



Generating for Generations

**9th ANNUAL REPORT
2013-2014**



MAHARASHTRA STATE POWER GENERATION COMPANY LIMITED

ANNUAL REPORT
2013-2014

Annual Report 2013-2014

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Maharashtra State Power Generation Co. Ltd.

Board of Directors (from 01.04.2013 up to AGM date)

Chairman & Managing director Shri Asheesh Sharma (w.e.f. 06.07.12 to 05.01.2015)
Shri Bipin Shrimali (w.e.f. 05.01.2015)

Director Shri Ajoy Mehta (w.e.f. 30.11.12 to 04.02.2015)
Shri Mukesh Khullar (w.e.f. 04.02.2015)

Director (F) Shri S. A. M. Naqvi (w.e.f. 26.12.12 to 26.08.13)
Shri J. K. Srinivasan (w.e.f. 26.05.2014)

Director (O) Shri M. G. Waghmode (upto 03.04.13)
Shri Vijay Singh (w.e.f. 28.08.13)

Director (P) Shri C. S. Thotwe (w.e.f. 28.08.2013)

Director Shri P. V. Page (w.e.f. 1.12.08 to till date)
Smt. Irawat Dani (w.e.f. 26.06.2014 to till date)

Directors' Report

Dear Members

Your Directors are pleased to present the 9th Annual Report and the audited annual accounts for the year ended 31st March 2014.

FINANCIAL RESULTS

(₹ in lacs)

| | 2013-14 | 2012-13 |
|---------------------------------|------------|--------------|
| Income | | |
| Revenue from Sale of Power(net) | 1653821.34 | 1,642,386.20 |
| Other Income | 8373.98 | 21,918.44 |
| Gross Income | 1662195.14 | 1,664,304.64 |
| Expenditure | | |
| Cost of Material consumed | 1081083.00 | 1,082,212.05 |
| Other Exp | 150033.80 | 206,505.07 |
| Employee Cost | 111641.20 | 91,003.64 |
| Depreciation/ amortization | 116343.04 | 55,696.88 |
| Finance Cost | 171097.19 | 136,110.70 |
| Net Profit before tax, | 31996.87 | 92,776.30 |
| Tax (net) | 20892.55 | 43,978.37 |
| Net Profit after tax | 11104.32 | 48,797.93 |

Financial Performance

During the year under review, the income from sale of power increased marginally by 0.69 % from ₹ 1,642,386 lacs to ₹ 1,653,821 lacs. Other income during this period decreased by 62% to ₹ 8,373 lacs thereby making overall reduction in total income by 0.12%. There was no increase in cost of material consumed. The Finance cost increased by 26% from ₹ 136,110 lacs to ₹ 171,097 lacs mainly on account of interest burden on new commissioned bhusawal units and Solar project. Employee cost has risen from ₹ 910,003 lacs to ₹ 111,641 lacs (23%) due to provision for employee pay revision which was due from 1st April 2013. Depreciation / amortization has increased 109 % due to addition of Bhusawal units and change in policy. The other expenses have decreased from ₹ 206,505 lacs to ₹ 150,033 lacs. As a result, overall profit is decreased to ₹ 11,104 lacs from ₹ 48,797 lacs previous year.

Dividend

In view of huge capacity addition plans of the company there is a substantial requirement of funds for future generation projects of the company to overcome the power shortage being faced by the State, Accordingly your Directors have decided to plough back the surplus generated into the ongoing expansion projects and hence not recommended dividend for the year under review.

Operational Performance

The total Installed Capacity of Mahagenco is 11367 MW as on 31.3.2014. Bhusawal Unit 5 (500MW) declared for commercial operation w.e.f. 03.01.2014. However, the full load capacity of the Bhusawal unit -5 was restricted to 400MW due to accidental collapse of ESP hoppers in D pass on 18.10.2013.

During the year under review, the total generation from coal fired and gas fired units was 37018 MUs and 3273 MUs as against 39048 MUs and 3741 MUs respectively previous year. Generation from Hydro and solar units was 5074 MUs and 181 Mus.

During the year 2013-14, for coal-fired plants, the average availability factor was 83.92% as against 84.31% of last year. The plant load factor was 63.64% as against 65.27%. The overhaul of 8 units was taken up during 2013-14 as against overhaul of 14 units during 2012-13. The planned outage & forced outage factor for the year 2013-14 were 7.2% & 7.41% as against 6.4 % & 8.02% for 2012-13. For gas based plants, average availability was 96.23% and PLF was 55.61%. During the year Parli U-3 to 7 could not be run due to acute shortage of water for substantial part of the year.

The other operational performance factors are as below:-

The Coal Realization for the year 2013-14 was 68.90% as against 73.31% of previous year. Specific coal consumption for the year 2013-14 was 0.880 Kg/ Kwh as against 0.856 Kg/ Kwh of last year. The Boiler Tube Leakage percentage for the year 2013-14 was 2.89% as against 3.40% of last year. Specific oil consumption for the year 2013-14 was 3.71 ml/Kwh as against 3.63 ml/Kwh of last year. The auxiliary consumption for the year 2013-14 was 10.58% as against 10.62% of last year. The average gross calorific value of coal fired during the year 2013-14 was 2991 Kcal/Kg. The heat rate for the year 2013-14 was 2666 Kcal/Kwh. The transit loss for the year 2013-14 was 1.02% as against 0.87% for last year.

Capacity Addition Programme

For meeting the power demand in the state of Maharashtra, Mahagenco is taking up implementation of various thermal power projects.

(A) Commissioned Thermal Power Projects – 500 MW:

Bhuswal TPS Unit 5 (500 MW) :

This unit has completed Trial operation on 01.06.2013 and started commercial operations from 04.01.2014. Government of Maharashtra has approved the above project vide Government Resolution no. vi ni k 2005 / Pra. Kra. 2044 / Oorja-4 dated 12.05.06.

(B) Ongoing Projects- 3230 MW:

1. Chandrapur TPS Unit 8 & 9 (2 x 500 MW):

Order for main plant equipment has been placed on M/s. BHEL on 25.07.08. Zero date: 09.02.09. Order for balance of plant has been placed on 12.06.09 on M/s BGR Energy System Ltd., Chennai. The following major milestones have been achieved during the year:

| Sr. No. | Major milestone of Unit-8 | Achieved on |
|---------|---------------------------|-------------|
| 1. | T. G. Box up | 23.11.2013 |
| 2. | Boiler light up | 30.3.2014 |

| Sr. No. | Major milestone of Unit-9 | Achieved on |
|---------|---------------------------|-------------|
| 1. | Condenser Erection start | 14.11.2013 |
| 2. | T.G.Erection start | 14.11.2013 |

The works on the project are in progress. The commissioning of Unit 8 is expected by 15.02.2015 and that of Unit 9 by 15.05.2015.

Government of Maharashtra has approved the project vide Government Resolution no. Project - 2007/ Pra. Kra. 1106/ Urja-4 dated 05.03.08.

2. Parli TPS Unit 8 (250 MW) :

Order for main plant equipment has been placed on M/s. BHEL on 20.01.09 (Zero date). Order for Balance of Plant excluding Natural Draft Cooling Tower (NDCT) from it's scope, is placed on M/s Sunil Hi-Tech Engineers Ltd. on 01.01.2010. Order for NDCT with film fills is placed on M/s Gammon India Ltd. on 05.01.2010.

The works on the project are in progress. The commissioning of the unit is expected by 30.3.2015.

Government of Maharashtra has approved the above project vide Government Resolution no. prakalpa- 2008/ pra.kra. 1491/ Urja - 4 dt. 26.05.09.

3. Koradi TPS Unit 8, 9 & 10 (3 x 660 MW) :

Order for Boiler & Turbo Generator package has been placed on M/s. L & T on 23.09.09 (Zero date). Order for Balance of plant is placed on M/s. Lanco Infratech Ltd., Haryana on 27.07.10. Further works on the project are in progress.

The following major milestones have been achieved during the year :

| Sr. No. | Major milestone of Unit-8 | Achieved on |
|---------|---------------------------|-------------|
| 1. | Hydraulic test | 15.6.2013 |
| 2. | TG Box up | 31.10.2013 |
| 3. | Oil Flushing completion | 28.2.2014 |
| 4. | Turbine on barring gear | 03.03.2014 |

| Sr. No. | Major milestone of Unit-9 | Achieved on |
|---------|---------------------------|-------------|
| 1. | Hydraulic test | 06.01.2014 |

| Sr. No. | Major milestone of Unit-10 | Achieved on |
|---------|----------------------------|-------------|
| 1. | TG Erection start | 06.06.2013 |
| 2. | Condenser Erection Start | 09.07.2013 |

The remaining works of the project are in progress. Full load operation of Unit 8, 9 & 10 are expected by 15.02.2015, 15.07.2015 and 30.11.2015 respectively.

Government of Maharashtra has approved the project vide Govt. Resolution No. Prakalp 2008/Pra.Kra.1189/Urja-4 dated - 14.10.2008.

(C) Future Projects (6090MW) :**1. Bhusawal TPS Unit 6 (1 x 660 MW) :**

Land: Land for the project is acquired.

Water: 13 MM3/ year can be made available from Hatnur Dam & Sudhgaon Bandhara and the balance water requirement of 7 MM3/year from Ozerkheda Dam.

Fuel : MahaGuj collieries ltd. has, vide letter dtd. 18th May, 2011, assured supply of coal to this project from Machhakata coal blocks. **However Supreme Court vide order dated 24.09.2014, in writ petition (CRL) no 120 of 2012, cancelled coal block allocations made in the period 1993 to 2012.**

Environment Clearance: MOEF has accorded Environmental clearance for the project on 27.11.2012.

Power purchase Agreement: MERC passed order for PPA between Mahagenco and Mahavitaran.

Bid submission against tender on EPC basis carried on 13.1.2014. after scrutiny of Technical and commercial bids, order shall be placed on the successful bidder.

Government of Maharashtra has accorded approval for implementation of this project vide Government Resolution no. Prakalpa - 2010/ Pra. Kra. 3/ Urja-4 dated 05.10.2010.

2. Nasik TPS Unit 6 (1 x 660 MW) :

Land: Land for setting of this project is being made available by suitable readjustment of land in possession of Mahagenco.

Water: WRD has, vide letter dtd. 12th Jan. 2011, approved reservation of 6.5 mm³ /year of additional water.

Fuel : GoI vide letter dtd 06.09.2013 has allocated Mahajanwadi Coal block , Nagpur for this project.

Environment Clearance: The Terms of Reference (TOR) is received from Ministry of Environment & Forests, Govt. of India on 15.06.2011. Public hearing is conducted successfully on 07/05/2013. MoM of Public hearing received from MPCB. Application for final EC submitted to MOEF.

Power purchase agreement : MERC passed the order for PPA between Mahagenco and Mahavitaran.

Preparation of tender specification is in process.

Government of Maharashtra has accorded approval for implementation of this project vide Government Resolution no. Prakalpa - 2011/ Pra. Kra. 313/ Urja-4 dated 29.12.2011.

3. Paras Thermal Power Project Unit 5 (1 x 250 MW):

It is planned to install one coal based super critical unit of 250 MW capacity at Paras.

Land: Land for above project is acquired.

Water: Water for this project is available from lower Mun barrage.

Fuel : GoI vide letter dtd 06.09.2013 has allocated Mahajanwadi Coal block , Nagpur for this project.

Environment Clearance: The Terms of Reference (TOR) is received from Ministry of Environment and Forests Govt of India on 26.09.12. Finalization for EIA was pending due to coal analysis report of revised coal linkage. Application for public hearing was submitted to MPCB on 21.6.14 & 2.7.14. Application for extension of validity of TOR is submitted to MoEF.

Power purchase Agreement: MERC vide order dtd. 29.10.13 accorded approval to amend PPA dtd 01.04.2009 with MSEDCL for addition of this project in existing PPA.

4. Dondaicha TPS Unit –1, 2, 3, 4 & 5 (5 x 660 MW) :

- As per Govt. directives, implementation of the project shall be done by forming a JV company with NTPC Ltd. or by its own.
- Draft copy of MOU for formation of JV Company with M/s NTPC submitted to GoM for approval.
- Land: Land acquisition activities are in progress. 469.44 Hect of land (out of 675.32 hect.) and 46.42 Hect. Govt land (out of 149.62) has been acquired up to August 2014.
- Water:WRD has accorded approval (in general) for reservation of 80.56 MM³ water from Nimna Tapi project on Tapi river.
- Fuel : Coal required for Unit 4&5 will be made available from Chendipada Coal block, Orissa. The coal for Unit 1,2&3 (Stage-I) will be made available from Machhakata coal block in Orissa. **However Supreme Court vide order dated 24.09.2014, in writ petition (CRL) no 120 of 2012, cancelled coal block allocations made in the period 1993 to 2012.**
- MoE&F clearance: The Terms of Reference (TOR) is received from Ministry of Environment & Forests, Govt. of India on 05.05.2011. ToR validity extension granted by EAC up to 13.5.14. Public hearing is carried out dtd 25.3.2014 at Dondicha. Application for EC submitted to MoEF on 8.05.14.
- Power Purchase Agreement: MERC vide order dtd. 29.10.2013 accorded approval to amend PPA dtd. 01.04.2009 with MSEDCL for addition of this project in existing PPA.

5. Uran Gas Based Combined Cycle Power Plant (1220 MW): (Block-I : 406 MW, Block-II: 814 MW)

Land, Water and other statutory clearances are available.

GoM has accorded approval for implementation of 1220 MW Combined Cycle Power Project at Uran vide Government Resolution no. Project 08/ Pra.kra.1246/ Urja-4 dated 02.03.2010.

Tender for Lump sum turnkey contract for installation of 1220 MW advance class gas turbine based CCPP is cancelled in view of the Circular dtd. 19.03.2012 issued by CEA regarding guidelines stating that the developers not to plan any gas based power project till 2015-16 on domestic gas, as the production of domestic gas is declined.

EE & R&M Koradi Unit -6

Mahagenco started work of Renovation and modernization of its old Koradi Unit 6 and it is expected to complete up to September 2016. World Bank is funding for this R&M work of Koradi unit 6.

SOLAR POWER GENERATION

Under the guidelines of MNRE Govt of India and JNNSM Mahagenco has started implementation of Solar projects at various places in Maharashtra. Accordingly Mahagenco has commissioned 5 MW solar power project (1+2MW thin film project and 2MW crystalline project) at Chandrapur on 31.3.12 and also commissioned 125MW Solar power project at Shivajinagar Tal. Sakri , Dist Dhule on 31.3.13. Mahagenco has also executing 50 MW solar project at Shirshuphal Tal Baramati. Out of which 36 MW has already been commissioned. 25 MW solar Photovoltaic project at Sakri and 50 MW Photovoltaic project at Kaudgaon, Dist Usmanabad are expected to get commissioned by March 2015 and March 2016 respectively.

FINANCING OF NEW PROJECTS

All the planned capacity addition programs will be financed with a debt to equity ratio of 80:20. Your company would utilize the revenue resources for part of equity contribution in the expansion project. Up to 80% of the total project cost is to be financed by financial institutions and Banks. The 20 % equity will be mainly come from the Government of Maharashtra.

FUEL AVAILABILITY

1. Mahagenco's Coal Requirement :

Mahagenco's installed thermal capacity of 2013-14 is 7890 MW for which Mahagenco's annual coal requirement was 46.504 MMT. Mahagenco receives coal through domestic, e-auction and import:

2. Fuel Supply Agreements:

Mahagenco has signed FSA with Coal Companies for Annual Contracted Quantities as described below:

| Coal Cos. | Date of Agreement | Effective Date of Agreement | Period of Agreement | ACQ (MMT) |
|--------------|-------------------|-----------------------------|--|---------------|
| WCL | 21.09.2009 | 01.04.2009 | 20 years from effective date and review after every 5 years. | 22.701 |
| MCL | 26.06.2009 | 01.04.2009 | | 6.172 |
| SECL | 26.06.2009 | 01.04.2009 | | 6.027 |
| SCCL | 05.03.2009 | 01.04.2009 | 5 years from effective date and review after 3 years. | 2.260 |
| MCL New FSA | 31.01.2013 | | 20 years from effective date and review after every 5 years. (FSA for Paras-4, Parli-7, KPKD-5 & Bhusawal- 4 & 5). | 9.344 |
| TOTAL | | | | 46.504 |

Coal shortages from various coal companies:

Since last few years, Mahagenco is facing an overall deficit of about 25% in terms of coal supplies from CIL subsidiaries i.e. WCL, MCL and SECL. In the financial year 2013-14 overall coal deficit was about 31.10 % in terms of less materialization.

Coal Company wise Coal Supply and shortage for year 2013-2014:

| Coal Company | ACQ (MMT) | Receipt (MMT) | Shortage (MMT) | % Shortage |
|--------------|---------------|---------------|----------------|--------------|
| WCL | 22.689 | 17.484 | 5.205 | 22.94 |
| MCL | 14.236 | 6.217 | 8.019 | 56.32 |
| SECL | 6.024 | 5.618 | 0.406 | 6.73 |
| SCCL | 2.262 | 1.115 | 1.147 | 50.70 |
| Total | 45.211 | 30.434 | 14.777 | 32.68 |

As against a total allocation of 45.211 MMT in the year 2013-14, Mahagenco has received 30.434 MMT. This is only 67.32 % of our requirement leading to short supply of coal to the tune of 32.68 % (14.777 MMT). Mahagenco is constantly pursuing the matter with coal companies and the concerned Railways to enhance the coal supplies.

In order to reduce for gap of quantity and quality of coal, Mahagenco has resorted to imported coal and purchasing specific quantity of import coal as per the CEA guidelines.

3. Import Coal:

For Year 2013-14, Mahagenco had placed orders for supply of 2.471 MMT non-cocking (steam) coal of foreign origin of GCV (ARB)- 4400 to 4800 Kcal/Kg for Bhusawal TPS (Unit-4&5), Khaperkheda TPS (Unit-5) and Chandrapur TPS (Unit-5 to 7) of Mahagenco.

Against CEA target of 3.5 MMT for year 2013-14, quantity of import coal received was 2.587 MMT.

4. Status of FSA's for Mahagenco's projects.

The Ministry of Coal, Government of India, has sanctioned long term coal linkages from Mahanadi Coalfield Limited (MCL) for Parli-7 (250 MW), Paras-4 (250 MW), Khaperkheda-5 (500MW) and Bhusawal- 4&5 (2×500 MW) projects.

As directed by Coal India Limited (CIL), Mahagenco has signed FSA with M/s MCL on 31.01.2013 for coal supply of 9.344 MMTPA to Parli-7, Paras-4, Khaperkheda-5 and Bhusawal- 4 & 5 units.

Details of FSA's signed with MCL are as below.

| Project/unit name | Capacity (MW) | LoA Quantity (MMTPA) |
|-------------------|---------------|----------------------|
| Parli-7 | 250 | 1.204 |
| Paras-4 | 250 | 1.204 |
| Khaperkheda-5 | 500 | 2.312 |
| Bhusawal-4 | 500 | 2.312 |
| Bhusawal-5 | 500 | 2.312 |

CIL has issued modified FSA for new power stations commissioned between 1st April 2009 and 31st March 2015 with trigger level of 80% of ACQ. As per draft FSA, supply of domestic coal may exceed 65% of ACQ during 2012-13, 2013-14 & 2014-15, 70% of the ACQ during 2015-16 and 75% of the ACQ from 2016-17 onwards, depending upon the domestic coal availability. Balance quantity will be supplied through imported coal.

5. Coal blocks allocated to Mahagenco:

Mahajanwadi coal block :

The Ministry of Coal has allotted Mahajanwadi Coal block jointly to MSPGCL and GSECL in the coal share ratio of 50:50 under allocation of New coal blocks to Govt. Companies through e-auction route by competitive bidding of coal mines rule 2012. The total coal reserve of this block is 340 MMT. Paras-4 and Nasik replacement projects of Mahagenco are linked with Mahajanwadi coal block.

6. Options for coal sourcing:

Mahagenco shall have to explore the feasibility of following options to bridge the short fall of coal quantity.

Sourcing of coal through e-auction quota or e-auction bidding from M/s WCL, SECL, SCCL, and MCL. Mahagenco has signed MoU on 22nd December 2014 with M/s SCCL for supply of 5 LMT coal quantity to Chandrapur STPS.

7. Gas Supply for Existing GTPS Uran Plant.

MAHAGENCO's GTPS Uran power plant has an installed capacity of 672MW. Mahagenco has entered into a Gas Sale & Transportation Agreement (GSTA) with M/s GAIL (India) Ltd. for 3.5 MMSCMD of natural gas at Govt. approved price. The supply of natural gas supplied by M/s GAIL is fluctuating, based on upstream gas availability from M/s ONGC. For FY 2013-14 the average natural gas receipt was @ 2.125 MMSCMD.

Also, Mahagenco has gas supply arrangement with M/s RIL (& others) for supply of 1.2 MMSCMD natural gas for GTPS, Uran. From March-2013 gas is not available from RIL KG D6 due to lower production levels and supply to priority sectors. The Gas supply and Purchase Agreement (GSPA) for supply of KG basin gas with (& others) is expired on 31.03.2014. The negotiations are in progress with RIL (as a sellers representative) to sign Term Sheet as a stop gap arrangement.

Thus there is a short fall @ 1.0 MMSCMD of gas and due to this average loss of generation at GTPS, Uran is about 200 MW.

HUMAN RESOURCES MANAGEMENT

Employees are the most precious asset of an organization and favorable environment is necessary to encourage creativity, innovation and performance excellence amongst them. Your company has focused its efforts to enhance the capabilities of employees to develop competent, trained and multi- disciplinary human capital in Mahagenco so as to meet the challenging assignments. Your company strongly believes in achieving organizational excellence through human resources and follows “People First” approach to leverage the potential of its employees to fulfill its business plan.

