

MSEB HOLDING CO. LTD

6th Annual Report for Financial Year 2010-2011

CONTENTS

Particulars	Page No.
Board of Directors	--
Director's Report	1
Balance Sheet	4
Profit & Loss Account	5
Cash Flow Statement	6
Schedule A to O	7
Balance Sheet Abstract and Company's General Business Profile	28
Statement of Holding Company's Interest in the Subsidiary Companies	29
Auditor's Report	31
Replies to Auditors Report	36
Comments on the Accounts by the C. & A. G.	43
Replies to comments of C. & A. G.	45

MSEB HOLDING COMPANY LIMITED

Board of Directors for the financial year ending on 31st March 2011

Chairman

Shri Ajit Pawar, Hon'ble Minister (Energy), Govt. of Maharashtra, w.e.f. 9th November 2009

Vice Chairman

Shri Rajendra Mulak, Hon'ble Minister of State For Energy Govt. of Maharashtra, w.e.f.
20th November 2010

Managing Director

Shri Subrat Ratho - IAS, w.e.f. 27th June 2006

Former Chairmen

Shri Dilip Walse Patil - Former Minister of Energy (Chairman)
From Incorporation to 10th December 2008

Shri Sunil Tatkare - Former Minister of Energy (Chairman)
From 10th December 2008 to 9th November 2009

Shri Sunil Deshmukh - Former Minister of State for Energy (Vice Chairman)
From 10th December 2008 to 9th November 2009

Directors

Shri Sudhir Shrivastawa - IAS, w.e.f. 3rd August 2010

Shri Ajoy Mehta - IAS, w.e.f. 7th July 2005

Shri Arvind Singh - IAS, w.e.f. 21st August 2009

Shri Prakash Page, w.e.f. 7th July 2005

Director (Finance)

Shri Vinayak Rao, IRAS, w.e.f. 1st June 2005 to 26th September 2009

Shri. Gulabsingh Girase Additional Charge w.e.f. 27th September 2009

DIRECTORS' REPORT

TO THE SHAREHOLDERS

The Directors have pleasure to present the 5th Annual Report on the business and the operations of your company during the financial year ended on 31st March 2010 along with Audited Statement of Accounts , Auditors' Report, for the reporting year ended 31.3.10.

FINANCIAL RESULTS:

Particulars	2009-10	2008-09
Income	40,33,37,570	39,46,50,298
Expenditure		
Employees remuneration and benefits	3,39,393	11,11,020
Repairs and maintenance	49,712	30,134
Administration & general Expenses	2,38,54,027	2,06,89,425
Interest and Finance Charges	288,41,95,617	332,40,17,077
Depreciation	2,09,75,238	25,58,190
Total	292,94,13,987	337,14,05,846
Net Profit/(Loss) for the year	(252,60,76,418)	(297,67,55,548)
Extra-ordinary items/Prior period expenses /Income	(15,20,070)	(31,30,321)
Profit/Loss before Tax	(252,75,96,488)	(297,98,85,869)
Provision for Tax/Provision for Fringe Benefit Tax/Provision for Deferred tax Assets (Cr)	28,63,874	33,86,903
Profit/ (Loss) after Tax	(252,47,32,614)	(297,64,98,966)

During the year under review the Income increased by 2.20% to Rs 40,33,37,570. Overall expenses reduced by 15% due to reduction interest and finance charges by Rs 43.99 Crs. Loss for the year after tax was Rs 252.47 Crs as against Rs 297.64 Crs.

DIVIDEND

In view of loss during the current financial year of the company, your directors do not recommended dividend on the equity shares for the year under review.

DIRECTORS

Shri Rajendra Mulak, Hon'ble Minister of State for Energy, GoM was appointed as Director and Vice-Chairman of the Company w.e.f. 20.11.2010 in place of Shri Vijay Vadettiwar former Minister of State for Energy, GoM.

Shri Sudhir Shrivastava Pr. Secretary (Planning) was appointed as Director on 3.8.2010 in place of Shri Sunil Soni Pr. Secretary (Planing) who has been transferred to Finance Dept, GoM.

DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 217 (2AA) of the Companies Act, 1956 with respect to Directors Responsibilities Statement, it is hereby confirmed:

1. That the applicable accounting standards had been followed along with proper explanation relating to material departures; if any
2. That the selected accounting policies were applied consistently and judgements and estimates that are reasonable and prudent were made so as to give a true and fair view of the state of affairs of the Company on 31.3.10 and of Profit or Loss for the year of the Company under review:
3. That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventage and detecting frauds and other irregularities:
4. That the annual accounts were prepared for the financial year ended 31st March 2010 on a 'going concern basis'.

EMPLOYEES

None of the employees drew remuneration of Rs. 24,00,000/- or more per annum /Rs. 2,00,000/- per month during the year. This information is furnished as required under section 217 (2A) of the Companies Act 1956 read with the Companies (Particulars of Employees) Rules, 1975.

FIXED DEPOSITS

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

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING AND OUTGO

Since there was no production during the year, the information relating to conservation of energy, technology absorption and foreign exchange earning and outgo as required under sec 217 (1) (e) of the Companies Act 1956 read with the Companies (Disclosure of Particulars in the report of Board of Directors) Rules 1988 is not applicable.

AUDITORS

M/s Sharp & Tannan Co., Chartered Accountants have been appointed as Statutory Auditors of the Company for the Financial Year 2010-11.

MANAGEMENT COMMENTS ON STATUTORY AUDITORS' REPORT

The Reply to the Report of Statutory Auditors M/s Sharp & Tannan Co, Chartered Accountants are annexed with the Report as Annexure- A

MANAGEMENT COMMENTS ON CAG AUDITORS' REPORT

The Reply to the supplementary Audit of Comptroller and Auditor General of India u/s 619 (4) of Companies Act 1956 are annexed with the Report as Annexure- B

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 , Financial Institutions and Banks. 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

(Subrat Ratho)
Managing Director

Date :

Place: Mumbai

BALANCE SHEET AS ON 31ST MARCH 2011

(Amounts in Rs.)

(Amounts in Rs.)

PARTICULARS	SCHEDULES	As At 31.03.2011	As At 31.03.2010
SOURCES OF FUNDS			
Shareholders Funds			
Share Capital	A	20,000,000	20,000,000
Share Application Money Pending Allotment		87,070,158,380	87,070,158,380
Reserves and Surplus	B	2,651,869,271	2,651,869,271
Borrowed Funds			
Secured Loans		—	—
Unsecured Loans	C	61,501,045,342	57,883,511,099
Total Rs.		<u>187,280,707,853</u>	<u>147,625,538,750</u>
Application of Funds			
Fixed Assets	D		
Gross Block		622,250,984	766,952,659
Less : Accumulated Depreciation		308,825,991	366,391,607
Net Block		353,424,993	400,561,052
Investments	E	128,358,123,252	89,853,910,654
Current Assets,	F		
Loans and Advances			
Sundry Debtors		34,243,249,918	36,624,232,660
Cash and Bank Balances		474,369,419	193,053,200
Other Current Assets		99,494,816	87,836,841
Loans and Advances		9,893,867,506	9,063,188,598
		44,710,981,029	45,968,311,299
Less : Current Liabilities & Provisions	G		
Current Liabilities		19,962,280,191	19,846,903,670
Provisions		590,132,898	586,875,573
		20,552,413,089	20,433,779,243
NET CURRENT ASSETS		24,158,567,940	25,534,339,476
Profit and Loss Account		34,410,591,668	31,824,776,985
Total Rs.		<u>187,280,707,853</u>	<u>147,625,538,750</u>

Significant Accounting Policies

N

Notes on the Balance Sheet and Profit & Loss Account

O

The Schedules referred to above and notes thereon form integral part of Balance Sheet

As per our report attached
SHARP & TANNAN
Chartered Accountants
Registration No. 109982W
By the Hand of

R. D. KARE (Partner)
Membership No. 008820
Place : Mumbai.
Date : 15th Sept, 2011

S. M. Madan
Chief General Manager (F) I / C

For and on behalf of the Board
For MSEB HOLDING COMPANY LTD.

