yrs	58 yrs

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

Particulars	Gratuity (Unfunded)		Leave Encashment (Unfunded)	
	2016-17	2015-16	2016-17	2015-16
Service cost				
a. Current Service cost	1,693,842	1,683,794	1,551,554	1,662,599
b. Past Service Cost	-	-		
c. (Gain)/Loss on settlements	-	-		
d. Total Service cost	1,693,842	1,683,794	1,551,154	1,662,599
Net Interest Cost				
a. Interest expense on DBO	2,739,343	2,857,985	2,238,590	2,252,887
b. Interest (income) on plan assets	-	-		
c. Interest (income) on reimbursement rights	-	-		
d. Interest expense on effect of (asset ceiling)	-	-		
e. Total net interest cost	2,739,343	2,857,985	2,238,950	2,252,887
Immediate Recognition of (Gains)/Losses-Other Long Term Benefits	-	-	2,767,279	(3,241,236)
Administrative expenses and taxes	-	-		
Defined Benefit cost included in P & L	4,433,185	4,541,779	6,557,423	674,250

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

Particulars	Gratuity (Unfunded)		Leave Encashment (Unfunded)	
	2016-17	**2015-16**	**2016-17**	**2015-16**
a. Actuarial (Gain)/Loss due to Demographic Assumption changes in DBO	-	-	-	-
b. Actuarial (Gain)/Loss due to Financial Assumption changes in DBO	795,007	140,392	-	-
c. Actuarial (Gain)/Loss due to Experience on DBO	2,504,237	(5,817,573)	-	-
d. Return on Plan Assets (Greater)/Less than Discount rate	-	-	-	-
e. Return on reimbursement rights (excluding interest income)	-	-	-	-
f. Changes in asset ceiling / onerous liability (excluding interest income)	-	-	-	-
g. Total Actuarial (Gain)/ Loss included in OCI	3,299,243	(5,677,181)	-	-

Table 3: Total Cost Recognised in Comprehensive Income

Particulars	Gratuity (Unfunded)		Leave Encashment (Unfunded)	
	2016-17	**2015-16**	**2016-17**	**2015-16**
Cost Recognised in P&L	4,433,185	4,541,779	6,557,423	674,250
Remeasurements Effects Recognised in OCI	3,299,243	(5,677,181)	-	-
Total cost Recognised in Comprehensive Income	7,732,428	(1,135,402)	6,557,423	674,250

Table 4 : Change in Defined Benefit Obligation

Particulars	Gratuity (Unfunded)		Leave Encashment (Unfunded)	
	2016-17	2015-16	2016-17	2015-16
Defined Benefit Obligation as of Prior Year	39,938,620	41,074,022	32,431,092	31,756,842
Service Cost				
a. Current Service cost	1,693,842	1,683,794	1,551,554	1,662,599
b. Past service cost	-	-		
c. (Gain)/Loss on settlements	-	-		
Interest Cost	2,739,343	2,857,985	2,238,590	2,252,887
Benefit payments from plan assets	-	-		
Benefit payments directly by employer	(6,843,622)	-	(4,949,847)	
Settlements	-	-		
Participant contribution				
Acquisition/ Divestiture	-	-		
Actuarial (Gain)/ Loss - Demographic-	-			
Actuarial (Gain)/ Loss - Financial	795,007	140,392	792,852	134,113
Actuarial (Gain)/ Loss - Experience	2,504,237	(5,817,573)	1,974,427	(3,375,349)
Effect of changes in foreign exchange rates				
Defined Benefit Obligation as of Current Year	40,827,426	39,938,620	34,038,668	32,431,092

Table 5 : Change in Fair Value of Plan Assets

Particulars	Gratuity (Unfunded)		Leave Encashment (Unfunded)	
	2016-17	2015-16	2016-17	2015-16
Fair value of plan assets at end of prior year	-	-	-	-
Expected Return on Plan Assets	-	-	-	-
Employer contributions	-	-	-	-
Participant contributions				
Benefit payments from plan assets	-	-	-	-
Settlements	-	-	-	-
Acquisition/ Divestiture	-	-	-	-
Actuarial (Gain)/ Loss on Plan Assets	-	-	-	-
Fair value of plan assets at end of year	-	-		

Table 6 : Net Defined Benefit Asset/ (Liability)

Particulars	Gratuity (Unfunded)		Leave Encashment (Unfunded)	
	2016-17	2015-16	2016-17	2015-16
Defined Benefit Obligation	40,827,426	39,938,620	34,038,668	32,431,092
Fair Value of Plan Assets	-	-		
(Surplus)/ Deficit	40,827,426	39,938,620	34,038,668	32,431,092
Effect of Asset Ceiling	-	-		
Net Defined Benefit Liability/ (Asset)	40,827,426	39,938,620	34,038,668	32,431,092
Expected Company Contributions for the Next Year	-	-	-	-

Table 7 : Reconciliation of Amounts in Balance Sheet

Particulars	Gratuity (Unfunded)		Leave Encashment (Unfunded)	
	2016-17	2015-16	2016-17	2015-16
Net defined benefit liability (asset) at prior year end	39,938,620	41,074,022	32,431,092	31,756,842
Defined benefit cost included in P&L	4,433,185	4,541,779	6,557,423	674,250
Total remeasurements included in OCI	3,299,243	(5,677,181)	-	-
Other significant events/ One time Ind AS 19 Adjustment	-	-	-	-
Acquisition/ Divestiture	-	-	-	-
Amounts recognized due to plan	-	-	-	-
Employer contributions	-	-	-	-
Direct benefit payments by Employer	(6843,622)	-	(4,949,847)	-
Effect of changes in foreign exchange rates			-	-
Net defined benefit liability (asset)- end of period	40,827,426	39,938,620	34,038,668	32,431,092

Table 8 : Reconciliation of Statement of Other Comprehensive Income

Particulars	Gratuity (Unfunded)		Leave Encashment (Unfunded)	
Reconciliation of Statement of Other Comprehensive Income	2016-17	2015-16	2016-17	2015-16
Cumulative OCI- (Income)/Loss, Beginning of Period	(1,850,341)	3,826,839	-	-
Total remeasurements included in OCI	3,299,243	(5,677,181)	-	-
Cumulative OCI- (Income)/Loss, End of Period	1,448,902	(1,850,341)	-	-

Table 9 : Current / Non Current Liability

Particulars	Gratuity (Unfunded)		Leave Encashment (Unfunded)	
	2016-17	2015-16	2016-17	2015-16
Current Liability	17,388,879	8,725,484	12,682,275	6,717,002
Non Current Liability	23,438,547	31,213,136	21,356,392	25,714,090
Non Current asset	-	-	-	-
Total	40,827,426	39,938,620	34,038,668	32,431,092

Table 10 : Expected Future Cashflows

Particulars	Gratuity (Unfunded)	Leave Encashment (Unfunded)
	2016-17	2016-17
Year 1	17,388,879	12,682,275
Year 2	1,442,374	1,526,840
Year 3	6,056,801	4,811,355
Year 4	5,529,875	4555061
Year 5	3,111,920	2,610,552
Year 6 to 10	13,270,770	12,347,447

Table 11 : Components of Defined Benefit Cost for Next Year

Particulars	Gratuity (Unfunded)	Leave Encashment (Unfunded)
	01/04/2016 to 31/03/2017	01/04/2016 to 31/03/2017
Service Cost		
a. Current Service Cost	1,756,549	1,664,961
b. Past service cost	-	-
c. (Gain)/ loss on settlements	-	-
d. Total Service Cost	1,756,549	1,664,961
Net interest cost		
a. Interest expense on DBO	2,297,509	1,980,373
b. Interest (income) on plan assets	621,652	
c. Interest (income) on reimbursement rights	-	-
d. Interest expense on effect of (asset ceiling)	-	-
Total net interest cost	2,919,161	1,980,373
Immediate Recognition of (Gain) / Losses – Other Long Term Benefits	-	-
Administrative expenses and taxes	-	-
Defined benefit cost included in P&L	4,675,709	3,645,334

Plan Assets

Particulars	Gratuity (Unfunded)		Leave Encashment (Unfunded)	
	2016-17	2015-16	2016-17	2015-16
The weighted- average asset allocations at the year end were as follows:	0.00 %	0.00 %	0.00 %	0.00 %
Equities	0.00 %	0.00 %	0.00 %	0.00 %
Bonds	0.00 %	0.00 %	0.00 %	0.00 %
Gilts	0.00 %	0.00 %	0.00 %	0.00 %
Pooled assets with an insurance company	0.00 %	0.00 %	0.00 %	0.00 %
Other	0.00 %	0.00 %	0.00 %	0.00 %
Total	0.00 %	0.00 %	0.00 %	0.00 %
Actual return on plan assets	-	-		

Sensitivity Analysis

Particulars	Gratuity (Unfunded)		Leave Encashment (Unfunded)	
Defined Benefit Obligation	2016-17	2015-16	2016-17	2015-16
Discount rate				
a. Discount rate – 100 basis points	42,392,779	41,413,859	35,615,770	33,849,389
b. Discount rate + 100 basis points	39,413,190	38,587,744	326,32,132	31,146,926
Salary increase rate				
a. Discount rate – 100 basis points	39,387,249	38,554,528	32,604,953	31,115,469
b. Discount rate + 100 basis points	42,389,589	41,424,033	35,618,177	33,859,178

Valuation done by the actuary is relied upon.

In respect of MSEDCL:

Post-Employment Benefits:

Defined Benefit Plan:

(i) Provident Fund :

The Company makes contribution towards provident fund to a defined benefit retirement plan. The provident fund is administered by the Trustees of the Maharashtra State Electricity Board's Contributory Provident Fund Trust (CPF Trust). Under the scheme, the Company is required to contribute a specified percentage of salary to the retirement benefit schemes to fund the benefit. In keeping with the guidance on implementing Ind AS 19 Employee Benefits, employer established provident funds are treated as Defined Benefit Plans, since the Company is obliged to meet interest shortfall, if any, with respect to covered employees. However, there is no further liability which remained to be provided as at the end of the year, on account of shortfall in interest payable to the beneficiaries.

Deficit, if any, having regard to the position of the fund as compared to aggregate liability is additionally contributed by the company and recognized as expenses. During the year the fair value of plan assets at the end of the year is more than the liability for subscription and interest as given under.

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

Sr.No.	Particulars	As at 31st March, 2017 (Rs. in Lakhs)	As at 31st March, 2016 (Rs. in Lakhs)
1.	Liability for subscriptions and interest payable to employees at the end of year	5,61,532.01	5,25,473.79
2.	Fair Value of Plan Assets at the end of year	5,76,569.60	5,42,147.54
3.	Surplus	15,037.59	16,673.76

(b) Description of Plan Assets:

Sr. No.	Particulars	For the year ended 31st March, 2017 (in %)
1.	Central Government Securities	16.47
2.	Other Securities	15.43
3.	Listed Debt Securities	5.92
4.	Basel III Tier-I Bonds	33.55
5.	Exchange Traded Funds (EFT's)	1.12

(ii) Gratuity (Unfunded Defined Benefit Plan):

Gratuity payable to all employees of the organization areas per the provisions of the Payment of the Gratuity (Amendment) Act,2010 or MSEB Gratuity Regulations 1960 whichever is beneficial to the employee.

(iii) 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 upto300 and 360 days respectively.

(iv) Defined Benefit Plan:

Liability towards long term defined employee benefits - leave encashment, gratuity is determined on actuarial valuation by independent actuaries at the year-end by using Projected Unit Credit method. Liability so determined is unfunded in the case of leave encashment and gratuity.

Gratuity

Gratuityand Long Term Compensated Absences- as per actuarial valuations as on 31stMarch, 2017 are recognized in the financial statements in respect of Employees Benefits Schemes. Further, the Company has not made investments in planned Assets. The detail are as below.

Details of Gratuity and Leave Encashment disclosure as required by Ind AS –19 are detailed hereunder:

Table 1 - Total Expense Recognised in the Statement of Profit & Loss Account.

(Rs. in Lakhs)

Particulars	Leave Encashment		Gratuity	
	01.04.2016 to 31.03.2017	01.04.2015 to 31.03.2016	01.04.2016 to 31.03.2017	01.04.2015 to 31.03.2016
Current Service Cost	12948	12259	11699	11729
Interest Cost	14113	13322	15795	15,800
Expected Return on Plan Asset	-	-	-	-
Past Service Cost	-	-	-	-
(Gain)/Loss due to Settlement/ Curtailments	-	-	-	-
Unrecognised Asset due to limit in Para 59(B)	-	-	-	-
Net Actuarial Lossess/(Gains)	30371	20125	-	-
Total Expense/(Income) included in	57432	45706	27494	27529
"Statement of Profit & Loss"				

Table 2.Remeasurment effects recognised in Other Comprehensive Income (OCI)

(Rs. in Lakhs)

Particulars	Leave Encashment		Gratuity	
	01.04.2016 to 31.03.2017	01.04.2015 to 31.03.2016	01.04.2016 to 31.03.2017	01.04.2015 to 31.03.2016
Actuarial (Gain)/ Loss due to Demographic Assumptions changes in DBO	-	-	-	-
Actuarial (Gain)/Loss due to Financial Assumption changes in DBO	-	-	7891	715
Actuarial (Gain)/ Loss due to Experience on DBO	-	-	3767	16393
Return on Plan Assets(Greater)/ Less than Discount rate	-	-	-	-
Return on reimbursement right (excluding interest income)	-	-	-	-
Changes in asset ceiling /onerous liability (excluding interest income)	-	-	-	-
Total Actuarial (Gain)/ Loss included in OCI	-	-	11658	17109

Table 3. Total Cost Recognised in Comprehensive Income

(Rs. in Lakhs)

Particulars	Leave Encashment		Gratuity	
	01.04.2016 to 31.03.2017	01.04.2015 to 31.03.2016	01.04.2016 to 31.03.2017	01.04.2015 to 31.03.2016
Cost Recognised in P & L	57432	45706	27494	27529
Remeasurements Effects Recognised in OCI	-	-	11658	17109
Total Cost Recognised in Comprehensive Income	57432	45706	39152	44638

Table 4. Change in Defined Benefit Obligation during the Period

(Rs. in Lakhs)

Particulars	Leave Encashment		Gratuity	
	01.04.2016 to 31.03.2017	01.04.2015 to 31.03.2016	01.04.2016 to 31.03.2017	01.04.2015 to 31.03.2016
Opening Defined Benefit Obligation	196777	183347	223499	221968
Current Service Cost	12948	12259	11699	11729
Interest Cost	14113	13322	15795	15800
Actual Plan Participants' Contributions	-	-	-	-
Acquisition/Business Combination/Divestiture	-	-	-	-
Benefits Paid	(36130)	(32276)	(42919)	(43107)
Past Service Cost	-	-	-	-
Curtailments/Settlements	-	-	-	-
Actuarial (Gains)/Losses	30371	20125	11658	17108
Closing Defined Benefit Obligation	218078	196777	219732	223499

Table 5. Reconciliation of Amounts in Balance Sheet

*The current/non- current split is based on the net liability (Rs. in Lakhs)

Particulars	Leave Encashment		Gratuity	
	31-Mar-17	31-Mar-16	31-Mar-17	31-Mar-16
Opening Balance Sheet (Asset)/Liability	196777	183347	223499	221968
Total Expense/ (Income) Recognised in P&L	57432	45706	39152	44638
Acquisition/Business Combination/Divestiture	-	-	-	-
Benefit Payouts	(36130)	(32276)	(42919)	(43107)
Closing Balance sheet(Asset)/Liability	218078	196777	219732	223499
Expected Company Contributions for the Next Year	-	-	-	-

Table 6 : Reconciliation of Statement of Other Comprehensive Income.

(Rs. in Lakhs)

Particulars	Leave Encashment		Gratuity	
	31-Mar-17	31-Mar-16	31-Mar-17	31-Mar-16
Cumulative OCI – (Income)/Loss, Beginning of period	-	-	17109	-
Total remeasurments included in OCI	-	-	11658	17109
Cumulative OCI – (Income)/Loss, End of period	-	-	28767	17109

Table 7 : Major Acturial Assumptions

(Rs. in Lakhs)

Description	31 March 2017	31 March 2016
Discount rate	7.75%	7.25%
Future Basic salary increase	7.00%	7.00%
Withdrawal rate	Age based :	Age based :
	Upto 50 years – 0.5%	Upto 50 years – 0.5%
	Thereafter – 2%	Thereafter – 2%
Mortality rate	IALM (2006-08)	IALM (2006-08)
	ultimate	ultimate
Retirement age	Class I, II, III -58 years	Class I, II, III -58 years
	Class IV- 60 years	Class IV- 60 years

Table 8: Sensitivity Analysis

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

(Rs. in Lakhs)

Particulars	Leave Encashment		Gratuity	
Description	31-Mar-17	31-Mar-16	31-Mar-17	31-Mar-16
Discount rate				
a. Discount rate – 100 basis points	2,40,056	2,13,087	2,37,549	2,38,970
b. Discount rate + 100 basis points	1,99,634	1,82,866	2,04,539	2,10,117
Salary increase rate				
c. Rate – 100 basis points	1,99,434	1,82,654	2,04,385	2,09,923
d. Rate + 100 basis points	2,39,889	2,13,046	2,37,405	2,38,920

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

Table 9 : Expected future cash flows :

(Rs. in Lakhs)

	Leave encashment	Gratuity
Period	31 March 2017	31 March 2017
Year 1	28,464	36,073
Year 2	25,176	31,134
Year 3	22,227	26,574
Year 4	17,935	20,810
Year 5	13,859	15,598
Year 6 to 10	59,302	62,176

Table 10 : Category of investment in Gratuity trust and leave encashment

(Rs. in Lakhs)

Category of Asset	As at March 31, 2017	As at March 31, 2016
Equity shares	0%	0%
Bonds	0%	0%
Gilts	0%	0%
Pooled assets with an insurance company	0%	0%
Other	0%	0%

In respect of MSPGCL

The Company contributes to the following post-employment defined benefit plans in India.

(i) Defined Contribution Plans:

The Company's contribution to the Provident Fund is remitted to separate trusts established for this purpose based on a fixed percentage of the eligible employee's salary and charged to Statement of Profit and Loss. Shortfall, if any, in the fund assets, based on the Government specified minimum rate of return, will be made good by the Company and charged to Statement of Profit and Loss.

The Company recognised Rs. Nil Crores (previous year Rs. Nil Crores) for Provident Fund contribution in the Statement of Profit and Loss.

The contributions payable to these plans by the Company are at rates specified in the rules of the schemes.

(ii) Defined Benefit Plan:

Liability towards long term defined employee benefits - leave encashment, gratuity are determined on actuarial valuation by independent actuaries at the year-end by using Projected Unit Credit method. Liability so determined is unfunded in the case of leave encashment and gratuity.

GRATUITY

A. Movement in net defined benefit (asset) liability

The following table shows a reconciliation from the opening balances to the closing balances for net defined benefit (asset) liability and its components

	Defined benefit obligation			Fair value of plan assets			Net defined benefit (asset) liability		
	Mar31, 2017	**Mar 31, 2016**	**Apr 1, 2015**	**Mar 31, 2017**	**Mar 31, 2016**	**Apr 1, 2015**	**Mar31, 2017**	**Mar 31, 2016**	**Apr 1, 2015**
Opening balance	490.31	520.42	447.47				490.31	520.42	447.47
Interest Cost Included in profit or loss	39.18	41.37	41.39				39.18	41.37	41.39
Current service cost	14.65	15.00	12.02				14.65	15.00	12.02
Past service cost									
Interest cost (income)									
	544.13	576.79	500.87	-	-	-	544.13	576.79	500.87
Included in OCI									
Remeasurement loss (gain):									
Actuarial loss (gain) arising from:									
Demographic assumptions									
Financial assumptions	17.298	-0.925	28.324				17.30	-0.92	28.32
Experience adjustment	40.810	55.213	130.374				40.81	55.21	130.37
Return on plan assets excluding interest income									
	58.11	54.29	158.70	-	-	-	58.11	54.29	158.70
Other									
Contributions paid by the employer									
Benefits paid	-131.54	-140.77	-139.15				-131.54	-140.77	-139.15
Closing balance	470.70	490.31	520.42	-	-	-	470.70	490.31	520.42
Represented by									
Net defined benefit asset									
Net defined benefit liability							470.70	490.31	520.42
							470.70	490.31	520.42
C. Defined benefit obligations									
i. Actuarial assumptions									

The following were the principal actuarial assumptions at the reporting date (expressed as weighted averages).