INDUSTRIAL RELATIONS

Employee relations in the Company continued to be cordial and harmonious during the year. Employees were encouraged to participate in the areas concerning their work conditions, welfare etc. Work shops for employee representatives from the projects were held, at all levels to sensitize them to the changing business scenario, opportunities, threats, challenges faced by the company. The overall industrial relations scenario was peaceful governed by harmony and mutual trust.

None of the employees drew remuneration of ₹ 60,00,000/- or more per annum / ₹ 5,00,000/- 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.

APPLICABILITY OF COMPANIES ACT 2013

Substantial provisions of Companies Act 2013 has been made applicable w.e.f. 1.4.2013. Mahagenco has carried out requisite changes in the composition of Board of Directors appointment committees etc. Smt. Irawati Dani has been appointed as Independent director on the Board to attain the requirement of minimum 2 independent directors. Audit committee of the Board has been re-constituted, Nomination and remuneration committee as well as Corporate Social Responsibility Committee has been constituted in accordance with provisions of Companies Act 2013.

DIRECTORS

Shri. Bipin Srimali, for appointed as Chairman and Managing Director w.e.f. 05.01.2015.

Shri. Mukesh Khullar, for appointed as Director of the Company w.e.f. 04.02.2015.

Shri J.K.Srinivasan was appointed as Director (F) of the company w.e.f. 26.05.2014.

Smt. Irawati Dani has been appointed as Independent Director on the Board of your company w.e.f. 26.6.2014.

AUDIT COMMITTEE

The audit committee of Mahagenco consisted Shri P.V.Page, Chairman, Shri V.P.Singh Member and Shri J.K.Srinivasan Member. Total 8 Meetings of the audit committee were held during the year 2013-14.

Audit Committee of Mahagenco has been re-constituted. The members of Audit Committee are Shri P.V. Page, Chairman (Independent Director), Smt. Irawati Dani, Member and Shri Vijay Singh Director (O).

DIRECTORS RESPONSIBILITY STATEMENT

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

- (i) that in preparation of annual accounts the applicable Accounting Standards had been followed with proper explanation relating to material departures; if any
- (ii) that the selected accounting policies were applied consistently and judgments and estimates that are reasonable and prudent were made so as to give true and fair view of the state of affairs of the company as on 31st march 2014 and of the Profit for the year of the company under review;
- (iii) 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 preventing and detecting fraud and other irregularities;
- (iv) That the annual accounts were prepared for the financial year ended 31st March 2014 on going concern basis.

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

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 given in **Annexure 'A'** forming part of this report

REPLIES TO OBSERVATIONS / COMMENTS OF STATUTORY AUDITORS

Replies to Auditor Observations and Comments by the statutory auditors in their audit reports are given in **Annexure-B**.

FIXED DEPOSITS

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

COST AUDITORS

The Company has appointed M/s. V.J.Talati & Co and M/s R.Nanabhoy & Co, Cost Accountants as Joint Cost Auditors for the year ending 31.3.2015 subject to approval of Ministry of Corporate Affairs, Govt.of India.

AUDITORS

The Statutory Auditors of the Company are appointed by the Comptroller and Auditor General of India. M/s Borkar Mazumdar & Co , Mumbai , M/s Ummed Jain &Co, Mumbai and M/s M.P.Chitle & Co, Mumbai were appointed as Joint Statutory Auditors for the Financial Year 2014-15.

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, Statutory Auditors, Cost Auditors C&AG, New Delhi, AG (Commercial), Mumbai, Central State Electricity Regulatory Authorities, Appellate Tribunal and shareholders of the company. 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

(Bipin Shrimali)

Chairman & Managing Director

Date : 25.03.2015

Place : Mumbai

Annexure 'A' to the Director's Report

Particulars Required Under The Companies (Disclosure Of Particulars In The Report Of Board Of Directors) Rules, 1988

A. ENERGY CONSERVATION:

Following are the Energy saving activities carried out during year 2013-14

- In house Energy audits in areas like Compressed air, Feed water, Cooling water system, heaters etc.
- Staff awareness / training programmes were conducted at power stations.
- Awareness is created by Poster / essay competition on energy conservation.
- Mahagenco have fleet of Engineers who are Energy auditors and certified Energy managers. Whose Knowledge is used in day-to-day working of the plant O&M.

AUXILLIARY POWER CONSUMPTION:

- Accurate assessment of Auxiliary consumption by using 0.2 class Energy meters.
- Maximum use of day light.
- Avoiding idle running of equipment / machine.
- Modification of lighting system using energy efficient lamps.
- Arresting leakages in compressed air, steam piping, cooling water system and electrical systems.
- DM water flow meters are installed
- Natural cooling arrangement for GT Units at Uran.
- Condition monitoring & timely preventive maintenance schedule of auxiliaries.

LIGHTING

- Replacement of HPMV lamps with HPSV lamps
- Use of Electronic ballasts & CFL lights
- Individual ON / OFF lighting switches provided wherever possible at Service Building Staircases & Turbine basement areas.

HEAT ENERGY

- Proper attention on On-line condenser tube cleaning system.
- Prompt repairs of Thermal insulation.
- Cleaning of Air-preheaters and furnaces whenever possible.
- Monitoring of optimization of Boiler excess air.
- Heat rate is monitored on regular basis at SE / GM / CGM levels Weekly / fortnightly / monthly respectively.

LUBRICANTS:

- Zero leakage concept is introduced at all power stations.

- Oil skimmers designed and developed to recover fuel oil from drains.
- Turbine and BFP oil filtration by centrifuging at Bhusawal & Nasik TPS.

DM WATER

- DM water, Feed line & Steam leakages are attended on priority.
- Sonic boiler tube detection system is installed at Khaperkheda TPS.

MISCELLANEOUS WATER

- Ash water recycling systems at Koradi, Nasik, K'Kheda, Chandrapur TPS.
- Firefighting water headers brought to ground level from underground to attend leakages.

B. TECHNOLOGY ABSORTION

- (a) Efforts made in technology absorption as per Form B.

FORM – B**Form of disclosure of particulars with respect to absorption**

- Installation of Ammonia injection flue gas conditioning system (AFGC)
- Operating system is upgraded (DCS) at Parli TPS Unit 3.
- Implementation of 'E' tendering concept for material procurement at Mahagenco H.O. & Power Stations.

RESEARCH AND DEVELOPMENT (R & D)**1. Specific areas in which R & D carried out by the Company**

Ozonisation of Cooling Water, AFGC System, Islanding and Black start facility at Uran, Nirafon Acoustic cleaning system at Air Heaters, Tube leakage detection system for tube leakages, Adoption of MPSP system to coal mills, Oil filtration & Oil skimmer machines for reuse of oil & recovery of spilled oil

2. Benefits derived as a result of the above R & D

Ozonisation :- Less operational cost against conventional method, reducing corrosion level in Metal, safe for handling. It is effective for eliminating the Legionella Bacterial level in Cooling Water System.

AFGC:- SPM level of TPS is maintaining below 150 MG/nm³ as required by Pollution Control Board Norms.

Islanding System:- In case of system disturbance / failure, Islanding Scheme will come into service and GTPS local as well as area will isolated from the grid.

Black Start Facility:-In case there is jerk in the grid and simultaneously failure of Islanding system, it will be possible to bring back the units and restore the supply in this area in shortest time.

3. Future plan of action

AFGC systems for more units of TPS.

Installation of online energy management.

4. Expenditure on R & D

Nil

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

1. Efforts, in brief, made towards technology absorption, adaptation and innovation
2. Benefits derived as a result of the above efforts

The Company has not utilized any imported technology.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

- (a) Activities relating to export, initiative taken to increase exports, development of new export markets for products and services and export plans.
- (b) Total foreign exchange used and earned

| Total Foreign Exchange used /earned | | ₹ |
|-------------------------------------|--|-----------------|
| 1. | Foreign Exchange Outgo | |
| | Value of capital goods calculated on CIF basis | ₹ 6,433,888,826 |
| | Component and spare parts | ₹ 3,986,741 |
| 2. | Foreign Exchange earned | Nil |

Annexure 'B1'

Statutory Auditors' Report for FY 2013-14 and Management replies thereon.

| Sr. No. | Statutory Auditors Report | Management Replies |
|---------|--|---|
| 1. | Report on the Financial Statements We have audited the accompanying financial statements of MAHARASHTRA STATE POWER GENERATION COMPANY. LIMITED(MSPGCL / the Company) which comprise the Balance Sheet as at March 31, 2014, and 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. | In pursuance to provisions of Companies Act, 1956, and Accounting Standards issued there under as applicable to the Company, the Financial Statements such as Balance Sheet and Statement of Cash Flow as on 31-03-2014 and Statement of Profit and Loss for FY 2013-14 has been prepared by the Company. |
| 2. | Management's responsibility for the Financial Statements Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 (the Act) read with the General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act 2013 and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error. | |
| 3. | Auditor's Responsibility Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. | Information and supporting documents as demanded by auditors have been provided by the Company. |
| 4. | An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. 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. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. | |

| Sr. No. | Statutory Auditors Report | Management Replies |
|---------|--|---|
| | We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion. | |
| 5. | Basis for Qualified Opinion | |
| | We invite attention to:- | |
| | <p>(i) <i>The Assets and Liabilities of the Company contain balances transferred under the transfer scheme as on 6th June, 2005 by The Maharashtra Electricity Reforms Transfer Scheme 2005. As per the information given to us, these balances of Fixed Assets, Non-current Assets, Current Assets, Non-current Liabilities and Current Liabilities as approved by MSEB Holding Company Ltd. have been incorporated in the company's books of accounts. Final transfer scheme is yet to be notified by the Govt. of Maharashtra. Any changes in these figures if made, at the time of final notification may have an impact on Balance Sheet and Profit & Loss Account items. Further, we refer to Note No. 2 regarding transfer to the company in the earlier year of Loan liability along with interest thereon from Maharashtra State Transmission Company Limited, in partial modification of the Scheme as approved by the MSEB Holding Company Ltd.</i></p> | <p>Final Transfer Scheme is under active consideration of Govt. of Maharashtra for finalization. Impact of changes on opening balances would be effected in the books of accounts by passing necessary entries upon issue of final notification by GoM.</p> |
| | <p>(ii) <i>As stated in note no.31 the balances in Sundry Debtors, Loans and Advances, Deposits, liability for supply of material, and balances of Coal Companies are subject to confirmation from respective parties and / or reconciliation with subsidiary records, as the case may be. Pending such confirmation and completion of reconciliation, the consequential adjustments could not be made. In view of the same, we are unable to comment on the consequential impact on the status of these balances and the profit of the Company.</i></p> | <p>Company has switched over to SAP integrated system wherein the vendor-wise, customer-wise, employee-wise balances payable and receivable etc. would be available. As a part of operation of the system, the subsidiary records would automatically get generated in Accounting System. Whereas in legacy system this was a lacuna and separate records were required to be maintained which created issues of reconciliation. Consequently, with effect from ensuing year reconciliation of subsidiary records with the control ledger would be ensured. Wherever the balances are un-linkable being too old, suitable action of write off / write back would be taken with proper justification so as to arrive at the clean balances tallying with control ledger in respect of above.</p> |
| | <p>(iii) <i>As stated in note no. 32 the loans and advances include ₹1,107.77 crores towards advance paid to coal suppliers. Against the said advance the Company has provided a liability towards supply of coal amounting to ₹1,033.86 crores. Pending final passing of the bills, the Company has not set off the said liability against the advance paid. This has resulted in overstatement of the respective assets and liabilities of the Company. The impact of the above on the profit of the Company is not ascertained.</i></p> | <p>The payment of advances to coal company and their clearance is a continuous ongoing exercise. The said exercise of clearance of coal stores receipt notes has been further improved in FY 2013-14 and has resulted in further settlement of coal advances and coal liabilities thereby bringing down the advances and liabilities from the level of Rs. 1900 Crs. to the level of Rs. 1100 Crs. In the ensuing year, in SAP system, the regular periodic clearance of the said advance and</p> |

| Sr. No. | Statutory Auditors Report | Management Replies |
|---------|--|--|
| | | liabilities would be ensured. Considering, the time lag in getting sampling results of coal and subsequent clearance of advance and liabilities, the level of Rs. 700 Crs. advance and liabilities of coal companies would to be optimum. Hence company would make efforts for further clearance to the extent feasible. |
| | (iv) <i>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 ₹ 787.35 crore under the head 'Surcharge Income from Customers'. MSEDCL has not paid such Surcharge amounting to ₹1,650.35 crores as on March 31, 2014. Further, the Company is in the process of reconciling various invoices for the year and earlier years with MSEDCL amounting to a net difference of ₹ 196.24 crore. Considering the non acceptance of billing by MSEDCL and account reconciliation, we are unable to comment on the reliability of such income and the impact (a) on the profit of the Company for the year, (b) on the value of Trade Receivables (c) on the value of unbilled revenue and (d) on the Reserves and surplus.</i> | MSPGCL has raised surcharge bills to MSEDCL as per the agreed terms of Power Purchase Agreement and are binding on MSEDCL. These are genuine and valid receivables. On the contrary, non-accounting of these bills has resulted into underbooking of expenses and liability by MSEDCL, to this extent. Company has carried out one round of reconciliation with MSEDCL and the same would be shared with the Auditors in ensuing year. |
| 6. | Qualified Opinion <i>In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and subject to our observations in point (i) to (iv) of para 6 above the effect of which on the profit for the year and net assets as at March 31, 2014 is unascertainable, give a true and fair view in conformity with the accounting principles generally accepted in India:</i> <i>(a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;</i> <i>(b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and</i> <i>(c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.</i> | Company has maintained books of Accounts in conformity with the generally accepted accounting principles and Rules and Regulations applicable thereto. |
| 7. | Emphasis of Matters: Without qualifying our report, we draw attention to (a) Note no. 37(d) regarding non disclosure of the information required under Accounting Standard 19 “Leases” issued under the Companies (Accounting Standards) Rules, 2006 pending execution of the lease agreements with the government of Maharashtra in respect of various hydro power generation facilities. (b) Note no. 37(a)(ii) regarding accounting of shortfall of interest based on the provisional accounts of the CPF, in the absence of the requisite details and information. | MSPGCL has accounted for lease rent on the basis of MERC order fixing lease rent for Hydro Power Stations owned by Government of Maharashtra. Actuarial valuation of CPF investments could not be done since CPF trust did not provide the requisite details for valuation |

| Sr. No. | Statutory Auditors Report | Management Replies |
|---------|--|--|
| | | purpose, in a timely manner. However, the matter would be taken up with CPF Trust in the ensuing year. |
| | (c) Note no. 37(h) regarding recognizing of Loan liability pending actual receipt of loan funds from Government of Maharashtra for 150 MW Solar Power Project though released by Kreditanstalt für Wiederaufbau to Government of Maharashtra through Government of India ₹ 9.51 crores and recognizing of interest liability thereon of ₹ 0.17 crores. | Loan receipts from KFW are routed through Government of India, Government of Maharashtra and subsequently to MSPGCL through Budgetary provision of Government of Maharashtra. Pending actual receipts, company has accounted for the same and interest liability thereon, on accrual basis. |
| 8. | <p>Report on Other Legal and Regulatory Requirements</p> <p>As required by the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's Report) (Amendment) Order 2004, issued by the Government of India in terms of Sub-section (4A) of Section 227 of the Companies Act, 1956, and on the basis of such checks as we considered appropriate, and according to the information and explanations given to us, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order to the extent applicable to the company.</p> <p>As required by section 227(3) of the Companies Act 1956, we report that:</p> <ol style="list-style-type: none"> We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit; In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books; The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account; In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act 1956 read with the General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013; Being a Government Company, pursuant to the notification number GSR 829(E) dated October 21, 2003 issued by the Government of India, the provisions of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956 are not applicable to the Company. | <p>In pursuance to provisions of Companies Act, 1956, and Accounting Standards issued there under as applicable to the Company, the Financial Statements such as Balance Sheet and Statement of Cash Flow as on 31-03-2014 and Statement of Profit and Loss for FY 2013-14 has been prepared by the Company.</p> |

Annexure 'B2'

Replies to Auditors Report Annexure for the period 01.04.2013 to 31.03.2014

| Sr. No. | Statutory Auditors Report | Management Replies |
|---------|---|--|
| 1 | <p>a. <i>The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed asset except in case of few assets at certain locations where item wise particulars and codification of fixed assets are in the process of matching with the fixed asset register.</i></p> | <p>While the accounting effect has already been completed, the task of updation of Fixed Assets Register on the basis of accounting entries is in progress at respective locations. The asset data base has been uploaded in SAP system.</p> |
| | <p>b. As informed to us, the Company has a policy of conducting physical verification of fixed assets once in three years, which in our opinion is reasonable and commensurate with the size of the Company and the nature of its business. The discrepancies noticed on such verification were not material.</p> | |
| | <p>c. There has been no disposal of substantial part of fixed assets affecting going concern.</p> | |
| 2 | <p>a. The physical verification of inventory was carried out by external firms of Chartered Accountants during the year appointed by the management. <i>However no physical verification has been carried out for the inventory of coal mill reject.</i></p> <p>b. In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business <i>except in case of inventory of coal mill reject.</i></p> <p>c. On the basis of our examination of records of inventory, in our opinion, the company has maintained proper records of inventory. The discrepancies noticed on such physical verification of inventories as compared to book records were adjusted appropriately in the accounts.</p> | <p>In terms of Accounting Standard 2, scrap / waste material does not form part of regular Operation and Maintenance Inventory. Coal Mill reject being coal rejected by the mill due to non-standard size or waste material, is not part of regular inventory and falls in the nature of scrap. Consequently, company has not conducted physical verification of the same in line with normal inventory items. However, as a part of internal control, company would be conducting the physical verification of reject coal with effect from ensuing year.</p> |
| 3. | <p>As per the information furnished, the company has neither taken nor granted any loans to / from companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956 hence reporting under the clause (iii) (a) to (g) of the order is not applicable to the company.</p> | <p>Since company has not taken nor granted loan to firms listed under section 301, the said related party disclosure is not applicable to the company.</p> |
| 4. | <p>In our opinion and according to the information and explanations given to us, there are adequate internal control procedures, commensurate with the size of the company and nature of its business with regard to purchase of inventory & fixed assets and sale of power. <i>However, there is need for further improvement of internal control with regard to handling of scrap.</i></p> | <p>Company does not conduct the physical verification of scrap as part of annual inventory verification since the same not being inventory in terms of Accounting Standard -2. However, the verification and lot-wise quantification of scrap is done at the time of periodic auction process carried out at respective power stations.</p> |
| 5. | <p>On the basis of our examination of books of account and according to the information and explanations given to us, the Company has not entered into any transaction that needs to be entered into the Register maintained under section 301 of the Companies Act, 1956.</p> | <p>Since there have not been such transactions, company has not entered any data into the Register maintained under 301 of Companies Act, 1956.</p> |

| Sr. No. | Statutory Auditors Report | Management Replies | | | | | | | | | | | | | | | |
|--------------------|--|---|--|-----------------------------------|--------------------------------|-----------------------------------|--------------------|------------------------------|-----------|--|--------------------------------|----------------|--------------------|---------|---------|------------------|--|
| 6. | According to the information and explanations given to us, the company has not accepted deposits from the public within the meaning of the provisions of section 58 A of the Companies Act, 1956 and Companies (Acceptance of Deposits) Rules, 1975. | Company has not accepted deposits from the general public during the year. | | | | | | | | | | | | | | | |
| 7. | The Company has appointed external firms of Chartered Accountants to carry out the internal audit of the Company at Head office and other locations. <i>However, in some cases their reports are not received timely. Subject to this,</i> in our opinion and according to the information and explanations given to us, internal audit system prevailing in the Company is adequate and commensurate with the size and nature of its business <i>except in that the compliance mechanism needs improvement.</i> | Company has modified frequency of internal audit report from monthly to quarterly, and timely submission of Internal Audit Reports would be ensured in the ensuing year. Similarly, compliance to the audit points would be hastened at all levels. | | | | | | | | | | | | | | | |
| 8. | The Central Government has prescribed maintenance of cost records u/s 209(1)(d) of the Companies Act, 1956 in respect of distribution of electricity. We have broadly reviewed such relevant records of the Company and in our opinion and according to the information and explanation given to us, prima facie the Company has made and maintained the prescribed records. We have, however not made an examination of the cost records required to be maintained under Companies (Cost Accounting Records) Rules 2011 with a view to determine whether these are accurate or complete. | Company maintains the Cost Records as required under Section 201(1)(d) of the Companies Act, 1956 and the audit of such records is conducted by Cost Auditors appointed by the Company. | | | | | | | | | | | | | | | |
| 9 | <p>a. According to the information & explanation given to us and according to the Books & records, the company is generally regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Investor Education and Protection Fund, Income tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, cess and any other statutory dues with the appropriate authorities.</p> <p>According to the information and explanations given to us, no undisputed amounts payable in respect of Income Tax, Sales-tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess, were outstanding, as at the balance sheet date for a period of more than six months from the date they became payable.</p> <p>b. According to the information and explanation given to us, there are no dues of income-tax, wealth-tax, sales tax, service tax, custom duty, excise duty and cess which have not been deposited on account of any dispute except the following:-</p> <table><tr><th>Name of the Statue</th><th>Nature of the dues</th><th>Amount (₹)</th><th>Period to which amount relates</th><th>Forum at which dispute is pending</th></tr><tr><td>Central Excise Act</td><td>Duty on fabricated materials</td><td>2,670,375</td><td>2005-06 (since inception of the company)</td><td>Commissioner of Central Excise</td></tr><tr><td>Income Tax Act</td><td>TDS on service tax</td><td>895,000</td><td>2009-10</td><td>ITAT, Pune Bench</td></tr></table> | Name of the Statue | Nature of the dues | Amount (₹) | Period to which amount relates | Forum at which dispute is pending | Central Excise Act | Duty on fabricated materials | 2,670,375 | 2005-06 (since inception of the company) | Commissioner of Central Excise | Income Tax Act | TDS on service tax | 895,000 | 2009-10 | ITAT, Pune Bench | Company is punctual in payment of legitimate statutory dues and taxes except the tax dues under dispute. |
| Name of the Statue | Nature of the dues | Amount (₹) | Period to which amount relates | Forum at which dispute is pending | | | | | | | | | | | | | |
| Central Excise Act | Duty on fabricated materials | 2,670,375 | 2005-06 (since inception of the company) | Commissioner of Central Excise | | | | | | | | | | | | | |
| Income Tax Act | TDS on service tax | 895,000 | 2009-10 | ITAT, Pune Bench | | | | | | | | | | | | | |