G. J. Girase
DIRECTOR FINANCE

Ajoy Mehta
DIRECTOR

Subrat Ratho
MANAGING DIRECTOR

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON 31ST MARCH 2011

PARTICULARS	SCHEDULES	(Amounts in Rs.) As on 31.03.2011	(Amounts in Rs.) As on 31.03.2010
INCOME			
Other Income	H	403,891,853	403,337,570
TOTAL RS.		403,891,853	403,337,570
LESS : EXPENDITURE			
Employees Remuneration & Benefit	I	0	339,393
Repairs and Maintenance	J	1,077,042	49,712
Administration and General Expenses	K	20,392,155	23,854,027
Interest and Finance Expenses	L	2,603,464,903	2,884,195,617
Depreciation		17,823,047	20,975,238
TOTAL RS.		2,642,757,147	2,929,413,987
PROFIT / (LOSS) FOR THE YEAR		(2,238,865,294)	(2,526,076,418)
Extraordinary items			
Prior Period Expenses / Income	M	(243,437,942)	(1,520,070)
PROFIT / (LOSS) BEFORE TAX		(2,482,303,236)	(2,527,596,488)
Provision For Income Tax		91,560,863	—
Provision For Deferred Tax (cr)		0	2,863,874
Deferred Tax Assets Written Off		11,950,584	0
Profit / (loss) After Tax		(2,585,814,683)	(2,524,732,614)
Balance of Last Years Profit / (Loss) Brought Forward		(31,824,776,985)	(29,300,044,371)
TOTAL PROFIT / (LOSS) TO BE CARRIED FORWARD		(34,410,591,668)	(31,824,776,985)
Earning per Share (Basic & Diluted)		(1,293)	(1,262)

Significant Accounting Policies
Notes on the Balance Sheet and Profit & Loss Account
The Schedules referred to above and notes thereon form integral part of Profit & Loss

N
O

As per our report attached
SHARP & TANNAN
Chartered Accountants
Registration No. 109982W
By the Hand of

R. D. KARE (Partner)
Membership No. 008820
Place : Mumbai.
Date : 15th Sept, 2011

S. M. Madan
Chief General Manager (F) I / C
For and on behalf of the Board
For MSEB HOLDING COMPANY LTD.

G. J. Girase
DIRECTOR FINANCE

Ajay Mehta
DIRECTOR

Subrat Ratho
MANAGING DIRECTOR

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2011

Particulars	Amount in (Rs.)		Amount in (Rs.)	
	2010 - 2011		2009 - 2010	
A. Cash Flow From Operating Activities				
Net Profit before taxation and extraordinary item		(2,238,865,294)		(2,526,076,417)
<u>Adjustment for:</u>				
Depreciation	17,823,047		20,975,238	
Interest Income	(18,486,795)		(18,311,958)	
Interest Expense	2,603,464,903		2,884,195,617	
Preliminary Exp. Written Off		2,602,801,155		2,886,858,897
Operating Profit before working capital charges		363,935,861		360,782,480
<u>Adjustments for :</u>				
(Increase) / (Decrease) in Trade & Other Receivable	1,538,453,909		(8,368,460,694)	
(Increase) / (Decrease) in Trade & Other Payable	115,376,521		(3,024,136,891)	
(Increase) / (Decrease) in Provisions	3,257,325	1,657,087,755		(11,392,597,585)
Cash Generated from Operations		2,021,023,616		(11,031,815,105)
Direct Taxes paid (net of refunds)		(91,560,863)	2,863,874	2,863,874
Cash Flow before extra ordinary items		1,929,462,753		(11,028,951,231)
Add / Less Extraordinary items	(243,437,942)	(243,437,942)	(1,520,070)	(1,520,070)
Net Cash flow from operating activities (A)		1,686,024,811		(11,030,471,301)
B. Cash Flow From Investing Activities				
Purchase of Fixed Assets	29,313,011		8,773,546	
Increase in Investments	(38,504,212,598)		(1,689,688,275)	
Interest Received (Net of TDS)	18,486,795		18,311,958	
Net Cash used for investing activities (B)		(38,456,412,792)		(1,662,602,771)
C. Cash Flows from Financing Activities				
Proceeds from issuance of Share Capital (incl. Share Application Money)	36,037,634,860		1,386,667,000	
Increase In Unsecured Loans	3,647,534,243		14,246,695,472	
Interest Paid	(2,603,464,903)		(2,884,195,617)	
Net cash flow from financing activities (C)		37,051,704,200		12,749,166,855
Net increase in cash flow equivalents (A + B + C)		281,316,219		56,092,783
Cash and cash equivalents at beginning of the period		193,053,200		136,960,417
Cash and cash equivalents at the end of period		474,369,419		193,053,200

As per our report attached
SHARP & TANNAN
Chartered Accountants
Registration No. 109982W
By the Hand of

R. D. KARE (Partner)
Membership No. 008820
Place : Mumbai.
Date : 15th Sept, 2011

S. M. Madan
Chief General Manager (F) I / C

For and on behalf of the Board
For MSEB HOLDING COMPANY LTD.

G. J. Girase
DIRECTOR FINANCE

Ajoy Mehta
DIRECTOR

Subrat Ratho
MANAGING DIRECTOR

SCHEDULE FORMING PART OF THE BALANCE SHEET
**SCHEDULE - A
SHARE CAPITAL**

	(Amounts in Rs.)	(Amounts in Rs.)
PARTICULARS	As on 31.03.2011	As on 31.03.2010
AUTHORISED SHARE CAPITAL		
20,00,000 shares of Rs. 10 each	20,000,000	20,000,000
ISSUED, SUBSCRIBED AND PAID UP CAPITAL		
2000000 shares of Rs. 10 each	20,000,000	20,000,000
TOTAL RS.	20,000,000	20,000,000

**SCHEDULE - B
RESERVES AND SURPLUS**

PARTICULARS	As on 31.03.2011	As on 31.03.2010
Capital Reserve	2,650,228,968	2,650,228,968
Sinking Fund for Repay of Borrowing	37,138	37,138
Contingent Reserve	294,787	294,787
Consumers Rebate Reserve	833,918	833,918
Tariff and Dividend Control Reserve	421,786	421,786
Development Rebate	45,414	45,414
Development Fund	7,260	7,260
TOTAL RS.	2,651,869,271	2,651,869,271

**SCHEDULE - C
UNSECURED LOANS**

PARTICULARS	As on 31.03.2011	As on 31.03.2010
State Government Loan	33,779,804,628	34,039,098,628
Interest accrued and due on state govt. Loans	23,137,567,714	20,279,333,471
Principal over due on State Govt Loans	4,583,673,000	3,565,079,000
Due within 1 Year Rs. 390.28 Crores (Previous Year Rs. 434.26 Crores)		
TOTAL RS.	61,501,045,342	57,883,511,099

SCHEDULE - D (Amount In Rs.)