	March 31, 2017	March 31, 2016	April 1, 2015
Discount rate	7.27%	7.99%	7.95%
Salary escalation rate	5.00%	5.00%	5.00%
Mortality rate During Employment	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)

Assumptions regarding future mortality have been based on published statistics and mortality tables. The current longevities underlying the values of the defined benefit obligation at the reporting date were as follows

ii. Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

	March 31, 2017		March 31, 2016		April 1, 2015	
	Inc	Dec	Inc	Dec	Inc	Dec
Discount rate (0.5% movement)	-12.18	12.99	-11.20	11.88	-11.36	12.01
Future salary growth (0.5% movement)	13.21	-12.49	12.17	-11.56	12.30	-11.72
Employee Turnover (0.5% movement)	2.21	-2.34	2.60	-2.74	2.44	2.57

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

iii. Maturity Analysis of Defined Benefit Obligation

Defined Benefits Payable in Future Years From the Date of Reporting

	March 31, 2017	March 31, 2016
1st Following Year	95.49	75.90
2nd Following Year	47.28	36.09
3rd Following Year	58.97	48.39
4th Following Year	51.92	40.89
5th Following Year	45.82	35.27
Sum of Years 6 To 10	169.33	127.35

LEAVE ENCASHMENT

A. Movement in net defined benefit (asset) liability

The following table shows a reconciliation from the opening balances to the closing balances for net defined benefit (asset) liability and its components

	Defined benefit obligation			Fair value of plan assets			Net defined benefit (asset) liability		
	Mar31, 2017	Mar 31, 2016	Apr 1, 2015	Mar 31, 2017	Mar 31, 2016	Apr 1, 2015	Mar31, 2017	Mar 31, 2016	Apr 1, 2015
Opening balance	568.27	555.88	387.67				568.27	555.88	387.67
Included in profit or loss (Interest Cost)	45.40	44.19	35.86				45.40	44.19	35.86
Current service cost	11.15	11.46	10.73				11.15	11.46	10.73
Past service cost									
Interest cost (income)									
	624.83	611.53	434.26	-	-	-	624.83	611.53	434.26
Included in OCI									
Remeasurement loss (gain):									
Actuarial loss (gain) arising from:									
Demographic assumptions									
Financial assumptions	20.87	-1.10	31.75				20.87	-1.10	31.75
Experience adjustment	35.15	12.89	198.15				35.15	12.89	198.15
Return on plan assets excluding interest income									
	56.02	11.79	229.91	-	-	-	56.02	11.79	229.91
Other									
Contributions paid by the employer	-115.64	-55.05	-108.28				-115.64	-55.05	-108.28
Benefits paid									
Closing balance	565.20	568.27	555.88	-	-	-	565.20	568.27	555.88
Represented by									
Net defined benefit asset									
Net defined benefit liability							565.20	568.27	555.88
							565.20	568.27	555.88
C. Defined benefit obligations									
i. Actuarial assumptions									

The following were the principal actuarial assumptions at the reporting date (expressed as weighted averages).

	March 31, 2017	March 31, 2016	April 1, 2015
Discount rate	7.27%	7.99%	7.95%
Salary escalation rate	5.00%	5.00%	5.00%
Mortality rate During Employment	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)

B) The provident fund plan of the Company is operated by the “Maharashtra State Power Generation Company Limited Employees Provident Fund Trust” (the “Trust”). Eligible employees receive benefits from the said Provident Fund. Both the employees and the Company make monthly contributions to the Provident Fund Plans equal to a specified percentage of the covered employee’s salary. The minimum interest rate payable by the Trust to the beneficiaries every year is being notified by the Government. The Company has an obligation to make good the shortfall, if any, between the return from the investments of the Trust and the notified interest rate. During the year, since the market value of investment is more than subscription liability of the Trust, the liability on this account recognised in Profit & Loss account is Rs. Nil (P.Y. Rs. Nil)

Mahaguj Collieries Limited

Retirement Benefits

Provident & other Fund Rules and Payment of Gratuity Act are not applicable to the Company. However, employees on deputation from M/s MSPGCL and M/s GSECL are covered under the said benefit as per policy of the respective Companies.

MAMSL

No Provision for Gratuity is required; Since the Company did not have any employee during the year.

In respect of MSETCL

a) Defined Contribution Plans

The Company's contribution to the Provident Fund is remitted to separate trusts established for this purpose based on a fixed percentage of the eligible employee's salary and charged to Statement of Profit and Loss. Shortfall, if any, in the fund assets, based on the Government specified minimum rate of return, will be made good by the Company and charged to Statement of Profit and Loss. According to the Management, the Actuary has opined that actuarial valuation can not be applied to reliably measure provident fund liabilities in absence of guidance from the Actuary Society of India. The investment value is lower by Rs. 3,460 Lakhs (P.Y. Rs. 2,199 Lakhs excess) than subscription value, hence provision is made accordingly. The Company recognised Rs. 7384.84 lakhs (previous year Rs. 8234.77 lakhs) for Provident Fund contribution in the Statement of Profit and Loss.The contributions payable to these plans by the Company are at rates specified in the rules of the schemes.

Provident Fund

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

(Rs in Lakhs)

Particulars	**As at 31.03.2017**	**As at 31.03.2016**	**As at 01.04.2015**
Liability for subscriptions and interest payable to employees at the end of the year	1,26,716	1,19,739	1,04,874
Fair value of plan assets at the end of the year	1,23,256	1,21,938	1,05,807
Net Liability	**3,460.07**	**(2,198.71)**	**(933.00)**

ii) Description of plan assets

(Rs in Lakhs)

Particulars	**As at 31.03.2017**	**As at 31.03.2016**	**As at 01.04.2015**
Special Deposit Schemes(SDS)	27.51%	29.41%	31.64%
Other Security Gaurantee by Central/State Govt	5.92%	-	-
Government Securities (GOI)	16.47%	27.98%	33.55%
State Development Loan (SDL)	15.43%	-	-
Debt's and Other Related Instrument	33.55%	35.10%	33.95%
Exchange Traded Fund (ETF)	1.12%	0.52%	-
Others	-	6.99%	0.86%

b) Defined Benefit Plan : Gratuity

Liability towards long term defined employee benefits - leave encashment, gratuity are determined on actuarial valuation by independent actuaries at the year-end by using Projected Unit Credit method. Liability so determined is unfunded in the case of leave encashment and gratuity.

Gratuity (Unfunded)

Movement in net defined benefit (asset)/ liability

i) Reconciliation of opening and closing balances of Gratuity obligation **(Rs in Lakhs)**

Particulars	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
SDefined benefit obligation at the beginning of the year	42,104.36	42,985.51	41,938.20
Current service cost	1,888.01	1,843.51	1,622.29
Interest cost	3,309.40	3,404.45	3,921.22
Actuarial (gain)/loss	3,113.70	3,126.64	5,372.25
Benefits paid	(9,128.51)	(9,255.75)	(9,868.45)
Defined benefit obligation at the end of the year	41,286.97	42,104.36	42,985.51

ii) Reconciliation of opening and closing balances of fair value of plan assets **(Rs in Lakhs)**

Particulars	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
Fair value of plan assets at the beginning of the year	-	-	-
Expected return on plan assets	-	-	-
Actuarial (gain)/loss	-	-	-
Employer contribution	-	-	-
Benefits paid	-	-	-
Fair value of plan assets as at the end of the year	-	-	-

iii) Reconciliation of fair value of assets and obligations: **(Rs in Lakhs)**

Particulars	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
Fair value of plan assets as at the end of the year	-	-	-
Present value of obligations as at the end of the year	(41,286.97)	(42,104.36)	(42,985.51)
Unfunded (Liability)/asset recognized in the Balance Sheet*	(41,286.97)	(42,104.36)	(42,985.51)

iv) Amount recognized in the Statement of Profit and Loss : (Rs in Lakhs)

Particulars	As at 31.03.2017	As at 31.03.2016
Current service cost	1,888.01	1,843.51
Interest cost	3,309.40	3,404.45
Expected return on plan assets	-	-
Net Actuarial (gain)/loss	-	-
Total expenses recognized in the Statement of Profit and Loss account	5,197.41	5,247.96
Actual return on plan assets	-	-

v) Amount recognised in Other Comprehensive Income : (Rs in Lakhs)

Particulars	As at 31.03.2017	As at 31.03.2016
Actuarial (Gains)/ Losses		
- Changes in Demographic assumptions	-	-
- Changes in Financial arrangements	1,031.79	120.60
- Changes in the effect of limiting a net defined benefit asset ceiling, excluding amounts included in interest	-	-
- Experience adjustments	2,081.91	3,006.04
- Return on Plan assets excluding amounts net interest cost	-	-

vi) Major Actuarial Assumptions (Rs in Lakhs)

Particulars	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
Discount rate	7.39%	7.86%	7.92%
Estimated return on plan assets	7.39%	7.86%	7.92%
Salary increment	5%	5%	5%
Employee turnover	2%	2%	2%
Mortality rate during employment	India Assured Lives Mortality (2006-08)	India Assured Lives Mortality (2006-08)	India Assured Lives Mortality (2006-08)
Mortality rate after employment	N.A	N.A	N.A

vii) The expected future cash flows as on : **(Rs in Lakhs)**

Particulars	As at 31.03.2017	As at 31.03.2016
Projected benefits payable in future years from the date of reporting		
1st following year	8,388	6,567
2nd following year	4,827	7,952
3rd following year	6,746	6,440
4th following year	4,269	6,139
5th following year	3,588	3,197
Years 6 to 10	11,341	11,774

viii) Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

Particulars	March 31, 2017	March 31, 2016
(+) 1% change in rate of discounting	(2,118.17)	(1,985.46)
(-) 1% change in rate of discounting	2,438.62	2,113.76
(+) 1% change in rate of salary increase	2,473.00	2,154.74
(-) 1% change in rate of salary increase	(2,182.49)	(2,052.09)
(+) 1% change in rate of employee turnover	457.68	399.60
(-) 1% change in rate of employee turnover	(515.53)	(594.72)

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

Based on the actuarial valuation obtained in this respect, the following table sets out the status of the gratuity plan and the amounts recognised in the Company's financial statements as at balance sheet date:

c) Long Term Benefits: Leave Encashment

i) The Projected Benefit Obligation towards this Accumulating paid absences (Earn Leave Valuation) is tabulated below:

(Rs in Lakhs)

Particulars	As at 31.03.2017	As at 31.03.2016
Projected Benefit Obligation	24,860.39	22,053.01
Funding Status	Unfunded	Unfunded
Fund Balance	N.A	N.A

ii) Major Actuarial Assumptions (Earn Leave Valuation)

Particulars	As at 31.03.2017	As at 31.03.2016
Discount rate	7.39%	7.86%
Salary Escalation rate	5%	5%
Attrition rate	2%	2%
Mortality rate during employment	India Assured Lives Mortality (2006-08)Ultimate	India Assured Lives Mortality (2006-08) Ultimate
Retirement Age	58 & 60 years	58 & 60 years
While in service encashment rate	10% for the next year	10% for the next year

iii) The Projected Benefit Obligation towards this Accumulating paid absences (Half paid leave) is tabulated below:

(Rs in Lakhs)

Particulars	As at 31.03.2017	As at 31.03.2016
Projected Benefit Obligation	11,792.36	11,056.48
Funding Status	Unfunded	Unfunded
Fund Balance	N.A	N.A

iv) Major Actuarial Assumptions (Half paid leave)

Particulars	As at 31.03.2017	As at 31.03.2016
Discount rate	7.39%	7.86%
Salary Escalation rate	5%	5%
Attrition rate	2%	2%
Mortality rate during employment	India Assured Lives Mortality (2006-08)Ultimate	India Assured Lives Mortality (2006-08) Ultimate
Retirement Age	58 & 60 years	58 & 60 years

Note 40: Related Party Disclosure (IND AS 24)

In respect of MSEBHCL

a)

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

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

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

Name of related party	Relationship	
Ratnagiri Gas and Power Pvt Ltd	Dividend Received	Nil
	Investment made during the year	Nil
	Closing Balance Investment	5,162,80,000 shares of Rs. 10 each and net realisable value is Nil

a) Key Management Personnel:

Shri Arvind Singh	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 remuneration of Rs. 0.26 crores during the year.

II. Full time Company Secretary has been appointed on contract basis from August 2015 and salary of Rs. 0.11 crores was paid to him during the year.

In respect of MSEDCL:

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

a) **Holding Company**:
MSEB Holding Company Ltd (MSEBHCL)

b) **Fellow Subsidiaries:**
- Maharashtra State Power Generation Company Limited (MSPGCL)
- Maharashtra State Electricity Transmission Company Limited (MSETCL)

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

c) **Subsidiaries:**
- Aurangabad Power Company Limited (APCL)

d) **Subsidiaries of Fellow Subsidiaries**
- Dhopave Coastal Power Limited (DCPL)

e) **Key Management Persons (KMP):**
- Shri. Sanjeev Kumar, Chairman and Managing Director, MSEDCL (w.e.f. 21.12.2015)
- Shri. Sunil Pimpalkhute, Director (Finance), MSEDCL (w.e.f. 24.07.2015)
- Shri. Abhijeet Deshpande Director (Operations)
- Shri Dinesh R. Saboo, Director (Project) (w.e.f 20.09.2016)
- Shri. O. P. Gupta (From 05.01.2015 to 16.11.2015)
- Shri. D.D.Wavhal, Director (Finance) (Upto 31.05.2015)
- Shri. P. U. Shinde, Director (Project) – whole time director (Upto 29.08.2016)
- Mrs Anjali Gudekar Company Secretary, MSEDCL.

f) **Independent Directors :**
- Shri. P.V. Page, Independent Director(upto16.04.2015)
- Shri. Vishwas Pathak, Independent Director(from 14.08.2015)
- Shri. Ashok Harane, Independent Director
- Mrs.Juelee Wagh, Independent Director

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

(Rs. in Lakhs)

Sr No.	Particulars	Transaction during the year		Closing balances	
		FY 2016-2017	FY 2015-2016	O/S As on 31.3.2017	O/S As on 31.3.2017
1.	**Transactions with Key Management Personnel of MSEDCL** Remuneration	111.76	100.69	0	0
	Transactions with Independent directors Sitting fees	2.60	2.95	0	0
2.	**Transactions with Holding Company** MSEBHCL - Inter co adj. for other Expenses	1,216.76	28,689.67	4,06,030.79	4,07,247.56
3.	**Transactions with Fellow subsidiaries :** MSPGCL- Purchase of Power MSETCL - Transmission Charges MSPGCL- Inter co adj. for other Expenses MSETCL - Inter co adj. for other Expenses	16,45,418.00 3,79,251.00 -1,161.80 -949.20	16,84,576.00 4,07,049.00 2,346.16 1,629.89	8,16,032.00 1,89,499.00 46,835.97 24,183.28	8,79,326.00 2,38,267.00 47,997.77 25,132.48
4.	**Transactions with subsidiaries :** APCL - Loans & Advances	-	-	121.11	121.11
5.	**Transactions with Subsidiaries of Fellow Subsidiaries** DCPL - Loans & Advances	-	-	206.75	206.75

In respect of MSPGCL

Related Party Disclosure:

A. Names of and Relationship with Related Parties

1. Associate entities

i. M/s. UCM Coal Company Limited

2. Subsidiaries:

i. M/s. Dhopave Coastal Power Limited
ii. M/s. Mahagenco Ash Management Services Limited
iii. M/s. Mahaguj Collieries Limited

3. Fellow subsidiaries:

i. M/s Maharashtra State Electricity Distribution Company Ltd.
ii. M/s Maharashtra State Electricity Transmission Company Ltd.

B. The Company has not included disclosure in respect of following related parties which are Govt. related entities as per Ind AS 24.

1. Associate entities

i. M/s. UCM Coal Company Limited

2. Subsidiaries:

i. M/s. Dhopave Coastal Power Limited
ii. M/s. Mahagenco Ash Management Services Limited
iii. M/s. Mahaguj Collieries Limited

3. Fellow subsidiaries:

i. M/s Maharashtra State Electricity Distribution Company Ltd.
ii. M/s Maharashtra State Electricity Transmission Company Ltd.

4. Key Management Personnel
Mahagenco

Sr. No.	Designation	Key Management Personnel Name	With effect from
1	Chairman & Managing Director	Shri. Bipin Shrimali	05.01.2015
2	Director	Shri. Mukesh Khullar	04.02.2015 to 07.05.2016
3	Director (Mining)	Shri. Shyam Wardwane	14.09.2016
4	Director (O)	Shri. Vijay Singh Shri. C. S. Thotwe	28.08.2013 to 28.08.2016 19.09.2016
5	Director (F)	Shri. J. K. Srinivasan	26.05.2014
6	Director (P)	Shri. C. S. Thotwe	28.08.2013 to 28.08.2016
7	Director	Shri. V. M. Jaideo	19.09.2016

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Sr. No.	Designation	Key Management Personnel Name	With effect from
1	Managing Director	Shri Shyam Wardhane	w.e.f. 28.09.2016
2	Director	Shri. J. K. Srinivasan	
3	Director	Shri. K. M. Chirutkar	w.e.f. 22.03.16
4	Director	Shri Sudhir Paliwal	w.e.f. 22.03.16

5. Independent Directors
Mahagenco

Sr.No.	Designation	Key Management Personnel Name	With effect from
1	Director	Smt. Irawati Dan	26.06.2014
2	Director	Shri. Vishwas Pathak	21.07.2015

C. Remuneration paid to Key Management Personnel* Mahagenco

Sr.No.	Name of Related Party	Nature of Relationship	2016-17	2015-16
1	Mr. Bipin Shrimali	Chairman & Managing Director	0.25	0.24
2	Mr. J.K.Shrinivasan	Director (Finance)	0.33	0.3
3	Mr. C.S.Thotwe	Director (Operation)	0.32	0.35
4	Mr. Vikas Jaideo	Director (Projects)	0.29	0
5	Mr. V.P. Singh	Director (Operation)	0	0.44
6	Mr. Shyam Wardhane	Director (Mining)	0.08	

Remuneration to Key Managerial Persons

Sr.No.	Name of Related Party	Nature of Relationship	2016-17	2015-16
1	Mr. A.R. Nandanwar	Executive Director	0.26	0.26
2	Mr. Vinod Bondre	Executive Director(HR)	0.1	0
3	Mr. Manoj Ranade	Executive Director(HR)	0	0.2
4	Mr. Raju Burde	Executive Director	0.24	0
5	Mr. Kailash Chirutkar	Executive Director	0.24	0
6	Mr. Satish Chaware	Executive Director	0.24	0
7	Mr. Rahul Dubey	Company Secretary	0.18	0.18

D. Sitting Fee paid to Non-Executive Directors:

(Rs. in Crores)

Details of Meeting	Smt. Irawati Dani	Shri. Vishwas Pathak
Board	0.004	0.005
Audit Committee	0.003	0.0035
Nomination & Remuneration Committee		0.001
Stakeholders Relationship Committee		
InvestmentCommittee		
CSR& SD Committee	0.002	
Total Sitting Fees Paid	**0.009**	**0.0095**

In respect of MSETCL

1 Names of related parties

a) Associates

Jaigad Power Transco Limited
Maharashtra Transmission Communication Infrastructure Limited

b) Key Management Personnel

Key Management Personnel Name	Designation	With effect from
Shri. Rajeevkumar Prembushan Mital	Chairman & Managing Director	06.01.2015
Shri. Vinayak Sathe	Director Finance	02.04.2016
Ms. Vineeta Shriwani	Company Secretary	22.06.2015
Shri. Omprakash Kanhayya Yempal	Director (Operations)	06.07.2011
Shri. Ravindra Dinkarrao Chavan	Director (Projects)	05.05.2015
Shri. Mukesh Khullar	Nominee Director	02.02.2015 to 07.05.2016
Smt. Pushpa Ramcharan Chavan	Independent Director	26.06.2014
Shri. Vishwas Pathak	Independent Director	24.08.2015
Shri. Bipin Kumar Shrimali	Nominee Director	07.05.2016 to 30.03.2017
Shri. P.V. Page	Independent Director	19.08.2014 to 29.04.2015
Shri. Pratap Ganpatrao Mohite	Director Finance	25.04.2011 to 06.06.2015
Shri Arvind Singh	Nominee Director	30.03.2017

c) Remuneration paid to Key Managerial Personnel (Rs. in Crores)

Key Management Personnel Name	2016-17	2015-16
Shri. Rajeevkumar Prembushan Mital	0.24	0.19
Shri. Vinayak Sathe	0.20	-
Ms. Vineeta Shriwani	0.15	0.12
Shri. Omprakash Kanhayya Yempal	0.31	0.28
Shri. Ravindra Dinkarrao Chavan	0.25	0.21
Shri. Mukesh Khullar	-	-
Shri. Bipin Kumar Shrimali	-	-
Shri. Pratap Ganpatrao Mohite	-	0.06
Shri Arvind Singh	-	-

d) **Sitting Fees paid to Independent Directors** **(Rs. in Lakhs)**

Name of Independent Directors	2016-17	2015-16
Shri. P.V. Page	-	-
Smt. Pushpa Ramcharan Chavan	0.60	0.55
Shri. Vishwas Pathak	0.90	0.60

e) **Transactions during the year with Associates:**

Particulars	2016-17	2015-16	2014-15
Jaigad Power Transco Limited			
Dividend income	3.57	10.14	3.57
Bay Maintenance income	0.33	0.36	0.27
Investment in Associates	-	-	-
A	3.90	10.50	3.84
Maharashtra Transmission Communication Infrastructure Limited			
Investment in Equity Shares	-	1.76	2.08
B	-	1.76	2.08
Total (A+B)	**3.90**	**12.26**	**5.92**

f) **Outstanding balances with Associates:** **(Rs. in Lakhs)**

Name of Associates	As on 31.03.2017	As on 31.03.2016	As on 01.04.2015
Investments in Equity Shares			
Jaigad Power Transco Limited	35.75	35.75	35.75
Maharashtra Transmission Communication Infrastructure Limited	5.22	5.22	3.46

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

3 The Company has not included disclosure in respect of following related parties which are Government related entities as per Ind AS 24:
Maharashtra State Power Generation Company Limited (MahaGenco)
Maharashtra State Electricity Distribution Company Limited (MahaVitran)
MSEB Holding Company Limited (MSEB Holding Company Limtied)

Note 41: Earnings per share as per (IND AS 33)

(Amt in Crores)

Particulars	As at 31st March 2017	As at 31st March 2016
Profit/(Loss) after taxes Rs	-6,018.45	-2,617.59
Number of equity shares outstanding	8,668	958
Face Value of Equity Shares Rs/share	10	10
Earnings per share (basic)	(0.69)	(2.73)
Earnings per share (diluted)	(0.69)	(2.45)

Note 42: Details of Specified Bank Notes (SBNs) held and transacted during the period 8.11.16 to 30.12.2016.