| Sr. No. | Statutory Auditors Report | Management Replies |
|---------|--|---|
| 10. | There are no accumulated losses in the Company at the end of the financial year. As per the books of account of the Company, it has not incurred any cash losses during the financial year and in the immediately preceding financial year. | Company has not incurred any cash loss during the current and previous year, neither there have been any accumulated cash losses. |
| 11. | In our opinion and according to the information and explanation given to us, the Company has generally not defaulted in repayment of dues to the banks and financial institutions except in <i>three instances</i> i.e. Kreditanstalt für Wiederaufbau ₹ 99.01 crore on 30.12.2013 for principal and ₹15.33 crore for interest, Power Finance Corporation ₹148.74 crores on 15.01.2014 for principal and ₹33.84 crore for interest and Rural Electrification Corporation Ltd. ₹0.86 crore for interest. The Company has not borrowed any sum through debentures. | As a part of CARO, report auditors have to report on default in loan servicing by the company. In case of KFW, PFC and REC, there have been incidences of default in timely debt servicing similar to that of delays in payments to trade creditors of the company, due to liquidity issues on account of huge receivables from MSEDCL. |
| 12. | According to the information and explanation given to us, the Company has not granted any loans or advances against pledge of shares, debentures or other securities. | No advances against pledge of securities, have been granted by the company. |
| 13. | Clause (xiii) of the order is not applicable to the company as the Company is not a Chit fund company or Nidhi / Mutual Benefit Fund / Society. | Company is engaged in power generation business and not in any other business. |
| 14. | In our opinion and according to the information and explanation given to us, the Company is not dealing in shares, securities, debentures and other investments. | |
| 15. | According to the information and explanation given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions. | No guarantee issued by company for loans taken by entities other than related parties. |
| 16. | In our opinion and according to the information and explanation given to us and on overall examination of the Balance Sheet of the Company, the term loans raised during the period have prima facie been applied for the purpose for which they were raised or pending actual application, have been deployed for working capital purposes. | Company has mainly availed long term loans for funding of capacity expansion activities. |
| 17. | According to the information and explanation given to us and on overall examination of the Balance Sheet of the Company, in our opinion as at the close of the year short term funds aggregating approximately to ₹ 415.06 crores stand utilized for long term investments. | Company generally uses the funds for the purpose for which it is intended. However, there are instances of delay in release of equity from Government of Maharashtra and the long term loans does not get released timely due to various reasons which necessitates temporary availment of Short Term Funds. |
| 18. | The Company has not made any preferential allotment of shares during the year to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956. | Company has only single category of equity shares and no preferential allotment of such shares has been made by the company. |
| 19. | The Company has not issued any debentures and hence the question of creation of securities for debentures does not arise. | No issue of debentures by the company and hence no requirement for creation of security in respect of the same. |
| 20. | The Company has not raised any money by public issues during the period covered by our report. | Company receives equity exclusively from Government of Maharashtra and no public issue has been done by the company. |
| 21. | To the best of our knowledge and belief and according to the information and explanation given to us, no fraud by the Company and no material fraud on the Company were noticed during the year. | Company has separate wing for Vigilance and Security and no fraud has been noticed by the company during the year. |

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF MAHARASHTRA STATE POWER GENERATION COMPANY LIMITED, MUMBAI FOR THE YEAR ENDED 31ST MARCH 2014.

The preparation of financial statements of the '**Maharashtra State Power Generation Company Limited, Mumbai**' for the year ended 31 March 2014 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the company. The Statutory Auditors appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956 are responsible for expressing opinion on these financial statements under Section 227 of the Companies Act, 1956 based on independent audit in accordance with the Auditing and Assurance Standards proscribed by their professional body- the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 27th August 2014.

I, on behalf of the Comptroller and Auditor General of India have conducted a supplementary audit under Section 619(3)(b) of the Companies Act, 1956 of the financial statements of the '**Maharashtra State Power Generation Company Limited, Mumbai**' for the year ended 31st March 2014. This supplementary audit has been carried out independently without access to the working papers of the Statutory Auditors and is limited primarily to inquiries of the Statutory Auditors and Company personnel and a selective examination of some of the accounting records. Based on my supplementary audit, I would like to highlight the following significant matters under Section 619(4) of the Companies Act, 1956 which have come to my attention and which in my view are necessary for enabling a better understanding of the financial statements and the related Audit Report:

A) Comments on Balance Sheet

Balance Sheet

Equity & Liabilities

Current Assets

(a) Inventories (Note No. 11) ₹ 1740.11 crore

1. This includes ₹ 2.17 crore being the value of imported coal received in 2014-15. This has resulted in overstatement of Stock and Other Current Liabilities by ₹ 2.17 crore.

B) COMMENTS ON PROFITABILITY

Statement of Profit & Loss

Other Income (Note No.16) - ₹ 83.74 crore

2. In contravention of Accounting Policies of the Company as disclosed vide Note No. (h) that income from sale of scrap is accounted for as other income as and when auctioned. Thermal Power Station, Khaperkheda accounted for income from sale of scrap at ₹ 3.35 crore instead of ₹ 3.70 crore, through auction.

This has resulted in understatement of Sundry Debtors and Profit by ₹ 0.35 crore.

3. This does not include ₹ 20.13 lakh on account of sale of fly ash in February and March 2014.

This has resulted in understatement of Sundry debtors and Profit by ₹ 20.13 lakh.

Other Expenses (Note 20)**Water Charges ₹ 50.44 crore**

4. The Chandrapur Super Thermal Power Station recovered seasonal discount of ₹ 90.20 lakh pertaining to the period from 2011-12 to 2013-14 from royalty charges bill of Irrigation Department in April 2014. Since the excess water charges were thus subsequently recovered, continuing to show the same under Current liabilities is incorrect.

This has resulted in overstatement of current liabilities by ₹ 90.20 lakh, overstatement of prior period expenditure by ₹ 65.37 lakh, and overstatement of profit by ₹ 24.83 lakh.

COMMENTS ON DISCLOSURE**Notes to Financial Statements**

5. The Company books the expenses incurred on bonus/ ex-gratia to employees on cash basis. However, accounting policy on the same has not been adequately disclosed.
6. The Income Tax department had raised a demand (March 2013) of ₹ 9.72 crore (Tax ₹ 7.15 crore+ interest under section 201 (IA) ₹ 2.57 crore) for non-deduction of Tax at Source, against which the Company had filed (August 2013) an appeal with the Jt. Commissioner of income Tax (TDS). Since the decision is still awaited, these material facts should have been suitably disclosed under the head Contingent Liabilities.

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

Place : Mumbai
Date : 09 January 2015

**PRINCIPAL ACCOUNTANT GENERAL
(AUDIT) - III**

Final CAG Comments on the Accounts of MSPGCL for FY 2013-14 and replies of the company thereon

| Sr. No. | C & A.G.'s Comments | Management Reply | Remarks of Statutory Auditors |
|---------|---|--|---|
| 1 | <p>COMMENTS ON BALANCE SHEET Balance Sheet – Equity & Liabilities Current Assets Inventories (Note 11) ₹ 1740.11 crore</p> <p>This includes ₹ 2.17 crore being the value of imported coal received in 2014-15. This has resulted in overstatement of Stock and Other Current Liabilities by ₹ 2.17 crore. (TPS Bhusawal)</p> | <p>Normally, Company accounts for purchase of coal of imported origin on receipt basis. However, while booking of coal of imported origin at the year end, inadvertently the same was booked in transit similar to that of indigenous coal. However, considering the total volume of purchases of fuel by the company ₹ 10,810.83 Crs. booking of the coal imported origin amounting to ₹ 2.16 Crs. (0.02%) is not of material nature.</p> | <p>We concur with the reply of the company.</p> |
| 2. | <p>COMMENTS ON PROFITABILITY Statement of Profit & Loss Other Income (Note No. 16) - ₹ 83.74 crores.</p> <p>In contravention of the companies accounting policy as disclosed vide note no. (h) that income from 'Sale of scrap is accounted for as other income as and when auctioned. Thermal Power Station Khaperkheda accounted for income from sale of scrap at ₹ 3.35 crore instead of ₹ 3.70 crores through auction. This has resulted in understatement of Sundry Debtors and profit by ₹ 0.35 crore. (HO)</p> | <p>Company has conducted auctions during the year at Khaperkheda Thermal Power Station. Company has also accounted for the sale transaction occurred in the month of July, October and December 2013. The fourth auction was conducted in the month of March 2014 and the sale order were issued in the year 2014-15. Khaperkheda TPS recognized this auction sale in the books of Accounts in FY 2014-15.</p> <p>When compared to total sales of the company of ₹ 16,621.95 Crs., the sale amount of ₹ 0.35 Crs. is not of material nature.</p> | <p>We concur with the reply of the company.</p> |
| 3 | <p>This does not include ₹ 20.13 lakh on account of sale of fly ash in February and March 2014. This has resulted in understatement of Sundry</p> | <p>Company generally accounts for sale of fly ash to the cement companies on time. However, inadvertently, sale of ₹ 2,012,606</p> | <p>We concur with the reply of the company.</p> |

| Sr. No. | C & A.G.'s Comments | Management Reply | Remarks of Statutory Auditors |
|---------|--|---|---|
| 4 | <p>debtors and Profit by ₹ 20.13 lakh. (TPS Chandrapur)</p> <p>Other Expenses (Note 20) Water Charges ₹ 50.44 crore</p> <p>The CSTPS recovered seasonal discount of ₹ 90.20 lakh pertaining to the period from 2011-12 to 2013-14 from royalty charges bill of Irrigation Department in April 2014. Since the excess water charges were thus subsequently recovered, continuing to show the same under Current Liability is incorrect. This has resulted in overstatement of current liabilities by ₹ 90.20 lakh, understatement of prior period expenditure by ₹ 65.37 lakh, and understatement of profit by ₹ 24.83 lakh. (TPS Chandrapur)</p> | <p>remained to be accounted for during the FY 2013-14. The amount involved is immaterial (i.e. 0.79%) of the total other income of ₹ 25.43 crores booked in the FY 2013-14.</p> <p>In this connection the matter of applicability of seasonal discount and amount of discount involved has been taken up with the Irrigation authorities. After receipt of clarification from the Irrigation authorities, necessary accounting treatment if required shall be carried out in ensuing financial year. However to avoid any excess payment to Irrigation Dept, company has retained the amount of ₹ 9,019,855/- from the water royalty bills of Jan & Feb 2014.</p> | <p>We concur with the reply of the company.</p> |
| 5 | <p>The Company books the expenses incurred on bonus/ ex-gratia to employees on cash basis. However, the same has not been adequately disclosed.</p> | <p>The payment of ex-gratia, is at the sole discretion of management and is a gratuitous payment to the employees without any statutory obligation. Consequently, whether the management would decide to pay the ex-gratia in the ensuing year or not and if so what would be the amount that would be paid on this account, is unknown factor. Further, an obligation is a duty or responsibility to act or perform in a certain way and the obligations may be legally enforceable as consequence of a binding contract as well. Since the payment of ex-gratia is discretionary and not binding on management, no specific disclosure has been made by the Company. Further, the ex-gratia</p> | <p>We concur with the reply of the company.</p> |

| Sr. No. | C & A.G.'s Comments | Management Reply | Remarks of Statutory Auditors |
|---------|--|--|---|
| 6 | <p>The Income Tax department had raised a demand (March 2013) of ₹ 9.72 crore (Tax ₹ 7.15 crore+ interest under section 201 (IA) ₹ 2.57 crore) for non-deduction of Tax at Source, against which the Company had filed (August 2013) an appeal with the Jt. Commissioner of income Tax (TDS). Since the decision is still awaited, these material facts should have been suitably disclosed under the head contingent liability. (HO)</p> | <p>expenditure is accounted for, on accrual basis irrespective of the payment made, upon declaration of such ex-gratia.</p> <p>Para 9(b) of the Annexure to the Auditors Report requires to disclose the Tax dues which have not been deposited with Government on account of any dispute. In present case, a Tax Demand of ₹ 9.72 Crs. was raised by Income Tax Department which comprised of non-deduction of TDS ₹ 7.15 Crs. and Interest u/s 201(1A) ₹ 2.57 Crs. Though TDS was not deducted, the respective Assessee deposited the said tax as a part of their tax liability. In other words, the revenue on account of Tax was deposited with Government though not by way of TDS but by way of regular Tax. Consequently, MSPGCL is of the view that there was no necessity for the Company to deposit the tax amount.</p> <p>As regards the interest portion on the tax amount, the same would be disclosed in Para 9(b) of the Annexure to Auditors Report in the ensuing year.</p> | <p>We concur with the reply of the company.</p> |

Auditors' Report

**TO,
THE MEMBERS OF
MAHARASHTRA STATE POWER GENERATION CO. LTD.,
MUMBAI**

Report on the Financial Statements

1. We have audited the accompanying financial statements of **MAHARASHTRA STATE POWER GENERATION COMPANY LIMITED (MSPGCL / the Company)** which comprise the Balance Sheet as at March 31, 2014, and 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.

Management's responsibility for the Financial Statements

2. Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 (the Act) read with the General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act 2013 and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. 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. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

6. We invite attention to:-
 - (i) *The Assets and Liabilities of the Company contain balances transferred under the transfer scheme as on 6th June, 2005 by The Maharashtra Electricity Reforms Transfer Scheme 2005. As per the information given to us, these balances of Fixed Assets, Non-current Assets, Current Assets, Non-current Liabilities and Current Liabilities as approved by MSEB Holding Company Ltd. have been incorporated in the company's books of accounts. Final transfer scheme is yet to be notified by the Govt. of Maharashtra. Any changes in these figures if made, at the time of final notification may have an impact on Balance Sheet and Profit & Loss Account items. Further, we refer to Note No. 2 regarding transfer to the company in the earlier year of Loan liability along with interest thereon from Maharashtra State Transmission Company Limited, in partial modification of the Scheme as approved by the MSEB Holding Company Ltd.*
 - (ii) *As stated in note no.31 the balances in Sundry Debtors, Loans and Advances, Deposits, liability for supply of material, and balances of Coal Companies are subject to confirmation from respective parties and / or reconciliation with subsidiary records, as the case may be. Pending such confirmation and completion of reconciliation, the consequential adjustments could not be made. In view of the same, we are unable to comment on the consequential impact on the status of these balances and the profit of the Company.*

- (iii) As stated in note no. 32 the loans and advances include ₹ 1,107.77 crores towards advance paid to coal suppliers. Against the said advance the Company has provided a liability towards supply of coal amounting to ₹ 1,033.86 crores. Pending final passing of the bills, the Company has not set off the said liability against the advance paid. This has resulted in overstatement of the respective assets and liabilities of the Company. The impact of the above on the profit of the Company is not ascertained.
- (iv) 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 ₹ 787.35 crore under the head 'Surcharge Income from Customers'. MSEDCL has not paid such Surcharge amounting to ₹ 1,650.35 crores as on March 31, 2014. Further, the Company is in the process of reconciling various invoices for the year and earlier years with MSEDCL amounting to a net difference of ₹ 196.24 crore. Considering the non acceptance of billing by MSEDCL and account reconciliation, we are unable to comment on the reliability of such income and the impact (a) on the profit of the Company for the year, (b) on the value of Trade Receivables (c) on the value of unbilled revenue and (d) on the Reserves and surplus.

Qualified Opinion

7. In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and subject to our observations in point (i) to (iv) of para 6 above the effect of which on the profit for the year and net assets as at March 31, 2014 is unascertainable, give a true and fair view in conformity with the accounting principles generally accepted in India:
- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- (b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Emphasis of Matters:

8. Without qualifying our report, we draw attention to
- (a) Note no. 37(d) regarding non disclosure of the information required under Accounting Standard 19 "Leases" issued under the Companies (Accounting Standards) Rules, 2006 pending execution of the lease agreements with the government of Maharashtra in respect of various hydro power generation facilities.
- (b) Note no. 37(a)(ii) regarding accounting of shortfall of interest based on the provisional accounts of the CPF, in the absence of the requisite details and information.
- (c) Note no. 37(h) regarding recognizing of Loan liability pending actual receipt of loan funds from Government of Maharashtra for 150 MW Solar Power Project though released by Kreditanstalt für Wiederaufbau to Government of Maharashtra through Government of India ₹ 9.51 crores and recognizing of interest liability thereon of ₹ 0.17 crores.

Report on Other Legal and Regulatory Requirements

9. As required by the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's Report) (Amendment) Order 2004, issued by the Government of India in terms of Sub-section (4A) of Section 227 of the Companies Act, 1956, and on the basis of such checks as we considered appropriate, and according to the information and explanations given to us, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order to the extent applicable to the company.
10. As required by section 227(3) of the Companies Act 1956, we report that:
- a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- b. In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- c. The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- d. In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act 1956 read with the

- General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013;
- e. Being a Government Company, pursuant to the notification number GSR 829(E) dated October 21, 2003 issued by the Government of India, the provisions of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956 are not applicable to the Company.

For Borkar&Muzumdar
Chartered Accountants
FRN: 101569W

For Ummed Jain & Co
Chartered Accountants
FRN: 119250W

For M P Chitale & Co
Chartered Accountants
FRN: 101851W

Devang Vaghani
Partner
ICAI M No. 109386

Akhil Jain
Partner
M.No.137970

Ashutosh Pednekar
Partner
ICAI M No. 041037

Place: Mumbai
Date: 27 August 2014

Annexure to the Auditors' Report referred to in para 9 of our report of even date of Maharashtra State Power Generation Company Limited for the year ended on March 31, 2014

1.
 - a. *The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed asset except in case of few assets at certain locations where item wise particulars and codification of fixed assets are in the process of matching with the fixed asset register.*
 - b. As informed to us, the Company has a policy of conducting physical verification of fixed assets once in three years, which in our opinion is reasonable and commensurate with the size of the Company and the nature of its business. The discrepancies noticed on such verification were not material.
 - c. There has been no disposal of substantial part of fixed assets affecting going concern.
2.
 - a. The physical verification of inventory was carried out by external firms of Chartered Accountants during the year appointed by the management. *However no physical verification has been carried out for the inventory of coal mill reject.*
 - b. In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business *except in case of inventory of coal mill reject.*
 - c. On the basis of our examination of records of inventory, in our opinion, the company has maintained proper records of inventory. The discrepancies noticed on such physical verification of inventories as compared to book records were adjusted appropriately in the accounts.
3. As per the information furnished, the company has neither taken nor granted any loans to / from companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956 hence reporting under the clause (iii) (a) to (g) of the order is not applicable to the company.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures, commensurate with the size of the company and nature of its business with regard to purchase of inventory & fixed assets and sale of power. *However, there is need for further improvement of internal control with regard to handling of scrap.*
5. On the basis of our examination of books of account and according to the information and explanations given to us, the Company has not entered into any transaction that needs to be entered into the Register maintained under section 301 of the Companies Act, 1956.
6. According to the information and explanations given to us, the company has not accepted deposits from the public within the meaning of the provisions of section 58 A of the Companies Act, 1956 and Companies (Acceptance of Deposits) Rules, 1975.
7. The Company has appointed external firms of Chartered Accountants to carry out the internal audit of the Company at Head office and other locations. *However, in some cases their reports are not received timely. Subject to this,* in our opinion and according to the information and explanations given to us, internal audit system prevailing in the Company is adequate and commensurate with the size and nature of its business *except in that the compliance mechanism needs improvement.*
8. The Central Government has prescribed maintenance of cost records u/s 209(1)(d) of the Companies Act, 1956 in respect of distribution of electricity. We have broadly reviewed such relevant records of the Company and in our opinion and according to the information and explanation given to us, prima facie the Company has made and maintained the prescribed records. We have, however not made an examination of the cost records required to be maintained under Companies (Cost Accounting Records) Rules 2011 with a view to determine whether these are accurate or complete.

- 9 a. According to the information & explanation given to us and according to the Books & records, the company is generally regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Investor Education and Protection Fund, Income tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, cess and any other statutory dues with the appropriate authorities.

According to the information and explanations given to us, no undisputed amounts payable in respect of Income Tax, Sales-tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess, were outstanding, as at the balance sheet date for a period of more than six months from the date they became payable.