FIXED ASSETS AND PROVISION FOR DEPRECIATION

Sr. No.	Assets Group	Depre- ciation Rates %	GROSS BLOCK					PROVISION FOR DEPRECIATION					NET BLOCK	
			As at 01-04-2010 Rs.	Additions Rs.	Adjustment Rs.	Deductions Rs.	As at 31-03-2011 Rs.	Upto 31-03-2010 Rs.	For the Year Rs.	Adjustments Rs.	Deductions Rs.	Upto 31-03-2011 Rs.	As at 31-03-2011 Rs.	As at 31-03-2010 Rs.
1	2	3	4	5		6	7	11	9		10	11	12	13
1.	Land & Land Rights Lease Hold Land Free Hold Land	Lease Period	81,439,778 80,747,417 692,361			4,000,000 4,000,000 0	77,439,778 76,747,417 692,361	25,806,182 25,806,182 0	1,069,611 1,069,611 0	1,007,270 1,007,270 0	1,765,091 1,765,091 0	26,117,972 26,117,972 0	51,321,806 50,629,445 692,361	55,633,596 54,941,235 692,361
2.	Buildings	1.63	362,393,364	0	20,107,483	0	382,500,847	111,813,670	6,234,764	16,607,032	2,334,835	132,320,631	250,180,216	250,579,694
3.	Hydraulic Works	4.75	12,490,005	0	0	12,490,005	0	3,762,094	0	0	3,762,094	0	0	8,727,911
4.	Other Civil Works	1.63	2,917,478	0	0	2,917,478	0	892,646	0	0	892,646	0	0	2,024,832
5.	Plant & Machinery	4.75	93,537,296	1,613,137	106,032,681	101,632,606	99,550,508	48,403,010	3,898,442	104,117,502	100,933,727	55,485,227	44,065,281	45,134,286
6.	Vehicles	9.5	1,544,362	2,632,717	0	953,400	3,223,679	800,312	277,748	138,450	494,316	722,194	2,501,485	744,050
7.	Furniture & Fixtures	6.33	101,188,872	0	94000	2,104,100	99,084,772	73,549,441	6,272,066	15,521,156	1,517,460	93,821,203	5,259,569	27,693,431
8.	Office Equipments	6.33	105,938,681	0	8080	105,938,681	0	100,662,024	0	0	100,662,024	0	0	5,276,657
9.	Computers	16.21	0	87,400	364,000	0	451,400		70,416	284,351	0	354,767	96,633	0
	SUB TOTAL This Year		761,449,836	433,254	126,504,164	230,036,270	662,250,984	365,689,379	17,823,046	137,675,761	2,123,621,193	308,825,994	353,424,990	395,760,457
9.	Capital Expenditure resulting in Assets not belonging to the Company	1.63	5,502,823	0	0	5,502,823	—	702,230	0	0	702,230	0	0	4,800,593
	TOTAL This Year		766,952,659	433,254	126,504,164	235,539,093	662,250,984	366,391,609	17,823,046	137,675,760	2,130,644,423	308,825,991	353,424,992	400,561,052
	Previous Year		766,952,659	110,192		11,895,737	766,952,659	348,428,371	20,975,238	0	3,012,000	366,391,607	400,561,052	

Note : The above classification is as per Electricity Supply Annual Accounts Rules 1985

SCHEDULE FORMING PART OF THE PROFIT & LOSS ACCOUNT
SCHEDULE - E
INVESTMENTS

	(Amounts in Rs.)	(Amounts in Rs.)
PARTICULARS	As on 31.03.2011	As on 31.03.2010
Long Term Investment		
Unquoted		
Investment In Shares of Subsidiary Companies		
1. Maharashtra State Electricity Power Trading Co. Pvt. Ltd 1,00,10,000 Shares of Rs. 10/- each	100,100,000	100,100,000
2. Maharashtra State Power Generation Co. Ltd 250,00,00,000 Shares of Rs. 10/- each	25,000,000,000	25,000,000,000
3. Maharashtra State Power Generation Co. Ltd 50,000 Shares of Rs. 10/- each	500,000	500,000
4. Maharashtra State Electricity Transmission Co. Ltd 50,000 Shares of Rs. 10/- each	500,000	500,000
5. Maharashtra State Electricity Distribution Co. Ltd 50,000 Shares of Rs. 10/- each (Share Certificate in respect point no 3,4 & 5 are in name of GoM)	500,000	500,000
Investment in Shares of Other Companies		
Ratnagiri Gas & Power Pvt. Ltd. 41,12,00,000 Shares of Rs. 10/- Each	4,112,000,000	3,142,000,000
Share Application Money Pending Allotment		
1. Maharashtra State Power Generation co. Ltd.	22,965,000,537	11,050,265,677
2. Maharashtra State Electricity Transmission Co. Ltd	26,959,920,456	26,959,920,456
3. Maharashtra State Electricity Distribution Co. Ltd	49,219,602,259	32,630,124,521
4. Ratnagiri Gas & Power Pvt. Ltd.	0	970,000,000
Total Rs.	128,358,128,252	89,853,910,654

SCHEDULE - F
CURRENT ASSETS, LOANS AND ADVANCES

	(Amounts in Rs.)	(Amounts in Rs.)
PARTICULARS	As on 31.03.2011	As on 31.03.2010
Sundry Debtors (Unsecured)		
Receivables against sale of Powers		
Debts Outstanding a Period Exceeding Six months		
Considered Good	32,967,673,988	35,434,251,726
Considered Doubtful Debt	14,972,582,947	14,972,582,947
Less : Provision for Doubtful Debt	(14,972,582,947)	(14,972,582,947)
Receivables against Rentals from Property		
Debts Outstanding a Period Exceeding Six months		
Considered Good	1,088,021,657	1,020,693,487
Others	187,554,273	169,287,447
Sub - Total - Sundry Debtors	34,243,249,918	36,624,232,660

SCHEDULE FORMING PART OF THE PROFIT & LOSS ACCOUNT
SCHEDULE - F (Contd.)
CURRENT ASSETS, LOANS AND ADVANCES

Particulars	(Amounts in Rs.)	(Amounts in Rs.)
	As on 31.03.2011	As on 31.03.2010
Cash & Bank Balances		
Cash Balance on hand	—	—
Bank Balance with Scheduled Banks		
On Current Accounts	286,023,856	53,200
On Deposit Account	188,345,563	193,000,000
Sub - Total - Cash and Bank Balance	474,369,419	193,053,200
Other Current Assets		
Income accrued and due	59,941,927	59,941,927
Interest accrued but not due staff advances	5,697,490	5,697,490
Deposits - with Telephone Authorities	486,718	486,718
Other Deposits	11,715,447	10,460,247
Income Accrued and due on Investment other than Fund	21,652,604	11,250,459
Sub - Total - Other Current Assets	99,494,186	87,836,841
Loans & advances (Considered good and unsecured)		
Advances Received in Cash or in Kind or for value to be received	7,558,082	7,021,021
Miscellaneous loans and advances	16,977,705	16,977,705
Advance tax & Tax deducted at source (Net of Provision for Tax)	630,298,136	628,468,268
Inter Company Receivables		
MSPGCL	839,254,387	37,334,684
MSEDCL	8,399,779,196	8,373,194,340
Sub - Total - Loans and Advances	9,893,867,506	9,062,996,018
TOTAL RS.	44,710,981,029	45,968,118,719

SCHEDULE -G
CURRENT LIABILITIES AND PROVISIONS

Particulars	(Amounts in Rs.)	(Amounts in Rs.)
	As on 31.03.2011	As on 31.03.2010
CURRENT LIABILITIES		
Sundry Creditors		
Due to Micro and Small Enterprises	—	—
Others	1,574,334,355	1,574,334,355
Interest accrued but not due on Government Loans	8,729,939,664	8,729,939,664
Other Liabilities	7,906,893,921	7,929,239,364
Inter Company payables		
MSEPTCL	9,640	9,640
MSETCL	251,699,782	252,870,486
MSEB Residual	1,499,402,829	1,360,510,161
MSEDCL	—	—
Sub Total - Current Liabilities	19,962,280,191	19,846,903,670
PROVISIONS		
Employee Benefits	5,338,898	3,894,529
Other Provisions	584,794,000	582,981,044
Provisions for Taxes (Net of advances and tax deducted at source)	—	—
Sub Total- Provisions	590,132,898	586,875,573
TOTAL - Current Liabilities & Provisions	20,552,413,089	20,433,779,243

SCHEDULE FORMING PART OF THE PROFIT & LOSS ACCOUNT

SCHEDULE - H OTHER INCOME

Particulars	As on 31.03.2011	As on 31.03.2010
Rent from Staff quarters	1,248	100,167
Other miscellaneous receipts	85,603	57,996
Income from Rentals	384,352,860	384,352,860
Interest on Fixed Deposits	18,486,795	18,311,958
Cash Discount Received	965,347	514,589
TOTAL RS.	403,891,853	403,337,570