In respect of MSEBHCL
Additional information as required by Paragraph 6 of the General Instructions for Preparation of Balance Sheet to Schedule III to the Companies Act, 2013 with respect to details of Specified Bank Notes (SBNs) held and transacted during the period 8.11.16 to 30.12.2016.

(Amt in Rs)

	SBNs	Other Denomination Notes	Total
Closing cash in hand as on 08.11.2016 (*) **	27000	5,985	32,985
Add:			
Withdrawal from Banks		18,000	18,000
Receipts for permitted transactions			
Less:			
Paid for permitted transactions		19,888	19,888
Deposited in Banks	27000	326	27,326
Closing cash in hand as on 30.12.2016 (*)	-----	3,771	3,771

*As certified by the Management

For the purposes of this clause, the term 'Specified Bank Notes' shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated the 8th November, 2016.

**Includes SBNs Rs 27000/- and Rs 5,985/- Other Denomination Notes under Imprest Accounts.

In respect of MSEDCL:
Disclosure in terms of G.S.R 307 (E) dated 30th March, 2017 issued by the Ministry of Corporate Affairs, Government of India.

The details of Specified Bank Notes (SBN) held and transacted during the period 8th November, 2016 to 30th December, 2016, the denomination wise SBNs and other notes as per the notification is given below:

(Rs. In Lakhs)

Particulars	**Specified Bank Notes (SBN)**		**Other denomination Notes**	**Total**
	500	1000		
Closing cash in hand as on 08.11.2016	527.49	421.71	663.61	1612.81
(+) Permitted receipts	38211.53	23990.80	52526.40	114728.73
(-) Permitted payments	4.98	1.61	200.61	207.19
(-) Amount deposited in Banks	38733.29	24410.90	52207.11	115351.30
Closing cash in hand as on 30.12.2016	0.76	0.00	782.30	783.05

During the period from 8th November, 2016 to 30th December, 2016 MSEDCL was allowed to receive SBN as a legal tender from its customers towards payment of their electricity dues. The closing cash in hand of SBN as on 30th Dec 2016 is deposited to bank subsequently. MSEDCL has designated collection centers, which are permitted to receive cash from its customers. Cash collected at these centres is directly deposited in MSEDCL's Bank accounts. MSEDCL has received details of SBNs Deposited from Respective offices.

In respect of MSPGCL:
Details of Specified Bank Notes (SBN) held and transacted during the period 08/11/2016 to 30/12/2016 are produced herein below:
Mahagenco

(In Rs.)

Particulars	SBNs	Other Denomination Notes	Total
Closing cash in hand as on 08.11.2016	2,46,000.00	1,37,664.50	3,83,664.50
(+) Permitted receipts	4,50,000.00	66,24,061.00	70,74,061.00
(-) Permitted payments	44,000.00	56,26,020.50	56,70,020.50
(-) Amount deposited in Banks	6,52,000.00	8,45,808.00	14,97,808.00
Closing cash in hand as on 30.12.2016		2,89,897.00	2,89,897.00

Mahaguj Collieries Limited

(In Rupees)

Particulars	SBNs	Other Denomination Notes	Total
Closing cash in hand as on 08.11.2016	25,000.00	3,391.00	28,391.00
(+) Withdrawals from Bank		30,000.00	30,000.00
(+) Permitted receipts	-	1,420.00	1,420.00
(-) Permitted payments	-	(28,191.00)	(28,191.00)
(-) Amount deposited in Banks	(25,000.00)		(25,000.00)
Closing cash in hand as on 30.12.2016	-	6,620.00	6,620.00

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(In Rupees)

Particulars	SBNs	Other Denomination Notes	Total
Closing cash in hand as on 08.11.2016	-	-	-
(+) Withdrawals from Bank	-	-	-
(+) Permitted receipts	-	-	-
(-) Permitted payments	-	-	-
(-) Amount deposited in Banks	-	-	-
Closing cash in hand as on 30.12.2016	-	-	-

Dhopave Coastal Power Limited

(In Rupees)

Particulars	**SBNs**	**Other Denomination Notes**	**Total**
Closing cash in hand as on 08.11.2016	-	-	-
(+) Withdrawals from Bank	-	-	-
(+) Permitted receipts	-	-	-
(-) Permitted payments	-	-	-
(-) Amount deposited in Banks	-	-	-
Closing cash in hand as on 30.12.2016	-	-	-

In respect of MSETCL

(Amt in Rs)

Particulars	**SBNs**	**Other Denomination Notes**	**Total**
Closing cash in hand as on 08.11.2016	1,001,000	354,509	1,355,509
(+) Permitted receipts	534,015	21,934,411	22,464,426
(-) Permitted payments	113,500	19,098,457	19,211,957
(-) Amount deposited in Banks	1,421,515	1,953,261	3,374,776
Closing cash in hand as on 30.12.2016		**1,237,202**	**1,233,202**

Note 43: Other notes in respect of MSEBHCL

1) Loans and Advances to related parties - MSEDCL of Rs. 3,722.68 crores (P.Y. Rs. 3,748.96 crores) and includes transfer of common and specific liabilities, assets and reserves amounting to net balance of Rs. 207.06 crores which are under reconciliation, discussions and deliberations.

2) The Company has shown advance tax of Rs. 138.58 crores net of the provision of tax in the books of accounts amounting to Rs. 40.07 crores and there is no such liability as per income tax records as cases are in appeal. The amount of provision made in the books are as per companies judgement only.

3) The debts outstanding against rentals from property due from subsidiaries amounting to Rs. 235.22 crores (P.Y. Rs. 209.63 crores) have been long outstanding.

4) Details of Dues to Micro and Small Enterprises:

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

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

Sr No.	Particulars	31.03.2017	31.03.2016
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

5) Deferred Tax Liability/Asset (net)

(Amt in Crores)

	As at 31st March 2017	As at 31st March 2016	As on 1st April 2015
Deferred Tax Liabilities			
Fixed Assets/Depreciation	238.83	250.88	10.91
Employee Benefits		0.50	
Deferred Tax Assets			
Employee Benefits	0.25		
Unabsorbed Depreciation	14.16	11.65	
Others	1,966.31	1,820.94	
Net Deferred Tax	**1,741.88**	**1,581.21**	**10.91**

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

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

Inter Company Payables:

(i) Inter Company Payables : MSETCL of Rs. 74.44 crores (Rs. P.Y. 74.36 crores-) includes transfer of common and specific liabilities, assets and reserves amounting to net balance of Rs. 51.76 crores which are under reconciliation, discussions and deliberations.

(ii) Inter Company Payables : MSPGCL of Rs. 222.69 crores (Rs. P.Y. 222.60 crores debit balance) includes transfer of common and specific liabilities, assets and reserves amounting to net balance of Rs. 86.27 crores which are under reconciliation, discussions and deliberations.

(iii) Inter Company Payables: MSEB Residual of Rs. 0.57 crores (Rs. 0.57 crores) consists of amount payable to the bond holders who could not be identified / traced as stated.

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7) Other Provisions include Provision for Liabilities for Expenses – Rs. 0.68 crores (P.Y. Rs. 0.38 crores)

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

Full time Director - Finance was appointed on deputation from Income Tax Department till March 2017

9) 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.

As per the Memorandum of Understanding dated 08/06/2009, the expenditure amounting the Rs. 3 crores (P.Y. Rs.3.18 crores) 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.

As per New Memorandum of Understanding dated 09/05/2014 , the expenditure amounting the Rs.23.04 crores (P.Y. Rs 29.92 crores 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.

Prior Period Items

(Amt in Rs)

Particulars	**As at 31st March 2017**	**As at 31st March 2016**
Prior Period Expenses/Income (net)		
Prior Period Expenses		
Salaries	217,870	192,354
Administrative Expense of Previous Year		
Interest as per BMC directives		
Professional Fees		343,500
Other Expenses	1,082,546	
Director Sitting Fees		30,000
Repairs Civil Repairs	4,741,831	16,571,380
Excess Provision written back		165,943
Prior Period Income		
Excess Provision written back	625,371	1,250
Other Income		--
Total	**5,416,876**	**17,301,927**

10) Corporate Social Responsibility (CSR)

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

(Amt in Rs)

	Year Ended 31/03/2017	**Year Ended 31/03/2016**
2% of average net profits over the last three years	(26,817,079)	(3,097,182)
Amount expended on CSR activity during the year	---	---
Pending obligations towards expenditure on CSR	---	---

11) Financial Instruments – Accounting, Classification and Fair Value Measurements

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

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

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

2) Financial instruments with fixed and variables interest rates are evaluated by the Company based on parameters such as interest and individual credit worthiness of the counterparty. Based on this evaluation, allowances are taken to account for the expected losses of these receivables.
The Company uses the following hierarchy for the determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) process in active markets for identical assets or liabilities.
Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.
Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

12) Financial risk management objectives and policies

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

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

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

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

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

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

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

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

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

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

Liquidity risk
Liquid risk is defined as the risk that the Company will not be able to settle or meet its obligations on time or at a reasonable price.
The Company is not exposed to liquidity risk at the respective reporting dates.

13) Disclosure as required by Indian Accounting Standard (IND AS) 101 First Time Adoption of Indian Accounting Standards

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.

Hence, 2015 being a transitional period, the Balance sheet as on 01-04-2015 is restated by giving impact of this event

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

II. 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.

III. 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.

IV. 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.

V. 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.

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**

VI. 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.

VII. 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**

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.

14) Standards issued but not yet effective

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

IND AS 115 Revenue from Contracts with Customers

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

Note 44: Other notes in respect of MSEDCL

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

Mula Pravara Electric Co-op. Society Ltd. (MPECS) was in the business of Distribution of Electricity as a Licensee from 1970. GOM had taken the decision of viable rate to charge to MPECS for the period from April 1977 to April 2000 in the month of May 1999. Due to Implementation of Govt. of Maharashtra's (GOM) decision of viable tariff, erstwhile MSEB has suffered revenue loss of Rs. 221 Crores. The MERC had determined the tariff rate to be charged to MPECS from May 2000. MPECS had continued defaulting full payment from 1977 due to which at the end of Jan. 2011 arrears have mounted to Rs.2349 Crores. MPECS has challenged tariff determined by MERC and now their matter is pending before Hon'ble Supreme Court for which interim stay was not granted to MPECS.

MSEDCL has also filed suit for recovery of arrears of Rs 2349 Crores before Civil Court Shrirampur.

Considering the expiry of license of MPECS, MSEDCL had filed the petition before MERC for revocation/ suspension of MPECS license vide Case No. 85 of 2010.Similarly MPECS had also filed petition for grant of license vide case No. 87 of 2010. Considering the expiry of Licensee of MPECS on 31.01.2011, MERC vide its order dt. 27.01.2011 has permitted MSEDCL to supply the Electricity in the area of MPECS and decided issue license in favour of MSEDCL. Accordingly, MSEDCL is supplying the electricity w.e.f. 01.02.2011 in that area using the infrastructure of MPECS.

MPECS has challenged MERC order dt. 27.01.2011 and filed petition before Hon'ble APTEL vide Case No. 39 of 2011. Hon'ble APETEL order dt. 16/12/2011 and directed MERC to review its decision for grant of license and also directed to continue the existing arrangement of supplying electricity in MPECS area by MSEDCL, subject to payment of charges for use of distribution network of MPECS by MSEDCL.

Accordingly, MERC started hearing of following matters :-

(i) Case.No.85 of 2010 :- MSEDCL's application for revocation of license of MPECS in MPECS area.
(ii) Case No. 87 of 2010 :- MPECS's application for grant of license in MPECS area.
(iii) Case No.24 of 2012 :- MPECS's petition for determination of charges for use of MPECS's assets by MSEDCL.

MERC decided both Case No. 85 & 87 for license issue in favour of MSEDCL by stating that MSEDCL being a deemed license, does not require fresh license after expiry of license of MPECS. MPECS challenged MERC order in both matters before ATPEL vide Appeal No. 222 of 2014 & 223 of 2014. These appeals are still pending before Hon'ble APTEL.

In the MPECS petition (Case No 24) for user charges, MERC directed MSEDCL to carry out the valuation of assets of MPECS and directed to pay Rs. 1 Crores per month as interim charges for use of assets to MPECS and directed MPECS to provide the necessary details for valuation of assets to MSEDCL. However, since MPECS failed to produce the fixed assets register and necessary document to MSEDCL, Interim charges were not paid and valuation could not be done. Considering this MERC dismissed MPECS Case no 24 of 2012 stating that, in the absence of the valuation of assets, MERC may not be able to determine the charges payable by MSEDCL to MPECS for the use of the distribution assets.

MPECS has filled appeal No. 221 of 2014 before Hon'ble APTEL against Case No 24 of 2012 in which Hon'able APTEL vide its order dated 13.03.2015 directed MSEDCL to pay Rs. 1Crores. to MPECS as interim arrangement and also directed MERC to carry out valuation of assets. The order of APTEL was challenged by MSEDCL before Hon'ble Supreme Court and Hon'ble Supreme Court has directed to deposit Rs. 1Crores per month to MERC instead of paying it to MPECS.

As directed by Hon'ble APTEL vide order dt. 13.03.2015 in Appeal No. 221, MERC appointed M/s. Alia Consultant to carry out valuation of Assets of MPECS. Accordingly, M/s. Alia Consultant has carried out valuation of Assets of MPECS as on 1st April 2016 and submitted their valuation report to MERC. As per the said valuation report, MERC determined monthly charges payable to MPECS vide its order dt. 02.05.2016. MSEDCL, being aggrieved with said order, has challenged MERC order dt. 02.05.2016 before Hon'ble APTEL vide Case NO. 108 of 2016 and Hon'ble APTEL on said appeal has passed following order directing as under-

(a) The amount of Rs.64 Crores deposited by MSEDCL with the MERC together with interest accrued thereon be released to MPECS and consequently adjusted as user charges.
(b) MSEDCL will continue to pay an amount of Rs. 1Crores per month to MPECS.
(c) Hon'ble APTEL directed MSEDCL to deposit monthly charges as per monthly schedule determined with MERC, after deducting Rs. 1Crores paid to MPCES.

Accordingly, upto Mar 17 MSEDCL has paid Rs. 74 Crores to MPECS and deposited Rs. 394 Crores with MERC. Thus, MSEDCL has paid total of Rs. 468 Crores against user charges.

2) Change in the tariff between Continuous & Non Continuous Supply:

MSEDCL has given credit to HT consumers on account of change in tariff against the application received after one month of the tariff order. MERC denied the claim of Rs. 187 Crores in MSEDCL's Annual Revenue Requirement vide its MYT order dt.26.06.2015.

MERC in its earlier order directed to change HT tariff category from continuous to non-continuous, only if, consumers apply for the same within one month of the tariff order.

MERC on MSEDCL's review petition of above MYT order, in its judgment dt.19.08.2016 accepted MSEDCL's stand that Regulation prevails over tariff order as it is statutory provision.

MERC SoP Regulation, cl.9.2 says that tariff change is to be effected within second billing cycle from receipt of consumer application.

MERC accepted MSEDCL review petition and ordered in favor of MSEDCL with directives to take appropriate action for all applicants of tariff change and submit the impact to MERC.

The impact due to tariff change to be refunded to the consumers, is to the tune of Rs. 151 Crores , which is already submitted to MERC and same has been provided in the books of accounts.

3) Balance Confirmation :

i. Balances of Trade Receivables & Trade Payables, Loans & Advances given & taken, Other Current as well as Non- Current Assets/Liabilities are subject to reconciliation / confirmation and necessary adjustments, if any, from the respective parties. The management does not except any material difference affecting the current year financial statement due to the same.

ii. Balance confirmation of various post offices balances and DCC Bank Balances are not available. Hence these balances are subject to reconciliation/confirmation and necessary adjustments, if any. The management does not except any material difference affecting the current year financial statement due to the same.

4) Capital Work in Progress and Property Plant Equipment :

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

5) Bank Reconciliation Statements :

In case of Accounts with Nationalised/Scheduled banks, reconciliation has been done. However, the items under reconciliation are pending for proper treatment in the books of account due tolack of information and non-availability of old data. The impact of the same is unascertainable.

6) Financial Instruments:

The classification of assets and liabilities has been given in Annexure below

A) Financial risk management

Risk management framework

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

B) Regulatory risk

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

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

i) Credit Risk :

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

a) Trade Receivable :

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

Trade receivables of the Company are of a short duration and do not carry any contractual rate of interest unless there is a default in payment. Even in such circumstances when a consumer pays the arrears, the interest is the last element to be recovered. Accordingly effective interest rate of trade receivables is considered to be negligible and discounting of expected cash shortfalls to reflect the time value of money are considered to measure the expected credit losses.

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

In case of receivables from Mula Pravara Electric Co (MPEC), MSEDCL has filed suit for recovery of arrears before Civil Court, Shrirampur. If it is decided in the favour MSEDCL, the cost of Distribution Network can be offset against the arrears. Besides, other assets like land & building can also be diverted against the realisation of decree received. Further, treating this receivable amount as doubtful may have adverse impact on civil proceedings. In view of this, Expected Credit Loss (ECL) is not provided on Receivable of Rs. 2,316 Crores from MPECS .

Also the ECL provision has not been made for amount of Rs 136 Crores receivable from Global Tower Ltd (GTL), distribution franchise for Jalgaon, considering legal proceeding for recovery being initiated by MSEDCL.

MSEB Holding co. Ltd Vide letter no. MSEBHCL/FRP/036 dated 13.04.2016 has transferred the old receivables of Rs. 481 Crores and provision for doubtful debts of Rs. 1,497 Crores 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 have been accounted in FY 2015-16 and have been shown Trade Receivables outstanding as unsecured considered good. Since for computation of ECL, the trade receivables as per the Information Technology (IT) data base are considered and the above trade receivables are already included in IT data base. Hence the same has been considered as trade receivables as on 1st April, 2015.