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

| Name of the Statute | Nature of the dues | Amount (₹) | Period to which amount relates | Forum at which dispute is pending |
|---------------------|------------------------------|------------|--|-----------------------------------|
| Central Excise Act | Duty on fabricated materials | 2,670,375 | 2005-06 (since inception of the company) | Commissioner of Central Excise |
| Income Tax Act | TDS on service tax | 895,000 | 2009-10 | ITAT, Pune Bench |

10. There are no accumulated losses in the Company at the end of the financial year. As per the books of account of the Company, it has not incurred any cash losses during the financial year and in the immediately preceding financial year.
11. In our opinion and according to the information and explanation given to us, the Company has generally not defaulted in repayment of dues to the banks and financial institutions except in *three instances* i.e. Kreditanstalt für Wiederaufbau ₹ 99.01 crore on 30.12.2013 for principal and ₹15.33 crore for interest, Power Finance Corporation ₹148.74 crores on 15.01.2014 for principal and ₹ 33.84 crore for interest and Rural Electrification Corporation Ltd. ₹ 0.86 crore for interest. The Company has not borrowed any sum through debentures.
12. According to the information and explanation given to us, the Company has not granted any loans or advances against pledge of shares, debentures or other securities.
13. Clause (xiii) of the order is not applicable to the company as the Company is not a Chit fund company or Nidhi / Mutual Benefit Fund / Society.
14. In our opinion and according to the information and explanation given to us, the Company is not dealing in shares, securities, debentures and other investments.
15. According to the information and explanation given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
16. In our opinion and according to the information and explanation given to us and on overall examination of the Balance Sheet of the Company, the term loans raised during the period have prima facie been applied for the purpose for which they were raised or pending actual application, have been deployed for working capital purposes.
17. According to the information and explanation given to us and on overall examination of the Balance Sheet of the Company, in our opinion as at the close of the year short term funds aggregating approximately to ₹ 415.06 crores stand utilized for long term investments.
18. The Company has not made any preferential allotment of shares during the year to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.

19. The Company has not issued any debentures and hence the question of creation of securities for debentures does not arise.
20. The Company has not raised any money by public issues during the period covered by our report.
21. To the best of our knowledge and belief and according to the information and explanation given to us, no fraud by the Company and no material fraud on the Company were noticed during the year.

For Borkar&Muzumdar
Chartered Accountants
FRN: 101569W

For Ummed Jain & Co
Chartered Accountants
FRN: 119250W

For M P Chitale & Co
Chartered Accountants
FRN: 101851W

Devang Vaghani
Partner
ICAI M No. 109386

Akhil Jain
Partner
M.No.137970

Ashutosh Pednekar
Partner
ICAI M No. 041037

Place: Mumbai
Date: 27th August, 2014

Balance Sheet as at 31st March, 2014

(Amt. in ₹)

| | Note No. | As At 31-03-2014 | As At 31-03-2013 |
|---|----------|------------------------|------------------------|
| I. Equity & Liabilities | | | |
| (1) Shareholders funds: | | | |
| (a) Share Capital | 1 | 68,083,701,640 | 55,346,445,640 |
| (b) Reserves and surplus | 2 | 17,765,855,083 | 16,604,875,052 |
| (2) Share Application money pending allotment | | 14,329,098,897 | 14,023,324,897 |
| (Refer note No. 24) | | | |
| (3) Non-Current Liabilities | | | |
| (a) Long Term borrowings | 3 | 226,471,982,465 | 189,263,793,253 |
| (b) Deferred tax liability (net) | 4 | 11,409,176,554 | 10,042,921,301 |
| (c) Other long term liabilities | 5 | 22,276,820,027 | 23,438,518,229 |
| (d) Long term provisions | 6 | 6,331,859,162 | 6,592,403,063 |
| (4) Current Liabilities | | | |
| (a) Short Term borrowings | 3(A) | 55,339,839,119 | 55,489,490,336 |
| (b) Trade Payables | | 19,357,389,490 | 34,011,187,708 |
| (c) Other Current liabilities | 7 | 57,052,130,947 | 52,013,713,415 |
| (d) Short Term Provisions | 6 | 2,019,609,338 | 3,210,184,592 |
| Total | | 500,437,462,722 | 460,036,857,486 |
| II. ASSETS | | | |
| Non-current Assets | | | |
| (a) Fixed assets: | | | |
| (i) Tangible Assets (Net Block) | 8 | 187,419,206,131 | 161,457,958,365 |
| (ii) Intangible Assets | 8 | 187,969,939 | 249,555,150 |
| (iii) Capital work-in progress (Net) | | 177,367,143,045 | 157,475,188,013 |
| Less : Provision for Obsolescence | | 78,304,946 | 78,304,946 |
| | | 177,288,838,099 | 157,396,883,067 |
| (iv) Intangible assets under development | | - | - |
| (b) Non-Current Investments | 9 | 26,600,000 | 26,600,000 |
| (c) Long term loans and advances | 10 | 4,063,987,800 | 6,533,183,296 |
| Current Assets | | | |
| (a) Inventories | 11 | 17,401,119,130 | 17,158,750,476 |
| (b) Trade Receivables | 12 | 86,640,568,812 | 71,330,083,671 |
| (c) Cash and cash equivalents | 13 | 440,517,504 | 1,208,311,981 |
| (d) Short term Loans and advances | 10 | 22,573,485,559 | 29,388,231,316 |
| (e) Other Current Assets | 14 | 4,395,169,748 | 15,287,300,164 |
| Total | | 500,437,462,722 | 460,036,857,486 |
| See accompanying notes to the financial statements. | | | |

As per our report attached
For M P Chitale & Co.
Chartered Accountants

(CA Ashutosh Pednekar)
Partner

For Borkar & Muzumdar
Chartered Accountants

(CA Devang Vaghani)
Partner

For Ummed Jain & Co.
Chartered Accountants

(CA Akhil Jain)
Partner
Mumbai, 27th August, 2014

For Maharashtra State Power Generation Company Limited

J.K. Srinivasan
Director (Finance)

Asheesh Sharma
Chairman & Managing Director

S.K. Labde
Chief General Manager (A)

Rahul Dubey
Company Secretary

Statement of Profit & Loss for the year ended 31st March, 2014

(Amt. in ₹)

| | | Note No. | 2013-2014 | 2012-2013 |
|-------------|---|----------|------------------------|------------------------|
| I. | Revenue from Operations | 15 | 165,382,134,403 | 164,238,620,966 |
| II. | Other income | 16 | 837,379,752 | 2,191,843,677 |
| III. | Total Revenue [I+II] | | 166,219,514,155 | 166,430,464,643 |
| IV. | Expenses | | | |
| | (a) Cost of Material Consumed | 17 | 108,108,300,972 | 108,221,205,069 |
| | (b) Employee benefit expense | 18 | 11,164,120,956 | 9,100,364,280 |
| | (c) Finance Cost | 19 | 17,109,719,329 | 13,611,070,145 |
| | (d) Depreciation/ Amortisation | 8 | 11,634,304,932 | 5,569,688,986 |
| | (e) Other expenses | 20 | 15,003,380,144 | 20,650,506,445 |
| | (f) Total Expenses | | 163,019,826,333 | 157,152,834,925 |
| V. | Profit before tax (III-IV) | | 3,199,687,822 | 9,277,629,718 |
| VI. | Tax Expense | | | |
| | (a) Current Tax | | 723,000,000 | 2,134,000,000 |
| | (b) Deferred Tax | | 1,366,255,257 | 2,263,837,361 |
| VII | Profit / (Loss) for the period | | 1,110,432,565 | 4,879,792,357 |
| VIII. | Earnings per equity share | | | |
| | (1) Basic | | 0.15 | 0.79 |
| | (2) Diluted | | 0.15 | 0.79 |
| | See accompanying notes to the financial statements. | | | |

As per our report attached
For M P Chitale & Co.
Chartered Accountants

(CA Ashutosh Pednekar)
Partner

For Borkar & Muzumdar
Chartered Accountants

(CA Devang Vaghani)
Partner

For Ummed Jain & Co.
Chartered Accountants

(CA Akhil Jain)
Partner
Mumbai, 27th August, 2014

For Maharashtra State Power Generation Company Limited

J.K. Srinivasan
Director (Finance)

Asheesh Sharma
Chairman & Managing Director

S.K. Labde
Chief General Manager (A)

Rahul Dubey
Company Secretary

Notes to Financial Statements

1) Significant Accounting Policies and Notes to Accounts forming part of Financial Statements For the year ended 31st March, 2014

a) Basis of preparation of financial statements

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

The accounts have been prepared on the basis of going concern concept and under the historical cost convention. The company adopts accrual basis in preparation of its accounts to comply in all material aspects with Generally Accepted Accounting Principles (GAAP) and the accounting standards issued by the Companies (Accounting Standards) Rules, 2006 (which as per clarification issued by the Ministry of Corporate Affairs continue to apply under section 133 of Companies Act 2013) as per notification no. G.S.R.739 (E) dated 7th December, 2006.

b) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires estimates and assumptions to be made that affect the reported amounts of assets and the liabilities on the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Differences between actual results and estimates are recognized in the period in which results are known / materialized.

c) Tangible Fixed Assets

- (i) Fixed assets of the Company are recorded in the books of accounts at historical cost. Fixed assets are stated at cost of acquisition or construction less accumulated depreciation and provision for obsolescence/ impairment.
- (ii) Cost of acquisition is inclusive of freight, duties & taxes (other than those subsequently recoverable from taxing authorities), levies, borrowing costs & all incidentals attributable to bring the asset ready for intended use.
- (iii) Capital Expenditure incurred by the Company, resulting in creation of fixed assets for which Company does not have ownership rights, is reflected as a part of capital work in progress till the assets are under construction and thereafter in the fixed assets schedule under the head "Capital Expenditure resulting in Assets not belonging to the Company" Revenue expenditure incurred for contribution towards cost of assets not owned by the company and corporate social responsibility activities are charged off to Statement of Profit and Loss.
- (iv) 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.
- (v) Claims for price variation in case of capital contracts are accounted for, on acceptance thereof by the Company.
- (vi) The costs incurred on identification, survey and feasibility studies of a project under sanction is covered 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 revenue in the year of its rejection.
- (vii) Fixed assets are shown in the books of account net of any government grants received in respect of those fixed assets.
- (viii) Fixed Assets costing individually up to ₹ 5,000/- are depreciated fully in the year of purchase. Cost of all Mobile Phones is charged off to Revenue during the year of purchase.

- (ix) Assets retired from active use and held for sale are valued at Net Book Value or Net Realisable Value whichever is lower and disclosed as other current assets.

(x) Intangible Assets -

Intangible Assets are capitalized at cost less accumulated amortization and impairment losses, if it is probable that the future economic benefits that are attributable to the assets will flow to the Company.

Capital Work-in-progress

- (xi) In case of fixed assets, for new projects / extension, the related expenses and interest cost up to the date of commissioning attributable to such project / expansion are capitalized.
- (xii) The total cost incurred by the Company at project and planning units for the period are apportioned to respective Capital Work-in-Progress accounts on the basis of cumulative accretions.
- (xiii) The costs incurred and revenue generated during the Trial Runs Stage of the Project / Power Station are capitalized.

d) Borrowing Cost

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that takes substantial period of time to get ready for its intended use. 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.

e) Impairment of Assets

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

f) Critical/ Insurance Machinery Spares

- (i) Machinery spares procured along with the Plant & Machinery, whose use is expected to be irregular are capitalized separately, if cost of such spares is known. If cost of such spares is not known, these are capitalized along with concerned plant.
- (ii) Machinery spares procured subsequently are also capitalized in the year of purchase.
- (iii) Machinery spares are depreciated fully over the remaining useful life of the related plant and machinery.
- (iv) 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.
- (v) In case of replacement of part of asset / replacement of capital spare where Written Down value of such original part of asset / capital spare is not known, the cost/ net book value of the new part of asset / new capital spare shall be written off.

Machinery Spares (Other than Critical/ Insurance Machinery Spares)

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

g) Depreciation / Amortization

(i) Tangible Fixed Assets:

The Company provides depreciation on straight line method to the extent of 90% of the cost of asset following the rates notified by the Maharashtra Electricity Regulatory Commission (MERC) through MERC (Multy-Year Tariff) Regulations 2011 which came into force with effect from 1st April 2011. These new depreciation manner is effective for the accounting period starting from 1.4.2013.

Depreciation on the fixed assets 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.

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

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 SLM method @ 3.34% p.a.

- (ii) In case of Assets (other than assets mentioned in (iii) 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 reserve, the company charges depreciation on the basis of balance useful life. MERC vide Multy Year Tariff Regulations, has prescribed useful life in case of Thermal and Gas based generating Stations as 25 years and in case of Hydro Generating Stations as 35 years.

| | |
|---|--------|
| 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 % |

- (iii) In case of following assets depreciation is charged straight line method upto 90% of or assets at rates mentioned below:

| | |
|---|---------|
| Furniture, Fixtures and Office Equipments | 6.33 % |
| Vehicles | 9.50 % |
| IT Equipment | 15.00 % |

(iv) Intangible Assets:

Expenses capitalized on account of purchase of new application software, implementation of the said software by external third party consultants and purchase of licenses are amortized over their estimated useful lives not exceeding ten years. Other intangible assets are amortized over the period for which benefits are estimated to generate sufficient economic benefits.

h) Inventories

Stock of materials including coal mill reject, 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. Steel scrap not being part of inventory, is not recognized in Books of Accounts as stock. However, income from sale of such scrap gets accounted as other income as and when auctioned.

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

i) Revenue Recognition

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. Further, the revenue includes delayed payment surcharge levied to MSEDCL as per the terms of Power Purchase Agreement executed with MSEDCL.

Sale of fly ash is accounted for based on rates agreed with the customers. Amount collected are kept under separate account head "Fly Ash Utilisation Fund" in accordance with the guidelines issued by MOE&F dated 03-11-2009. The said fund gets utilised to the extent of expenditure incurred for promotion of ash utilisation.

Other income is recognized on accrual basis. Sale of scrap is accounted when the same is contracted to be sold. Since the company has policy to book the consumption of coal when such coal gets loaded on conveyer belts, the credit arising out of value of coal rejected at coal mill, is reduced from such coal consumption. 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.

j) Investments

Long term investments are classified as Non-Current and are carried at cost, less provision for diminution other than temporary in the value of such investments.

k) Foreign Currency transactions

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

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

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

l) Employee Benefits**(i) Short Term Employee Benefits**

The Company recognizes the undiscounted amount of short term employee benefits expected to be paid in exchange for services rendered as liability (accrued expense).

(ii) Post-employment benefits

Defined Benefit Plan

Gratuity and Leave encashment

Provision for accruing liability for gratuity and leave encashment on retirement is made on the basis of the liability as actuarially determined as at the year end.

Provident Fund Benefit

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

m) Leases**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. The lease agreement in respect of hydro power generation facilities has not been entered into with Government of Maharashtra.

Operating Lease

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

n) Taxation**(i) Income Tax**

Current tax is determined as per the provisions of the Income Tax Act, 1961 in respect of Taxable Income for the year, after considering permissible tax exemption, deduction / disallowance. Current tax when provided under the MAT provisions of section 115JB of the Income Tax 1961, the benefit of credit against such payments is available over a period of 10 subsequent assessment years and will be recognized when actually realized.

(ii) Deferred Tax

Deferred tax is recognized on timing differences being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods, subject to consideration of prudence by applying the tax rate and laws enacted or substantially enacted by Balance Sheet date as per the Accounting Standard – 22 “Accounting for tax on Income”.

In respect of unabsorbed depreciation or carried forward losses, deferred tax assets are recognized only to the extent there is virtual certainty of realization in future. Other deferred tax assets are recognized only to the extent there is reasonable certainty of realization in future.

o) Prior Period Items and Extra-Ordinary Items

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

p) Provisions, Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognized when there is a present

obligation as result of past events and it is probable that there will be an outflow of resources.

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

Contingent assets are not recognized in the financial statements.

q) Government Grant Policy:-

Government grants related to specific fixed asset are deducted from gross value of such fixed asset. Government grants related to revenue is accounted for on a systematic basis in the Statement of Profit and Loss over the period necessary to match them with the related cost which they are intended to compensate.

r) Cash flow statement

Cash flow statement is prepared in accordance with the indirect method prescribed in Accounting Standard (AS) 3 on 'Cash Flow Statements'.

s) Earning Per Share (EPS)

Basic earnings per share are computed by dividing the profit/loss after tax by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit/loss after tax as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.

For the purpose of calculating Earning Per Share, the share application money pending allotment has been considered being confirmed allotment.

2) Restructuring Scheme

The assets and liabilities of the Company as on June 06, 2005 contain balances, which are transferred under The Maharashtra Electricity Reforms Transfer Scheme, 2005 (Transfer Scheme). Accordingly these balances are approved by MSEB Holding Company Ltd. The Final Transfer Scheme is yet to be notified by the Government of Maharashtra, which may have an impact on the financial statements of the Company.

During the process of allocation of loans of the erstwhile MSEB among successor entities as part of transfer scheme, certain loans have been serviced by Maharashtra State Electricity Transmission Company Limited (MSETCL) for some intermittent period, which were finally allocated to the Company and approved by the holding company. Accordingly, Total Repayment of Principal Amount of ₹ 1,687,936,350 and Total Repayment of Interest amount of ₹ 152,018,540 have been paid to MSETCL. Pending final notification of scheme, no effect has been given in reserves / share application money pending allotment account and the same has been adjusted as balance receivable / payable from MSETCL.

Note No. 1

Share Capital

i) Authorised Capital

| Class of Share | Par value ₹ | As at 31st March 2014 | | As at 31st March 2013 | |
|----------------|-------------|-----------------------|-----------------|-----------------------|-----------------|
| | | No. of Shares | (Amount in ₹) | No. of Shares | (Amount in ₹) |
| Equity Shares | 10 | 25,000,000,000 | 250,000,000,000 | 25,000,000,000 | 250,000,000,000 |

ii) Issued, Subscribed and paid up Capital (Fully Paid-up)

| Class of Share | Par value ₹ | As at 31st March 2014 | | As at 31st March 2013 | |
|----------------|-------------|-----------------------|----------------|-----------------------|----------------|
| | | No. of Shares | (Amount in ₹) | No. of Shares | (Amount in ₹) |
| Equity Shares | 10 | 6,808,370,164 | 68,083,701,640 | 5,534,644,564 | 55,346,445,640 |

iii) Reconciliation of Number of Shares Outstanding

| Class of Share | As at 31st March 2014 | | As at 31st March 2013 | |
|------------------------------|-----------------------|----------------|-----------------------|----------------|
| | Equity Shares | | Equity Shares | |
| | No. of Shares | (Amount in ₹) | No. of Shares | (Amount in ₹) |
| Outstanding as at 01.04.2013 | 5,534,644,564 | 55,346,445,640 | 5,140,846,700 | 51,408,467,000 |
| Addition during the period | 1,273,725,600 | 12,737,256,000 | 393,797,864 | 3,937,978,640 |
| Outstanding as at 31.03.2014 | 6,808,370,164 | 68,083,701,640 | 5,534,644,564 | 55,346,445,640 |

iv) The rights, preferences, restrictions including restrictions on the distributions of dividends and repayment of capital

- (1) The Company is having only one class of shares i.e Equity carrying a nominal value of ₹.10/- per share.
- (2) Every holder of the equity share of the Company is entitled to one vote per share held. The dividend, (except interim dividend) proposed by Board of Directors is subject to approval of the shareholders in the Annual General Meeting.
- (3) Every shareholder has a right to receive dividend in proportion to shares held by them whenever such dividend is approved.
- (4) In the event of liquidation of the Company, the equity shareholders will be entitled to receive remaining assets of the Company after the distribution / repayment of all creditors. The distribution to the equity shareholders will be in proportion of the number of shares held by each shareholder.