SCHEDULE - I EMPLOYEES REMUNERATION & BENEFITS

Particulars	As on 31.03.2011	As on 31.03.2010
Basic Pay	—	159,837
Dearness Allowances	—	35,165
Book Allowances	—	1,775
Entertainment Allowances	—	1,525
Adm Charges Emp Dop linked Insurance	—	39,326
Other Allowances Employees	—	16,762
Salary Temp Posts & Works Charged	—	22,500
Electricity Charge Allowance	—	646
F B Allowances	—	396
Contribution to Foreign Services	—	59,540
Special Compensation Allowances	—	1,921
TOTAL RS.	—	339,393

SCHEDULE - J REPAIR AND MAINTENANCE

Particulars	As on 31.03.2011	As on 31.03.2010
Repairs and Maintenance		
- Office Equipments	7,543	10,128
- Vehicles	15,346	39,584
- Buildings	1,054,153	—
TOTAL RS.	1,077,042	49,712

SCHEDULE FORMING PART OF THE PROFIT & LOSS ACCOUNT

SCHEDULE - K

ADMINISTRATION AND GENERAL EXPENDITURE

Particulars	As on 31.03.2011	As on 31.03.2010
Advertisement	1,623,620	1,559,362
Audit Fees (Inclusive of Service Tax)	441,200	330,900
Books and Periodicals	—	2,123
Conveyance Expenses	70,751	22,238
Delayed Payment Charges	580,091	6,168,503
Fees and Subscriptions	28,145	4,500
Insurance on Fixed assets	—	66,249
Office Expenses	1,575	—
Other Professional Charges	1,892,674	2,248,653
Printing & Stationery	332,584	52,356
Rent, Rates & Taxes	14,670,349	13,045,435
Postage & Telegram	9,132	5,966
Profession Tax	2,500	—
Telephone	2,607	6,571
Travelling Expenses (Others)	49,997	141,873
Entertainment Expenses	31,838	28,625
Security Measures for Safety & Protection Basis	—	—
Various Expenditure Incurred on Meetings & etc.	45,000	45,280
Vehicle Expenses	—	125,393
Fixed Assets Written Off	610,095	—
TOTAL RS.	20,392,155	23,854,027

SCHEDULE - L

INTEREST AND FINANCE EXPENSES

Particulars	As on 31.03.2011	As on 31.03.2010
Interest on State Government Loans	2,105,625,425	2,299,772,165
Interest on CPSU Dues PP	220,623,320	258,992,593
Interest on CPSU Dues Coal	277,214,498	325,425,714
Bank Charges & Commission	1,660	5,145
TOTAL RS.	2,603,464,903	2,884,195,617

SCHEDULE - M

PRIOR PERIOD EXPENDITURE / INCOME

Particulars	As on 31.03.2011	As on 31.03.2010
Prior Period Expense		
Employee Cost Relating to Previous Year	—	—
Administrative Expenses of Previous Year	44,115	400,860
Operating Expenses of Previous Year	—	6,564,269
Interest & Finance Expenses of Previous Year	254,771,000	—
Loss on Sale of Fixed Assets	184,250	—
	254,999,365	6,965,129
Prior Period Income		
Other Income relating to prior Periods	2,523,503	2,433,059
Prior Period Depreciation	9,037,920	3,012,000
	11,561,423	5,445,059
Total Rs.	243,437,942	1,520,070

SCHEDULES FORMING PART OF THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT : 31ST March 2011.

SCHEDULE - N

SIGNIFICANT ACCOUNTING POLICIES AND CONVENTIONS

1. Accounting Conventions

- (a) The financial statements have been presented in accordance with the applicable provisions of the Companies Act ,1956 relating to the preparation and presentation of financial statements and comply with the requirements of Accounting Standards as prescribed under Section 211(3C) of the said Act.
- (b) The accompanying financial statements of the company are prepared in accordance with the Generally Accepted Accounting Principles (GAAP) applicable in India, under historical cost convention and on the accrual basis. GAAP comprises mandatory accounting standards specified in the companies (Accounting Standards) Rules, 2006 notified by the Central Government and other provisions of the Companies Act ,1956.
- (c) The preparation of financial statements in conformity with GAAP requires that the management makes estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent liabilities at the date of financial statements, and the reported amounts of revenue and expenses during the reported year. Actual results could differ from those estimates.

2. Basis of Presentation

The financial statements are prepared under historical cost convention, using the accrual system of accounting in accordance with the accounting principles generally accepted in India (Indian GAAP) and the requirements of the Companies Act, 1956, including the mandatory Accounting Standards.

3. Use of Estimates

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

4. Fixed Assets

- (a) Fixed assets are stated at cost of acquisition or construction less accumulated depreciation.
- (b) Acquisition cost include appropriate charge for Administrative expenses and cost of employees expected to have been incurred for acquiring the assets and putting them to use.

5. Depreciation

- (a) Depreciation is charged on straight line method at the rates specified in Schedule XIV of the Companies Act, 1956. Depreciation is calculated and charged to Revenue account on the basis of balance of overall gross block for each type of assets under each account head.
- (b) Assets costing upto Rs. 5000/- are fully depreciated in the year of acquisition.
- (c) Leasehold Land are amortized over the actual period of lease.

6. Impairment of Assets

- (a) The carrying amount of assets, other than inventories is reviewed at each balance sheet date, to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of the assets is estimated.
- (b) An impairment loss is recognized, whenever the carrying amount of asset or its cash generating units exceeds its recoverable amount. The recoverable amount is the greater of the assets net selling price and the value in use which is determined based on the estimated future cash flow generated from the continuing use of an asset and from its disposal at the end of its useful life, discounted to its present value.
- (c) An impairment loss is reversed , if there has been a change in the estimates made to determine and recognize the recoverable amount in the earlier year.

7. Intangible Assets and Amortisation

Intangible Assets are recognized as per the criteria specified in the Accounting Standard (AS) 26. Accordingly Leasehold Land is amortised over the period of lease.

8. Investments

- (a) Long term investments are carried at cost after providing for any diminution in value, if such diminution is of other than temporary nature.
- (b) Current investments are carried at lower of cost and market value. The determination of carrying costs of such investments is done on the basis of specific identification.

9. Provisions

A provision is recognized when the company has a present obligation as a result of past event and it is probable that an out flow of resources will be required to settle the obligation in respect of which a reliable estimate can be made based on technical valuation and past experience. Provisions are not discounted to its present value and are determined based on management estimate required to settle the obligation at the balance sheet date. No provision is recognized for liabilities whose future outcome cannot be ascertained with reasonable certainty. These are reviewed at each balance sheet date and adjusted to reflect the correct management estimate.

10. Revenue Recognition

Income is recognized on accrual basis.

11. Employee Benefits

- (a) **Short term employee benefits**
All employee benefits payable wholly within twelve months of rendering service are classified as short term employee benefits. Benefits such as salaries, wages, short term compensated absences, etc and the expected cost of bonus, ex-gratia are recognized during the period in which the employee renders the service.
- (b) **Defined Contribution Plans**
Company's contributions paid/ payable during the year to provident fund, officers superannuation fund, ESIC and labour welfare fund are recognized in the profit and loss account.
- (c) **Defined Benefit Plans**
Gratuity is accounted for on the basis of actuarial valuation.
- (d) **Long Term Benefits**
Leave encashment is accounted for on the basis of actuarial valuation.

12. Foreign exchange transactions

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

13. Taxes on Income

- (a) Tax on income for the current period is determined on the basis of estimated taxable income and tax credits computed in accordance with the provisions of the Income Tax Act 1961 and based on the expected outcome of assessments/ appeals.
- (b) Deferred tax reflects the tax effects of timing differences between the accounting income and the taxable income for the year, and quantified using the tax rates and laws that have been enacted or substantively enacted as on the balance sheet date.
- (c) Deferred tax assets are recognised and carried forward only to the extent that there is reasonable certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised.

14. Prior Period Items

These are separately accounted for and shown separately in the accounts.

SCHEDULES FORMING PART OF BALANCE SHEET AND PROFIT AND LOSS ACCOUNT:31ST MARCH 2010.

SCHEDULE O NOTES ON THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT.