The total receivables from consumers as per books of accounts are Rs. 32,768 Crores (Previous Year Rs.27637 Crores) and as per Information Technology (IT) data base Rs.36,160 Crores (Previous Year Rs.30,649 Crores). The reconciliation of difference of Rs.3,392 Crores (Previous Year Rs. 3,012 Crores) is under process. However, for computation of ECL, the trade receivables as per the Information Technology (IT) data base are considered, being more reliable as data is available at a granular level. The trade receivables to the extent of Security deposit amount is considered as Secured receivables and the ECL are provided on such remaining unsecured receivables. The Security Deposit from consumers as per books of Accounts and Information Technology (IT) data base are Rs. 6,445 Crores and Rs. 6,428 Crores respectively. There is a difference of Rs.16 Crores (Rs. 54 Crores for FY 2015-16) between the security deposit from consumers as per books of accounts and Information Technology (IT).

The movement in allowance for expected credit losses on trade receivable is as under.

(Rs. in Crores)

Particulars	**Amount**
ECL Allowance as on April 1, 2015	5,960
Addition during the FY 2015-16	1,136
Write-offs during FY 2015-16	16
ECL Allowance as on March 31, 2016	7,112
Addition during the FY 2016-17	587
Write-offs during FY 2016-17	60
ECL Allowance as on March 31, 2017	7,760

b) Other receivables :

Besides Trade Receivables, the Company has recognised an allowance for expected credit losses (Time value of money only) on other financial assets from 1st April 2015.

The movement in allowance for expected credit losses on other receivables is as under.

(Rs. in Crores)

Pariculars	Amount
ECL Allowance as on April 1, 2015	0
Movement during FY 2015-16	54
ECL Allowance as on March 31, 2016	54
Movement during FY 2016-17	42
ECL Allowance as on March 31, 2017	97

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

Note on Credit Risk Concentration

The MSEDCL does not have any credit risk concentration. It has more than 250 lakhs consumers in various categories with diverse patterns of consumption of electricity.

c) Cash and cash equivalents:

(Rs. in Crores)

	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
Cash and cash equivalents	**1,394**	**515**	**436**

Credit loss is not provided on Cash and cash equivalents as they are held with the banks, having good reputations.

d) Investments:

Investments are in subsidiary and other investments for specific purposes.

ii) Liquidity risk

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

a) Financing arrangements

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

b) Arrangement for working capital facilities & Securities given :

An arrangement for working capital facilities (fund based and non-fund based) including cash credit facility and working capital demand Loan aggregating to Rs.7,000 Crores (Previous year Rs. 7,000 Crores) have been made with the various Banks, details are given hereunder:

(Rs. in Crores)

Particulars	Fund Based Limits (Cash Credit Facility/ WCDL)	*Balances of Fund Based Limits as on 31.03.2017	WCDL balance as on 31.03.2017	Non Fund Based Limits	Balances of Non Fund Based Limits as on 31.03.2017
Canara Bank	1,500	-	1,500	2,050	1,826
Bank of Maharashtra	637	-		117	18
Bank of India	340	-	34,	950	202
IDBI Bank	150	-		350	-
United Bank of India	490	-	490	-	-
Syndicate Bank	382	-	350	33	-
Total	**3,500**	**-**	**2,680**	**3,500**	**2,047**

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

* In view of loan received from GoM under UDAY Scheme, the Cash Credit is not utilized as on 31.03.2017.

c) Maturities of financial liabilities

The statement of Maturities of financial liabilities is attached herewith.

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

iii) Market Risk - Market Risk is further categorised in (a) Currency risk , (b) Interest rate risk.

a) Currency risk:

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

b) Interest rate risk exposure:

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

(Rs. in Crores)

	Carrying amount		
	31.03.2017	**31.03.2016**	**01.04.2015**
Fixed-rate instruments Financial liabilities- Borrowings	7,028	243	1,023
Variable-rate instruments Financial liabilities- Borrowings	20,540	13,457	13,411

c) Cash flow sensitivity analysis for variable-rate instruments

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

(Rs. in Lakhs)

	25 bp increase	**25 bp decrease**	**25 bp increase**	**25 bp decrease**	**25 bp increase**	**25 bp decrease**
	31.03.2017		**31.03.2016**		**01.04.2015**	
Floating rate borrowings	(33.78)	33.78	(33.04)	33.04	(30.97)	30.97
Cash flow sensitivity (net)	(33.78)	33.78	(33.04)	33.04	(30.97)	30.97

7) Regulatory Assets :

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

MERC Multi Year Tariff Regulations 2015, (MYT Regulations) is applicable for the period beginning from 1st April 2016 to 31st March 2017. Accordingly, MERC has determined tariff for MSEDCL for the period from F.Y. 2016-17 to F.Y.2019-20.

MSEDCL used to recognise Regulatory Assets / Liabilities under the erstwhile GAAP. Accordingly, as per Ind AS 114 it has continued to recognise the same.

Regulatory Assets are recognised 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.

Reconciliation of Regulatory Asset / Liability of MSEDCL as on 31st March 2017 is as follows

(Rs. in Crores)

		As at 31.3.2017	**As at 31.3.2016**	**As at 31.3.2015**
A	Opening Regulatory Asset Regulatory income during the year i) Power purchase cost ii) Other expenses as per the terms of Tariff Regulations excluding ROE) iii) Revenue billed during the year	2,524 47,516 11,484 56,685	224 44,034 15,823 57,557	395 49,088 8,765 57,629
B	Regulatory income / (expenses) (i+ii-iii)	2,315	2,300	224
C	Allowance/(disallowance) of income of previous year(s)	-2,524	0	-395
D = A+B+C	Closing Regulatory Asset	2,315	2,524	224

8) Subsidy from GoM towards concession in Tariff :

Maharashtra Electricity Regulatory Commission (MERC) has powers to determine electricity tariff under section 61 & 62 of Electricity Act, 2003.The State Government has powers under section 65 of Electricity Act, 2003 to give concession in electricity tariff to any consumer or class of consumers. The State Government shall reimburse to the Company on account of subsidy granted to the Consumers. 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.

MERC while determining the electricity tariff does not consider the concession/ subsidy given by the State Government in electricity tariff to any consumer or class of consumers. The electricity tariff determined by MERC is full tariff and not subsidised/concessional tariff. Thus the revenue from sale of 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.

(Rs. in Crores)

Year	Opening Balance Received from GoM.	Subsidy Accounted	Subsidy Received /Adjusted	Balance Receivable from Govt.
2015-16	2,620	6,775	7,716	1,680
2016-17	1,680	7,780	6,230	3,230

9) Termination of Distribution Franchisee Agreement:

i) M/s Globle Tower Ltd. (GTL):

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

The DFA with GTL was terminated with effect from 10th November, 2014 and the designated Distribution Franchisee (DF) area has been taken over 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, 2017 as reflected in the books of account amounting to Rs. 13,621.22 Lakhs are subject to final settlement. The legal Proceedings are being initiated for recovery of receivable amount.

ii) M/s. Crompton Greaves Limited :

M/s. Crompton Greaves Ltd. (CGL) was appointed as Distribution Franchisee for Jalgaon UCR Division & Distribution Franchise area was handed over to M/s. CGL Ltd. on 1st Nov 2011.

MSEDCL terminated the Jalgaon DFA on 10.08.2015 and distribution operations have been taken over by MSEDCL on 12.08.2015 due to payment default by CGL as per the provisions of DFA.

Post termination of DFA, Independent Auditor trued up all CGL Invoice and opined that the Interest on default payment of CGL shall be calculated separately once the final outstanding amount is approved by the Competent Authority.

On the other hand, CGL submitted various counter claims to Nodal Office. All the claims of CGL are scrutinized.

The net payable amount of Rs. 35 Crores is paid to M/s. CGL as under.

(Rs. in Crores)

Transaction Date	Amount Transferred	Beneficiary Name	Date of Credit Received to Beneficiary Account
13.01.2017	8	M/s. CGL.	16.01.2017
01.03.2017	13	M/s. CGL.	02.03.2017
23.03.2017	14	M/s. CGL.	24.03.2017
Total	**35**		

The joint meeting was held on 14.02.2017 with M/s. CGL, Independent auditor and Nodal and Zonal Team. During the meeting, Independent Auditor asked both Parties to calculate the Interest of their part, if any.

M/s. CGL again submitted one more claim of VAT of Rs. 1 Crores on 02.04.2017. Considering the unending submission of claims from CGL side, causing the non-finalization of termination account, finally MSEDCL charged Interest Rs.11 Crores to M/s CGL and interest calculation was audited and certified by Independent Auditor on 28.06.2017.

As per the discussion during the meeting of 14.02.2017, Interest calculated informed to CGL vide letter no. CE/JLG/Z/F&A/CGL/1977 dtd.28.07.2017 by Nodal Office Jalgaon.

However, CGL vide letter no. CGL/DF/JLG/JLY/02 dtd. 31.07.2017 has informed that since the receivable amount is likely to be changed, determination of interest at this stage is not acceptable.

Considering the latest claim of VAT and arrears collection amount retained by MSEDCL, the net receivable amount becomes Rs. 5Crores after effecting Interest.

The Consumers Arrears during the franchise period of CGL as per the Information Technology (IT) data base, is presently Rs. 77 Crores. The net recovery of Rs. 5 Crores can be easily adjusted through recovery of CGL period arrears.

10) Deferred 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 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. In the current year, an amount of Rs.2071 Crores (Previous Year 100 Crores)is booked as Deferred income & shown as current liability under the head other liability during the year.

11) Taxation :

(i) Current Tax –

In absence of any taxable income for the year as per the provisions of the Income Tax Act, 1961, no provision for income tax has been made. Further, there is no tax liability as per Minimum Alternate Tax (MAT) under section 115-JB of the Income Tax Act, 1961.

(ii) Deferred Tax -

Deferred Tax consists of the following items: **(Rs. in Crores)**

Sr. No.	Particulars	As At 31-03-2017	As At 31-03-2016
	Deferred Tax Liability		
1.	Difference in Depreciation	5,101	4,419
	Deferred Tax Asset		
1.	Expenses Allowable on payment basis	1,352	1,271
2.	Unabsorbed Depreciation / loss	5,839	3,845
3.	Provision for Doubtful Debts -	2,472	130
	Net Deferred Tax Asset / (Liability)	**4,562**	**828**

In view of the uncertainty regarding generation of sufficient future taxable income, deferred assets has not been created.

12) Impairment of Assets:

In accordance with IndAS-36 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.

13) Micro, Small and Medium Enterprises information :

In view of multiplicity and difficulty in identification of accounts relating to Micro, Small and Medium Enterprises, information with regard to amount unpaid at the yearend together with the interest paid/payable as required by MSMED Act, 2006 is not disclosed.

14) Foreign Currency Contracts :

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

15) Quantitative Details :

Quantitative details for electricity units purchased and sold:

(In MKWH)

Particulars	FY 2016-17	FY 2016-17 (%)	FY 2015-16	FY 2015-16 (%)
Total Power Purchase	1,18,328		1,16,324	
Open Access Input	7,661		*6,289	
Total Power Available for Sale	1,25,989		*1,22,613	
Grid and Transmission Losses	9,195	7.30	7,537	6.15
Power available for sale	1,16,794		1,15,076	
Open Access Sale	7,202		5,911	
Power sold	99,647		98,383	84.58
Distribution Loss	17,147	14.68	16,693	14.35

*Reclassified figures of FY 2015-16.

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

16) Auditors' Remuneration:

(Rs in Lakhs)

Sr. No	Particulars	FY 2016-17	FY 2015-16
1.	Statutory Audit	90.00	66.00
2.	Reimbursement of Expenses	8.35	5.49
3.	Service tax/GST on Audit Fees	16.20	11.61

17) Expenditure in foreign Currency (on account basis):

Travelling expenses amounting to Rs. 0.82 Lakhs(previous year Rs.1.91 Lakhs) has been incurred in foreign currency.

18) Government grants and Consumers Contributions :

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

(Rs. in Crores)

Particulars	31.3.2017	31.3.2016
As at 1 April	5,073	3,774
Received during the year	2,050	1,771
Amortised to the statement of profit and loss	553	472
As at 31 March	**6,569**	**5,073**
Current	748	644
Non-current	5,821	4,429

19) 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) upto15% 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 with Population more than 30,000 as per census 2001 and R-APDRP Part A SCADA (Supervisory Control And Data Acquisition)is implemented in 8 towns where population is more than 4 Lakhs as per Census 2001 and Annual Energy input Greater than 350 Million Units.

The objective of Part A is establishment of Base Line Data and IT applications for energy accounting /Auditing and IT Based Consumer Service centers.

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.

(Rs in Crores)

Particulars	**R-APDRP Part A**	**R-APDRP Part A SCADA**	**Remark**
Sanctioned amount	260	117	R-APDRP Part A Initially Sanction was RS 315 Crores PFC has accorded approval for revised sanction of Rs 260 Crores on 30.01.2017 SCADA Part A The Initial Sanction was 161 Crores. However, due to reduction in DMS in towns the sanction cost is amended to 117 Crores
Disbursement form PFC as on 31.03.2017	192	48	
Expenditure as on 31.03.2017	225	39	
Eligible amount for Conversion of Grant after tenderization	260	103	As per LOA awarded

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. PFC has communicated the acceptance of the reports submitted by PWC on 03.10.2016.

The Utilization Claim for Release of III Tranche submitted to PFC on 02.08.2017. After the disbursement of the III tranche the final instalment of 10 % shall be claimed to PFC. There after the loan shall be converted into grant.

R-APDRP Part A SCADA

Control centers in all 8 towns are commissioned.

Installations of 237 Remote terminal Units out of scope of 268 are completed.

Installation of 1564 Feeder Remote Terminal Units out of the total scope of 1654 are completed

SCADA at Amravati and Malegaon town is completed.

The SCADA is completed for commissioned RTU and FRTU at Sangli , Solapur and Kolhapur towns PFC has extended the project completion period for SCADA till Dec–17.

The eligible amount of Rs 103 CroresLakhs is expected to be converted into grant from PFC till Dec-18 (after verification by the Third Party independent Agency (TPIA) appointed by PFC).

R-APDRP Part B

RAPDRP Part B is implemented in 123 towns (120 Part Band 3 towns SCADA enabling component) of MSEDCL with Population more than 30,000 as per census 2001 and AT&C loss greater than 15 %. R-APDRP Part B is sanctioned From June 2010 to Feb -2012.

(Rs. in Crores)

Particulars	RAPDRP Part B
Sanctioned Amount	3,111
Disbursement from PFC/REC as on 31.03.2017	1,733
Expenditure as on 31.03.2017	1,791
Eligible amount for conversion into grant	1,555 i.e. 50 % of the sanctioned amount in proportionate to the reduction in the AT&C losses

The Objective of Part B is distribution strengthening and augmentation projects to reduce AT&C Losses below 15%.

50% of 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 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.

119 Towns are completed and PFC has extended the period of completion of the balance 4 towns till March -18

The PFC has appointed the Third Party Independent Agency (TPIA) for verification of the AT&C losses of towns declared as completed.

The conversion of the Loan into grant shall be considered by PFC after completion of the scheme as per criteria of loan into grant conversion.

20) DDUGJY & IPDS :

Government of India has launchedDeendayal Upadhyaya Gram Jyoti Yojna (DDUGJY) for the rural areas for separation of agriculture & non agriculture feeders, strengthening & augmentation of sub transmission & distribution infrastructure& rural Electrification. The earlier program of Rajiv Gandhi Grameen Vidyutikaran Yojna (RGGVY) is subsumed in this scheme. Rural Electrification Corporation (REC) is Nodal agency.

The “Integrated Power Development Scheme” (IPDS) was launched by Ministry of Power, Government of India with the objectives of Strengthening of sub-transmission and distribution network in the urban areas & Metering of distribution transformers /feeders/ consumers in the urban areas. The scheme will help in reduction in AT&C losses; establishment of IT enabled energy accounting / auditing system, improvement in billed energy based on metered consumption and improvement in collection efficiency. Power Finance Corporation (PFC) is Nodal agency.

MSEDCL participated in DDUGJY and IPDS and projects under these schemes are implemented on Turnkey basis. The amount received under this scheme is deposited in separate bank account and as per the directives of Ministry of Power (MOP), the interest earned on utilized subsidy component shall be remitted to Govt. of India’s account on regular basis.

The details of Grant received, utilised, balance to be utilized and Fixed deposit amount as on 31.03.2017 are as under.

(Rs. in Crores)

Particulars	**DDUJGY**	**IPDS**	**TOTAL**
Opening Balance	NIL	NIL	NIL
Grant Received	252.88	176.83	429.71
Grant Utilized	5.65	15.70	21.35
Balance to be Utilized	247.23	161.13	408.36
FD Amount (Canara Bank)	247.97	163.60	411.57
Interest payable to Govt. of India	1.16	0.89	3.69

*Note - Rs 1.63.crores paid to GOM during 2016-17

21) Ujwal Discom Assurance Yojana (UDAY) :

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

Tri-partite MOU was executed on 07/10/2016 amongst Ministry of Power, Govt. of India, Govt. of Maharashtra and MSEDCL.

As per the MOU, Government of Maharashtra shall take over Medium Term and Short Term debt of Rs. 4959 Crores (Being the 75% of Rs 6613 Crores, the debt of MSEDCL as on 30th September 2015. The debt shall be taken over shall be transferred to MSEDCL as Grant/loan as described in the following table:

(Rs. in Crores)

Year	**Total Debt taken-over**	**Transfer to the MSEDCL in the form of Grants (Rs.)**	**Transfer to the MSEDCL in the form of Loan (Rs.)**	**Transfer to the MSEDCL in the form of Equity (Rs.)**	**Outstanding State loan of the MSEDCL (Rs.)**
2016-17	20%	991	3,968 *	-	3,968
2017-18	20%	992			2,976
2018-19	20%	992			1,984
2019-20	20%	992			992
2020-21	20%	992			-
Total		**4,959**			

*In the F.Y.2016-17 the short term debt amounting to Rs.4,959 Crores taken over and transferred to MSEDCL in the form of state loan of Rs 3,968 Crores will be adjusted by way of grant from Govt of Maharashtra to MSEDCL in equal ratio for next 4 years from F.Y. 2017-18 to F.Y. 2020-21.i.e. Rs 992Crores per year

The MSEDCL shall pay interest to the Government of Maharashtra, in future, if any, on the outstanding Government of Maharashtra Loan in a financial year at the rate at which Government of Maharashtra issued non-SLR Bonds.

Govt. of Maharashtra has issued G.R. Dtd. 27/12/2016 for issuance of Bonds of Rs. 4,959 Croes and to provide guarantee to MSEDCL for the balance 25% debt remaining with MSEDCL.

GoM issued Bonds through RBI and transferred Rs.495975 Lakhs (Rs. 2,959 Crores @7.38 % p.a. and Rs. 2,000 CroresLakhs @7.33 % p.a.) to MSEDCL on 13/02/2017.

Provision of Rs. 47 Crores was made as on 31.03.2017 towards payment of interest on outstanding loan of GOM under UDAY scheme.

For the 25% of the debt remaining with it, MSEDCL shall fully/partially issue state government guaranteed bonds or get them converted by Banks/FIs into loans or bonds with interest not more than the Banks base rate plus 0.1%. MSEDCL and the Government of Maharashtra shall ensure timely payment of lender's dues towards principal / interest for the balance Medium term and Short term debt remaining with MSEDCL.

The Government of Maharashtra shall take over the future losses of the MSEDCL in a graded manner as follows:

Year	**2015-16**	**2016-17**	**2017-18**	**2018-19**	**2019-20**	**2020-21**
Previous Year's MSEDCL loss to be taken over by State	0% of the loss of 2014-15	0% of the loss of 015-16	5% of the loss of 2016-17	10% of the loss of 2017-18	25% of the loss of 2018-19	50% of the previous year loss

MSEDCL has requested GOM vide letter Dtd. 20/02/2017 to provide the guarantee for repayment of principal and interest payment for the balance Medium Term and Short Term debt of Rs 1,653 Crores remaining with MSEDCL. The guarantee from GOM is still awaited.

Govt. of Maharashtra vide G.R. Dtd. 31/03/2017 has resolved that Rs. 991 Crores to be adjusted by way of Grant to MSEDCL as repayment of 1st Instalment towards State Loan of Rs 4959 Crores.

22) PD Amnesty Scheme 2016 (Nav Prakash Yojna)

MSEDCL has introduced the PD Amnesty Scheme 2016 (NavPrakash Yojna) to motivate the Permanently Disconnected (PD) consumers to pay the old arrears by offering some incentives.