(v) Shares in respect of each class held by Holding Company.

| Name of Shareholder | As at 31st March 2014 | As at 31st March 2013 |
|---|-----------------------|-----------------------|
| | Equity Shares | Equity Shares |
| MSEB Holding Company Ltd. (Nos.) | 6,808,320,164 | 5,534,594,564 |
| MSEB Holding Company Ltd. (Amount in ₹) | 68,083,201,640 | 55,345,945,640 |

vi) Details of shares in the company held by each shareholder holding more than 5% shares and shares held by Holding company :

| Name of Shareholder | As at 31st March 2014 | | As at 31st March 2013 | |
|---------------------------|-----------------------|-------------|-----------------------|-------------|
| | Equity Shares | % of Shares | Equity Shares | % of Shares |
| MSEB Holding Company Ltd. | 6,808,320,164 | 99.99 | 5,534,594,564 | 99.99 |

Note No. 2

(Amt in ₹)

| Reserves & Surplus | As on 31-03-2014 | As on 31-03-2013 |
|--|-------------------------|-------------------------|
| Surplus as per Statement of Profit & Loss | | |
| Balance at the beginning of the year | 16,604,875,052 | 11,725,082,695 |
| Add: | | |
| Profit transferred from Statement of Profit & Loss | 1,110,432,565 | 4,879,792,357 |
| Closing Balance | 17,715,307,617 | 16,604,875,052 |
| Fly Ash Utilisation Fund | | |
| Beginning of the year | - | - |
| Additions during the year | 149,345,695 | 95,340,834 |
| Utilisation during the year | (149,345,695) | (95,340,834) |
| Closing Balance | - | - |
| Capital Grant Reserve | 50,547,466 | - |
| Total Reserves & Surplus | 17,765,855,083 | 16,604,875,052 |

Note No. 3

(Amt in ₹)

| Long-Term Borrowings | Long-Term Borrowings | | Current Maturities of Long Term Borrowing | |
|---|-----------------------------|-------------------------|--|-------------------------|
| Particulars | As at 31-03-2014 | As at 31-03-2013 | As at 31-03-2014 | As at 31-03-2013 |
| Secured Loan | | | | |
| Term Loan | | | | |
| From Financial Institution | | | | |
| Power Finance Corporation | 111,872,037,773 | 93,782,297,770 | 6,050,229,149 | 4,596,806,317 |
| Rural Electrification Corporation | 97,274,634,751 | 86,640,634,777 | 687,500,000 | 4,309,916,667 |
| Loan from Housing Urban Development Corporation | 46,160,690 | 14,715,807 | - | - |
| Loan from IREDA | 200,218,000 | - | 29,544,000 | - |
| From Banks | | | | |
| Term Loan | 1,364,379,267 | 3,678,562,987 | 313,396,800 | 313,396,800 |
| Mid Term loan from banks | 6,603,700,000 | - | - | - |
| | 217,361,130,481 | 184,116,211,341 | 7,080,669,949 | 9,220,119,783 |
| Unsecured Loan | | | | |
| Term Loan | | | | |
| From Financial Institution | | | | |
| Power Finance Corporation | 1631695981 | 2,811,039,956 | 1477385710 | 1,206,429,125 |

| | | | | |
|---|------------------------|------------------------|-------------------------|-------------------------|
| From Others | | | | |
| KFW 150 MW Solar (Refer Note 38 (h)) | 6,952,868,196 | 1,703,399,114 | 2,970,159,898 | 981,484,800 |
| Loan from World Bank | 209,445,160 | - | - | - |
| Government of Maharashtra | 316,842,646 | 633,142,842 | 316,250,196 | 316,250,000 |
| Sub Total | 9,110,851,983 | 5,147,581,912 | 4,763,795,804 | 2,504,163,925 |
| Gross Total | 226,471,982,465 | 189,263,793,253 | 11,844,465,752 | 11,724,283,708 |
| Less: Transferred to Other Current liabilities (Note No.7) | | | (11,844,465,752) | (11,724,283,708) |
| Net total | 226,471,982,465 | 189,263,793,253 | - | - |
| <i>(Refer Note 25 (A) Annexure 'A' for disclosure of terms & conditions and Securities)</i> | | | | |

Note No. 3 (A)

(Amt in ₹)

| Short Term Borrowings | As at 31 March 2014 | As at 31 March 2013 |
|--|----------------------------|----------------------------|
| Loan repayable on Demand (Secured) | | |
| From Banks | | |
| Cash Credit | 26,339,839,119 | 24,489,490,336 |
| SubTotal | 26,339,839,119 | 24,489,490,336 |
| Loan repayable on Demand (Unsecured) | | |
| From Banks | | |
| Working Capital loan from Banks | 28,490,891,269 | 30,200,824,251 |
| Temporay Loan from Banks | 509,108,731 | 799,175,749 |
| Project Specific loans from banks | - | - |
| SubTotal | 29,000,000,000 | 31,000,000,000 |
| Grand Total | 55,339,839,119 | 55,489,490,336 |
| <i>(Refer Note 25(B) Annexure 'B' for disclosure of terms & conditions and Securities)</i> | | |

Note No. 4

(Amt in ₹)

| Deferred Tax | Closing Balance As on 31-03-2014 | Opening Balance As on 31-03-2013 | Debti/Credit during year |
|--|---|---|-------------------------------------|
| Deferred Tax Liability (A) | | | |
| Difference of WDV as per Books and Income Tax | 21,788,155,891 | 19,276,937,865 | 2,511,218,025 |
| Deferred Tax Asset (B) | | | |
| Disallowance u/s 43B of Income Tax Act,1961 | 2,497,679,229 | 2,536,771,990 | (39,092,761) |
| Disallowance u/s 40(a) (7) of Income Tax Act,1961 | 1,451,801,624 | 1,488,519,341 | (36,717,717) |
| Unabsorbed Depreciation loss carried forward | 6,429,498,479 | 5,208,725,233 | 1,220,773,245 |
| Total | 10,378,979,332 | 9,234,016,564 | 1,144,962,768 |
| Net Deferred Tax Liability/Deferred Tax Asset (A-B) | 11,409,176,559 | 10,042,921,301 | 1,366,255,257 |

Note No. 5

(Amt in ₹)

| Other Long Term liabilities | As on 31-03-2014 | As on 31-03-2013 |
|---------------------------------------|-------------------------|-------------------------|
| (i) Creditors for Capital expenditure | 2,999,313 | 106,699,269 |
| (ii) Deposits & Retentions | 21,260,664,742 | 23,113,730,491 |
| (iii) Other liabilities | 146,362,273 | 2,753,737 |
| (iv) Liabilities for Related Parties | 866,793,699 | 215,334,732 |
| | 22,276,820,027 | 23,438,518,229 |

Note No. 6

(Amt in ₹)

| Provisions | Long Term | | Short Term | |
|--|-------------------------|-------------------------|-------------------------|-------------------------|
| | As on 31-03-2014 | As on 31-03-2013 | As on 31-03-2014 | As on 31-03-2013 |
| Provision for Employee benefits | | | | |
| Provision for gratuity (refer 38(a)(ix)) | 3,442,390,093 | 3,645,647,317 | 1,032,264,319 | 942,176,202 |
| Provision for Leave encashment (refer 38(a)(ix)) | 2,889,469,069 | 2,946,755,746 | 987,204,010 | 907,380,999 |
| Other Provisions | | | | |
| Provision for Income Tax | 0 | 0 | - | 6,305,741,656 |
| Less: Taxes paid in Advance (including TDS) | 0 | 0 | - | 4,945,237,474 |
| | 0 | 0 | - | 1,360,504,182 |
| Provision for Wealth Tax | 0 | 0 | 141,009 | 123,209 |
| | 6,331,859,162 | 6,592,403,063 | 2,019,609,338 | 3,210,184,592 |

Note No. 7

(Amt in ₹)

| Other Current Liabilities | As on 31-03-2014 | As on 31-03-2013 |
|--|-------------------------|-------------------------|
| Current Maturities of Long Term Debt (Note no.3 & Annexure thereto) | 11,844,465,752 | 11,724,283,709 |
| Interest accrued but not due on borrowings | 5,252,777,354 | 2,746,012,372 |
| Other Payables - | | |
| (i) Deposits & Retentions | 12,896,157,746 | 9,323,437,200 |
| (ii) Payables for capital goods | 8,682,370,730 | 13,749,105,629 |
| (iii) Other Liabilities | 12,399,556,072 | 8,014,783,223 |
| (iv) Liabilities for Related Parties | 5,976,803,293 | 6,456,091,282 |
| | 57,052,130,947 | 52,013,713,415 |

Note No. 8

Note No. 8

(Amt in ₹)

| Assets | As at 01.04.2013 | Gross Block (At cost) | | As at 31.03.2014 | As at 01.04.2013 | Depreciation for the year | Prior Period Depreciation | Deductions / Adjustments | Provision for obsolescence 31-03-2014 | Provision for obsolescence 31-03-2013 | Net Block | |
|--|------------------|-------------------------|--------------------------|------------------|------------------|---------------------------|---------------------------|--------------------------|---------------------------------------|---------------------------------------|------------------|------------------|
| | | Additions / Adjustments | Deductions / Adjustments | | | | | | | | As at 31.03.2014 | As at 31.03.2013 |
| Tangible Assets | | | | | | | | | | | | |
| Land (including development) | | | | | | | | | | | | |
| Freehold | 2,172,450,019 | 32,255,038 | 25,916 | 2,204,679,141 | - | 18,421,962 | - | - | - | | 2,204,679,141 | 2,172,450,019 |
| Leasehold Buildings | 551,555,769 | | | 551,555,769 | 60,000,443 | | | | 78,422,405 | | 473,133,364 | 491,555,326 |
| Factory Buildings | 9,496,582,794 | 19,815,110 | 1,485,197 | 9,514,912,707 | 4,478,860,938 | 206,083,469 | - | 173,063 | 4,684,771,344 | 3,969,446 | 4,826,171,917 | 5,013,752,410 |
| Others | 4,614,412,213 | 1,017,443,883 | (1,485,197) | 5,633,341,293 | 1,346,408,073 | 259,275,201 | 204,922 | (173,060) | 1,606,061,256 | | 4,027,280,037 | 3,268,004,140 |
| Hydraulic Works | 19,151,749,439 | 1,309,470,674 | 1,792,000 | 20,459,428,113 | 6,096,253,091 | 1,625,065,165 | 133,472 | 83,164 | 7,721,308,564 | 2,993,713 | 12,735,125,836 | 13,052,502,635 |
| Other Civil Works | | | | | | | | | | | | |
| Railway Sidings | 5,019,634,679 | 2,005,674,771 | 123,616,239 | 6,901,693,211 | 870,536,017 | 262,538,366 | (47,258) | 58,773,058 | 1,074,254,067 | | 5,827,439,144 | 4,149,098,662 |
| Roads and Others | 9,291,490,961 | 71,043,202 | - | 9,362,534,163 | 3,127,055,424 | 282,824,733 | 4,821 | 131,852 | 3,409,753,126 | 2,774,706 | 5,950,006,331 | 6,161,660,831 |
| Plant, Machinery & Equipments | 190,723,148,678 | 33,418,209,660 | 497,680,523 | 223,643,077,815 | 66,533,881,702 | 8,711,418,733 | (67,925,846) | 110,705 | 75,177,263,884 | 75,373,110 | 148,391,040,821 | 124,114,397,830 |
| Lines & Cable Networks | 3,283,761,086 | 153,027,703 | 5,564,179 | 3,431,224,610 | 1,285,071,308 | 132,993,414 | - | 402,432 | 1,417,662,290 | 67,862,369 | 1,945,099,951 | 1,930,835,828 |
| Furniture & Fixtures | 351,966,057 | 21,022,852 | 50,928 | 372,937,981 | 145,833,935 | 16,239,001 | (18,433) | (216,778) | 162,271,281 | 30,181 | 210,636,519 | 206,101,941 |
| Vehicles | 172,335,463 | 3,965,431 | 2,671,324 | 173,629,570 | 134,040,786 | 5,596,494 | (274,607) | 2,404,194 | 136,958,479 | 1,147,470 | 35,523,621 | 37,147,207 |
| Office Equipments | 325,025,937 | 6,841,827 | (1,621,497) | 333,489,261 | 141,817,972 | 29,259,922 | 38,074 | (1,509,642) | 172,625,610 | 128,543 | 160,735,108 | 183,079,422 |
| Assets not owned by the company | | | | | | | | | | | | |
| Capital Expenditure resulting in Assets not belonging to the Company | | | | | | | | | | | | |
| Less: Capitalised | | | | | | (35,919,987) | | | | | | |
| Total Tangible Assets | 246,038,051,922 | 38,058,770,151 | 630,671,080 | 283,466,150,993 | 84,425,870,716 | 11,559,437,051 | (68,758,284) | 60,259,832 | 95,892,209,638 | 154,735,224 | 187,419,206,131 | 161,457,958,365 |
| Previous Years figures | 165,040,017,575 | 81,805,403,591 | 807,369,244 | 246,038,051,922 | 79,482,703,575 | 5,538,868,613 | (37,149,714) | 580,164,681 | 84,425,870,716 | 111,773,730 | 161,457,958,365 | 85,445,540,270 |
| | | | | | | | | | | | | |
| Assets | | | | | | | | | | | | |
| | | | | | | | | | | | | |
| Intangible Assets | | | | | | | | | | | | |
| Right to receive water/power | 9,987,907 | | - | 9,987,907 | 8,920,971 | 1,066,936 | - | - | 9,987,907 | | - | 1,066,936 |
| | | | | | | | | | | | | |
| Software Licences | 314,438,076 | 26,708,477 | | 327,720,746 | 65,949,862 | 73,800,945 | - | - | 139,750,807 | | 187,969,939 | 248,488,214 |
| Total Intangible Assets | 324,425,983 | 26,708,477 | 13,425,807 | 337,708,653 | 74,870,833 | 74,867,881 | - | - | 149,738,714 | - | 187,969,939 | 249,555,150 |
| Previous Years figures | 47,487,911 | 276,938,072 | - | 324,425,983 | 21,668,300 | 30,820,373 | - | (22,382,160) | 74,870,833 | 0 | 249,555,150 | 25,819,611 |

Note No. 8 (A)

(Amt in ₹)

| Capital Work In Progress | As at 31-03-2014 | As at 31-03-2013 |
|---------------------------------|-------------------------|-------------------------|
| Chandrapur Project & Civil | 54,008,303,374 | 44,646,380,173 |
| Bhusawal Project & Civil | 2,957,609,929 | 27,078,061,260 |
| Koradi Project & Civil | 103,278,927,517 | 73,037,517,301 |
| Khaperkheda Project & Civil | 735,015,234 | 1,015,352,108 |
| Parli Project & Civil | 16,675,155,663 | 14,167,360,602 |
| Paras Project & Civil | 1,138,426,453 | 1,106,245,808 |
| Other Capital Works | 1,755,825,874 | 1,850,152,969 |
| Less:- Capital Advance | (3,182,120,999) | (5,425,882,208) |
| Total | 177,367,143,045 | 157,475,188,013 |

Note No. 9

(Amt in ₹)

| Non-Current Investments (valued at cost less diminution other than temporary) | | |
|--|-------------------------|-------------------------|
| | As on 31-03-2014 | As on 31-03-2013 |
| Trade Investments (Unquoted) | | |
| Investment in Equity Shares | | |
| In Subsidiary Companies | | |
| 50,000 (PY 50,000) Equity shares of "Dhule Thermal Power Company Limited" of ₹10/- each fully paid-up | 500,000 | 500,000 |
| 50,000 (PY 50,000) Equity shares of "Dhopave Coastal Power Company Limited" of ₹10/- each fully paid-up | 500,000 | 500,000 |
| | | |
| In Joint Ventures | | |
| 30,000 (PY30,000) equity shares of UCM Coal Co. Ltd. of ₹10/- each fully paid up | 300,000 | 300,000 |
| 25,00,000 (PY 25,00,000) equity shares of Latur Power Company Ltd. of ₹ 10/- each fully paid up | 25,000,000 | 25,000,000 |
| 30,000 (PY30,000) Equity shares of "Mahaguj Colliery Limited" of ₹10/- each fully paid-up | 300,000 | 300,000 |
| Total | 26,600,000 | 26,600,000 |
| Aggregate amount of Unquoted Investment | 26,600,000 | 26,600,000 |

Note No. 10

(Amt in ₹)

| Loan & Advances | Long Term | | Short Term | |
|----------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| | As on 31-03-2014 | As on 31-03-2013 | As on 31-03-2014 | As on 31-03-2013 |
| Capital Advances | | | | |
| Secured, Considered good | - | - | - | - |
| Unsecured, Considered good | 3,182,120,999 | 5,425,882,208 | - | - |
| Doubtful | - | - | - | - |
| | 3,182,120,999 | 5,425,882,208 | - | - |
| Security Deposits | | | | |
| Secured, Considered good | - | - | - | - |
| Unsecured, Considered good | 694,315 | 309,647,907 | 1,280,666,126 | 1,005,281,009 |

| | | | | |
|---|---------------|-------------|----------------|----------------|
| Doubtful | 3,259,976 | 3,183,243 | - | - |
| | 3,954,291 | 312,831,150 | 1,280,666,126 | 1,005,281,009 |
| Less:- Provision for Doubtful Debts | 3,259,976 | 3,183,243 | | |
| | 694,315 | 309,647,907 | 1,280,666,126 | 1,005,281,009 |
| Related Parties | | | | |
| Secured, Considered good | - | - | - | - |
| Unsecured, Considered good | 317,167,114 | 312,674,888 | 768,721,726 | 764,067,825 |
| Doubtful | 2,712,798 | 2,712,798 | - | - |
| | 319,879,912 | 315,387,686 | 768,721,726 | 764,067,825 |
| Less:- Provision for Doubtful Debts | 2,712,798 | 2,712,798 | - | - |
| | 317,167,114 | 312,674,888 | 768,721,726 | 764,067,825 |
| Others | | | | |
| Advances recoverable in cash or in kind or for value to be received | | | | |
| Secured, Considered good | - | - | - | - |
| Unsecured, Considered good | 300,071,334 | 301,591,585 | 703,493,785 | 720,026,778 |
| Doubtful | 1,787,719,701 | 612,865,168 | - | - |
| | 2,087,791,035 | 914,456,753 | 703,493,785 | 720,026,778 |
| Less:- Provision for Doubtful Debts | 1,787,719,701 | 612,865,168 | - | - |
| | 300,071,334 | 301,591,585 | 703,493,785 | 720,026,778 |
| Advances for O & M supplies / works | | | | |
| Secured, Considered good | - | - | - | - |
| Unsecured, Considered good | 24,457,118 | 29,065,504 | 3,395,285,573 | 2,807,889,278 |
| Doubtful | 9,995,428 | 9,995,428 | - | - |
| | 34,452,546 | 39,060,932 | 3,395,285,573 | 2,807,889,278 |
| Less:- Provision for Doubtful Debts | 9,995,428 | 9,995,428 | - | - |
| | 24,457,118 | 29,065,504 | 3,395,285,573 | 2,807,889,278 |
| Advances for coal / fuel supplies | | | | |
| Secured, Considered good | - | - | - | - |
| Unsecured, Considered good | - | - | 11,213,972,682 | 19,203,614,033 |
| Doubtful | - | - | - | - |
| | - | - | 11,213,972,682 | 19,203,614,033 |
| Advances to staff | | | | |
| Secured, Considered good | 44,990 | 369,155 | 1,018,909 | 935,937 |
| Unsecured, Considered good | 201,470,985 | 141,574,574 | 380,630,922 | 378,311,573 |
| Doubtful | - | - | - | - |
| | 201,515,975 | 141,943,729 | 381,649,831 | 379,247,510 |
| Balance recoverable from statutory authorities | | | | |
| Secured, Considered good | - | - | - | - |
| Unsecured, Considered good | - | - | 5,004,082 | 42,154,415 |
| Doubtful | - | - | - | - |
| | - | - | 5,004,082 | 42,154,415 |
| | - | - | - | - |
| | - | - | - | - |
| Prepaid expenses | | | | |
| Secured, Considered good | - | - | - | - |
| Unsecured, Considered good | - | - | 55,043,735 | 46,671,245 |
| Doubtful | - | - | - | - |
| | - | - | 55,043,735 | 46,671,245 |

| | | | | |
|--|----------------------|----------------------|-----------------------|-----------------------|
| Claims receivable and other current assets | | | | |
| Secured, Considered good | - | - | - | - |
| Unsecured, Considered good | 37,960,945 | 12,377,475 | 4,769,648,019 | 4,419,279,223 |
| Doubtful | 3,546,706 | 3,807,400 | - | - |
| | 41,507,651 | 16,184,875 | 4,769,648,019 | 4,419,279,223 |
| Less:- Provision for Doubtful Debts | 3,546,706 | 3,807,400 | - | - |
| | 37,960,945 | 12,377,475 | 4,769,648,019 | 4,419,279,223 |
| Net total | 4,063,987,800 | 6,533,183,296 | 22,573,485,559 | 29,388,231,316 |

Note No. 11

(Amt in ₹)

| Inventories (Valued at Cost or Net Realisable Value whichever is lower) | As on 31-03-2014 | As on 31-03-2013 |
|--|-------------------------|-------------------------|
| Raw Material - | | |
| Coal | 4,942,849,661 | 5,740,331,524 |
| Add:- Coal in Transit | 248,714,734 | 616,988,709 |
| Less : Provision for Stock with Washery Operators | - | 1,158,405,911 |
| Sub-Total | 5,191,564,395 | 5,198,914,322 |
| Oil | 2,523,546,381 | 2,065,232,479 |
| Sub-Total | 7,715,110,776 | 7,264,146,801 |
| Stores and spares | 11,375,307,390 | 11,830,191,084 |
| Less:-Provision for loss on obsolescence of stores | 1,689,299,036 | 1,935,587,409 |
| Sub-Total | 9,686,008,354 | 9,894,603,675 |
| Net total | 17,401,119,130 | 17,158,750,476 |

Note No. 12

(Amt in ₹)

| Trade Receivable | Long Term | | Short Term | |
|---|-------------------------|-------------------------|-------------------------|-------------------------|
| | As on 31-03-2014 | As on 31-03-2013 | As on 31-03-2014 | As on 31-03-2013 |
| Outstanding for more than six months from due date | | | | |
| Secured, Considered good | - | - | - | - |
| Unsecured, Considered good | - | - | 10,554,184,027 | 8,522,896,678 |
| Doubtful | - | - | - | - |
| | - | - | 10,554,184,027 | 8,522,896,678 |
| - Other debts | | | | |
| Secured, Considered good | - | - | 0 | 0 |
| Unsecured, Considered good | - | - | 76,083,779,216 | 62,807,186,993 |
| Doubtful | - | - | 2,605,569 | 0 |
| | - | - | 76,086,384,785 | 62,807,186,993 |
| Total | - | - | 86,640,568,812 | 71,330,083,671 |

Note No. 13

(Amt in ₹)

| Cash and Cash Equivalents | As on 31-03-2014 | As on 31-03-2013 |
|----------------------------------|-------------------------|-------------------------|
| (1) Balances with banks | 438,991,855 | 1,022,250,026 |
| (2) Cash on hand | 1,525,649 | 10,834,954 |
| (3) Others | | |
| - Remittance in Transit | - | 175,227,001 |
| | 440,517,504 | 1,208,311,981 |

Note No. 14

(Amt in ₹)

| Other Current Assets | As on 31-03-2014 | As on 31-03-2013 |
|---|-------------------------|-------------------------|
| Assets held for Sale | 467,840,296 | 467,974,453 |
| Unbilled Revenue | 2,442,936,426 | 14,819,325,711 |
| Provision for Income Tax | (7,028,729,443) | - |
| Less: Taxes paid in Advance (including TDS) | 8,513,122,469 | - |
| Net Advance Tax | 1,484,393,026 | - |
| | 4,395,169,748 | 15,287,300,164 |