1. BACKGROUND

- 1.1 The MSEB Holding Company Ltd. was incorporated w.e.f. 31.05.2005 consequent upon the decision of the Government of Maharashtra for reorganization of Maharashtra State Electricity Board (MSEB), pursuant to Chapter XIII of Electricity Act 2003. It had three Subsidiaries Companies viz. Maharashtra State Power Generation Co. Ltd., Maharashtra State Electricity Transmission Co. Limited, Maharashtra State Electricity Distribution Co. Limited. The Company started its operation from 6th June 2005 in accordance with the "Provisional Transfer Scheme" of the Government of Maharashtra.
- 1.2 The assets and liabilities reflected in the books as at 31.03.2011 include balance as on 06.06.2005 that have been accounted in the financial statements pursuant to the Provisional Transfer Scheme. The said scheme is Provisional, the balances of assets / liabilities are subject to change on notification of Final Transfer Scheme by Government of Maharashtra. All adjustments to effect the Final Transfer Scheme will be passed after the same is approved by the Government of Maharashtra.
- 1.3 Allocation of the opening balances as on 06.06.2005 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) have been done on the basis of audited balances of erstwhile MSEB as on 05.06.2005. The allocation of balances has been approved by the Board of Directors of the Company. Details of certain opening balances allocated to the Company are being obtained from the concerned departments of erstwhile MSEB.

2. BOOKS AND RECORDS

- 2.1 The Opening balances in the books of the Company include the balances inherited pursuant to the Provisional Transfer Scheme for restructuring of erstwhile Maharashtra State Electricity Board (Govt. Notification No. Reform 1005/CR 9061 (I)/ NRG-5, dated 4th June 2005) notified by the Government of Maharashtra (COM) and thereafter as approved by the Board. The nomenclature in the financial statements is as per erstwhile MSEB.
- 2.2 During the year the Company received from the GoM Rs 113.90 crores and Rs 144.53 crores respectively to repay PFC, REC loan obligation and Interest on Bonds. The entire amount received is in the form of grants
However, the said loans and the bonds are not presently in the books the Company. Accordingly, the money received from GoM is treated as received on behalf of MSEB Residual Board and further paid to PFC, REC and the Bond Holders on behalf of MSEB Residual.



3. SHAREHOLDERS FUNDS (Rs 12312.78 crores) (P.Y. Rs 8709.01 crores)
- 3.1 Share Capital (Rs 2 crores) (P.Y. Rs 2 crores)
- i) The entire issued, subscribed and paid-up share capital is held by GoM and its nominees.
- 3.2 Share Application Money Pending Allotment f Rs 12310.78 crores) (P.Y. Rs 8707.01 crores)
- i) Rs. 4294.52 crores (P.Y. Rs. 4294.52 crores) represents non-refundable Consumer Contribution collected by erstwhile MSEB. The amount is proposed to be converted as Equity Capital of GoM under the provisional Transfer Scheme presently notified.
- ii) Rs. 3464.62 crores (P.Y. Rs. 3464.62 crores) represents Equity Capital of GOM consequent to conversion of GOM Loan into Equity in the earlier years which was received as a part of balances transferred under the Provisional Transfer Scheme.
- iii) Rs. 495 crores (P.Y. Rs. 495 crores) represents GoM contribution towards DPC power purchase liability reallocated to MSEB Residual Board, in-terms of decision taken for interpretation of GOM letter No. DPC 1005/Case No. 34/Urja 1 dated 28.06.2005 (point No. 4).
- iv) Rs 411.20 crores (P.Y. Rs 411.20 crores) & Rs.41.67 crores (P.Y. Rs. 41.67 crores) have been received from GoM for application money for shares of Ratnagiri Gas Power Pvt Ltd. and Maharashtra State Power Generation Company Ltd. respectively. These amounts were required by the aforesaid companies for purchase of additional assets. The Holding Company has to issue shares to GoM based upon the difference in assets and liabilities of the subsidiaries. As this amount represents additional assets of the subsidiaries, the same is considered as Share Application Money received from GoM.
- v) Rs 2191.47 crores accounted for during the year represent Share Application money of GoM directly paid by the GoM to the Maharashtra State Power Generation Company Ltd. The Holding Company has to issue shares to GoM for the same.
- vi) Rs 1412.29 crores accounted for during the year represent Share Application money of GoM directly paid by the GoM to the Maharashtra State Electricity Distribution Company Ltd. The Holding Company has to issue shares to GoM for the same.
- vii) The Company will be required to issue additional shares to GoM based upon final decisions regarding above loans/advances to the Company. However, the exact amount of such additional equity to be issued is not yet crystallized. The Company is yet to initiate the procedures laid down in the Companies Act 1956, with regards to increasing the authorized Share Capital. This will be done after finalization of the Transfer Scheme. Hence no provision for stamp duty or other fees payable on increase in the Authorized Share Capital has been made in the financial statements.

4. RESERVE & RESERVE FUNDS Rs 265.02 crores (P.Y. Rs 265.02 crores)

The entire balances under Reserve and Reserve Funds include the opening balances as incorporated in the financial statements as per the notification in the Provisional Transfer Scheme. The purpose of creating the reserves is not known. The necessary adjustment entries will be made after getting the full information.

5. UNSECURED LOANS Rs. 6150.10 crores(P.Y. Rs. 5788.35 Crores)

5.1 The unsecured loans have been accounted for, based on opening balances received under Provisional Transfer Scheme. Further details including terms and stipulations for repayment of principal as well as interest are available with MSEDCL which are yet to be obtained.

5.2 Overdue principal on GoM loan amounting to Rs 1036 crores (P. Yr 848 crores) are included in the balances of unsecured loans as appearing in the Balance Sheet since no Government Resolution (G.R.) for adjustment of these principal balances has been received.

5.3 During the year intercompany adjustments (Inter Branch Adjustments) to the extent of Rs 75.93 crores were received from MSPGCL. The Adjustments were supported by Govt Resolution (GR No VPA - 2006/PK-565/Urja-3 dated 30-03-2007 and VPA-2007/PK-98/Urja-3 dated 29-06-2007) which stated that the State Govt would finance Rs 101.86 crores to MSEBHCL in the form of loan to pay the Central Govt Liability of Rs 1018.59 crores.

The GR also stated that the above said amount of Rs 75.93 crores was in the form of adjustment between MSPGCL and the State Govt. The same has been accounted for in the books of accounts. Further Interest on Loans has been provided for in the accounts.

6. FIXED ASSETS

6.1 The fixed assets appearing in the books of the Company are as per the Provisional Transfer Scheme and hence the same are considered as 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. Depreciation has been calculated considering rates applicable to the broad breakup.

6.2 Physical Verification of Assets have been conducted by the Management during the year. The Company has also compiled the Fixed Asset Register from the date of tri-furcation 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 have been reconciled. The asset wise details of cost of assets and written down values as per the asset register are also reconciled with the opening balances incorporated in Accounts. The Assets not belonging to the Company identified on physical verification together with Depreciation Reserve have been transferred to the respective Subsidiaries.