This scheme is for all consumers except Agriculture & Public water Works (PWW) consumers. Consumers Permanently Disconnected on or before 31.03.2016 are eligible for this scheme. This Scheme is implemented w.e.f 1st Nov. 2016 and valid for 6 months. The period of proposed amnesty scheme is for 6 months and after that existing One Time Settlement (OTS) scheme will continue as it is. Pursuant to this scheme, MSEDCL has waived DPC & Interest amounting to Rs.2 Crores& Rs. 41 Crores Respectively and the same amounts has been adjusted against provision for doubtful debts. Incentive of Rs.3 Crores has been paid to the consumers who have availed the scheme up to 31st March 2017.

23) Revenue Grant for providing additional supply to AG Consumers :

As per the Load shading protocol approved by MERC, 8-10 hours power supply per day is given to Agriculture consumers. However, the Govt. of Maharashtra (GoM) directed MSEDCL to provide additional average 3 hours (Total 12 hrs.) power supply to Agriculture Consumers initially during period from 08.09.2016 to 22.10.2016.

As per the decision of GoM, petition was filed before Hon'ble MERC by MSEDCL and Hon'ble MERC vide its daily order dt. 22.09.2016 allowed providing 12 hrs power supply per day to AG Consumers. GoM has further extended its decision to provide 12 hrs supply per day to AG consumers of state from 23.10.2016 to 15.12.2016 and requested MSEDCL to make demand for the financial burden for the same. On receipt of the actual readings the demand for additional supply was finalized to Rs. 1254 Crores for period from 08.09.2016 to 15.12.2016 and final demand for was raised to GoM vide letter dt. 28.02.2017. The Addl. Chief Secretary to Hon'ble CM vide office note dt. 22.05.2017 has informed the energy dept & finance dept to approve the above expenditure in monsoon session by way of supplementary demand.

In the meantime Hon'ble MERC vide its order dt. 20.06.2017 in Case No. 120 of 2016 directed MSEDCL to make follow up with GoM for release of subsidy of Rs. 1254 Crores and mentioned that in case no subsidy is provided by GoM OR it falls short of the requirement, the financial impact of this deviation may not be passed on to the consumers and may have to be borne by MSEDCL.

The queries raised by Energy Department are complied by MSEDCL vide letter dt. 21.07.2017 and the claim is under process. The additional burden of Rs.1254 Crores for providing extra power during period 08.09.2016 to 15.12.2016, receivable from GoM, is booked as Revenue Grant in FY 2016-17.

24) Contribution to Contingency Reserve :

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

MSEDCL has created Contingency Reserve amounting to Rs. 685 Croress (including Rs. 108 crores during the current year) However due to paucity of fund, MSEDCL has invested Rs. 185 crores up to March 2017 in the permitted securities.

25) Refund of Service Line Charges:

MSEDCL had recovered the service line charges from consumers while releasing new connections. MERC has passed order dated 08.09.2006 and directed MSEDCL that the cost towards infrastructure from delivery point of transmission system to distributing mains should be borne by MSEDCL.

Hence, MSEDCL filed appeal no 22 of 2007 to APTEL against the denial of recovery of SLC on the MERC order dated 08.09.2006. The ATE has upheld the order of MERC and directed that the service line charges are being allowed to be recovered through tariff. There after MSEDCL filed civil appeal in Hon. Supreme Court against ATE's order.

Hon. Supreme Court disposed off the appeal on 10th Nov 2016, upholding the MERC decision not to recover any charges other than scheduled charges, approved by MERC.

Accordingly, the service line charges of Rs. 178 Crores, Outright Contribution (ORC) amount Rs. 73 Crores and meter cost Rs. 125 Crores collected during the period Jan 2005 to April 2007 are required to be refunded to consumers along with interest and necessary provisions to this effect have been passed in F.Y 2016-17.

26) Financial Restructuring Plan (FRP) of erstwhile Maharashtra State Electricity Board:

The provisional transfer schemes 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, was finalised on 31.03.2016 vide GR No. Reform 2010/P.K. 117/ Urja-3 dtd. 31.03.2016.

As per Government Directives in aforesaid transfer scheme, the assets of the erstwhile MSEB, 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 GoM Directives and Valuation report dated 13th March, 2007 the assets originally transferred on 5th June, 2005 at book value of Rs. 3,584 crores have been revalued at Rs.

43,388 crores as on that date. Consequently the block of fixed asset has been increased by Rs. 39,803 crores. Against the said scheme 39,80,35,00,000 Equity Shares of Rs. 10 each have been issued to MSEB Holding Co. during the F.Y 2015-16. The same has been considered as share application money pending allotment on 1st April 2015 while considering the Ind AS adjustments.

While giving IND AS impact on Plant, Property and Equipment (PPE), the value of PPE as on 1st April 2015 is computed after considering the revaluation of Assets under FRP scheme. The accumulated Depreciation upto Mar 15 is adjusted in the retained earnings as on 1st April 2015.

27) Explanation of Transaction to Ind AS and effect of Ind AS adoption.

Ind As 101 Reconciliation are as follows

i. Effect of Ind AS adoption on the balance sheet as at April 1, 2015
ii. Reconciliation of total equity as at 31 March, 2016 and 1 April, 2015
iii. Reconciliation of Statement of Profit and Loss for the year ended 31 March 2016
iv. Reconciliation of Profit/ (Loss) for the period ended 31 March 2016:

Notes to Reconciliation between previous GAAP and Ind AS

i. Based on the GoM Directives and Valuation report dated 13th March, 2007 the assets originally transferred on 5th June, 2005 at book value of Rs. 3,58,464 lakhs have been revalued at Rs. 43,388 crores as on that date. Consequently the block of fixed asset has been increased by Rs. 39,803 crores. Against the said scheme 39,80,35,00,000 Equity Shares of Rs. 10 each have been issued to MSEB Holding Co. during the F.Y 2015-16. The same has been considered as share application money pending allotment on 1st April 2015 while considering the Ind AS adjustments.

While giving IND AS impact on Plant, Property and Equipment (PPE), the value of PPE as on 1st April 2015 is computed after considering the revaluation of Assets under FRP scheme. The accumulated Depreciation upto Mar 15 is adjusted in the retained earnings as on 1st April 2015.

ii. **a)** Under previous GAAP, non-current investments were stated at cost less provision for diminution in value of investment, if any. Under Ind AS, Investment in Bonds issued by Central Government has been classified as investment measured at amortised cost. It has resulted in increase in carrying value of Investment by Rs. 55.48 lakh & Rs. 62.85 lakh as on April 01, 2015 & March 31, 2016 respectively and corresponding credit to Retained Earning as on April 01, 2015 and Profit before tax for FY 2015-16 respectively.

b) The financial assets in equity instruments have been classified as Fair Value through Profit & Loss account. The Investment in equity instrument of Subsidiary is carried at cost. These do not have any impact on Retained Earnings and Profit before tax.

c) Under previous GAAP, Interest income on Non-current investments is accounted on accrual basis, using coupon rate. Under Ind AS, Interest income on Non-current investments is accounted on accrual basis, using Effective Interest Rate (EIR) method. It has resulted in increase in Interest Receivable to the extent of Rs. 0.92 lakh & Rs. 1.09 lakh as on April 01, 2015 & March 31, 2016.

iii. Under previous GAAP, Amount received as Government Grants, Subsidies and Consumers' contribution towards cost of fixed assets same were credited to capital reserve and the same were transferred to the Statement of Profit & Loss account over the period of fifteen years equally with effect from the financial year under consideration. Under Ind AS, Government Grants, Subsidies and Consumers' contribution relating to the purchase of Property, Plant and Equipment (PPE) are presented as Capital Grant in financial statements and are credited to Profit and Loss Statement in a systematic manner over the expected life of the related assets & presented in Other Income. It has resulted in increase in revenue recognized to the extent of Rs. 900 crores upto April 01, 2015 and decrease of revenue by Rs. 27 crores for FY 2015-16.

iv. Under previous GAAP, Amount received as R.P. Obligation for purchase 11% of the total power purchased from renewable energy sources as per the MERC Regulations, 2016 (Framework) was classified as capital reserve. Under Ind AS 37, this meets the definition of liability as it is an obligation on the Company to fulfil the requirements of the said regulation. Therefore, it is disclosed as "Current Liability" with a charge to P&L A/c as Power Purchase by Rs. 112 crores in FY 2015-16.

v. MSEB Holding co. Ltd Vide letter no. MSEBHCL/FRP/036 dated 13.04.2016 has transferred the old receivables of Rs. 4,819 crores and provision for doubtful debts of Rs. 1,497 crores 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 have been accounted in FY 2015-16 and have been shown Trade Receivables outstanding as unsecured considered good. For computation of ECL, the trade receivables as per the Information Technology (IT) data base are considered and the above trade receivables are already included in IT data base. Hence, the same has been considered as trade receivables as on 1st April, 2015.

vi. Under previous GAAP, Provision for doubtful dues from Consumers were provided @ 1.5% of the amount shown as receivable as shown in annual accounts provided, that an amount of provision not exceeding 5% of amount of receivable. Under Ind AS, the Company had recognised Expected Credit Loss (ECL) on Trade receivables and other financial assets as specified in para no.7(i)(a) Of Accounting Policies.

(Rs. in Crores)

Particulars	**The impact of ECL on**	
	Retained Earnings as on April 01, 2015 (Rs. in crores)	**Profit before tax for FY 2015-16 (Rs. in crores)**
On Trade Receivables	4,162	739
On Other Receivables	-	54

vii. Under Ind AS, as per Ind AS 16 Inventories with Useful lives for more than one year are accounted as Property, Plant and Equipments (PPE). In previous GAAP, it was considered as part of Inventory. It has resulted in increase in PPE by Rs.285 crores& Rs. 361 crores as on April 01, 2015 & March 31, 2016 respectively. Consequently, it has resulted in recognition of additional depreciation on such Assets to the tune of Rs. 1 crore in Profit & Loss Statement for FY 2015-16.

viii. Under previous GAAP, adjustment on account of Truing up was made in Revenue from Sale of Power as adjusted by MERC in Tariff Order. Under Ind AS, in order to recognise revenue on fair value, revenue is grossed up to the tune of Rs.268 crores in FY 2015-16 and corresponding recognition or Truing up expenses in "Other Expenses". This change does not have any effect on Total Comprehensive Income for the year ended March 31, 2016.

ix. Defined benefit plans – Under Ind AS, actuarial losses arising on defined benefit plans to the tune of Rs. 171 crores lakh are recognised in other comprehensive income, whereas under previous GAAP same was being charged to the Statement of Profit & Loss. This change does not have any effect on Total Comprehensive Income for the year ended March 31, 2016.

Note 45: Other notes in respect of MSPGCL

1) Capital / Government grants **(Rs. in Crores)**

Capital / Government grants		
As at 1 April 2015		**16.59**
Received during FY 2015-2016		17.92
Government Grant amortised during FY 2015-2016		0.46
As at 31.03.2016		**34.05**
Received during FY 2016-2017		20.04
Government Grant amortised during FY 2016-2017		0.46
As at 31.03.2017		**53.64**

	31.03.17	31.03.16
Current	0.46	0.46
Non-current	53.18	33.59
	53.64	34.05
Government grant have been received for the purchase of certain item of Property, Plant and Equipment at Pophali Hydro Power Station. The same have been accounted for as government grant and being amortised over the useful life of such assets.There are are no other unfulfilled contions or contingencies attached to this grant. Further during the year Company has received Rs. 20 Crs (PY Rs.17.92 Crs.) from World Bank towards Koradi U-6 Renovation & Modernisation. The asset under the scheme of Renovation & Modernisation is part of Asset under construction.		

2) Intangible assets under development **(Rs. in Crores)**

Particulars	As at 31.3.17	As at 31.3.16	As at 01.04.15
Opening balance	120.78	-	-
Additions for the year	8.98	120.78	-
Closing balance	129.77	120.78	-

Company has acquired the right to develop the coal block at Gare Palma, Chattishgarh & Company is in the process of appointing the mine developer for this purpose.

3) Assets classifies as held for sale

	31.03.17	31.03.16	01.04.15
Non-current assets held for sale			
Plant & Machinery	250.05	82.50	41.21
Factory Buildings & Others	7.17	2.21	0.82
Hydraulic Works	6.94	5.60	1.62
Railway Sidings, Roads & Others	16.89	38.44	0.09
Lines & Cable Networks	8.43	5.20	2.52
Vehicles	0.22	0.13	0.12
Furniture & Fixtures	0.27	0.01	0.01
Office Equipments	0.46	0.07	0.07
Other Miscellaneous Assets	0.07	-	-
Total	290.50	134.17	46.46

4) Assets hypothecated / pledged as security

The carrying amount of assets hypothecated / mortgaged as security for current and non-current borrowings are:

(Rs. in Crores)

	As at 31.03.17	As at 31.03.16	As at 01.04.15
Security created in respect of Non-current Borrowings			
Property, plant and equipment excluding leasehold land	40,569.78	25,104.85	16,079.13
Security created in respect of Current Borrowings			
i) Inventories	1,413.70	1,902.51	1,423.16
ii) Trade receivables	-	11,465.74	11,406.15
Total assets as security	**1,413.70**	**13,368.25**	**12,829.31**

5) Investment in related party

(Rs. in Crores)

Details of Transactions	Mahaguj	Dhopave	Mahagams	UCM	Aurangabad
Opening Balance as on 01-04-2015					
- Equity investement	0.03	0.05	0.05	0.03	
- Quasi Equity investment	32.71	13.25	0.13	0.09	4.71
Quasi Equity investment during the year	0.67	-6.99	0.00	-	-
Balances outstanding as on 31-03-2016					
- Equity investement	0.03	0.05	0.05	0.03	-
- Quasi Equity investment	33.37	6.26	0.13	0.09	4.71
Quasi Equity investment during the year	0.55	0.01	0.08	-	-
Balances outstanding as on 31-03-2017					
- Equity investement	0.03	0.05	0.05	0.03	-
- Quasi Equity investment	33.92	6.27	0.21	0.09	4.71

6) During the current financial year 2016-17, Revenue Subsidy towards Solar power sales from Central Government amounting to Rs. 1.08 Crores (2015-16: Rs. 1.64 Crores) has been accounted.

7) Inter- company transactions are reconciled on a continuous basis. However, year end balances are subject to confirmation/reconciliation which is not likely to have a material impact.

8) The recognition of MAT Credit Entitlements excluding surcharge & Education Cess of Rs. 603.86 Crore as at March 31, 2017 (Rs. 603.86 Crore as at March 31, 2016) is on the basis that the company, being rate regulated entity having entitlement for a precribed return on equity,will be able to generate the sufficient profits to avail the credit during the period specified in section 115JAA of the Act.

9) To the extent Micro and Small Enterprises have been identified, the outstanding balance, including interest thereon, if any, as at balance sheet date is disclosed on which Auditors have relied upon:

Sr. No.	Particulars	2016-17	2015-16	01.04.2015
1	Amounts payable to "suppliers" under MSMED Act, as on 31/03/17: - - Principal - Interest	 2.4 0.13	 0.7 0.02	 0.77 0.03
2	Amounts paid to "suppliers" under MSMED Act, beyond appointed day during F.Y. 2016 – 17 (irrespective of whether it pertains to current year or earlier years) – - Principal - Interest	0.04	--	--
3	Amount of interest due / payable on delayed principal which has already been paid during the current year (without interest or with part interest)	--	--	--
4	Amount accrued and remaining unpaid at the end of Accounting Year	0.48	0.2	0.19
5	Amount of interest which is due and payable, which is carried forward from last year	0.73	0.58	0.39

MAMSL

As on 31.03.2017 there are no dues to Micro, Small and Medium Enterprises defined under "Micro, Small and Medium Enterprises Development Act 2006".

Dhopave Coastal Power Limited
As on 31.03.2017 there are no dues to Micro, Small and Medium Enterprises defined under "Micro, Small and Medium Enterprises Development Act 2006".

10) The net worth of following associate/subsidiaries is eroded. Hence, Management has considered following impairment in the value of Investment and accordingly, a provision has been made in the books of accounts.

Particulars	Investment including advance	Provision for Impairment
M/s. Mahaguj Collieries Limited	33.94	33.94
M/s. UCM Coal Company Limited	0.12	0.12
Dhopave Coastal Power Limited	6.31	6.31

Outstanding balances of fellow subsidiaries at the end of financial year.

Particulars	As at 31-03-2017	As at 31-03-2016	As at 01-04-2015
MSEDCL	498.38	506.41	530.31
MSETCL	6.83	7.28	8.87

11) Corporate Social Responsibilities: During the year 2016 – 17, Company has spent Rs. 9.46 Crores (2015-16: Rs. 6.20 Crores) towards Corporate Social Responsibility (CSR).

(Rs. in Crores)

Sr. No.	Head of Expenses	2016-17	2015-16
1	Community development and welfare expenses	3.23	2.5
2	Education expenses	0.51	0.32
3	Tree Plantation	0.00	0.02
4	Jalyukta Yogna Shivar	1.06	0.81
5	Drinking water supply & construction, repairs of tubewells, hand pumps etc	0.79	0.64
6	Construction / repair of road, compound wall, RCC drain, etc	3.86	1.91
	Total	**9.46**	**6.20**

12) Statement of Cash Flows

The transition from IGAAP to Ind AS has not made a material impact on Statement of Cash Flows.

Property, Plant and Equipment

The Company has availed the exemption available under Ind AS 101 to continue the carrying value for all of its Property, Plant and Equipment and Intangible Assets as recognised in the Financial Statements as at the date of transition to Ind ASs, measured as per the IGAAP and use that as its deemed cost as at the date of transition (1 April 2015). Under IGAAP, the Company has accounted certain Prperty, Plant & Equipment net of related Government grant. As per Ind AS 20, the carrying amount of such Property, Plant & Equipment have been increased by related government grant. Consequently, there is also an increase in the amount of depreciation charged to the Statement of Profit and Loss.

Impact of 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. 3,566 Crores to Rs. 18677 Crores resulting into increase in the value of Net fixed assets by Rs. 15,111 Crores and allotment of equity share capital of the equivalent amount to MSEB Holding Company Limited. As 2015 being a transitional period the Balence sheet as on 01-04-2015 is restated by giving impact of this event. Subsequently, Rs. 15,111 Crores is shown in share application money pending allotement since the allotement of the same is made in 2016. Accordingly, the Gross value of individual assets have been increased by Rs. 15,611 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 01-04-2015 & given effect of the same. This resulted in increase in depreciation amounting to Rs. 9,045 Crores in 2015. Further, the assets which were present as on 05-06-2005 & has been writtenoff during subsequent years, the revised value of such assets amounting to Rs. 1,109 Crores has also been written-off as on 01-04-2015. Both the above items had been presented as extra ordinary items in F.Y. 2015-16 which was reversed under retained earning as the balance sheet as on

01-04-2015 was restated & the balance of extraordinary item i.e. depreciation pertaining F.Y. 2015-16 was carried under the head depreciation for the year in F.Y. 2015-16 through Statement of Profit & Loss.

Investment in Subsidiaries and Joint Venture

Under IGAAP, investment in subsidiaries and joint venture were carried at its Cost. The Company has availed the exemption available under Ind AS 101 to measure its investments in subsidiaries and joint venture as of the IGAAP carrying value as deemed cost as on 1 April 2015.

Lease on Straight Line Method Basis

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate expected inflationary cost increases for the lessor.

Trade Receivables

Under IGAAP, the Company recognised provision on Trade Receivables based on specific provisions to reflect the Company's expectation. Under Ind AS, impairment of Trade Receivables shall be recognised based on Expected Credit Loss. Accordingly, Company has recognised impairment loss on Trade Receivables at transition date in Opening Retained Earnings and in Statement of Profit and Loss for Financial Year 2015 - 16.

Capital Government Grants

Under the previous GAAP, Capital grant related to Property, plant and equipments were presented as a reduction from cost of respective Capital assets. However as per Ind AS, the same is presented as 'Deferred Government Grant' under the head liability. The deferred grant revenue is released to the Statement of Profit or Loss over the expected useful life of the underlying asset.

Prior Period Items:

The company has restated the fianacial statements of previous year in case the total amount of Income/expenditure (Net) pertaining to previous year is more than threshold limit. Performance incentive write back being prior period item, the effect of the same has been accorded in FY 2015-16.

Actuarial gains/(losses)

Both under the previous GAAP and Ind AS, the Company recognised costs related to its post employment defined benefit plans on an actuarial basis. Under previous GAAP the entire cost, including actuarial gains and losses are charged to the Statement of Profit and Loss. Under Ind AS, remeasurement (comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the defined benefit liability and the return on plan assets excluding amounts included in net interest on the net defined benefit liability) are recognised immediately in the Balance Sheet with a corresponding debit or credit to retained earnings through Other Comprehensive Income and the corresponding tax effect is also given in Other Comprehensive Income. However, this has no impact on the total comprehensive income and total Equity as on 1 April 2015 as well as 31 March 2016.