Note No. 15

(Amt in ₹)

| Revenue from Operations | 2013-2014 | 2012-2013 |
|---|------------------------|------------------------|
| Operating Revenue | | |
| Revenue from sale of power | 157,506,732,743 | 158,563,271,299 |
| Surcharge Income from consumers | 7,873,557,000 | 5,670,123,000 |
| Less: Electricity duty and Tax on sale of electricity | 14,164,420 | 11,366,933 |
| Net Revenue from Sale of Power | 165,366,125,323 | 164,222,027,366 |
| Revenue Subsidy | 16,009,080 | 16,593,600 |
| Total | 165,382,134,403 | 164,238,620,966 |
| Other Operating Revenue- | | |
| Sale of Fly Ash | 149,345,695 | 95,340,834 |
| Less:- Transferred to Fly Ash Utilisation Fund | (149,345,695) | (95,340,834) |
| Total | - | - |
| Total Revenue From Operations | 165,382,134,403 | 164,238,620,966 |

(Revenue from sale of power includes impact of case no. 54 of 2013 (-) ₹. 4,600,278,272 and revenue arising out of true up of FY09-10,10-11 and 11-12 and revised computation of FY 2012-13 amounting to ₹. 11,067,130,000. As regards true up of FY 2013-14, the same will be recognized in books of accounts in subsequent years upon approval of the same by MERC)

Note No. 16

(Amt in ₹)

| Other Income | 2013-2014 | 2012-2013 |
|--|--------------------|----------------------|
| Interest income | 5,752,895 | 8,730,526 |
| Other Non-Operating Income | | |
| Income from rent, hire charges etc. | 41,086,324 | 33,423,496 |
| Profit on sale of assets/stores/scrap | 426,323,088 | 717,975,951 |
| Sale of tender forms | 19,632,370 | 13,811,710 |
| Sundry Credit balance write Back | 68,492,018 | 87,703,918 |
| Other receipts | 276,093,057 | 623,817,416 |
| Gain on Foreign Exchange Variation (Net) | - | 706,380,660 |
| | 837,379,752 | 2,191,843,677 |

Note No. 17

(Amt in ₹)

| Cost of Material Consumed | 2013-2014 | 2012-2013 |
|----------------------------------|------------------------|------------------------|
| Coal | 94,637,285,544 | 93,817,361,966 |
| Gas | 6,907,712,446 | 7,916,289,509 |
| Oil | 6,563,302,982 | 6,487,553,594 |
| Total | 108,108,300,972 | 108,221,205,069 |

Note No. 18

(Amt in ₹)

| Employee Benefit Expenses | 2013-2014 | 2012-2013 |
|--|-----------------------|----------------------|
| Salaries, allowances, Bonus etc. | 9,359,493,335 | 7,155,496,621 |
| Contribution to Provident Funds | 736,580,470 | 690,508,097 |
| Contribution to Other Funds | 143,335 | 431,838 |
| Staff welfare expenses | 129,310,523 | 98,016,830 |
| Other staff costs | 109,983,805 | 124,584,144 |
| Leave encashment scheme | 649,545,118 | 877,439,950 |
| Gratuity | 759,191,613 | 873,091,393 |
| Provision for Shortfall in Plan assets | 70,300,000 | - |
| | 11,814,548,199 | 9,819,568,873 |
| Less: Employees cost capitalised | 650,427,243 | 719,204,593 |
| | 11,164,120,956 | 9,100,364,280 |

Note No. 19

(Amt in ₹)

| Finance Cost | 2013-2014 | 2012-2013 |
|--|-----------------------|-----------------------|
| Interest on | | |
| State Government loans | 92,500,000 | 128,863,618 |
| Other loans | 29,801,182,491 | 23,989,813,148 |
| Borrowing for working capital | 2,376,252,329 | 1,618,988,784 |
| Consumer's security deposits | 188,985 | 4,208 |
| Other Borrowings Cost | | |
| Government guarantee fees/ charges | 77,706,142 | 96,302,028 |
| Cost of raising finance | 34,746,639 | 51,710,477 |
| | 32,382,576,586 | 25,885,682,263 |
| Less: Interest and Finance Charges capitalised | 15,272,857,257 | 12,274,612,118 |
| | 17,109,719,329 | 13,611,070,145 |

Note No. 20

(Amt in ₹)

| Other Expenses | 2013-2014 | 2012-2013 |
|--|-----------------------|-----------------------|
| Rent | 150,697,926 | 148,931,713 |
| Lease rent | 5,601,596,000 | 4,588,800,000 |
| Repairs and Maintenance | | |
| Plant & machinery | 6,365,175,113 | 5,584,102,676 |
| Building | 68,611,180 | 97,620,146 |
| Ash Handling Expenses | 307,254,020 | 301,054,142 |
| Repair & Maintenance - Others | 456,636,172 | 545,056,768 |
| Insurance charges | 101,348,781 | 85,265,858 |
| Rates and taxes | 148,707,649 | 143,405,143 |
| Others - | | |
| Lubricants, consumable stores and station supplies | 269,146,080 | 1,419,060,590 |
| Water charges | 504,431,699 | 984,930,947 |
| Legal and professional charges | 89,726,384 | 90,804,277 |
| Auditor's remuneration (Refer note 26) | 5,124,595 | 5,037,549 |
| Commission to agents | 115,662,557 | 82,340,762 |
| Other Bank Charges | 148,448,804 | 71,458,985 |
| Contribution towards assets not owned by Company / CSR expenditure | 44,401,996 | 2,909,213,655 |
| Provision for doubtful advances | 19,164,397 | 607,323,664 |
| Other general expenses | 1,294,306,638 | 1,215,401,777 |
| Loss on fixed assets sold / scrapped | 64,803,202 | 437,183,380 |
| Loss on obsolescence of Fixed Assets | 47,624,681 | 90,046,639 |
| Net Prior Period (gain)/ loss (Ref. note no. 21) | (1,596,441,538) | 1,630,892,252 |
| Loss on Foreign Exchange Variance (Net) | 1,322,865,029 | - |
| | 15,529,291,365 | 21,037,930,923 |
| Less: Repairs and maintenance expenses capitalised | 10,593,856 | 15,926,954 |
| Administration expenses capitalised | 365,971,670 | 276,156,690 |
| Expenses transferred to Fly Ash utilization fund | 149,345,695 | 95,340,834 |
| | 15,003,380,144 | 20,650,506,445 |

Note No. 21

(Amt in ₹)

| Prior period (credits)/charges (net) | 2013-2014 | 2012-2013 |
|---|------------------------|----------------------|
| Income | | |
| Other income | 47,801,845 | 96,999,246 |
| Other excess provisions in prior periods | 1,421,432,383 | 809,928 |
| Coal /Gas Related Gain | - | 8,919,090 |
| (Excess)/ short provision for depreciation | 55,380,107 | (37,104,173) |
| Receipts from consumers | 123,245,530 | 143,131 |
| | 1,647,859,865 | 69,767,222 |
| Expenses | | |
| Fuel related (gains) / losses | 20,924,739 | 190,858,788 |
| Net Interest and finance charges | - | 1,550,582 |
| Operating expenses | 13,694,209 | 21,921,766 |
| Employee costs | 900,177 | (37,967,153) |
| Excess in billing of earlier years | 11,843,904 | 1,674,692,083 |
| Material related expenses | 4,055,298 | (76,188,246) |
| | 51,418,327 | 1,774,867,820 |
| | (1,596,441,538) | 1,705,100,598 |

21(a) Capital Commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for is ₹. 32,572,234,609 (Previous Year – ₹ 67,011,701,000).

21(b) Other Significant Commitments

- Company has entered into Power Purchase Agreement with MSEDCL for Sale of power generated by the company.
- Agreement / Order has been made / placed with M/s. Ultra Tech cement Ltd. for Sale/ Disposal of fly ash on long term for 15 years basis ending in FY 2023-24.
- Coal linkage of 46.504 Million MT per annum has been allocated to company, consequently company is committed to purchase coal from allocated coal companies at the relevant market price.
- Company has gas purchase and transportation agreement with Gas Authority of India Ltd. and Reliance Ltd. towards 3.5 MMSCMD and 1.2 MMSCMD respectively.

22) Fly Ash Utilisation Fund

The income from sale of fly ash is being accumulated in a separate fund and amount spent on expenditure incurred for promotion of fly ash utilisation is reduced therefrom to the extent of accumulation and the excess if any is recognised as expense in the Statement of Profit and Loss. Such presentation and disclosure does not have net impact on the profit or loss for the year. This change in presentation and disclosure is in accordance with the guidelines issued by MOE&F dated 03-11-2009. Accordingly, sale of fly ash of ₹ 149,345,695 (PY 95,340,834) and equivalent expenses are reduced therefrom as disclosed in note no. 2(A).

23) Contingent Liabilities (not provided for) : (in excess of ₹ Ten lakhs individually in value) (Amt. ₹)

| No. | Particulars | 2013-2014 | 2012-2013 |
|-----|--|----------------|---------------|
| a) | Bank Guarantee issued by Bankers of company in favour of Third Parties | 138,975,000 | 138,975,000 |
| b) | Bank Guarantee / Letter of Credit issued by Bankers of company | 68,600,000 | 94,993,550 |
| c) | Claims against company not acknowledged as debts | 11,756,805,338 | 7,293,213,910 |
| d) | Disputed Duties / Tax Demands | 36,311,092 | 1,114,893,676 |

24) Share Capital
Share Application Money Pending Allotment
Opening Equity Capital–

Pursuant to the transfer scheme of the erstwhile MSEB framed for the purpose of restructure of the electricity board, an amount of ₹. 25,633,633,537 has been allocated to the Company as equity share capital. As per the scheme, the Company is required to issue equity shares of the said amount to MSEB Holding Company Limited. Accordingly Shares amounting to ₹. 25,000,000,000 have been allotted to MSEB Holding Co. Ltd. during the year 2008-09 and ₹. 633,633,537 has been shown under 'Share Application Money Pending Allotment'. However, the transfer scheme is yet to be finally approved by Government of Maharashtra. Upon such approval, the final balance amount of shares will be allotted.

Subsequent Receipts of contribution towards Equity –

As per the understanding with the Government of Maharashtra (GOM), the Company would receive 20% equity support towards setting up of new power plants in the state of Maharashtra. As per the understanding with the GOM the shares are to be issued at par. Such equity support is contributed through MSEB holding Company Limited.

GOM has been contributing such equity support since financial year 2006-07. No time frame has been defined at the time of contribution for allotment of shares. Accordingly the Company has been accounting such amounts received under the head “Share application money pending allotment.” The balance excluding opening equity under the head Share application money pending allotment as at March 31, 2013 was ₹. 13,389,691,360. During the year the Company has received ₹.13,043,030,000 and the board has allotted 1,273,725,600 equity shares at par amounting to ₹. 12,737,256,000 to MSEB holding Company Limited. The balance (excluding opening equity) of ₹. 13,695,465,360 as at March 31, 2014 would be issued to the MSEB holding Company Limited on approval of such allotment by the board.

The Company has sufficient authorized capital to issue the shares pending allotment

25(A) Details of Loans –

For details of loans please refer Annexure – A (Long Term Borrowings) and Annexure –B (Short Term Borrowings)

25(B) The charge/mortgage created against assets of the Company as securities in respect of the loans, taken by the erstwhile Maharashtra State Electricity Board, which are subsequently transferred to the Company on June 06, 2005 pursuant to the transfer scheme notified by the State Government, continues to be valid and binding on the Company. (Refer Annexure A)

26) Payment to Auditors

| | 2013-2014 (₹) | 2012-2013 (₹) |
|-----------------------------------|------------------|------------------|
| As Auditors – For Statutory Audit | 4,550,580 | 4,550,580 |
| For Taxation Matters | - | - |
| For Other Services | - | 16,854 |
| Reimbursement of expenses | 574,015 | 470,115 |
| Total | 5,124,595 | 5,037,549 |

27) Value of imports calculated on CIF basis

| | 2013-2014 (₹) | 2012-2013 (₹) |
|----------------------------|---------------|---------------|
| Raw Material | Nil | Nil |
| Components and Spare parts | 3,986,741 | 46,596,816 |
| Capital Goods | Nil | Nil |

28) Value of imported & indigenous raw materials, stores, spare parts and component consumed and percentage of each to the total consumption including for Repairs & Maintenance:

| | | 2013-14 | | 2012-13 | |
|----|---------------------------------|------------|----------------------|------------|--------------------|
| A) | Raw Materials – Coal, Gas & Oil | % | ₹ | % | ₹ |
| | Indigenous | 100 | 103,667,860,054 | 100 | 105,048,784,671 |
| B) | Stores, Spares and Component | | | | |
| | Imported | - | 0 | 0.42 | 3,952,132 |
| | Indigenous | 100 | 5,492,338,601 | 99.58 | 933,535,126 |
| | Total | 100 | 5,492,338,601 | 100 | 937,487,258 |

29) Break Up of Energy Sold

(Amt in ₹)

| Power Plant | 2013-14 | 2012-13 |
|---|------------------------|------------------------|
| Hydro | 7,667,575,969 | 6,456,676,306 |
| Thermal | 135,426,761,099 | 136,945,068,026 |
| Gas | 8,292,090,293 | 9,514,584,646 |
| Solar | 2,821,245,451 | 115,149,792 |
| Total | 154,207,672,812 | 153,031,478,770 |
| Excluding sales to residential colony & other miscellaneous sales amounting to ₹ 11,174,461,591 (PY ₹ 11,190,548,596) | | |

- 30) Revenue Subsidy / Grant –During the current year the company has recognized revenue from sale of power through solar project amounting to ₹ 2,821,245,451 (PY ₹. 115,149,792) and has lodged claim of ₹ 16,009,080 (PY ₹. 16,593,600) @ ₹ 12 per Unit with Government of India towards Revenue subsidy/ Grant in the form of Generation Based Incentive.

- 31) Company raises energy sale bill, Fuel Adjustment Charges Bill, Surcharge bill etc to MSEDCL. The funds received from MSEDCL are appropriated on First In First Out Basis. While doing so, the receipts are appropriated firstly towards interest on delayed receipts and subsequently towards the principal amount due from MSEDCL.

The balances of Trade Receivables, loans and advances are subject to confirmation and reconciliation if any.

In the opinion of the board, the Current / Non-Current assets, long/short term loans and advances are good and recoverable and are approximately of the values, if realized in the ordinary course of business unless and to the extent stated other wise in the Accounts.

- 32) Short Term Loans and advances include an amount of ₹ 11,077,715,131 (PY ₹ 19,033,142,576) towards advances paid to coal suppliers. Against these advances the company has liability for supply of coal amounting to ₹ 10,338,622,276 (PY ₹ 19,149,534,118) which is included in Trade Payable under the head current liabilities. Pending final passing of bills for coal supplied by these coal suppliers, the said advances and liabilities have not been adjusted.
- 33) An amount of ₹ 467,840,296 (PY ₹. 467,974,453) under the head “Assets held for sale” represents assets which are not in active use and the management has decided to dispose such assets. In view of the management, the net realizable value would be higher than the carrying value in the books and therefore does not require any provisioning.

- 34) Micro and small enterprises under the Micro, Small and Medium Enterprises Development (MSME) Act, 2006 have been determined based on the information available with the company and the required disclosures are given below.

(Amt in ₹)

| | Particulars | Amount |
|----|--|-----------|
| a) | Amount remaining Unpaid to any supplier | |
| | Principal Amount | 294,239 |
| | Interest Due thereon | 5,420 |
| b) | Interest paid by the company alongwith payment made beyond appointed day during the year | - |
| c) | Amount of interest accrued and remaining unpaid | 1,832,406 |
| b) | Futher interest remaining due and payable even in the succeeding year until such date when interest is actually paid to small enterprise | 2,042,175 |

- 35) Claims lodged by the Company :

Claims against Railways for Missing wagons

(Amt in ₹)

| Particulars | 2013-14 | 2012-13 |
|--------------------------|-------------|------------|
| Missing Wagons (Nos.) | 703 | 590 |
| Amount of claim (Rupees) | 107,817,031 | 91,504,639 |

- 36) NIL

- 37) Disclosures required by Accounting Standards

- a) Employee Benefits

- (i) Short Term Employee Benefits

Short term employee benefits like salaries, wages, allowances, perquisites, bonus, incentives, medical expenses reimbursements, contribution to group insurance schemes, leave travel assistance and other benefits which fall due within twelve months after the end of the period in which the employee render the related services are accounted as expenses in the period in which services rendered.

- (ii) Post Employment Benefits

Defined Benefit Plan

Provident Fund:

The Company makes contributions towards provident fund to a defined benefit retirement plan. The provident fund is administered by the Trustees of The Maharashtra State Electricity Board's Contributory Provident Fund Trust (CPF Trust). Under the scheme, the Company is required to contribute a specified percentage of salary to the retirement benefit schemes to fund the benefit.

In keeping with the guidance on implementing Accounting Standard (AS) 15 (Revised) on Employee Benefits notified by the Companies (Accounting Standards) Rules, 2006, employer established provident

funds are treated as Defined Benefit Plans, since the Company is obliged to meet interest shortfall, if any, with respect to covered employees. The liability for the shortfall of interest is required to be accounted based on an actuarial valuation. The said Trust has not carried such actuarial valuation for the shortfall, if any, as at March 31, 2014. In the absence of the requisite details and information, the company accounted the shortfall based on the provisional financial statements of the trust as at March 31, 2014. Accordingly company has recognized ₹. Nil (PY ₹. NIL) (based on provisional accounts of CPF Trust) [being surplus to CPF Trust].

- (iii) The amount recognized in balance sheet in respect of Company's share of assets and liabilities of the fund managed by the CPF Trust is as follows (based on provisional accounts of CPF Trust).

| | | For the year ended 31st March, 2014 (₹) (Unaudited) | For the year ended 31st March, 2013 (₹) (Unaudited) |
|---|--|---|---|
| 1 | Liability for subscriptions and interest payable to employees at the end of year | 14,332,600,000 | 13,736,100,000 |
| 2 | Fair Value of Plan Assets at the end of year | 14,262,300,000 | 13,964,700,000 |
| 3 | Net Liability | 70,300,000 | -228,600,000 |

- (iv) Description of Plan Assets

| | | For the year ended 31st March, 2014 (in %) (Unaudited) | For the year ended 31st March, 2013 (in %) (Unaudited) |
|---|--|--|--|
| 1 | Special Deposit Schemes | 34.12 | 33.21 |
| 2 | Bonds issued by public sector enterprises and Financial institutions | 33.63 | 32.04 |
| 3 | State Government Securities | 14.89 | 19.33 |
| 4 | Central Government Securities | 16.49 | 14.53 |
| 5 | Others | 0.87 | 0.89 |

- (v) Gratuity (Unfunded Defined Benefit Plan):

- (vi) Leave Encashment Benefit (Unfunded Defined Benefit Plan):

Leave encashment is payable to all the employees as per the company's scheme. The whole of privilege leave (PL) / Half Average Pay (HAP) Leave to the credit of employee can however be encashed at the time of super Annuation / final settlement of his account. Encashment of leave is done only on the applicable PL / HAP salary.

- (vii) Defined Benefit Plans – Gratuity and Long Term Compensated Absences – as per actuarial valuations as on March 31, 2014 and recognized in the financial statements in respect of Employee Benefit Schemes;

- (viii) Expenses recognized in the Profit and Loss Account

| | | For the year ended 31st March, 2014 (₹) | | For the year ended 31st March, 2013 (₹) | |
|---|--|---|------------------|---|------------------|
| | Components of Employer Expense | Gratuity | Leave Encashment | Gratuity | Leave Encashment |
| | | Unfunded | Unfunded | Unfunded | Unfunded |
| 1 | Current Service Cost | 132,980,468 | 92,596,649 | 132,009,580 | 74,098,127 |
| 2 | Interest Cost | 367,025,882 | 308,330,940 | 381,853,768 | 300,994,157 |
| 3 | Curtailment Cost / (Credit) | - | - | - | - |
| 4 | Settlement Cost / (Credit) | - | - | - | - |
| 5 | Past Service Cost | - | - | - | - |
| 6 | Actuarial Losses / (Gains) | 252,730,614 | 242,701,022 | 344,734,308 | 431,798,174 |
| 7 | Total expense recognized in the Statement of Profit and Loss Account | 752,736,964 | 643,628,611 | 858,597,656 | 806,890,458 |
| The gratuity expenses have been recognized as 'Gratuity' and Leave Encashment expenses as 'Leave Encashment Scheme' in "Employee Benefit Expenses" under Note no. 18. | | | | | |

(ix) Reconciliation of Defined Benefit Obligation

| | | 31st March, 2014 (31st March, 2013) (₹) | |
|---|--|--|----------------------------------|
| | Change in Defined Benefit Obligations | Gratuity | Leave Encashment |
| | | Unfunded | Unfunded |
| 1 | Present Value of Defined Benefit Obligation at the beginning of period | 4,587,823,519 (4,492,397,266) | 3,854,136,745 (3,541,107,731) |
| 2 | Current Service Cost | 132,980,468 (132,009,580) | 92,596,649 (74,098,127) |
| 3 | Interest Cost | 367,025,882 (381,853,768) | 308,330,940 (300,994,157) |
| 4 | Past Service Cost | -- | -- |
| 5 | Curtailment Cost / (Credit) | -- | -- |
| 6 | Settlement Cost / (Credit) | -- | -- |
| 7 | Actuarial(Gains) / Losses | 252,730,614 (344,734,308) | 242,701,022 (431,798,444) |
| 8 | Benefits Paid | 865,906,071 (763,171,403) | 621,092,277 (493,861,444) |
| 9 | Present Value of Defined Benefit Obligation at the end of period | 4,474,654,412 (4,587,823,519) | 3,876,673,079 (3,854,136,745) |

(x) Summary of Actuarial Assumptions

| | | For the year ended 31st March, 2014 (31.03.2013) (₹) | |
|---|-----------------------|---|---|
| | Actuarial Assumptions | Gratuity | Leave Encashment |
| | | Unfunded | Unfunded |
| 1 | Increment Rate | (5%) | (5%) |
| 2 | Rate of Discounting | (8%) | (8%) |
| 3 | Attrition rate | (2%) | (2%) |
| 4 | Mortality Table | Indian Assured Lives Mortality (2006-08) Ultimate | Indian Assured Lives Mortality (2006-08) Ultimate |

b) Segment Reporting

Business Segment

Electricity generation is the principal business activity of the Company. There are no other activities which form a reportable segment as per the Accounting Standard – 17 'Segment Reporting'.