- 6.3 Sale deed specifying the cost of land & Building at Dharavi purchased by the erstwhile MSEB in December 1980 is yet to be finalized. However the Land & Building is in possession of the MSEBHCL and as per the Agreement, interest @ 14% on balance amount of Rs. 90,41,427 /- towards cost of Dharavi Bldg. is to be paid monthly. The part of premises being on rent, income from such rentals amounting to Rs.6,18,660/- (P.Y.Rs. 6,18,660) relating to the year under review has been recognized as Misc Receipts. However since the matter is sub-judice, interest being paid to M/s Estrella Batteries is not charged to revenue and is being shown as “deposits”, since in the opinion of the management the amount of interest is to be adjusted against the cost of the building. The amount of such interest relating to the year 2005-2006 to 2010-2011 amounting to Rs.73,66,230/- (P.Y. 61,00,434/-) has been included under” Other deposits “.
- 6.4 Additions to Fixed Assets amounting to Rs 33,89,239 /- have been accounted for the year on the basis of information received from MSEDCL (Civil Section).
7. INVESTMENTS Rs.12835.81 crores (P.Y. Rs. 8985.39 Crores)
- 7.1 The investment in Subsidiary companies represents 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 final transfer values are yet to be determined in accordance with the provisions of Section 131 of the Electricity Act, 2003. Therefore the present investment values may be affected due to revaluation of assets which is under consideration of GOM.
- 7.2 Investments also include Rs 15 Lakhs paid to subsidiary companies Viz, MSPGCL, MSETCL & MSEDCL (Rs 5 Lakhs per company) as a contribution towards the initial equity capital, for which share certificates are issued in the name of COM.
- 7.3 Rs 2191.47 crores accounted for during the year represent Investment of MSEB Holding Co. Ltd. in Maharashtra State Power Generation Company Ltd. directly paid by COM during the years 2006-2007 to 2010-2011. Shares have yet to be allotted for the same.
- 7.4 Rs 1412.29 crores accounted for during the year represent Investment of MSEB Holding Co. Ltd. in Maharashtra State Electricity Distribution Co. Ltd. directly paid by COM during the years 2008-2009 to 2010-2011. Shares have yet to be allotted for the same.
- 7.5 During the year Rs. 246.66 crores(P.Y.30.30 crores) received by MSEDCL from debtors appearing under “Receivable against Sale of Power” have been transferred to Investments in accordance with Board resolution in this regard.
8. RECEIVABLES AGAINST SUPPLY OF POWER Rs. 4794.02 Crores (P. Yr. 5040.68 Crores)
- 8.1 In accordance with the provisional Transfer Scheme, approved by COM receivables against supply of power amounting to Rs.6076.87 Crores along-with provision for Bad & Doubtful debts amounting to Rs.1497.26 Crores were allocated to the company on the date of transfer. The supporting records for account head-wise break up of opening balances are in the offices of MSEDCL. MSEDCL informs the Company about recoveries made from these debtors. The Company passes necessary entries

on the basis of information received from MSEDCL. During the year Rs.246.66 crores (P.Y. Rs. 30.30 Crores) has been recovered MSEDCL and the adjustment entries regarding the same have been passed. The Company has got no information about any interest and penalties recovered from customers or concessions given to customers and hence the Company has not passed any entries for the same.

- 8.2 No further provision during the year towards Bad & Doubtful debts is considered necessary though all receivables are more than 3 years old as these receivables are as per Provisional Scheme of Transfer and ultimate balances may be affected upon finalization of Transfer Scheme.

9. INTER COMPANY ACCOUNTS

Inter Company balances were reconciled upto 31st March 2011.

10. TAXATION

Provision for Income tax has been made during the year under the income heads Income from House Property and Income from Other Sources.

11. CURRENT LIABILITIES

Current Liabilities includes :

- 11.1 Liabilities for Capital Supplies Rs. 140.01 crores (P.Y. 140.01 Crores) being provision for supply of Materials/ Works capital GTPS Uran representing provision made by Gas Turbine Power Station, URAN (erstwhile MSEB) in its books for the period ended on 5.6.2005 towards outstanding payment for supply of materials/ works capital. Payments for these liabilities have already been made by GoM to KFW, Germany and to Siemens, AG, Germany. Detailed terms and conditions of repayment of the above amount are yet to be received. As per the provisional Transfer Scheme presently notified, the amount is proposed to be retained by GoM as a one-time restructuring support.
- 11.2 Provision for Liabilities for Expenses - Rs.58.19 crores (P.Y. 58.19 Crores) represents old Lease Rent Provision, Guarantee fees and interest thereon.
- 11.3 Liabilities for payment to GoM towards Central Govt. adjustment - Rs 603.18 crores (P.Y. Rs. 603.18 Crores) representing amount adjusted by G.O.I, from Central Plan Allocation which was payable by erstwhile MSEB to the CPSU's. Viz. NTPC., NPC., BHEL., Railway, CIL. These C.P.S.U. deduction/claims are proposed to be retained by GoM and allocated in the books of the company.
- 11.4 Government Subsidy Refundable - Rs.1.38 crores (P.Y. Rs. 1.38 Crores) represents liability pertaining to returnable subsidy payable to GoM.
- 11.5 Interest accrued but not due on GoM Loan - Rs.872.99 crores (P.Y. Rs.872.99 Crores) : These amount represent interest accrued on GOM Loan up 5th June 2005 as per Provisional Transfer Scheme.

12. ACCOUNTING OF REVENUE EXPENDITURE

Profit & Loss Account

- 12.1 The Buildings and Other Assets allocated to the Co. are maintained by the Civil Maintenance Department of MSEDCL. The expenditure incurred by MSEDCL on repairs, maintenance and other incidentals for fixed assets allocated to the company have been accounted for on the basis of intimation received from MSEDCL.
- 12.2 The expenses incurred at Guest House maintained by the Company at New Delhi other than those specifically relating to the entity for whom these were incurred and those absorbed by the company, totally amounting to Rs 74.08 Lacs (P.Y. Rs. 66.44 Lacs), have been allocated as per the M.O.U. dt. 08/06/2009 entered into by MSEBHCL with the subsidiaries.
- 12.3 As per the Memorandum of Understanding dated 08/06/2009 with effect from 01/04/2008 the expenditure amounting the Rs 157.15 lacs (P.Y. Rs.120.51) on account of all existing taxes including property tax NA tax, Insurance premium, service tax, lease tax if levied by the local authorities, State or Central Govt, has been accounted for on the basis of advices received from MSEDCL - Civil Circle, Bandra.
- 12.4 The Managing Director has not drawn any remuneration from the Company during the year.

13. GENERAL

- 13.1. Book losses pertaining to erstwhile MSEB have been allocated to the Company in accordance with the restructuring. Additional allocation will be subject to the Transfer Scheme being notified.
- 13.2 The Internal Audit function of the Company is conducted by an external firm of Chartered Accountants. The management is of the opinion that the internal audit is commensurate with the size and nature of the business.

14. DISCLOSURES REQUIRED UNDER SCHEDULE VI AND COMPLIANCE TO ACCOUNTING STANDARDS TO THE EXTENT APPLICABLE.

14.1. Remuneration Paid to Directors (To the extent accounted for in the books)

Salary and allowances paid to Director-Finance	Nil
--	-----

14.2. Auditors Remuneration

	Current Year (Rs)	Previous Year (Rs)
1) For Statutory Audit Fees	400,000	300,000

14.3. Details of Dues to Micro and Small Enterprises

The company has not identified dues to Micro and Small Enterprises.

14.4 Employee Benefits AS-15

The company has obtained Actuarial Valuations in respect of leave encashment and gratuity liabilities towards employees on the rolls of the company. Other employee benefits as specified under AS-15 issued by ICAI are dealt with as and when paid. are as follows :

	(in Rs.)
A) Defined Contribution Plan :	
Contribution to Defined Contribution Plan, recognised as an expense and included in "Employee Cost"	
- Schedule 15 in the Profit and Loss Account are as under :-	
- Employers contribution to Provident Fund	Nil
- Employers contribution to Family Pension scheme	Nil
- Employers contribution to Employees State Insurance, EDLI scheme	Nil
- Employers contribution to Superannuation fund	Nil

	Gratuity (Unfunded)	(in Rs.)	(in Rs.)
	Particulars	2010-11	2009-10
I	Change in obligation during the year ended 31st March, 2011		
1.	Liability at the beginning of the year	2,475,727	1,792,594
2.	Interest Cost	198,058	-
3.	Current Service Cost	109,970	1,891,970
4.	Benefit Paid	-	1,208,837
5.	Actuarial (Gain) / Loss	114,528	-
6.	Liability at the end of the year	2,898,283	2,475,727
II	Change in assets during the year ended 31st March, 2011		
1.	Plan assets at the beginning of the year		
2.	Expected return on plan assets		
3.	Contributions payable		
4.	Benefit paid		
5.	Actuarial (Gain)/Loss		
6.	Plan assets at the end of the year		
7.	Total actuarial (gain)/loss to be recognized		