Impairment of Financial Asset i.e Advance for water Supply Scheme:

Advance was given to Executive Engineer, Water Resource Department, Government of Maharashtra for wani Sawangi Water Supply Scheme at Parli TPS; the said scheme has been suspended subsequently. As the amount is recoverable & falls under the catergory of Financial Asset, tested for impairment and time value provision has been made against the said advance.

Quasi Equity

The interest free loan extended by Mahagenco to its subsidiaries have been treated as quasi equity.

Long term Borrowing (Annexure A)

Sr. No	Particulars of Lender	Nature of Loan	Loan to be repaid within 1 year treated as current liability (Rs. in Crores)	Net long term borrowings (Rs. in Crores)	Mode of Repayment	Rate of Interest	Nature of security
1	PFC	New Parali Expasion Project Enhancement of Loan Amount	24.41	-	40 equal quarterly installments: commenced from July 2007	10.22%	Hypothecation of steam Generator and Accessories of new parali TPS Unit 1
2	PFC	PARA TPS EXTENSION 1X250 M.W. COAL BASED POWER PROJECT AT PARAS	88.20	88.20	48 equal quarterly installments: commenced from April 2007	10.22%	Mortgage/ Hypothecation of Future assets to be created for project together with Land
3	PFC	NEW PARLI EXPANSION PROJECT UNIT 2	71.27	570.14	60 equal quarterly installments: commenced from April 2011	10.22%	Mortgage/ Hypothecation of Future assets to be created for project together with Land
4	PFC	PARAS EXPANSION PROJECT UNIT 2	88.30	711.75	60 equal quarterly installments: commenced from April 2011	10.22%	Mortgage/ Hypothecation of Future assets to be created for project together with Land
5	PFC	KORADI TPS EXPANSION PROJECT (3X660MW)	461.05	7289.83	60 equal quarterly installments: commenced from April 2011	45% and 9.98	A first part-passu-charge on all the movable & unmovable assets of 3x660 MW Koradi Expn TPS including movable machinery, machinery spares, tools & accessories & material at project site, both present & future with a coverage of 1.25 times.
6	PFC	PROCUREMENT OF ROTOR	0.41	-	40 equal quarterly installments: commenced from January 2008	10.22%	
7	PFC	R& M OF CHANDRAPUR TPS	2.78	-	40 equal quarterly installments: commenced from July 2007	10.22%	
8	PFC	PROCUREMENT OF SIMILATOR FOR 500 MW UNITS AT CHANDRAPUR TPS	0.09	-	40 equal quarterly installments: commenced from July 2007	10.22%	
9	PFC	PROCUREMENT OF GENERATOR STATOR BHUSAWAL TPS	0.36	-	40 equal quarterly installments: commenced from July 2007	10.22%	

Sr. No	Particulars of Lender	Nature of Loan	Loan to be repaid within 1 year treated as current liability (Rs. in Crores)	Net long term borrowings (Rs. in Crores)	Mode of Repayment	Rate of Interest	Nature of security
10	PFC	REPLACEMENT OF EXISTING OPERATING SYSTEM (OS) & INFORMATION SYSTEM (S) FOR WASTE HEAT RECOVERY UNIT I&II (2X120 MW) GTPS URAN	0.05	-	40 equal quarterly installments: commenced from October 2007	10.22%	Hypothecation of MSPGCL assets of SG & TG and other BHEL package amounting to Rs. 380 Crores of Parli unit I (1x250MW) TPS of MSPGCL located at vaijnath.
11	PFC	INSTALLATION OF AMMONOIA FLUE GAS CONDITIONING SYSTEM OF 210 MW UNITS	0.48	0.36	40 equal quarterly installments: commenced from January 2009	10.22%	
12	PFC	R&M WORKS OF KORADI TPS	1.30	4.55	48 equal quarterly installments: commenced from October 2009	10.22%	
13	PFC	R&M WORKS OF BHUSAWAL PARLI & PARAS	0.33	1.16	45 equal quarterly installments: commenced from October 2009	10.22%	
14	PFC	R&M WORKS OF NASHIK TPS U- 1&2	1.42	4.97	45 equal quarterly installments: commenced from October 2009	10.22%	
15	PFC	UPGRADATION OF RLY SIDING SYSTEM AT NASHIK TPS	2.08	7.29	48 equal quarterly installments: commenced from October 2009	10.22%	
16	PFC	PROCUREMENT OF 250 MVA GENERATOR TRANSFORMER FOR KOYNA	0.31	0.61	48 equal quarterly installments: commenced from April 2008	10.22%	
17	PFC	ASH BUND FOR KORADI TPS	1.78	6.23	48 equal quarterly installments: commenced from October 2009	10.22%	
18	PFC	R&M SCHEME OF REPLACEMENT OF BOILER ECONOMIZER/ LTSH COILS AND WATER WALL PANELS REQUIRED FOR VARIOUS TPS OF MSPGCL	3.37	15.16	48 equal quarterly installments: commenced from October 2010	10.22%	
19	PFC	Procurement of LP Rotor as a common spare for Unit 5,6&7 of Chandrapur STPS	2.39	16.70	48 equal quarterly installments: commenced from April 2013	10.22%	
20	PFC	Buyers Line of Credit-capex schemes for existing Power plants	31.58	185.55	40 equal quarterly installments: commenced from October 2013	10.22%	Assets of Parli TPS Unit 3,4 & 5 together with land

Sr. No	Particulars of Lender	Nature of Loan	Loan to be repaid within 1 year treated as current liability (Rs. in Crores)	Net long term borrowings (Rs. in Crores)	Mode of Repayment	Rate of Interest	Nature of security
21	PFC	1 MW Solar Chandrapur	1.39	1.05	32 equal quarterly installments: commenced from January 2011	9.43%	Hypothecation of present & future assets created to be created for subject project
22	PFC	R&M of Unit 5,8 & 7 of Koradi TPS	0.47	6.29	60 equal quarterly installments: commenced from October 2016	10.22%	Assets of Parli TPS Unit 3,4 & 5 together with land
23	PFC	R&M of water supply system of Parli TPS from Majalgaon Lift Irrigation scheme	-	142.00	40 equal quarterly installments: commenced from October 2018	10.22%	Assets of Parli TPS Unit 3 3,4 & 5 together with land
24	PFC	R&M of Boiler & Turbine Improvement Scheme of Chandrapur STPS	-	67.56	60 equal quarterly installments: commenced from October 2018	10.22%	Assets of Parli TPS Unit 3 3,4 & 5 together with land
25	PFC	R&M of Ash Handling System of Unit 5& 6 of CSTPS	033	4.44	60 equal quarterly installments: commenced from October 2015	10.22%	Assets of Parli TPS Unit 3 3,4 & 5 together with land
26	PFC	R&M of Condenser Cooling System of Unit 5 & 5 of CSTPS	0.76	14.34	60 equal quarterly installments: commenced from October 2015	10.22%	Assets of Parli TPS Unit 3 3,4 & 5 together with land
27	PFC	R&M for process improvement at Unit 3,4& 5 of Nashik TPS Stage-II (3x210 mw)	-	1.31	40 equal quarterly installments: commenced from July 2019	10.22%	Assets of Parli TPS Unit 3 3,4 & 5 together with land
28	PFC	R&M for Measuring & Monitoring of Coal consumption of Bhusawal TPS	0.03	0.28	60 equal quarterly installments: commenced from October 2016	10.22%	Assets of Parli TPS Unit 3 3,4 & 5 together with land
29	PFC	R&M for Turbine improvement (Station head improvement) Scheme of Bhusawal TPS	0.45	6.94	60 equal quarterly installments: commenced from October 2016	10.22%	Assets of Parli TPS Unit 3 3,4 & 5 together with land
30	PFC	R&M for Turbine auditory performance improvement scheme of bhusawal TPS	0.52	7.02	60 equal quarterly installments: commenced from October 2016	10.22%	Assets of Parli TPS Unit 3 3,4 & 5 together with land
31	PFC	R&M for Replacement of BFP (200 KHI)-cartridge with energy efficient cartridge for Unit 3,4& 5 of Parli TPS	0.50	6.24	60 equal quarterly installments: commenced from October 2015	10.22%	Assets of Parli TPS Unit 3 3,4 & 5 together with land
32	PFC	Renovation and Upgradation of GT Automotion system, starting Frequency converter & static execution system of unit 7&8 stage-IIof uran GTPS	1.19	13.96	60 equal quarterly installments: commenced from Jan 2015	10.22%	Assets of Parli TPS Unit 3 3,4 & 5 together with land

Sr. No.	Particulars of Lender	Nature of Loan	Loan to be repaid within 1year treated as current liability (Rs. In Crores)	Net long term borrowings (Rs. In Crores)	Mode of Repayment	Rate of Interest	Nature of Security
33	PFC	Procurement of high pressure turbine (HPT Module for khaparkheda TPS unit 1 & 2.	-	27.57	60equal quarterly installments commenced from April 2018	10.22%	Movable assets of Nashik TPS unit 3,4&5
34	PFC	R&M for Turbine Auxiliary consumption improvement at stage II (Unit3,4,&5 3x210 MW) nashik TPS	1.12	12.90	60equal quarterly installments commenced from October 2014	10.22%	Movable assets of Nashik TPS unit 3
35	PFC	Construction of concrete road from nashik-pune highway to booster pump house at nashik TPS	0.73	9.97	60 equal quarterly installments commenced from January 2017	10.22%	Movable assets of Nashik TPS unit 3
36	PFC	Expending unloading of coal wagons by up grading the existing system in Maharashtra (DPR of Nashik TPS)	0.11	1.39	60equal quarterly installments commenced October 2015	10.22%	Movable assets of Nashik TPS unit 3
37	PFC	Various scheme of KGSC, phopali in Maharashtra	0.47	5.82	60equal quarterly installments commenced from October 2015	10.22%	Movable assets of Nashik TPS unit 3
38	PFC	Power supply arrangement at Colony separates 25 KV OHE supply feeding arrangement to BESG siding & providing of passenger elevaters at paras TPS	0.13	1.60	60equal quarterly installments commenced October 2015	10.22%	Movable assets of Nashik TPS unit 3
39	PFC	Various schemes of small hydro stations in Maharashtra (Pune SHPC and nashik SHPC)	0.03	0.33	60equal quarterly installments commenced October 2015	10.22%	Movable assets of Nashik TPS unit 3
40	REC	Bhusawal expansion project	430.99	3878.93	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
41	REC	Chandrapur expansion project	345.20	5177.97	48 equal quarterly installments commenced from September 2017	10.00%	Mortgage/ hypothecation of present & future assets created/ to be created for subject project together with land
42	REC	Parli replacement project	100.19	1502.84	43 equal quarterly installments commenced from September 2017	10.00%	Mortgage/ hypothecation of present & future assets created/ to be created for subject project together with land
43	REC	Koradi project (3x660 MW) debt refinancing	210.53	1789.47	38 equal quarterly installments commenced from June 2017	8.75%	Mortgage/ hypothecation of present & future assets created/ to be created for subject project together with land

Sr. No.	Particulars of Lender	Nature of Loan	Loan to be repaid within 1year treated as current liability (Rs. In Crores)	Net long term borrowings (Rs. In Crores)	Mode of Repayment	Rate of Interest	Nature of Security
44	REC	Procurement of spare HPT module for khaparkheda TPS	2.92	17.52	7 equal quarterly installments commenced from 15 January 2018	11.15%	Hypothecation of future assets to be created from the R&M Scheme
45	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	0.59	3.51	7 equal annual installments commencing from 15 February 2018	11.15 to 12.00%	Hypothecation of future assets to be created from the R&M Scheme
46	REC	ESP Restoration/ Refurbishment (Improvement in stack emmission control) un it 5,6&7 chandrapur STPS	0.15	0.87	7 equal annual installments commencing from 15 March2018	11.15 to 12.00%	Hypothecation of future assets to be created from the R&M Scheme
47	REC	Measurement & monitoring of coal consumption At nashik TPS	0.85	5.10	7 equal annual installments commencing from 15 March2018	11.15% to 11.40%	Hypothecation of future assets to be created from the R&M Scheme
48	REC	Input sources measurement scheme (fuel oil, water auditory ppower & coal flow) chandrapur STPS	0.25	1.50	7 equal annual installments commencing from 15 March 2018	11.15% to 12.00%	Hypothecation of future assets to be created from the R&M Scheme
49	South Indian bank	Capex (Long term) for funding of capital expenditure of existing power stations	15.00	53.72	40 quarterly installments of Rs. 3.75 crores commenced from 315.2015	Base rate (Floatin g) (Present ly 10%)	Movable assets (BOP mechanical package) of parli unit- 6
50	Housing & urban developmen t corporation ltd. (HUDCO)	Construction of staff qourters at koradi project 3x660 MW	3.00	9.02	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
51	State bank of india	Debt refinancing loan for khaparkheda TPS expn unit-5 (500MW)	172.40	1939.31	51 equal quarterly installments started from October 2016	MCLR+0 .35% presentl y 9.40%	Mortgage & hypothecation of all movable & immovable assets of khaprkheda TPS unit-5(500 MW)
52	PFC	Renovation modemisation & life extension of koyana hydro power station stage-III	0.24	-	40 equal quarterly installments commenced from July 2007	10.22%	Unsecured backed by GOM guarantee

Sr. No.	Particulars of Lender	Nature of Loan	Loan to be repaid within 1year treated as current liability (Rs. In Crores)	Net long term borrowings (Rs. In Crores)	Mode of Repayment	Rate of Interest	Nature of Security
53	PFC	Renovation & modemisation of koyana HPS stage – I&II	0.17	-	40equal quarterly installments commenced from July 2007	10.22%	Unsecured backed by GOM guarantee
54	KM-Germany	Establishment of 150 MW Solar power plant at sakri- dhule	90.40	514.30	21 semi annual installments commenced from 30.12.2013	Fixed rate (1.96%)	Unsecured- back to back arrangement GoM & Govt of India
55	KM-Germany	Establishment of solar power plant at baramati & other places	53.94	-	21 semi annual installments commenced from 30.12.2013	Fixed rate (1.96%)	Unsecured- back to back arrangement GoM & Govt of India
56	IBRD- World bank	Funding for koradi TPS unit-6 EE R&M	7.10	158.20	50 semi annual installments beginning from 15.12.2014 till 15.8.2039	Six month LIBOR+ variable spread (1.68%)	Unsecured- back to back arrangement GoM & Govt of India
57	GOM	URAN-GTPS CAPEX	0.03	-	120 equal monthly installments commenced from April 2006	0.115	Unsecured
58	M/s Clean sustainable Solar Energy Pvt. Ltd.	Construction cost for 50 mw solar power project at shirsuphal	4.27	201.05	To be repaid in monthly installment over 20 years from FY 2015-16	18%	unsecured

Short Term Borrowing (Annexure B)

Sr. No.	Particulars of Lender	Outstanding balance as on 31.3.2017 (Rs. In Crores)	Terms of Payments	Rate of Interest	Nature of Security
1	Bank of india	283.60	Sanctioned for a period of one year and renewal on yearly basis.	Rate of interest is based on bank's MCLR (Presently 8.50%)	Book debts and stock along with collateral security in this form of change on movable assets of khaparkheda TPS Unit 1,2,3&4
2	Bank of Maharashtra	-		Rate of interest is based on bank's MCLR (Presently 9.70%)	
3	Canara bank	1684.17		Rate of interest is based on bank's MCLR (Presently 8.45%)	
4	Indian bank	324.96		Rate of interest is based on bank's MCLR (Presently 8.50%)	
5	Central bank of india	40.92		Rate of interest is based on bank's MCLR (Presently 8.50%)	
6	State bank of india	1099.08		Rate of interest is based on bank's MCLR (Presently 8.40%)	
7	Indian renewable Energy development agency ltd. (IREDA)	450.00	6 months from the date of availment	Fixed rate of interest (Presently 9.00%)	unsecured
8	Indian renewable Energy development agency ltd. (IREDA)	500.00	6 months from the date of availment	Fixed rate of interest (Presently 9.00%)	unsecured
9	Indian bank	50.00	3 months from the date of availment	Rate of interest is based on banks MCLR for STL (Presently 8.50%)	unsecured
10	Syndicate bank	455.76	3 months from the date of availment	Rate of interest is based on banks MCLR for STL (Presently 8.40%)	unsecured
11	Vijaya bank	182.10	3 months from the date of availment	Rate of interest is based on banks MCLR for STL (Presently 8.55%)	unsecured
12	Canara bank	500.00	3 months from the date of availment	Rate of interest is based on banks MCLR for STL (Presently 8.40%)	unsecured
13	Bank of india	1000.00	3 months from the date of availment	Rate of interest is based on banks MCLR for STL (Presently 8.50%)	unsecured
14	Bank of india	230.81	3 months from the date of availment	Rate of interest is based on banks MCLR for STL (Presently 8.50%)	unsecured
15	Canara bank	500.00	1 year from the date of availment	Rate of interest is based on banks MCLR for STL (Presently 8.45%)	unsecured
16	Syndicate bank	500.00	3 months from the date of availment	Rate of interest is based on banks MCLR for STL (Presently 8.40%)	
17	Syndicate bank	500.00	3 months from the date of availment	Rate of interest is based on banks MCLR for STL (Presently 8.40%)	
18	Syndicate bank	44.24	3 months from the date of availment	Rate of interest is based on banks MCLR for STL (Presently 8.40%)	
19	Syndicate bank	86.35	1 year from the date of availment	Rate of interest is based on bank base rate (Fixed) (presently8.55%)	unsecured
20	Vijaya bank	117.90	3 months from the date of availment	Rate of interest is based on banks MCLR for STL (Presently 8.55%)	unsecured
21	Bank of india	140.95	3 months from the date of availment	Rate of interest is based on banks MCLR for STL (Presently 8.50%)	unsecured
22	Bank of india	128.24	3 months from the date of availment	Rate of interest is based on banks MCLR for STL (Presently 8.50%)	unsecured
	Total	8819.26			

B: Reconciliation between previous GAAP and ind As

B.1. Reconciliation of Balance Sheet as at 31 March 2016 and 1 April 2015 (date of transition)

	31.03.2016			01.04.2015		
	IGAAP*	Ind AS Adjustments	Ind AS	IGAAP*	Ind AS Adjustments	Ind AS
Assets						
Non-Current Assets						
Property, Plant and Equipment	27654.91	7.89	27662.81	18241.82	4965.21	23207.03
Capital work-in-progress	17313.91	0.00	17313.91	20576.83	0.00	20576.83
Intangible Assets	16.17	-	16.17	16.16	-	16.16
Intangible assets under development	120.76	0.00	120.78			
Financial Assets:						
Investment in Subsidiaries, joint Ventures and Associates	(0.02)	(6.18)	(6.20)	0.03	0.08	0.11
Trade Receivables	3740.66	(515.65)	3225.01	2701.39	(296.48)	2404.91
Loans						
Other Non-Current Assets	548.82	542.23	1091.05	1075.64	466.21	1541.85
Total Non-Current Assets	**49395.23**	**28.29**	**49423.52**	**42611.87**	**5135.02**	**47746.88**
Current Assets						
Inventories	1902.51	0.00	1902.51	1423.16	(0.00)	1423.16
Financial Assets						
Trade Receivables	7665.49	-	7665.49	7947.14	-	7947.14
Cash and Cash Equivalents	144.35	(0.00)	144.35	90.31	0.00	90.31
Bank Balances other than (iii) above	-			-		-
Loans	443.66	(33.59)	410.06	189.33	(46.18)	143.15
Others Financial Assets	1231.07	(0.00)	1231.07	865.27	0.00	865.27
Current Tax Assets (Net)						
Other Current Assets	1575.19	-	1575.19	1605.61	(0.00)	1605.61
	12962.27	**(33.59)**	**12928.68**	**12120.82**	**(46.18)**	**12074.64**
Assets classified as held for Sale / Disposal	134.17	-	134.17	46.46	-	46.46
Total Current Assets	13096.44	(33.59)	13062.84	12167.29	(46.18)	12121.11
Total Assets	**62491.67**	**(5.31)**	**62486.36**	**54779.15**	**5088.84**	**59867.99**
EQUITY AND LIABILITIES						
Equity Share Capital	24098.38	-	24098.38	8057.30	-	8057.30
Other Equity	(5826.70)	153.03	(5673.67)	3175.99	5145.53	8321.53
Total Equity	**18271.68**	**153.03**	**18424.71**	**11233.30**	**5145.53**	**16378.83**
Liabilities						
Non-Current Liabilities						
Financial Liabilities						
Borrowings	22778.71	(24.20)	22754.51	24661.03	(23.74)	24637.29
Provisions	803.37	-	803.37	838.43	-	838.43
Deferred Tax Liabilities(Net)	1524.27	9.03	1533.31	1471.69	57.69	1529.38
Other Non-Current Liabilities	240.79	(17.04)	223.75	204.96	1.34	206.29
Total Non Current Liabilities	**25347.15**	**(32.21)**	**25314.94**	**27176.11**	**35.28**	**27211.39**
Current Liabilities						
Financial Liabilities						
Borrowings	9439.96	0.00	9439.96	6039.03	-	6039.03
Trade Payables	1382.63	(125.98)	1256.65	4063.74	(91.84)	3971.90
Other Financial Liabilities	7763.90	(0.15)	7763.75	5875.95	(0.15)	5875.80
Other Current Liabilities	31.13	(0.00)	31.13	31.17	0.00	31.17
Provisions	255.22	-	255.22	237.87	-	237.87
Current Tax Liabilities (Net)	0.00	-	0.00	121.99	(0.00)	121.99
Total Current Liabilities	**18872.84**	**(126.12)**	**18746.72**	**16369.75**	**(91.98)**	**16277.77**
Total Equity and Liabilities	**62491.67**	**(5.31)**	**62486.36**	**54779.15**	**5088.84**	**59867.99**

IGAAP figures have been reclassified to conform to Ind AS presentation requirements for the purposes of this note.