Secondary Segment

The operations of the Company are mainly carried out within the state of Maharashtra and therefore geographical segments are not applicable.

c) Disclosures of transactions with Related Parties as required by the Accounting Standard - 18:

In view of the paragraph 9 of AS 18, no disclosure is required as regards related party relationships with other state-controlled enterprises and transactions with such enterprises.

Other disclosures as required by AS 18 are as under:

Remuneration paid to Directors

| No. | Name of Related Party | Nature of Relationship | 2013-14 (₹) | 2012-13 (₹) |
|------|-----------------------|--|----------------|----------------|
| i) | Mr. Asheesh Sharma | Chairman & Managing Director (from 01-04-2013 to 31-03-2014) | 1,430,431 | 904,842 |
| ii) | Mr. G. J. Girase | Director (Finance) (Upto 21-05-2012) | - | 265,031 |
| iii) | Mr. S. M. A. Naqvi | Director (Finance) (from 26-12-2012 to 26-8-2013) | 443,273 | 299,782 |
| iv) | Mr. C. S. Thotwe | Executive Director (Project) upto 27-08-2013 and Director from 28-8-2013 to 31-3-2014 | 1,572,471 | 1,411,989 |
| v) | Mr. M. G. Waghmode | Director (Operation) (upto 31-03-13) | - | 1,775,765 |
| vi) | Mr. V.P.Singh | Executive Director (01-04-2013 to 31-07-2013) and Director (Operation) from (28-08-2013 to 31-03-2014) | 5,831,424 | 1,553,107 |

| Remuneration to Key Managerial Persons | | | | |
|--|-----------------------|---|-----------|-----------|
| i) | Mr. A. P. Choudhari | Executive Director (HR) | - | 847,234 |
| ii) | Mr. J. K. Shrinivasan | Executive Director (Finance) | 1,405,656 | 1,263,686 |
| iii) | Mr. A. R. Nandanwar | Executive Director (01.02.2013 to 31.03.2013) | 1,508,318 | 217,748 |
| iv) | Mr. V. S. Patil | Executive Director (01-04-2013 to 20-06-2013) | 337,283 | 1,270,217 |
| v) | Mr. Manoj Ranade | Executive Director (HR) (16-10-2013 to 31-03-2014) | 470,019 | - |

d) Disclosures regarding leases

Operating Leases - The Company's significant leasing arrangements are in respect of operating leases.

MSEB Holding Company Ltd. Lease - The Company has entered into the lease agreement with MSEB Holding company Ltd., initially for two years with effect from 01-04-2008 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 for which lease rent is payable to the extent of ₹.118,867,935 p.a. for FY 2013-14 (PY ₹.118,867,935). Further with effect from 01-04-2012, it has been mutually agreed among the group to extend the Agreement for further period of 24 months on same terms and conditions. Further the Company is also occupying certain part of premises at HSBC Building, Fort for which there is no lease agreement and hence there has been no provision for proportionate share of expenses for the past year. However expenditure will be accounted for on finalization of agreement.

Hydro Lease - MERC has issued order for revised lease rentals to be paid to Government of Maharashtra (GOM) with effective from 2012-13 in respect of various hydro power stations under the control of the Company. During year 2013-14 company has provided for lease rent of ₹ 3,262,596,000 (PY ₹ 3,385,900,000). Similarly, on the basis of Lease Rent order in respect of Ghatghar HPS dated 27-12-2012, Company has provided for ₹ 2,339,000,000 (PY ₹ 1,202,900,000). Further, vide letter dated 03-03-2011, GOM has informed that it would be taking over Bhatghar, Yeldari and Vaitarna HPS for Renovation and Modernization. However, at present these HPS are still in the possession of the Company and are being operated by the Company, hence the accounting effect of the same would be considered in the Books of Accounts of the Company in the year in which these HPS would be handed over to GOM.

The lease agreement in respect of hydro power generation facilities has not been entered into with Government of Maharashtra, hence other necessary disclosures as required by Accounting Standard 19 'Accounting for Leases' have not been made.

Uran Leasehold Land – Company has acquired 190,799 sq. mtrs of land at Uran for the purpose of implementing Gas based Expansion project. The land for the said project has been acquired from CIDCO on lease vide Lease Deed dated 03-06-2008 for a period of sixty years at the cost of ₹ 429,300,000 and the same is being amortised.

e) Earning Per Share:-

For the purpose of calculating Earning Per Share, the share application money pending allotment has been considered being confirmed allotment.

| | 2013-14 | 2012-13 |
|--|---------------|---------------|
| Profit After Tax as per Accounts (Amount in ₹) (For Basic and Diluted Earnings Per Share) – (A) | 1,110,432,565 | 4,879,792,357 |
| Weighted Average number of shares outstanding during the year for Basic EPS (Nos.) – (B) * | 7,477,773,744 | 6,200,993,922 |
| Weighted Average number of shares outstanding during the year for Diluted EPS (Nos.) – (C) | 7,477,773,744 | 6,200,993,922 |
| Basic Earnings Per Share (A) / (B) (Amount in ₹) | 0.15 | 0.79 |
| Diluted Earnings Per Share (A) / (C) (Amount in ₹) | 0.15 | 0.79 |
| * Weighted average number shares includes the shares to be allotted towards share application money. The Earning per share has been calculated for each share with nominal value of ₹. 10/-. | | |

f) Taxation

In the absence of any taxable income for the year as per the provisions of the Income Tax Act, 1961, tax liability is calculated at the minimum alternate tax (MAT) rate under section 115JB of the Income Tax Act, 1961 and provision of ₹.723,000,000 (PY ₹ 2,134,000,000) has been made for the same. Since there is no convincing evidence that the Company will pay normal income tax during the specified period, the same has been charged to Statement of profit and loss and has not been treated as asset, as per provisions of Guidance Note on 'Accounting for Credit Available in Respect of Minimum Alternative Tax Under the Income-tax Act, 1961' issued by the Institute of Chartered Accountants of India.

(g) Joint Venture Operations

The Company has entered into a joint venture operation with Gujarat State Electricity Corporation Ltd. (GSECL) for allocation of captive coal mining block in State of Orissa and sharing of Coal in ratio of 60:40 from extractable reserves. For this purpose a Joint Venture Company namely, MahaGuj Collieries Ltd. (domicile India) has been incorporated with a paid up share capital of ₹. 500,000 (50,000 equity shares of ₹. 10 each), out of which Company has held 60% equity (30,000 equity shares of ₹. 10 each) amounting to ₹. 300,000

Based on the unaudited accounts of MahaGuj Collieries Ltd. the assets and liabilities as at 31st March 2014 in respect of the company's share in the above joint venture operation is as under:

| Particulars | 31.03.2014 (Amt in ₹) | 31.03.2013 (Amt in ₹) |
|--|--------------------------|--------------------------|
| | Un-audited | Audited |
| Non-Current Liabilities | | |
| Unsecured Loan | 316,253,010 | 312,130,225 |
| Current Liabilities | | |
| Trade Payable | 115,972 | 28,184 |
| Other liabilities & provisions | 425,506 | 604,913 |
| Non-Current Assets | | |
| Tangible Assets | 178,997 | 208,609 |
| Current Assets | | |
| Cash & Cash equivalents | 468,604 | 1,999,011 |
| Advances & other current assets | 195,945 | 43,421 |
| Miscellaneous Expenditure | 316,250,942 | 310,812,218 |
| As per unaudited accounts of MahaGuj Collieries Ltd., company has no contingent liability. Thus there is no such share of any contingent liability as on 31/03/2014 | | |

UCM Coal Company Ltd.

The Ministry of coal has allocated Chendipada coal blocks of Talcher Coalfields in Orissa jointly to the company, Uttar Pradesh Rajya Vidyut Utpadan Nigam Ltd. And Chattisgarh Mineral Development Corporation. For this purpose a Joint Venture company namely UCM Coal Company Ltd. (domicile India) has been incorporated for executing proposed mining project with a paid up capital of ₹. 1,600,000 (1,60,000 equity shares of ₹. 10 each) out of which Company has held equity shares amounting to ₹. 300,000 (30,000 equity shares of ₹. 10 each). The company has shareholding of 18.75% in the joint Venture. Based on the unaudited accounts of UCM Coal Company Ltd., the assets and liabilities as at 31st March 2014 in respect of the company's share in the above joint venture operation is as under:

| Particulars | 31.03.2014 (Amt in ₹) | 31.03.2013 (Amt in ₹) |
|--|--------------------------|--------------------------|
| | Un-audited | Audited |
| Reserves & Surplus | (54,289) | 45,412 |
| Non-Current Liabilities | | |
| Long Term Liabilities | 937,500 | 937,500 |
| Long Term Provisions | 335,036 | 335,036 |
| Current Liabilities | | |
| Short Term Provisions | 148,923 | 31,884 |
| Non-Current Assets | | |
| Net Block of | | |
| Tangible Assets | 7,240 | 9,624 |
| Intangible Assets | 1,481 | 2,591 |
| Current Assets | | |
| Cash and Cash equivalents | 1,658,449 | 1,637,617 |
| The unaudited draft accounts of UCM Ltd discloses ₹. Nil contingent liability. Thus, there is no such share of any contingent liability as on 31/03/2014 | | |

Latur Power Company Ltd.

The company and BHEL have entered into joint venture in the form of Latur Power Company Ltd. With a paid up capital of ₹ 50,000,000 (5,000,000 equity shares of ₹ 10 each). the company has shareholding of 50% in the joint venture.

Based on audited accounts of Latur Power Company Ltd. The assets and liabilities as at 31st March 2014 in respect of the company's share in the above joint venture operation is as under:

| Particulars | 31.03.2014 (Amt in ₹) | 31.03.2013 (Amt in ₹) |
|---|--------------------------|--------------------------|
| | Audited | Audited |
| Reserves & Surplus | 945,784 | 2,391,745 |
| Current Liabilities - | | |
| Unsecured, Loan & Advances | 15,475 | 133,500 |
| Other Current Liabilities | 1,843,430 | 1,128,191 |
| Non-Current Assets - | | |
| Other Non-Current Assets | 0 | 2,977,524 |
| Current Assets | 27,804,689 | 25,675,913 |
| Unaudited Accounts of the Latur Power Company discloses ₹. Nil contingent liability. Thus, there is no such share of any contingent liability as on 31/03/2014. | | |

h) Disclosure on loan from KfW

Loan from KfW for 150 MW Solar project under unsecured loans (refer note 3A) represents loans taken from Government of Maharashtra under the agreement between KfW, Frankfurt am Main (KfW), Government of India, Government of Maharashtra and the Company. As per the agreement, the loan is repayable with interest in Indian Rupees converted in Euro terms. On July 16, 2012, KfW has released ₹. 95,111,738 towards the drawdown and remitted the funds to Government of India. Government of India has further remitted the funds to the Government of Maharashtra. However, the Company has not received the said funds from Government of Maharashtra. Pending receipt of the actual funds, since the loan has been released by KfW, the Company has accounted for ₹. 95,111,738 as a loan of the Company and accordingly the same amount is shown as an amount recoverable from the Government of Maharashtra under the head "Claims receivable" under Loans and Advances. The Company has also accounted for the Interest payable on the said amount of ₹. 1,696,175 in the financial statement.

i) Disclosure on coal washery operator claims

Company had in earlier years engaged Coal Washeries for the purpose of washing the raw coal as provided by the company to them on agreed terms. Since the contractual obligations were not performed by the washery operators, the matter went into dispute. The matter is legally pursued by the company. The stock of raw coal supplied by the company for washing, were not returned by the operators to the company. Consequently, company had created a full provision for loss on this account against the stock with washery operators as appearing in the books of the company. However, considering that there has been a considerable time lag and stock would not be physically available with the washeries / the stock would have perished, the Company has during the year transferred the amount of stock lying the operators from inventories to a claim receivable from washery operators since the process of recovery through bank guarantee has initiated. Similarly the provision for loss created against such stock was transferred to provision for doubtful debts which amounts to ₹. 1,158,405,911.

Previous year figures have been regrouped wherever necessary.

Long Term Borrowings

(Annexure A)

| Sr. No | Particulars of Lender | Nature of Loan | Repayment Within 1 Year Treated As Current Liability (₹) | Net Long Term Borrowings (₹) | Mode of Repayment | Rate of Interest | Nature of Security |
|--------|-----------------------|--|--|------------------------------|--|------------------|--|
| 1 | PFC | New Parali Expasion Project Enhancement of Loan Amount | 0 | 888,563,253 | 40 equal quarterly installments : commenced from July 2007 | 9.75% to 12.50% | Hypothecation of Steam Generator and Accessories of New Parli TPS Unit 1 |
| 2 | PFC | PARAS TPS EXTENSION 1x250 M.W.COAL BASED POWER PROJECTAT PARAS | 1,102,533,980 | 3,528,108,838 | 48 equal quarterly installments : commenced from April 2007 | 12.50% | Mortgage/ Hypothecation of Future assets to be created for project together with Land |
| 2(A) | PFC | NEW PARLI EXPANSION PROJECT UNIT 2 | 884,002,530 | 7,781,588,126 | 60 equal quarterly installments :- commenced from April 2011 | 12.75% - 12.50% | Mortgage/ Hypothecation of Future assets to be created for project together with Land |
| 3 | PFC | PARAS EXPANSION PROJECT UNIT 2 | 1,063,578,960 | 9,453,703,409 | 60 equal quarterly installments :- commenced from April 2011 | 12.75% - 12.50% | Mortgage/ Hypothecation of Future assets to be created for project together with Land |
| 3(A) | PFC | KHAPERKHADA TPS EXPANSION PROJECT | 2,154,846,415 | 21,117,494,810 | 60 equal quarterly installments :- commencing from July 2012 | 12.50% | Mortgage/ Hypothecation of Future assets to be created for project together with Land |
| 4 | PFC | KORADI TPS EXPANSION PROJECT | 0 | 64,222,759,486 | 60 equal quarterly installments : Commencing from July 2015 | 12.75% - 12.50% | A first pari-passu charge on all the movable & immovable assets of 3x660 MW Koradi Expn TPS including movable machinery, machinery spares, tools & accessories & material ate project site, both present & future with a coverage of 1.25 times. |

| | | | | | | | |
|------|-----|--|------------|-------------|---|-------------------|---|
| 4(A) | PFC | R & M OF KORADI TPS UNDER 10TH PLAN | 22,848,450 | 9,139,383 | 40 equal quarterly installments : commenced from October 2005 | 6.80% - 8.75% | Assets of Parli TPS Unit 3,4 & 5 together with land |
| 5 | PFC | R & M OF PARLI TPS UNDER 10TH PLAN | 15,814,390 | 6,514,265 | 40 equal quarterly installments : commenced from October 2005 | 7.75% - 12.25% | Assets of Parli TPS Unit 3,4 & 5 together with land |
| 5(A) | PFC | R & M OF BHUSAWAL TPS UNDER 10TH PLAN | 24,334,820 | 9,733,937 | 40 equal quarterly installments : commenced from October 2005 | 6.80% - 7.34% | Assets of Parli TPS Unit 3,4 & 5 together with land |
| 6 | PFC | R & M OF KHAPERKHEDE TPS UNDER 10TH PLAN | 4,855,070 | 1,942,031 | 40 equal quarterly installments : commenced from October 2005 | 7.15% - 12.00% | Assets of Parli TPS Unit 3,4 & 5 together with land |
| 6(A) | PFC | R & M OF CHANDRAPUR TPS UNDER 10TH PLAN | 39,098,765 | 15,639,496 | 40 equal quarterly installments : commenced from October 2005 | 7.18% - 7.86% | Assets of Parli TPS Unit 3,4 & 5 together with land |
| 7 | PFC | R & M OF NASIK TPS UNDER 10TH PLAN COAL MILLS OF 210 MW UNITS BY | 42,624,990 | 17,050,005 | 40 equal quarterly installments : commenced from October 2005 | 6.50% - 6.86% | Assets of Parli TPS Unit 3,4 & 5 together with land |
| 7(A) | PFC | FLUE GAS DUCT MODIFICATION IN UNIT 5&6 (2X500) MW OF CHANDRAPUR TPS | 13,750,000 | - | 40 equal quarterly installments : commenced from April 2005 | 6.25% - 6.61% | Assets of Parli TPS Unit 3,4 & 5 together with land |
| 8 | PFC | VARIOUS R&M ACTIVITIES OF CHANDRAPUR TPS | 36,100,205 | 43,320,251 | 40 equal quarterly installments : commenced from October 2006 | 8.25% | Assets of Parli TPS Unit 3,4 & 5 together with land |
| 8(A) | PFC | RENOVATION, MODERNI- SATION & LIFE EXTENSION OF 500 MW KOYANA HYDRO POWER STATION | 63,000,000 | 100,800,001 | 40 equal quarterly installments : commenced from April 2007 | 7.15% - 8.75% | Assets of Parli TPS Unit 3,4 & 5 together with land |

| | | | | | | | |
|-------|-----|--|-------------|-------------|---|-----------------|---|
| 9 | PFC | PROCUREMENT OF ROTOR | 10,256,410 | 20,512,822 | 40 equal quarterly installments : commenced from January 2008 | 11.25% - 12.25% | Assets of Parli TPS Unit 3,4 & 5 together with land |
| 9(A) | PFC | R & M OF CHANDRAPUR TPS | 139,239,370 | 250,630,856 | 40 equal quarterly installments : commenced from July 2007 | 12.50 - 12.75% | Assets of Parli TPS Unit 3,4 & 5 together with land |
| 10 | PFC | PROCUREMENT OF SIMULATOR FOR 500 MW UNITS AT CHANDRAPUR TPS | 4,466,560 | 8,039,801 | 40 equal quarterly installments : commenced from July 2007 | 12.25 - 12.75% | Hypothecation of MSPGCL assets of SG & TG and other BHEL Package amounting to ₹ 380 Crores of Parli Unit I (1x250 MW) TPS of MSPGCL located at Vajinath |
| 10(A) | PFC | PROCUREMENT OF GENERATOR STATOR - BHUSAWAL TPS | 17,837,840 | 32,108,105 | 40 equal quarterly installments : commenced from July 2007 | 11.75% | Hypothecation of MSPGCL assets of SG & TG and other BHEL Package amounting to ₹ 380 Crores of Parli Unit I (1x250 MW) TPS of MSPGCL located at Vajinath |
| 11 | PFC | Replacement Of Existing Operating System (OS) & Information System (IS) For Waste Heat Recovery Unit I & II (2x120mw) G-TPS Uran | 1,263,155 | 2,526,317 | 40 equal quarterly installments : commenced from October 2007 | 11.75% | Hypothecation of MSPGCL assets of SG & TG and other BHEL Package amounting to ₹ 380 Crores of Parli Unit I (1x250 MW) TPS of MSPGCL located at Vajinath |
| 11(A) | PFC | Installation Of Ammonia Flue Gas Conditioning System Of 210 MW Units | 5,086,895 | 15,260,674 | 40 equal quarterly installments : commenced from January 2009 | 12.75% | Hypothecation of MSPGCL assets of SG & TG and other BHEL Package amounting to ₹ 380 Crores of Parli unit I (1x250 MW) TPS of MSPGCL, located at Vajinath, |

| | | | | | | | |
|-------|-----|--|------------|-------------|---|---------|--|
| 12 | PFC | R&M WORKS OF KORADI TPS | 16,248,060 | 84,489,889 | 48 equal quarterly installments : commenced from October 2009 | 12.75 % | Hypothecation of MSPGCL assets of SG & TG and other BHEL Package amounting to ₹ 380 Crores of Parli Unit I (1x250 MW) TPS of MSPGCL located at Vajinath |
| 12(A) | PFC | R&M WORKS OF BHUSAWAL, PARLI & PARAS | 4,138,130 | 21,518,284 | 45 equal quarterly installments : commenced from October 2009 | 12.25% | Hypothecation of MSPGCL assets of SG & TG and other BHEL Package amounting to ₹ 380 Crores of Parli Unit I (1x250 MW) TPS of MSPGCL located at Vajinath |
| 13 | PFC | R&M WORKS OF NASIK TPS U - 1 & 2 | 17,749,890 | 92,299,427 | 45 equal quarterly installments : commenced from October 2009 | 12.25% | Hypothecation of MSPGCL assets of SG & TG and other BHEL Package amounting to ₹ 380 Crores of Parli Unit I (1x250 MW) TPS of MSPGCL located at Vajinath |
| 13(A) | PFC | UPGRADATION OF RLY SIDING SYSTEM AT NASIK TPS | 26,041,760 | 135,417,126 | 48 equal quarterly installments : commenced from October 2009 | 12.75% | Hypothecation of MSPGCL assets of SG & TG and other BHEL Package amounting to ₹ 380 Crores of Parli Unit I (1x250 MW) TPS of MSPGCL located at Vajinath |
| 14 | PFC | PROCUREMENT OF 250 MVA GENERATOR TRANS- FORMER FOR KOYNA | 3,833,330 | 15,333,332 | 48 equal quarterly installments : commenced from April 2008 | 11.75% | Hypothecation of MSPGCL assets of SG & TG and other BHEL Package amounting to ₹ 380 Crores of Parli Unit I (1x250 MW) TPS of MSPGCL located at Vajinath |