III	Actual Return on Plan Assets		
1.	Expected Return on plan assets		
2.	Actuarial (Gain)/Loss		
3.	Actual return on plan assets		
IV	Net asset / (liability) recognized in the Balance Sheet as at 31st March, 2011		
1.	Liability at the end of the year		
2.	Plan assets at the end of the year		
3.	Liability / (asset) recognized in the Balance sheet	2,898,283	2,475,727
V	Net asset / (liability) recognized in the Balance Sheet as at 31st March, 2011		
1.	Current Service Cost	109,970	1,891,970
2.	Interest Cost	198,058	
3.	Expected Return on Plan Assets		
4.	Actuarial (Gain)/Loss	114,528	
5.	Total expenses recognized in the Profit and Loss Account	422,556	1,891,970
VI	Principal actuarial assumptions at the Balance Sheet date:		
1.	Discount rate at 31st March, 201 1	8%	8%
2.	Expected return on plan assets as at 31st March, 2011		
3.	Salary escalation	5%	5%

14.5 Segment Reporting AS -17

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

14.6 Related Party Disclosures AS- 18

Disclosures required in respect of Accounting Standard (AS) 18 “Related Party Disclosures” are as under:

List of related parties over which control exists:

Sr No	Name of the Related Party	Relationship
1	Maharashtra State Electricity Distribution Co. Ltd.	Wholly owned subsidiary
2	Maharashtra State Electricity Transmission Co. Ltd.	Wholly owned subsidiary
3	Maharashtra State Power Generation Co. Ltd.	Wholly owned subsidiary
4	Maharashtra State Electric Power Trading Co.(P) Ltd	Wholly owned subsidiary
5	Aurangabad Power Company Ltd	Subsidiary of MSPGCL
6	Dhule Thermal Power Company Ltd	Subsidiary of MSPGCL
7	Mahaguj Colliaries Ltd	Subsidiary of MSPGCL
8	Dhopave Coastal Power Ltd	Subsidiary of MSEDCL

In view of the exemption given in Para 9 of the Accounting Standard, the company is not required to disclose transactions with its subsidiaries since they are state-somtrrolled enterprises.

14.7 Earnings per share as per AS-20

Particulars	2010-11	2009-10
Profit/(loss) after taxes Rs. Crores	(2,585,814,683)	(2,524,732,613)
Number of equity shares outstanding	20,00,000	20,00,000
Face value of equity shares Rs. / Share	10	10
Earnings per share (basic and diluted) Rs.	(1293)	(1262)

A the Provisional Transfer Scheme is not yet finalized the amount of Shares to be allotted to the GoM, value at which the shares to be allotted and the date of allotment is uncertain. In view of the same the basic and diluted earnings are calculated on the basis of shares allotted till date.

14.8 Deferred Tax Asset/Liability AS-22

Since the Management is of the opinion that the Company will not have businessIncome in the near future Deferred Tax Asset has not been recognized. Also the Provision for Deferred Tax Asset made in the Accounts till last year from the date of trifurcation has been reversed and the necessary effects to the same have been given in the Final Accounts.

14.9 Impairment of Assets AS-28

The carrying amount of assets were reviewed by the management during the year and no cases of impairment were observed.

14.9 Impairment of Assets AS-28

No contingent liabilities have been allocated to the company as a part of the Provisional Transfer Scheme. In the opinion of the management, there are no contingent liabilities as on the date of the Balance Sheet that require disclosure in accounts.

15. Previous Years' figures have been regrouped & reclassified wherever considered necessary.

As per our report attached
SHARP & TANNAN
Chartered Accountants
Registration No. 109982W
By the Hand of

R. D. KARE (Partner)
Membership No. 008820
Place : Mumbai.
Date : 15th Sept, 2011

S. M. Madan
Chief General Manager (F) I / C
For and on behalf of the Board
For MSEB HOLDING COMPANY LTD.

G. J. Girase
DIRECTOR FINANCE

Ajoy Mehta
DIRECTOR

Subrat Ratho
MANAGING DIRECTOR

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE
I Registration Details

Registration Number

1 5 3 6 4 9

State Code

1 1

Balance Sheet Date

3 1

0 3

2 0 1 1

II Capital Raised during the year (Amount in Rs. Thousand)

Public Issue

N I L

Right Issue

N I L

Bonus Issue

N I L

Private Placement

N I L

III Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousand)

Total Liabilities

1 8 7 2 8 0 7 0 8

Total Assets

1 8 7 2 8 0 7 0 8

SOURCES OF FUNDS

Paid Up Capital

* 1 2 3 1 2 7 7 9 3

Reserves & Surplus

2 6 5 1 8 6 9

Secured Loans

0 0

Unsecured Loans

6 1 5 0 1 0 4 5

APPLICATION OF FUNDS

Net Fixed Assets

3 5 3 4 2 5

Investments

1 2 8 3 5 8 1 2 3

Net Current Assets

2 4 1 5 8 5 6 8

Miscellaneous Expenses

0

Accumulated Losses

3 4 4 1 0 5 9 2

IV Performance of the Company (Amount in Rs. Thousand)

Turnover

4 0 3 8 9 1

Profit (+) /Loss (-)before Tax

(-) 2 4 8 2 3 0 3

Earning per Share in Rs.

(-) 1 2 9 3

Total Expenditure

2 6 4 2 7 5 7

Profit (+) /Loss (-)after Tax

(-) 2 5 8 5 8 1 5

Dividend Rate (%)

N I L

V Generic Names of Three Principal Products/Services of Company (As per Monetary Terms)

Item Code No.

1 I N V E S T M E N T

2

3

S. M. Madan
Chief General Manager (F) I / C

For and on behalf of the Board
For MSEB HOLDING COMPANY LTD.

G. J. Girase
DIRECTOR FINANCE

Ajay Mehta
DIRECTOR

Subrat Ratho
MANAGING DIRECTOR

STATEMENT OF HOLDING COMPANY'S INTEREST IN THE SUBSIDIARY COMPANIES

[Section 212 (i) (e) of the Companies Act 1956]

Financial year 2010-11

The Balance Sheet of MSEB Holding Co. Ltd. have been drawn in accordance with Schedule VI of the Companies Act, 1956 and are being finalised. The Balance sheets of other Subsidiary Companies except MAHAGUJCL and DHULE TPCL Ltd. for the year 2010-2011 are yet to finalised.

(a) The extent of Holding Company's interest at the end of Financial year as on 31-03-2011.
Investment in shares of the subsidiary Companies.

	Rs.
MSPGCL	47,96,55,00,537
MSETCL	26,96,04,20,456
MSEDCL	49,22,01,02,250
MSEPTCL	10,01,00,000
TOTAL	<u><u>1,24,24,61,23,252</u></u>

(Share certificates for the above investment from Subsidiary Companies except MSEPTCL would be received after finalisation of Transfer Scheme)

(b) Net aggregate amount so far as it concerns members of Holding Company, and is not dealt with in the Company's accounts of the subsidiary's profit after deducting its losses or vice versa.

(i) For the Financial Year 2010-2011	Rs.
Loss of MSEB HCL --	2,58,58,14,683
(After Tax)	
(Dealt with Balance Sheet)	
Add: Loss of MAHAGUJCL ---	<u>1,08,23,748</u>
Less: Surplus of MSETCL --	32,93,44,11,333
(Not dealt with Holding's B.S.)	
TOTAL LOSS	<u><u>69,67,72,902</u></u>

- (ii) For the previous financial year 2009-2010 of the subsidiary since it became the holding Company's Subsidiary or subsidiary of the subsidiary company.

Loss of MSEB HCL	--	2,52,47,32,614
(After Tax)		
(Dealt with B/S)		
Add : Surplus of MSETCL	--	2,45,01,34,686
Surplus of MSPGCL	--	2,03,39,84,543
Loss of MSEDCL	--	10,84,77,27,000
Surplus of MSEPTCL	--	63,80,869
Loss of MAHAGUJCL	--	59,80,400
Loss of DHULE TPCL	--	11,534
Surplus of DHOPAVECPL	--	Nil
Loss of AURANGABADPCL	--	
(Not dealt with Holding's B.S.)		
TOTAL LOSS		8,88,79,28,382

- (c) The net aggregate amount of the subsidiary's profit after deducting its losses or vice versa.