B.2. Reconciliation of Equity as at 31 March 2016 and 1 April 2015:

(Rs. In Crores)

	Note	31.03.2016	01.04.2015
Net Worth under IGAAP–(A)		18271.68	11233.30
Summary of Ind AS adjustments:			
Provision for depreciation (Govt Grant assets)	B.2.1	(0.46)	
Depreciation on Assets w.r.t Trifurcation order	B.2.2		(9045.03)
Fair value of Disposed Assets Written off w.r.t Tifurcation order	B.2.2		(1108.87)
Unused Government Grant balance Written off	B.2.7	0.15	0.15
Amortization of Govt Grant	B.2.7	0.46	-
Government Grant	B.2.7	25.55	7.63
Quasi equity	B.2.11	(15.57)	(22.36)
Impairment of trade receivables- expected credit loss method.	B.2.4	(515.65)	(296.48)
Lease rentals as per straight line method	B.2.5	563.73	477.98
CSR Expenditure capitalized written off	B.2.6	(0.61)	(0.61)
Performance incentives	B.2.8	125.98	91.84
Share application money pending allotment	B.2.2	-	15110.76
Supply scheme	B.2.10	(21.50)	(11.77)
Deferred Tax	B.2.12	(9.03)	(57.69)
Total Ind AS adjustments –(B)		**153.03**	**5145.53**
Net worth under Ind AS- (A+B)		**18424.71**	**16378.83**

B.3. Reconciliation of Statement of Profit and Loss for the year ended 31 March 2016:

(Rs. Crores)

	2015-16		
	IGAAP*	**Ind AS**	**Ind AS**
Revenue			
Revenue From Operations			
Sale of Products	18237.26	0.00	18237.26
Other Operating Revenue	1056.16	-	1056.16
	19293.42	**0.00**	**19293.42**
Other Income	103.65	69.09	172.75
Total Income	**19397.08**	**69.09**	**19466.17**
Expenses			
Cost of Materials Consumed	11375.16	(57.44)	11317.72
Employee Benefits Expenses	1269.35	(52.42)	1216.92
Finance Costs	2008.21	(5.71)	2002.49
Depreciation & Amortization Expenses	1275.72	358.08	1633.80
Other Expenses	1740.97	206.60	1947.57
Total Expenses	**17669.41**	**449.10**	**18118.51**
Profit before Exceptional items and Tax	**1727.67**	**(380.01)**	**1347.65**
Exceptional items	10479.20	(10479.20)	
Profit Before Tax	**(8751.53)**	**10099.18**	**1347.65**
Tax expenses:			
Currents tax	0.00	-	0.00
Deferred tax	52.58	(48.66)	3.92
Provision for tax for Earlier years written back(net)			
Total Expenses	**52.58**	**(48.66)**	**3.93**
Profit/ loss for the period	**(8804.11)**	**10147.84**	**1343.73**

Other comprehensive Income Items that will not be reclassified to profit or loss: Remeasurements of the defined benefit plans; Equity instruments through Other Comprehensive Income; Income tax relating to items that will not be reclassified to	-	(54.29)	(54.29)
Other Comprehensive Income for the year, net of tax	**-**	**(54.29)**	**(54.29)**
	-	-	-
Total comprehensive income for the net of tax	**(8804.11)**	**10093.55**	**1289.44**

IGAAP figures have been reclassified to conform to Ind AS presentation requirements for the purposes of this note.

B.4. Reconciliation of Statement of Profit and Loss for the period ended 31 March 2016:

(Rs. Crores)

	2015-16	
Profit for the year as per IGAAP	A	**(8804.11)**
Summary of Ind As adjustments:		
Lease rentals as per Straight Line Method	B.2.5	85.75
Amortization of Govt Grant	B.2.7	0.46
Extra ordinary Depreciation written off w.r.t trifurcation order	B.2.2	9411.37
Extra ordinary item written off w.r.t trifurcationorder	B.2.2	1108.87
Write back of performance incentive	B.2.8	34.14
Provision for depreciation w.r.t Govt grant assets	B.2.1	(0.46)
Depreciation for the year 2015-16 for assets w.r.ttrifurcation order	B.2.2	(366.34)
Impairment of trade receivables- expected credit loss method	B.2.4	(228.90)
Deferred Tax impact of Ind AS adjustments	B.2.12	48.66
Total Ind AS adjustments	**B**	**10093.55**

Note 46: Other notes in respect of MSETCL

1) Government Grants for capital assets

(Rs. in Crores)

Capital / Government grants		**Amount**
As at 1 April 2015		**182.60**
Received during FY 2015-2016 Government Grant amortised during FY 2015-2016		- 7.31
As at 31.03.2016		**175.29**
Received during FY 2016-2017 Government Grant amortised during FY 2016-2017		- 8.11
As at 31.03.2017		**167.18**
	31.03.17	**31.03.16**
Current Non-current	8.09 159.09	8.11 167.18
Total	**167.18**	**175.29**

Other notes in respect of MSETCL

(a) Amounts recognised in statement of profit and loss

(Rs. in Crores)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Current year Short/Excess provision for earlier years	12.21 -	42.88 (164.63)
Current tax expense (A) Origination and reversal of temporary differences	**12.21** 81.21	**(121.75)** 137.10
Deferred tax expense (B)	**81.21**	**137.10**
Tax expense recognised in the current statement (A) + (B)	**93.42**	**15.35**

(b) Amounts recognised in Other Comprehensive Income

(Rs. in Crores)

Particulars	For the year ended March 31, 2017			For the year ended March 31, 2016		
	Before tax	Tax (expense) benefit	Net of tax	Before tax	Tax (expense) benefit	Net of tax
Items that will not be	(31.14)	10.77	(20.37)	(31.26)	10.82	(20.44)
Equity Instruments through Other Comprehensive Income						
	(31.14)	**10.77**	**(20.37)**	**(31.26)**	**10.82**	**(20.44)**

(c) Reconciliation of effective tax rate

(Rs. in Crores)

Particulars	2016-17		2015-16	
	%	Rs. In Crores	%	Rs. In Crores
Profit before tax Tax using the Company's domestic tax rate Increase in tax rate	- (21.34) -	88.35 30.58	 (34.608)	(495.89) (171.62) -
Tax effect of: Non-deductible tax expenses Tax-exempt income Deduction u/s 80-IA Others	 - - - -	 - - - -	 37.483 (0.09) (1.62) (0.12)	 1,530.08 (3.51) (66.01) (4.95)
	(21.34)	**30.58**	**1.05**	**1,283.98**

(d) Movement in deferred tax balances

(Rs. in Crores)

Particulars	Net balance April 1, 2016	Recognised in profit or loss	Recognised in OCI	Recognised directly in equity	March 31, 2017 Net	March 31, 2017 Deferred tax asset	March 31, 2017 Deferred tax liability
Deferred tax Asset/(Liabilities)							
Property, plant and equipment (includes intangible assets)	-1,839.35	-98.13		-	-1,937.48		-1,937.48
Loans and borrowings	-1.89	0.33		-	-1.56		-1.56
Employee benefits	208.52	7.51		-	216.03	216.03	
Provisions	0.51	9.12		-	9.63	9.63	
Inventories	3.22	7.96		-	11.18	11.18	
Revaluation of Property , plant and equipment	-601.22	-		-	-601.22		-601.22
Government grant	1.02	0.68		-	1.70	1.70	
Investment in government security	13.58	2.09		-	15.67	15.67	
Other items	77.78			-	77.78	77.78	
Tax assets (Liabilities)	**-2,137.83**	**-70.44**	**-**	**-**	**-2,208.27**	**-2,208.27**	
Reversal of Opening DTL	35.00			-	35.00	35.00	
Tax assets (Liabilities) (Net)	**-2,102.83**	**-70.44**	**-**	**-**	**-2,173.27**	**-1,841.28**	**-2,540.26**

(e) Movement in deferred tax balances

(Rs. in Crores)

Particulars	Net balance April 1, 2015	Recognised in profit or loss	Recognised in OCI	Recognised directly in equity	March 31, 2016 Net	March 31, 2016 Deferred tax asset	March 31, 2016 Deferred tax liability
Deferred tax Asset/(Liabilities)							
Property, plant and equipment (includes intangible assets)	-169,097.34	-14,837.86		-	-183,935.20		183,935.20
Loans and borrowings	-277.97	88.90		-	-189.07		-189.07
Employee benefits	19,098.62	672.15	1,082.07	-	20,852.84	20,852.84	
Provisions	50.68			-	50.68	50.68	
Stores and spares	38.11	284.46		-	322.57	322.57	
Revaluation of Property , plant and equipment	-60,122.18	-		-	-60,122.18		-60,122.18
Government grant	35.96	66.31		-	102.27	102.27	
Investment in government security	1,342.48	15.50		-	1,357.98	1,357.98	
Other items	7,778.40			-	7,778.40	7,778.40	
Tax assets (Liabilities)	**-201,153.24**	**-13,710.54**	**1,082.07**	**-**	**-213,781.71**	**30,464.74**	**123,623.95**
Reversal of Opening DTL	3,499.92			-	3,499.92		
Tax assets (Liabilities) (Net)	**-197,653.32**	**-13,710.5**	**1,082.07**	**-**	**-210,281.79**	**30,464.74**	**123,623.95**

The company offsets tax assets and liabilities if and only if it has a legally enforcable to offset current tax assets and current tax liabilties and deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

3) Classification of Financial Assets and Financial Liabilities:

The following table shows the carrying amounts of Financial Assets and Financial Liabilities which are classified at Amortised Cost:

(Rs. in Crores)

	31.03.2017				31.03.2016				01.04.2015		
Particulars	**FVTPL**	**FVTOCI**	**Amortised Cost**	**Fair Value of items carried at Amortised cost**	**FVTPL**	**FVTOCI**	**Amortised Cost**	**Fair Value of items carried at Amortised cost**	**FVTPL**	**FVTOCI**	**Amortised Cost**
Non -current financial Assets											
Investments			412.09				447.56				431.38
Loans			236.44				233.23				233.20
Other non - current financial assets			-				-				-
Current Financial assets											
Investments			412.09				447.56				431.38
Loans			236.44				233.23				233.20
Other Financial Assets				-							
Total	-	-	**1,297.06**	-	-	-	**1,361.58**	-	-	-	**1,329.16**
Non - current Financial Liabilities											
Borrowings			6,729.54				6,121.63				6,523.71
Other non - current Financial Liabilities			1,467.89				1,392.15				1,371.45
Current Financial liabilities											
Borrowings			688.67				100.00				-
Trade Payables			247.68				307.38				442.47
Other Financial Liabilities			737.76				1,626.87				1,701.72
Total	-	-	**9,871.54**	-	-	-	**9,548.03**	-	-	-	**10,039.35**

Trade receivables:

The Company works out the expected credit losses of trade receivables (which are considered good) using the Government Bond yield as discounting factor for the respective years to assess the time value risk associated with such trade receivables. The trade receivables refer to receivables against wheeling charges to MSEDCL, being fellow subsidiary and soverign entity, no credit risk has been envisaged. The following table provides information about the exposure to credit risk and loss allowance (including expected credit loss provision) for trade receivables.

(Rs. in Crores)

	31.03.2017				31.03.2016				01.04.2015			
Particulars	**Gross carrying amount**		**Loss allowance**		**Gross carrying amount**		**Loss allowance**		**Gross carrying amount**		**Loss allowance**	
Past due 0-180 days	1,310.04	-			1,426.01	-			2,543.84	-		
Past due 180-360 days	1,155.37	-			947.47	-			200.38	-		
More than 360 days	213.92	-		26.36		-				-		
		2,679.33		**26.36**		**2,373.47**		**-**		**2,744.22**		**-**

The movement in the allowance for expected credit loss in respect of trade receivables during the year was as follows:

(Rs. in Crores)

Balance as at 01.04.2015	**-**
Add : Expected Credit loss recognised	-
Less : Amounts written off	-
Balance as at 31.03.2016	**-**
Add : Expected Credit loss recognised	-
Less : Amounts written off	-
Balance as at 31.03.2017	**-**

Cash and cash equivalents: **(Rs. in Crores)**

	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
Cash and cash equivalents	63.59	65.10	21.79

Liquidity risk

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

(i) Financing arrangements

The Company has an adequate fund and non-fund based limits from various banks. The Company has sufficient borrowing limits in place duly, approved by its shareholders and board. Domestic credit rating from reputed credit rating agencies enables access of funds from domestic market. It's diversified source of funds and strong operating cash flow enables it to maintain requisite capital structure discipline. Mahagenco diversifies its capital structure with a mix of financing products across varying maturities and currencies. The financing products include, clean & secured domestic Term loans. These loans are taken from REC, PFC and banks.

(ii) Maturities of financial liabilities

The amounts disclosed in the table are the contractual undiscounted cash flows. **(Rs. in Crores)**

	Contractual cash flows								
	31.03.2017			31.03.2016			01.04.2015		
	Upto 1 year	1-3 years	more than 3 years	Upto 1 year	1-3 years	more than 3 years	Upto 1 year	1-3 years	more than 3 years
Non-derivative financial liabilities									
Borrowings	919.65	2,758.95	4,014.70	909.60	2,748.90	4,283.28	916.92	2,746.17	4,695.78
Trade payables									
Other financial liabilities									
Total	**920**	**2,758.95**	**4,014.70**	**909.60**	**2,748.90**	**4,283.28**	**916.92**	**2,746.17**	**4,695.78**

Market Risk - Market Risk is further categorised in (i) Currecy risk , (ii) Interest rate risk & (iii) Commodity risk:

Currency risk:

Interest rate risk exposure:

Company's interest rate risk arises from borrowings. The interest rate profile of the Company's interest-bearing financial instruments as reported to the management of the Company is as follows. **(Rs. in Crores)**

	Carrying amount		
	31.03.2017	**31.03.2016**	**01.04.2015**
Fixed-rate instruments			
Financial assets	481.06	495.39	505.52
Financial liabilities	320.89	379.75	392.80
Variable-rate instruments			
Financial assets			
Financial liabilities	6,408.65	5,741.88	6,130.60

Cash flow sensitivity analysis for variable-rate instruments

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

This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

Profit or loss **(Rs. in Crores)**

	25 bp increase	25 bp decrease	25 bp increase	25 bp decrease	25 bp increase	25 bp decrease
	31.03.2017		31.03.2016		01.04.2015	
Floating rate borrowings	16.02	(16.02)	14.35	(14.35)	15.33	(15.33)
Interest rate swaps (notional principal amount)	-	-	-	-	-	-
Cash flow sensitivity (net)	16.02	(16.02)	14.35	(14.35)	15.33	(15.33)

Commodity Risk
Company operates in rate regulatory environment. Company's cost comprises mainly of coal cost. Any variation in the coal cost is allowed to be recovered from consumers at actuals subject to performance parameters to be achieved. Hence, company doesn't have significant risk on account of variation in coal price.

4) Assets hypothecated / pledged as security
The carrying amount of assets hypothecated / mortgaged as security for current and non-current borrowings are:

(Rs. In Crores)

Particulars	As at 31.03.17	As at 31.03.16	As at 01.04.15
Security created in respect of Non-current Borrowings Property, plant and equipment excluding leasehold land	18,987.86	18,351.59	18,340.00
Security created in respect of Current Borrowings i) Inventories ii) Trade receivables	600.00 -	- -	- -
Total assets as security	**19,587.86**	**18,351.59**	**18,340.00**

5): Corporate Social Responsibility

(Rs. in Crores)

Particulars	**2016-17**	**2015-16**
a) Unspent CSR Expenditure carried forward from previous year (Opening Provision)	77.52	33.00
b) Amount required to be spent by the company during the year.	6.84	44.52
c) Amount spent during the year (on purpose other than construction / acquisition of assets controlled by the company)#	3.44	-
d) Provision created for balance amount (Closing Provision)	**80.92**	**77.52**

The above expenditure were transferred to Maharashtra State Power Generation Company Limited (MSPGCL) which was utilised to carry out proposal of errection and commissioning of LED street lights on recommendation of CSR committee of the company.

6) Capital Management

The Corporation's objective is to maximize the shareholders' value by maintaining an optimum capital structure. Management monitors the return on capital as well as the debt equity ratio and makes necessary adjustments in the capital structure for the development of the business.

(Rs. in Crores)

Particulars	**31.03.2017**	**31.03.2016**	**01.04.2015**
Long term borrowings (Rs. Crores)	6,729.54	6,121.64	6,523.71
Equity share Capital (Rs. Crores)	8,984.97	8,984.97	0.05
Debt to Equity ratio	**0.75**	**0.68**	**130,474.19**

7) Other Notes

7.1 Contingency Reserve and Special Reserve:

"As per directions of MERC vide Order No. 31 of 2016 dated 7th July, 2016, the company for FY 2016-17 has appropriated an amount of Rs. 5546 Lakhs (Previous Year Rs. 5149 Lakhs) towards Contingency Reserve. Furthermore, an amount of Rs. NIL (Previous Year Rs. NIL) has been appropriated towards Special Reserve."

7.2 Secured Loans:

(Rs. in Crores)

Loan Secured By				
Name of the Institution	**Guarantee from State Government**	**Hypothecation against future**	**Mortgage against existing assets**	**Total**
REC	NIL	3,829.17	-	3,829.17
PFC	2	2,229.37		2,231.23
Union Bank of India	-	86.99	-	86.99
Bank of Baroda	-	74.63	-	74.63
IFC	-	---	137.59	137.59
OBC	-	50.89	-	50.89

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 335.70 Crores	Rs 264.00 Crores	Rs 244.60 Crores	RS.618.49 Crores (16749 million Yen)	276.73 Crores
						(12070.58 MJPY)	
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)	11.15%	11.87%	10.90% p.a.	10.95% p.a.	10.57%	0.75%	10.25%
			With annually reset	With annually reset			
Terms of Payment	Yearly	Quarterly	156 monthly installments	156 monthly installments	Semi Annually	Semi Annually	Quarterly & yearly
Upfront Fees	Upto 500 Cr - Nil Above 500 Cr - 0.01 % of loan amount	Upto 500 Cr - Nil Above 500 Cr - 0.01 % of loan amount	Nil	Nil	1% of the Loan Sanctioned	Nil	Nil
Commitment Charges	Upto 500 Cr - Nil Above 500 Cr - 0.25% P.A. on undrawn Amount of Quarter till the Date of Actual Drawl	Upto 500 Cr - Nil Above 500 Cr - 0.25% P.A. on undrawn Amount of the Previous Quarter from the first day of following Quarter till the Actual Date of Drawl	Nil	Nil	0.50% of the undrawn amount of Loan has not been disbursed	Nil	Nil
Margin Money Requirement (Equity) From 01.04.2017	25.00%	25.00%	20.00%	20.00%	20.00%	VAT,CST/ ED Paid by MSETCL	Nil

Foreign Currency Loan

Loan Secured by	JICA (Rs.) in Crores	JICA (¥) in Crores
Guarantee from Central Government	324.99	555.69

¥ Japanese Yen

7.3 In view of multiplicity and difficulty in identification of accounts relating to Micro, Small and Medium Enterprises, information with regard to amount unpaid at the year end together with interst paid/payable as required by MSEMED Act, 2006 is not disclosed.