(i) For the Financial Year 2010-11		Rs.
Less : Surplus of MSETCL	--	5,19,13,45,654
Add : Loss of MAHAGUJCL	--	23,94,07,967
(Not dealt with Holding's B.S.)		
TOTAL LOSS	--	4,95,19,37,687

- (ii) For the previous financial years (2009-10) of the subsidiary since it became the holding Company's Subsidiary or subsidiary of the subsidiary company.

		Rs
Add :		
Surplus of MSETCL	--	2,16,34,34,321
Surplus of MSPGCL	--	6,62,73,51,819
Loss of MSEDCL	--	4,22,13,99,562
Surplus of MSEPTCL	--	1,07,44,822
Loss of MAHAGUJCL	--	22,85,84,219
Surplus of DHOPAVECPL	--	----
Loss of DHULE TPCL	--	24,171
Loss of AURANGABADPCL	--	
(Not dealt with Holding's B.S.)		
TOTAL SURPLUS		4,35,15,23,010

The Accounts of the other subsidiary companies except MSETCL and MAHAGUJCL for the F.Y 2010-11 are under audit process.

As per our report attached
SHARP & TANNAN
Chartered Accountants
Registration No. 109982W
By the Hand of

R. D. KARE (Partner)
Membership No. 008820
Place : Mumbai.
Date : 15th Sept, 2011

S. M. Madan
Chief General Manager (F) I / C

For and on behalf of the Board
For MSEB HOLDING COMPANY LTD.

G. J. Girase
DIRECTOR FINANCE

Ajoy Mehta
DIRECTOR

Subrat Ratho
MANAGING DIRECTOR

Auditors' Report

We have audited the attached Balance Sheet of MSEB HOLDING COMPANY LIMITED as at 31st March 2011, the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. Subject to our observations as stated hereunder, we believe that our audit provides a reasonable basis for our opinion.

In accordance with the provisions of Section 227 of the Companies Act, 1956, we report that:

1. As required by the Companies (Auditor's Report) Order, 2003 and as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 ('Order') issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.
2. Further to our comments in the Annexure referred to above, we report that:
 - a) We have obtained all information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit, except in case of;
 - Investments in subsidiaries (refer note no. 7 of Schedule 'O');
 - Particulars regarding receivable against sale of power, provision for doubtful debts thereon (refer note no. 8 of Schedule 'O'); and
 - Particulars regarding current liabilities (refer note no. 11 of Schedule 'O').
 - Secured/unsecured loans, advances, other current assets, current liabilities and other debit and credit balances which are under reconciliation, confirmation, pending necessary accounting adjustments (refer note no. 5 of Schedule 'O')
 - b) In our opinion, proper books of account as required by law have been kept by the Company, so far as it appears from our examination of those books (refer note no. 1.1 of Schedule 'O');
 - c) The Balance Sheet, the Profit and Loss Account and the Cash Flow Statement, dealt with by the report are in agreement with books of account;
 - d) In our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement, comply with the accounting standards referred to in Section 211(3C) of the Companies Act, 1956, to the extent applicable;

- e) The provisions of Section 274(1)(g) of the Companies Act, 1956, are not applicable to the Company, pursuant to the Notification No. GSR 829(E) dated 17th July, 2003 issued by the Government of India;
- f) Based on the foregoing observations, the effect on the losses for the year and its consequential effects on the assets and liabilities of the Company are not presently ascertainable, in our opinion and to best of our information and according to the explanations given to us, the said financial statements read together with the Significant Accounting Policies in Schedule 'O' and Notes on the Balance Sheet and Profit and Loss Account in Schedule 'P' appearing thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2011;
 - ii) in the case of the Profit and Loss Account, of the loss for the year ended on that date; and
 - iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

SHARP & TANNAN
Chartered Accountants
Registration No. 109982W
By the Hand of

R. D. KARE (Partner)
Membership No. 008820

Place : Mumbai.
Date : 15th Sept, 2011

Annexure to the Auditors' Report

(Referred to in paragraph 1 of our report of even date)

1. a) The Company has maintained fixed assets register in respect of assets allocated under Scheme of Transfer. This register of the erstwhile Maharashtra State Electricity Board has been updated to show proper particulars including quantitative details and situation of the fixed assets (refer note no. 6 of schedule 'O').
b) The fixed assets of the Company have been physically verified by the management during the year. No material discrepancies were found between the book records and the physical inventory. (Refer note no. 6 of schedule 'O').
c) The Company has not disposed off any substantial part of the fixed assets during the year so as to affect its going concern status.
2. As there are no inventories, reporting on paragraph 4(ii) of the Order does not arise.
3. According to the information and explanations given to us, the Company has neither granted nor taken any loans to/from companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. Hence, paragraph 4(iii) (b), (c) and (d) of the Order is not applicable.
4. In our opinion and according to the information and explanations given to us, the Company has adequate internal control systems commensurate with the size of the Company and nature of its business for the purchase of fixed assets. During the course of audit, we have neither come across nor have been informed of any continuing failure to correct major weakness in the aforesaid internal control system.
5. According to the information and explanations given to us, there are no contracts or arrangements with companies or other parties which need to be entered in the register maintained under Section 301 of the Companies Act, 1956. Hence, paragraphs 4(v) and 4(v)(b) of the Order are not applicable.
6. The Company has not accepted any deposits from the public to which the provisions of Section 58A of the Companies Act, 1956 and the rules framed there under apply.
7. In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
8. According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under Section 209 (1) (d) of the Companies Act, 1956.
9. a) According to the information and explanations given to us, the company is regular in depositing undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, cess and other statutory dues with the appropriate authorities.

- b) According to the information and explanations given and representation made to us, there are no disputes pending in any forum in respect of dues of sales tax/custom tax/wealth tax/ excise duty and cess. The particulars of income-tax as at 31st March, 2011, which have not been deposited on account of a dispute are as under:

Name of the Statute	Nature of the disputed dues	Amount (Rs. Crore)	Period to which the amount relates	Forum where Dispute is pending
The Income Tax Act, 1961	Tax and interest	39.01	2007-08	Commissioner of Income Tax (Appeals)
The Income Tax Act, 1961	Tax and interest	39.01	2007-08	Commissioner of Income Tax (Appeals)
The Income Tax Act, 1961	Tax and interest	39.01	2007-08	Commissioner of Income Tax (Appeals)
The Income Tax Act, 1961	Tax and interest	39.01	2007-08	Commissioner of Income Tax (Appeals)

10. The Company was incorporated on 31 May, 2005, however, its accumulated losses which are transferred as per the Provisional Transfer Scheme are not more than 50% of its net-worth (computed inclusive of share application money pending allotment and other items transferred to the Company under the Scheme). The Company has not incurred cash losses in the financial year however company had incurred cash losses in the immediately preceding financial year.
11. The Company has not taken any loans from financial institutions or banks and has not issued debentures. Hence, paragraph 4(xi) of the Order is not applicable.
12. According to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Hence, paragraph 4(xii) of the Order is not applicable.
13. The provisions of any special statute applicable to a chit fund/ nidhi/ mutual benefit fund/ society are not applicable to the Company. Hence, paragraph 4(xiii) of the Order is not applicable.
14. According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, bonds and other investments. Hence, paragraph 4(xiv) of the Order is not applicable.
15. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions. Hence, paragraph 4(xv) of the Order is not applicable.
16. According to the information and explanations given to us, no term loans have been obtained during the year. Hence, paragraph 4(xvi) of the Order is not applicable.
17. According to the information and explanations given to us and on overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investments. Hence, paragraph 4(xvii) of the Order is not applicable.

18. The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under Section 301 of the Companies Act, 1956, during the year.
19. The Company has not issued any debentures during the year. Hence, reporting on paragraph 4(xix) of the Order pertaining to creation of security or charge for debentures does not arise.
20. The Company has not raised any money by public issue during the year. Hence, paragraph 4(xx) of the Order is not applicable.

SHARP & TANNAN
Chartered Accountants
Registration No. 109982W
By the Hand of

R. D. KARE (Partner)
Membership No. 008820

Place : Mumbai.
Date : 15th Sept, 2011