8) Capital Commitments

Capital Expenditure contracted for at the end of reporting period but not recognised as liabilities is as follows:

(Rs. in Crores)

Particulars	31.03.2017	31.03.2016	01.04.2015
Property, plant and equipment	239	126	663
Less: Capital Advances	-76	-68	-26
Net Capital Commitments	315	194	688

In case of MSETCL

These are the Company's first financial statements prepared in accordance with Ind AS. The Company has adopted all the Ind AS and adoption was carried out in accordance with Ind AS 101 First Time Adoption of Indian Accounting Standards. The transition was carried out from Generally Accepted Accounting Principles in India (Indian GAAP) as prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014, which was the "Previous GAAP".

The significant accounting policies set out in Note 1 to 3 have been applied in preparing the financial statements for the year ended 31st March 2017 , 31st March 2016 and the opening Ind AS balance sheet on the date of transition i.e. 1st April, 2015.

In preparing its Ind AS balance sheet as at 1st April, 2015 and in presenting the comparative information for the year ended 31st March, 2016, the Company has adjusted amounts previously reported in the financial statements prepared in accordance with previous GAAP. This note explains the principal adjustments made by the Company in restating its financial statements prepared in accordance with Previous GAAP, and how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows.

Explanation of transition to Ind AS

A. In preparing the financial statement, the Company has applied the below mentioned optional exemptions and mandatory exceptions.

1 **Property, Plant and Equipment and Intangible Assets exemption:**
The Company has elected to apply the exemption available under Ind AS 101 to continue the carrying value for all of its property, Plant and Equipment and Intangible assets as recognised in the financial statements as at the date of transition to Ind ASs, measured as per the previous GAAP and use that as its deemed cost as at the date of transition (1st April, 2015).

2 **Government Grants**
The Company has elected to apply the requirements of Ind AS 20 retrospectively to Government Grants existing at the date to Ind AS.

3 **Investment in Joint Ventures**
The Company has elected to use the exemption to measure all investments in Joint Ventures as recognised in the financial statements as at the date of transition to Ind ASs, measured as per the previous GAAP and use that as its deemed cost as at the date of transition.

4 **Derecognition of financial assets and financial liabilities**
The Company has elected to use the exemption for derecognition of financial assets and liabilities prospectively i.e. after 1st April 2015.

5 Classification and measurement of financial assets

"Ind AS 101 requires an entity to assess classification of financial assets on the basis of facts and circumstances existing as on the date of transition. Further, the standard permits measurement of financial assets accounted at amortized cost based on facts and circumstances existing at the date of transition if retrospective application is impracticable. Accordingly, the Company has determined the classification of financial assets based on facts and circumstances that exist on the date of transition. Measurement of financial assets accounted at amortized cost has been done retrospectively except where the same is impracticable. "

6 Estimates

"The estimates as at 31st March , 2016 are consistent with those made for the same dates in accordance with Indian GAAP(after adjustments to reflect any differences in accounting policies) apart from following items where application of Indian GAAP did not require estimationImpairment of financial assets based on risk exposure and application of ECL modelThe estimates used by the company to present this amounts in accordance with Ind AS reflect conditions as of 31st March 16"

7 Impairment of Financial Assets

Ind AS 101 requires an entity to apply the Ind AS requirements retrospectively if it is practicable without undue cost and effort to determine the credit risk that debt financial instruments where initially recognised. The company has measured impairment losses on financial assets as on the date of transition i.e. 1st April, 2015 in view of cost and effort.

B. Transition to Ind AS - Reconciliations

The following reconciliations provide a quantification of the effect of significant differences arising from the transition from previous GAAP to Ind AS AS as required under Ind AS 101 :

1 Reconciliation of Balance Sheet as at 1st April, 2015 (Transition Date)

2(a) Reconciliation of Balance Sheet as at 31st March , 2016

2(b) Reconciliation of Total Comprehensive Income for the year ended 31st March , 2016

3 Reconciliation of Equity as at 1st April, 2015 and as at 31st March 2016

4 Adjustments to Statement of Cash Flows

In respect of MSETCL

1 Reconciliation of Balance Sheet as at 1st April, 2015 (Rs in Lakhs)

	Note Reference	Amount as per IGAAP	Effects of transition to Ind AS	Amount as per Ind AS
ASSETS				
Non-Current Assets				
(a) Property, Plant and Equipment	C,G	124,214,474,523.63	19,431,437,456	143,645,911,979.77
(b) Capital work-in-progress	C,D	40,253,989,519.88	231,887,000.00	40,662,255,519.88
(c) Other Intangible Assets		78,829,000.00	-	78,829,000.00
(d) Investments in Subsidiaries, associates and joint ventures		392,107,210.00	-	392,107,210.00
(e) Financial Assets				
(i) Investments	A	4,292,380,116.00	21,387,522.61	4,313,767,638.61
(ii) Loans		2,331,985,659.47	-	2,331,985,659.47
(iii) Other Non-Current Financial Assets		-	-	-
(f) Income Tax Assets (net)		1,673,962,000.00	-	1,673,962,000.00
(g) Other Non-Current Assets	B	759,220,030.16	23,320,000.01	782,540,030.17
Current assets				
(a) Inventories	C	2,984,107,614.84	(170,903,000.00)	2,636,825,614.84
(b) Financial Assets				
(i) Investments		741,515,000.00	-	741,515,000.00
(ii) Trade Receivables		27,642,191,561.47	-	27,642,191,561.47
(iii) Cash and cash equivalents		217,953,299.60	-	217,953,299.60
(iv) Bank balances other than (iii) above		-	-	-
(v) Loans		421,891,288.00	-	421,891,288.00
(vi) Other Current Financial Assets		314,406,222.12	-	314,406,222.12
(c) Current Tax Assets (Net)		-	-	-
(d) Other Current Assets	B	1,181,442,914.37	3,996,000.00	1,185,438,914.37
(e) Assets Classified as Held for Sale	G	1,669,696,509.91	20,600,000.00	1,690,296,509.91
TOTAL ASSETS		**209,170,152,469.45**	**19,561,724,978.7586**	**228,731,877,448.21**
EQUITY AND LIABILITIES				
Equity				
(a) Equity Share capital		500,000.00	-	500,000.00
(b) Other Equity		84,867,280,455.00	11,594,182,522.61	96,461,462,977.61
Liabilities				
Non-Current Liabilities				
(a) Financial Liabilities				
(i) Borrowings	B	65,291,559,573.00	(54,464,000.00)	65,237,095,573.00
(ii) Other Non-Current Financial Liabilities		13,714,558,915.74	-	13,714,558,915.74
(b) Provisions		5,923,910,383.00	-	5,923,910,383.00
(c) Deferred tax liabilities (Net)	I	13,866,971,000.00	5,898,360,000.00	19,765,331,000.00
(d) Other Non-Current Liabilities	D	379,105,126.00	1,826,010,000.00	2,205,115,126.00
Current liabilities				
(a) Financial Liabilities				
(i) Borrowings		-	-	-
(ii) Trade Payables		4,424,732,788.42	-	4,424,732,788.42
(iii) Other Current Financial Liabilities	H,B	16,713,526,332.46	303,719,000.00	17,017,245,332.46
(b) Other Current Liabilities		61,022,950.30	-	61,022,950.29
(c) Provisions	A	3,039,668,057.00	(6,083,000.00)	3,033,585,057.01
(d) Current Tax Liabilities (Net)		887,316,000.00	-	887,316,000.00
		-	-	-
TOTAL EQUITY AND LIABILITIES		**209,170,151,580.92**	**19,561,724,522.61**	**228,731,876,103.53**

Previous GAAP figures have been reclassified to confirm to Ind AS presentation requirements for the purpose of this note.

2 (a) Reconciliation of Balance Sheet as at 31st March, 2016 (Rs in Lakhs)

	Amount as per IGAAP	Effects of transition to Ind AS	Amount as per Ind AS
ASSETS			
Non-Current Assets			
(a) Property, Plant and Equipment	153,930,334,000.00	1,756,512,000	155,686,846,000.00
(b) Capital work-in-progress	31,679,912,000.00	464,843,000	32,144,755,000.00
(c) Other Intangible Assets	56,996,000.00	-	56,996,000.00
(d) Investments in Subsidiaries, associates and joint ventures	409,737,260.00	-	409,737,260.00
(e) Financial Assets		-	-
(i) Investments	4,453,516,600.00	22,086,523	4,475,603,122.61
(ii) Loans	2,332,324,487.08	-	2,332,324,487.08
(iii) Other Non-Current Financial Assets	-	-	-
(f) Income Tax Assets (net)	3,810,319,000.00	-	3,810,319,000.00
(g) Other Non-Current Assets	682,456,549.16	19,324,000	701,780,549.17
	-	-	
Current assets		-	-
(a) Inventories	2,745,026,569.09	(446,873,000)	2,298,153,569.09
(b) Financial Assets		-	-
(i) Investments	475,027,000.00	3,347,000	478,374,000.00
(ii) Trade Receivables	23,734,742,276.57	-	23,734,742,276.57
(iii) Cash and cash equivalents	651,085,963.00	-	651,085,963.00
(iv) Bank balances other than (iii) above	-	-	-
(v) Loans	271,113,568.00	-	271,113,568.00
(vi) Other Current Financial Assets	245,666,619.27	-	245,666,619.27
(c) Current Tax Assets (Net)	-	-	-
(d) Other Current Assets	329,551,743.12	3,996,000	333,547,743.12
(e) Assets Classified as Held for Sale	440,708,000.00	7,494	440,715,493.74
TOTAL ASSETS	**226,248,517,635.29**	**1,823,243,016.3571**	**228,071,760,651.65**
EQUITY AND LIABILITIES			
Equity			
(a) Equity Share capital	89,849,747,330.00	-	89,849,747,330.00
(b) Other Equity	16,995,744,508.58	(5,782,592,673.89)	11,213,151,834.69
	-	-	-
Liabilities	-	-	-
Non-Current Liabilities	-	-	-
(a) Financial Liabilities	-	-	-
(i) Borrowings	61,267,008,573.00	(50,637,000.00)	61,216,371,573.00
(ii) Other Non-Current Financial Liabilities	13,921,528,993.18	-	13,921,528,993.18
(b) Provisions	5,825,562,141.00	-	5,825,562,141.00
(c) Deferred tax liabilities (Net)	15,175,335,356.04	5,852,843,000.00	21,028,178,356.04
(d) Other Non-Current Liabilities	206,425,670.00	1,752,884,000.00	1,959,309,670.00
		-	-
Current liabilities		-	-
(a) Financial Liabilities		-	-
(i) Borrowings	1,000,000,000.00	-	1,000,000,000.00
(ii) Trade Payables	3,073,792,165.99	-	3,073,792,165.99
(iii) Other Current Financial Liabilities	16,211,841,695.17	56,855,000.00	16,268,696,695.17
(b) Other Current Liabilities	35,605,549.98	-	35,605,550.00
(c) Provisions	2,685,925,140.00	(6,083,000.00)	2,679,842,140.00
(d) Current Tax Liabilities (Net)	-	-	-
		-	-
TOTAL EQUITY AND LIABILITIES	**226,248,517,122.94**	**1,823,269,326.11**	**228,071,786,449.06**

Previous GAAP figures have been reclassified to confirm to Ind AS presentation requirements for the purpose of this note.

2 (b) Reconciliation of Statement of Profit or Loss for the year ended 31st March, 2016

(Rs in Lakhs)

Particulars	2015-16	Ind AS adjustments	2015-16
I Revenue from operations	33,148,493,785.32	-	33,148,493,785.32
II Other Income	2,546,603,896.79	74,484,000.00	2,621,087,896.79
III Total Income (I+II)	**35,695,097,682.11**	**74,484,000.00**	**35,769,581,682.11**
IV EXPENSES			
Repair & Maintenance Expenses	1,871,232,336.56	(14,343,000.00)	1,856,889,336.56
Employee benefits expense	9,107,114,990.22	(202,085,831.00)	8,905,029,159.22
Finance costs	6,581,173,713.20	8,017,000.00	6,589,190,713.20
Depreciation and amortization expense	8,611,686,319.35	1,986,714,520.43	10,598,400,839.78
Other expenses	2,852,523,000.00	8,653,000.00	2,861,176,000.00
Prior period adjustment	47,492,143,654.20	(47,492,143,654.20)	-
Total expenses (IV)	**76,515,874,013.53**	**(45,705,187,964.77)**	**30,810,686,048.76**
V Profit/(loss) before tax (III - IV)	(40,820,776,331.42)	45,779,671,965	4,958,895,633.35
VI Tax expense:			
(1) Current tax	(4,287.71)	-	(4,287.71)
(2) Current tax- Previous years	-	1,646,296,000.00	1,646,296,000.00
(3) Deferred tax	(13,083.64)	(62,689,698.63)	(62,702,782.27)
VII Profit/(Loss) for the year (VI - VII)	**(40,820,793,702.77)**	**47,363,278,266.14**	**6,542,484,563.37**
VIII Other Comprehensive Income			
(i) Items that will not be reclassified to profit or loss - Remeaurement of defined benefit plans		(312,663,831.00)	(312,663,831.00)
(ii) Income tax relating to items that will not be reclassified to profit or loss		108,206,698.63	108,206,698.63
IX Total Comprehensive Income for the period (VII + VIII)	**(40,820,793,702.77)**	**47,158,821,133.77**	**6,338,027,431.00**

Previous GAAP figures have been reclassified to confirm to Ind AS presentation requirements for the purpose of this note.

3 (a) Reconciliation of Equity as on 31 March 2016 and 1st April, 2015

(Rs. in Lakhs)

Particulars	As at 31.03.2016	As at 01.04.2015
Total Equity under Previous GAAP	**106,845,491,838.58**	**84,867,780,455.00**
Adjustments impact : Gain/(Loss)		
Amortised cost of investments	25,433,522.61	21,387,522.61
Borrowings	73,957,000.00	81,780,000.00
Inventories	67,146,000.00	(5,128,000.00)
Capital government grant	62,548,000.00	(10,578,000.00)
Liability for prior period expenses	47,008,380,653.93	(303,719,000.00)
Share application pending money allotment	(330.00)	62,889,300,000.00
Revaluation of Property, plant and equipment	(45,180,500,000.00)	(45,180,500,000.00)
Depreciation	(1,986,714,520.43)	-
Deferred Tax	(5,852,843,000.00)	(5,898,360,000.00)
Total Ind AS adjustments	(5,782,592,673.89)	11,594,182,522.61
Total Equity under Ind AS	**101,062,899,164.69**	**96,461,962,977.61**

3 (b) Reconciliation of Profit or Loss for the year ended 31st March, 2016

(Rs. in Lakhs)

Particulars	As at 31.03.2016
Profit or loss as per Previous GAAP	(40,820,793,702.77)
Amortised cost of investments	4,046,000.00
Borrowings	(7,823,000.00)
Inventories	72,274,000.00
Capital government grant	73,126,000.00
Prior period expenses	47,312,099,654.20
Depreciation	(1,986,714,520.43)
Income tax of earlier years	1,646,296,000.00
Deferred Tax	45,517,000.00
Total Ind AS adjustments	47,158,821,133.77
Profit or loss as per Ind AS	6,338,027,431.00

4 On account of transition to Ind AS , there is no material adjustment to the statement of Cash flows as on 31st March, 2016.

Notes to reconciliations:

A Amortised cost of Investments in government securities and bonds

Under previous GAAP, investments in government securities and bonds were classified as current and non- current investments . Non- current investments were carried at cost and current investments at lower of cost or fair value. Under Ind AS , these investments are measured at amortised cost.

B Borrowings

Under previous GAAP, transaction costs in relation to borrowings were initially recognised as an asset and subsequently , amortised over the period of loan as borrowing costs. Under Ind AS , financial liabilities in form of borrowings have been measured at amortised cost using the effective interest rate method.

C Inventories

Under previous GAAP, items of stores and spares were recognised as inventories. Under Ind AS , all significant spare parts which meet the definition of Property , Plant and Equipment are capitalised as Property , Plant and Equipment and in other cases, stores and spares is inventorised on procurement and charged to Statement of Profit and Loss on consumption.

D Capital Government Grants

Under the previous GAAP, Capital grant related to Property, plant and equipments were presented as a reduction from cost of respective Capital assets. As per Ind AS, the same is presented as 'Deferred Government Grant' under the head liability. The deferred grant revenue is released to the Statement of Profit and Loss over the expected useful life of the underlying asset.

E Remeasurement of defined benefit liabilities

Under previous GAAP, the company recognised remeaurement of defined benefit plans under Profit and Loss. Under Ind AS, remeasurement of defined benefit plans are recognised in Other Comprehensive Income.

F Trade Receivables

Under previous GAAP, the company had recognised provision on trade receivables based on the expectation of the company. Under Ind AS company provides loss allowance on receivables based on Expected Credit Loss(ECL) Model which is measured following the "simplied approach" at the amount equal to the lifetime ECL at each reporting date.

G Impact of Maharashtra Electricity Reforms Transfer Scheme, 2016

MSETCL came into existence as a part of restructuring of erstwhile Maharashtra State Electricity Board (MSEB) vide notification dated 5th June, 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 MSETCL. The said transfer scheme was provisional in nature. Subsequently, vide GR dated 31st March, 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 MSEB 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 5th June, 2005”.

As per this scheme the net fixed assets value of the Company as on 05-06-2005 has been increased from Rs. xx Crores to Rs. xx Crores resulting into increase in the value of Net fixed assets by Rs. xx Crores and allotment of equity share capital of the equivalent amount to MSEB Holding Company Limited. As 2015 being a transitional period the Balance sheet as on 1st April, 2015 is restated by giving impact of this event. Subsequently, Rs. 15,111 Crores is shown in share application money pending allotement since the allotement of the same is made in 2016. Accordingly, the Gross value of individual assets have been increased by Rs. 15,611 Crores in the proportion of respective gross value as on 5th June, 2005 & the year wise depreciation is calculated on revised value of individual assets till 1st April, 2015 & given effect of the same. This resulted in increase in depreciation amounting to Rs. 9,045 Crores in 2015. Further, the assets which were present as on 5th June, 2005 & has been reclassified to non-current assets held for sale during subsequent years, the revised value of such assets amounting to Rs. 21.66 Crores has also been written-off as on 01-04-2015. Both the above items had been presented as extra ordinary items in F.Y. 2015-16 which was reversed under retained earning and the balance sheet as on 1st April, 2015 was restated & the balance of extraordinary item i.e. depreciation pertaining F.Y. 2015-16 was carried under the head depreciation for the year in F.Y. 2015-16 through Statement of Profit and Loss.

H Prior Period Items

The company has restated the fianacial statements of previous year in case the total amount of Income/expenditure (Net) pertaining to previous year is more than threshold limit.

I Deferred Tax

Under previous GAAP, deferred tax accounting was done using the income statement approach, which focuses on differences between taxable profits and accounting profits for the period. Under Ind AS, accounting of deferred tax is done using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base.

Note 47:

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 1,506 crores . 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 2017.

Therefore on the principles of prudence income of Rs 1,506 crores lacs has been reversed in the Consolidated Financial Statements. The tax impact due to such reversal has not been recognised.

Note 48:
MSETCL in terms of Power purchase Agreement with MSEDCL has recognized income during the year of Surcharge being Interest on delayed payments amounting to Rs 755 crores . MSEDCL has not paid such surcharge neither provided for the same.

Therefore on the principles of prudence income of Rs 755 crores has been reversed in the Consolidated Financial Statements. The tax impact due to such reversal has not been recognised.

Note 49:
Reactive Energy Charges of Rs 11.58 crores raised by MSPGCL has not been recognised by MSETCL .

Therefore on the principles of prudence income of Rs 11.58 crores has been reversed in the Consolidated Financial Statements. The tax impact due to such reversal has not been recognised.

Note 50:
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.

Note 51: Figures for the previous year have been regrouped wherever necessary.

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

Jaikumar Srinivasan
Director Finance & CFO

Arvind Singh
Managing Director

Mukesh Goyal
Partner
Membership Number : 081810

Pankaj Sharma
CGM (F)

Subodh Zare
Company Secretary

Place : Mumbai
Date : 15/11/2017