| | | | | | | | |
|-------|-----|--|-------------|---------------|--|-----------------|---|
| 14(A) | PFC | ASH BUND FOR KORADI TPS | 22,253,865 | 115,720,145 | 48 equal quarterly installments : commenced from October 2009 | 12.75% | Hypothecation of MSPGCL assets of SG & TG and other BHEL Package amounting to ₹ 380 Crores of Parli Unit I (1x250 MW) TPS of MSPGCL located at Vajinath |
| 15 | PFC | R&M SCHEME OF REPLACEMENT OF BOILER ECONOMIZER / LTSH COILS AND WATER WALL PANELS REQUIRED FOR VARIOUS TPS OF MSPGCL | 42,104,165 | 252,625,006 | 48 equal quarterly installments : commenced from October 2010 | 12.50% | Hypothecation of MSPGCL assets of SG & TG and other BHEL Package amounting to ₹ 380 Crores of Parli Unit I (1x250 MW) TPS of MSPGCL located at Vajinath |
| 15(A) | PFC | Procurement of LP Rotor as a common spare for Unit 5,6 & 7 of Chandrapur STPS | 29,822,920 | 238,583,331 | 48 equal quarterly installments : commencing from April 2013 | 12.25% - 12.50% | Hypothecation of MSPGCL assets of SG & TG and other BHEL Package amounting to ₹ 380 Crores of Parli Unit I (1x250 MW) TPS of MSPGCL located at Vajinath |
| 16 | PFC | Buyers Line of Credit - Capex schemes for existing Power Plants | 222,113,087 | 1,949,531,921 | 40 equal quarterly installments : commencing from October 2013 | 12.75% | Assets of Parli TPS Unit 3,4 & 5 together with land |
| 16(A) | PFC | 1 MW Solar Chandrapur | 17,436,155 | 52,308,482 | 32 equal quarterly installments : commenced from January 2011 | 9.28% - 10.25% | Mortgage/ Hypothecation of Present & Future assets created / to be created for subject project together with Land |

| | | | | | | | |
|-------|-----|---|-------------|----------------|--|-----------------|---|
| 17 | PFC | R&M of water supply system of Parli TPS from Majalgaon Lift Irrigation Scheme. | - | 760,000,000 | 40 equal quarterly installments : commencing from October 2016 | 12.25% | Assets of Parli TPS Unit 3,4 & 5 together with land |
| 17(A) | PFC | R&M of Boiler & Turbine Improvement Scheme of Chandrapur STPS. | 0 | 452,476,553 | 60 equal quarterly installments : commencing from Jan 2018 | 12.25% | Assets of Parli TPS Unit 3,4 & 5 together with land |
| 18 | PFC | R&M of Ash Handling System of Unit 5&6 of CSTPS | 255,770 | 15,090,408 | 60 equal quarterly installments : commencing from Jan 2015 | 12.25% | Assets of Parli TPS Unit 3,4 & 5 together with land |
| 18(A) | PFC | R&M for Process Improvement at Unit 3,4 & 5 of Nashik TPS Stage-II (3x210 MW). | - | 2,308,500 | 40 equal quarterly installments : commencing from October 2016 | 12.25% | Assets of Parli TPS Unit 3,4 & 5 together with land |
| 19 | PFC | Renovation and Upgradation of GT Automation System, Starting Frequency converter & Static Excitation system of unit 7 & 8, Stage -II of Uran GTPS | 2,693,212 | 158,899,503 | 60 equal quarterly installments : commencing from Jan 2015 | 12.25% | Assets of Parli TPS Unit 3,4 & 5 together with land |
| 19(A) | REC | Bhusawal Expansion Project | 0 | 48,486,562,455 | 48 equal quarterly installments : commencing from March 2016 (3 installments already paid in FY 2013-14) | 10.75% - 13.25% | Mortgage/ Hypothecation of Present & Future assets created / to be created for subject project together with Land |
| 20 | REC | Chandrapur Expansion Project | 0 | 38,235,228,018 | 10 equal yearly installments : commencing from September 2015 | 10.75% - 12.5% | Mortgage/ Hypothecation of Present & Future assets created / to be created for subject project together with Land |
| 20(A) | REC | Parli Replacement Project | 687,500,000 | 10,312,500,000 | 48 equal quarterly installments : commencing from September 2014 | 10.75% - 12.5% | Mortgage/ Hypothecation of Present & Future assets created / to be created for subject project together with Land |

| | | | | | | | |
|-------|-------------------|---|-------------|---------------|---|---|--|
| 21 | REC | Procurement of Spare HPT Module for Khaperkheda TPS | 0 | 204,406,845 | 7 equal annual installments commencing from January 2017 | 12.00% | Hypothecation of Future assets to be created from the R&M Scheme |
| 21(A) | 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 | 11,870,802 | 7 equal annual installments commencing from February 2017 | 12.00% | Hypothecation of Future assets to be created from the R&M Scheme |
| 22 | REC | ESP Restoration/Refurbishment (Improvement in Stack emission control) Unit 5,6 & 7. Chandrapur STPS | 0 | 6,453,955 | 7 equal annual installments commencing from March 2017 | 12.00% | Hypothecation of Future assets to be created from the R&M Scheme |
| 22(A) | REC | Measurement & monitoring of coal consumption. At Nashik TPS | 0 | 9,150,246 | 7 equal annual installments commencing from March 2017 | 12.00% | Hypothecation of Future assets to be created from the R&M Scheme |
| 23 | REC | Input Source measurement scheme (Fuel oil, water, Auxiliary power & coal flow) - Chandrapur STPS | 0 | 8,462,430 | 7 equal annual installments commencing from January 2017 | 12.00% | Hypothecation of Future assets to be created from the R&M Scheme |
| 23(A) | Canara Bank | Capex (servicing of MSETCL dues on a/c of loan serviced by MSETCL & subsequently transferred to MSPGCL) | 163,396,800 | 276,866,800 | 28 quarterly installments : commenced from January 2010 | Base Rate + 1.25% (Floating) (presently 11.45%) | All Movable Property of Khaperkheda TPS, (Unit 1,2,3 & 4) |
| 24 | South Indian Bank | Capex (Long term) for funding of capital expenditure of existing Power stations | 150,000,000 | 1,087,512,467 | 40 quarterly installments of ₹ 3.75 crores commencing from Aug 2012 | Base Rate + 1.75% (Floating) (presently 11.45%) | Movable assets (BOP mechanical package) of Parli Unit -6 |

| | | | | | | | |
|-------|---|---|---------------|---------------|--|--|--|
| 24(A) | Housing & Urban Development Corporation Ltd. (HUDCO) | Construction of Staff Quarters at Koradi Project 3x660 MW | 0 | 46,160,690 | 32 quarterly installments of ₹ 88.75 lacs commencing from 31.5.2015 | Floating rate (11.00%) | Mortgage/ Hypothecation of Future assets to be created for construction of staff quarters together with Land |
| 25 | Indian Renewable Energy Development Agency Ltd. (IREDA) | 4 MW Solar Power Generation Project at Chandrapur, Maharashtra | 29,544,000 | 200,218,000 | 40 equal quarterly installments of ₹ 98.48 lacs commencing from 30.09.2014 | 11.75% | Mortgage/ Hypothecation of Future assets to be created out of 4 MW Solar Project together with Land |
| 25(A) | KfW-Germany | Establishment of 150 M.W Solar Power Plant at Sakri- Dhule | - | - | 21 semi annual installments commencing from 30.12.2013 | Fixed rate (1.96%) | Unsecured - |
| 26 | Canara Bank | Establishment of 3x660 Thermal Power Plant at Koradi, Dist- Nagpur | - | 5,970,300,000 | 38 equal quarterly installments of ₹ 2631.57 lacs after 6 month from the date of commissioning of first Unit | Base Rate + 1% (Floating) (presently 11.20%) | Mortgage & Hypothecation of all Movable & Immovable assets of Koradi Project 3x660 MW |
| 26(A) | Bank of India | Establishment of 3x660 Thermal Power Plant at Koradi, Dist- Nagpur | - | 633,400,000 | 38 equal quarterly installments of ₹ 2631.57 lacs after 6 month from the date of commissioning of first Unit | Base Rate + 1% (Floating) (presently 11.20%) | Mortgage & Hypothecation of all Movable & Immovable assets of Koradi Project 3x660 MW |
| 27 | PFC | SETTING UP OF PARALI TPS EXT 1X250 MW COAL BASED POWER PROJECT AT PARALI TPS. | 1,220,715,930 | 1,308,725,368 | 40 equal quarterly installments : commenced from July 2007 | 9.75% to 12.50% | Unsecured - backed by GOM Guarantee |
| 27(A) | PFC | ESP AUGMENTATION / RET-ROFIT FOR NASIK TPS UNIT-3 (210 MW) OF KORADI TPS | 4,496,960 | 0 | 40 equal quarterly installments : commenced from July 2004 | 6.50% | Unsecured - backed by GOM Guarantee |

| | | | | | | | |
|-------|-----|--|------------|-----------|---|-------------------|--|
| 28 | PFC | ESP AUGMENTATION/ RETROFIT FOR KORADI TPS UNIT 5 (200 MW) & UNIT NO. 6 AT URAN GTPS. | 11,143,710 | 8,914,971 | 40 equal quarterly installments : commenced from April 2006 | 6.8% - 7.18% | Unsecured - backed by GOM Guarantee |
| 28(A) | PFC | AUGMENTATION OF ASH WATER RECYCLING SYSTEM AT NASIK TPS | 834,920 | - | 40 equal quarterly installments : commenced from July 2004 | 7.15% - 12.25% | Unsecured - backed by GOM Guarantee |
| 29 | PFC | REPLACEMENT OF COND- ENSORTUBE AT CHAND- RAPUR TPS CONTROL FOR MSEB'S 10 UNITS | 4,087,500 | - | 40 equal quarterly installments : commenced from October 2004 | 6.50% | Unsecured - backed by GOM Guarantee |
| 29(A) | PFC | UPGRADATION OF EXISTING INSTRUMENT- ATION & CONTROL SYSTEM AT NASIK TPS UNIT IV | 3,150,000 | - | 40 equal quarterly installments : commenced from October 2004 | 6.50% | Unsecured - backed by GOM Guarantee |
| 30 | PFC | ESP AUGMENTATION AND UPGRADATION OF AIR POLLUTION CONTROL FOR MSEB'S 10 UNITS | 7,110,435 | - | 40 equal quarterly installments : commenced from April 2005 | 7.18% | Unsecured - backed by GOM Guarantee |
| 30(A) | PFC | FOR RENOVATION AND MODERNISATION SCHEME FOR MODIFICATION OF COAL MILLS OF 210MW UNITS BY PARLI TPS | 2,375,000 | 950,000 | 40 equal quarterly installments : commenced from October 2005 | 6.18% | Unsecured - backed by GOM Guarantee |
| 31 | PFC | REHABILITATION OF PARLI TPS UNIT NO 1&2 2X30 MW | 11,725,430 | 7,035,250 | 40 equal quarterly installments : commenced from January 2006 | 6.80% - 8.50% | Unsecured - backed by GOM Guarantee |

| | | | | | | | |
|-------|-----------------|--|---------------|---------------|--|---|-------------------------------------|
| 31(A) | PFC | R&M SCHEMES FOR AUGMENTATION OF WATER SUPPLY SYSTEM FOR PARLI TPS | 39,649,355 | 31,719,480 | 40 equal quarterly installments : commenced from April 2006 | 7.75% - 8.50% | Unsecured - backed by GOM Guarantee |
| 32 | PFC | R & M OF URAN GAS TURBINE PLANT IN MAHARASHTRA I & II UNDER K F W ASSISTANCE. | 143,291,645 | 229,266,632 | 40 equal quarterly installments : commenced from April 2007 | 8.50% - 8.75% | Unsecured - backed by GOM Guarantee |
| 32(A) | PFC | INSTALLATION OF FLUE GAS CONDITIONING SYSTEM FOR AMMONIA INJECTION | 8,455,455 | 8,455,455 | 40 equal quarterly installments : commenced from July 2006 | 6.74% - 8.25% | Unsecured - backed by GOM Guarantee |
| 33 | PFC | RENOVATION, MODERNISATION, AND LIFE EXTENSION OF KOYANA HYDRO-POWER STATION STAGE III TPS UNIT I TO IV | 11,778,930 | 21,202,040 | 40 equal quarterly installments : commenced from July 2007 | 7.75% - 14.25% | Unsecured - backed by GOM Guarantee |
| 33(A) | PFC | RENOVATION AND MODERNISATION OF KOYANA HPS STAGE I AND II | 8,570,440 | 15,426,787 | 40 equal quarterly installments : commenced from July 2007 | 12.50% - 13.25% | Unsecured - backed by GOM Guarantee |
| 34 | KfW - Germany | Establishment of 150 M.W Solar Power Plant at Sakri-Dhule | 2,970,159,898 | 6,952,868,196 | 21 semi annual installments commencing from 30.12.2013 | Fixed rate (1.96%) | Unsecured - |
| 34(A) | IBRD-World Bank | Funding for Koradi TPS Unit-6 EE R&M | - | 209,445,160 | 50 semi annual Installments beginning from 15.12.2014 till 15.6.2039 | Six month LIBOR + Spread 0.04%. Presently 0.3705% | Unsecured - |

| | | | | | | | |
|--------------|-----|----------------------|-----------------------|------------------------|--|--------|-------------|
| 35 | GOM | PARLI UNIT 6 PROJECT | 165,000,000 | 165,120,980 | 120 equal monthly installments : Commenced from April 2006 | 11.50% | Unsecured - |
| 35(A) | GOM | PARAS UNIT 3 PROJECT | 150,999,996 | 150,950,204 | 120 equal monthly installments : Commenced from April 2006 | 11.50% | Unsecured - |
| 36 | GOM | URAN GTPS CAPEX | 250,200 | 771,462 | 120 equal monthly installments : Commenced from April 2008 | 11.50% | Unsecured |
| Total | | | 11,844,465,752 | 226,471,982,465 | | | |

Short Term Borrowings**(Annexure B)**

| Sr. No | Particulars of Lender | Nature of Loan | Outstanding balance as (Amt. ₹.) on 31.3.14 | Terms of Repayment | Rate of Interest | Nature of security |
|----------------|--|---|--|---|--|--|
| 1. 2. 3. | Bank of India Canara Bank Bank of Maharashtra | Cash Credits / Working Capital Demand Loan | 26,339,839,119 | Sanctioned for a period of one year and renewal on yearly basis | Rate of interest is based on Bank Base Rate | Book debts and stocks alongwith collateral security in the form of charge on movable assets of Khaperkheda TPS U 1,2,3 & 4 |
| 4 | Andhra Bank-5 | Working Capital | 1,500,000,000 | 6 months from the date of availment | Rate of interest based on Bank Base Rate (Floating) (10.25%) | Unsecured |
| 5 | Bank of Maharashtra -1a | Working Capital | 1,990,891,269 | 6 months from the date of availment | Rate of interest based on Bank Base Rate (Floating) (10.25%) | Unsecured |
| 6 | Bank of Maharashtra -1a - Earmarked for funding of General Capex | Working Capital- Earmarked for funding of General Capex | 509,108,731 | 6 months from the date of availment | Rate of interest based on Bank Base Rate (Floating) (10.25%) | Unsecured |

| | | | | | | |
|--------------|-------------------------|------------------------------|-----------------------|-------------------------------------|--|-----------|
| 7 | Bank of Maharashtra -1b | Working Capital | 2,500,000,000 | 6 months from the date of availment | Rate of interest based on Bank Base Rate (Fixed) (10.25%) | Unsecured |
| 8 | Canara Bank -2 | Working Capital | 2,500,000,000 | 6 months from the date of availment | Rate of interest based on Bank Base Rate (Fixed) (10.25%) | Unsecured |
| 9 | Canara Bank -3 | Working Capital | 5,000,000,000 | 6 months from the date of availment | Rate of interest based on Bank Base Rate (Fixed) (10.25%) | Unsecured |
| 10 | Central Bank of India-1 | Working Capital | 500,000,000 | 1 Year from the date of availment | Rate of interest based on Bank Base Rate (Fixed) (10.25%) | Unsecured |
| 11 | Dena Bank-10 | Working Capital | 2,000,000,000 | 6 months from the date of availment | Rate of interest based on Bank Base Rate (Fixed) (10.25%) | Unsecured |
| 12 | Dena Bank-11 | Working Capital | 500,000,000 | 6 months from the date of availment | Rate of interest based on Bank Base Rate (Fixed) (10.25%) | Unsecured |
| 13 | Dena Bank-12 | Working Capital | 2,500,000,000 | 6 months from the date of availment | Rate of interest based on Bank Base Rate (Fixed) (10.25%) | Unsecured |
| 14 | Dena Bank-13 | Working Capital | 1,500,000,000 | 6 months from the date of availment | Rate of interest based on Bank Base Rate (Fixed) (10.25%) | Unsecured |
| 15 | Indian Bank-10 | TIDC Adv for Building of dam | 3,000,000,000 | 3 months from the date of availment | Rate of interest based on Bank Base Rate (Fixed) (10.25%) | Unsecured |
| 16 | Indian Bank-11 | Solar Project -1 MW | 1,500,000,000 | 3 months from the date of availment | Rate of interest based on Bank Base Rate (Fixed) (10.25%) | Unsecured |
| 17 | Indian Bank-12 | General Capex | 1,500,000,000 | 3 months from the date of availment | Rate of interest based on Bank Base Rate (Fixed) (10.25%) | Unsecured |
| 18 | Vijaya Bank-4 | Working Capital | 2,000,000,000 | 1 Year from the date of availment | Rate of interest based on Bank Base Rate (Floating) (10.20%) | Unsecured |
| Total | | | 55,339,839,119 | | | |

Cash Flow Statement for the year ended 31st March 2014

| | 2013-14 (Amount in ₹.) | | 2012-13 (Amount in ₹.) | |
|---|---------------------------|-------------------------|---------------------------|-------------------------|
| Cash flow from Operating Activities | | | | |
| Net Profit After Taxes | | 1,110,432,565 | | 4,879,792,357 |
| Adjustments for: | | | | |
| Provision for Taxation | 2,089,255,257 | | 4,397,837,361 | |
| Current Year and Prior Depreciation and amortisation | 11,601,979,018 | | 5,596,601,306 | |
| Interest Income | (5,752,895) | | (8,730,526) | |
| Interest and finance charges | 17,109,719,329 | 30,676,204,644 | 13,611,070,145 | 24,656,851,856 |
| Provision for obsolescence of Stores | (246,288,373) | | 837,422,804 | |
| Provision for obsolescence of Capital Asset | 47,624,681 | | 90,046,639 | |
| Profit on sale of fixed assets | (4,309,084) | | (220,817,782) | |
| Loss on sale of fixed assets | 64,803,202 | | 440,647,597 | |
| Gain on foreign exchange | 0 | | (706,380,660) | |
| Bad Debts Provided | 19,173,509 | | 619,154,972 | |
| Operating profit before working capital changes | | | | |
| Trade & Other Receivables | 4,846,413,015 | | (23,229,676,142) | |
| Inventories | 3,919,719 | | (3,751,954,516) | |
| Trade & Other Payables and Provisions for employee benefits | 8,798,821,931 | | 18,635,844,408 | |
| Cash Generated from Operations | | (3,948,489,197) | | (8,345,786,250) |
| Taxes paid | (3,567,884,995) | | (1,043,926,368) | |
| | | (3,567,884,995) | | (1,043,926,368) |
| Net Cash from Operating Activities | | 24,270,263,017 | | 20,146,931,595 |
| From Investing Activity | | | | |
| Purchase of Fixed Assets including Capital Work In progress | (42,812,695,202) | | (65,984,565,188) | |
| Disposal of Fixed Assets | 583,837,055 | | 249,586,723 | |
| (Purchase)/Sale of Investments - of Joint Ventures | 0 | | 0 | |
| (Purchase)/Sale of Investments - Others | 0 | | 0 | |
| Interest Income | 5,752,895 | | 8,730,526 | |
| | | (42,223,105,252) | | (65,726,247,939) |
| From Financing Activity | | | | |
| Increase in Grants | 50,547,466 | | - | |
| Increase in Equity | 13,043,030,000 | | 12,183,370,000 | |
| Proceeds from Borrowings | 56,374,110,593 | | 85,759,961,314 | |
| Repayment of Borrowings | (19,195,390,555) | | (24,448,818,310) | |
| Interest & Finance charges | (33,087,249,746) | | (27,005,598,330) | |
| | | 17,185,047,758 | | 46,488,914,674 |

| | | | | |
|--|---------------|----------------------|---------------|--------------------|
| Net Increase / (Decrease) In cash | | (767,794,477) | | 909,598,330 |
| Opening Balance | | | | |
| Cash | 10,834,954 | | 3,397,368 | |
| Bank | 1,197,477,027 | 1,208,311,981 | 295,316,283 | 298,713,651 |
| Closing Balance | | | | |
| Cash | 1,525,649 | | 10,834,954 | |
| Bank | 438,991,855 | 440,517,504 | 1,197,477,027 | 1,208,311,981 |

As per our report attached

For M P Chitale & Co.

Chartered Accountants

(CA Ashutosh Pednekar)

Partner

J. K. Srinivasan

Director (Finance)

Asheesh Sharma

Chairman & Managing Director

For Borkar & Muzumdar

Chartered Accountants

(CA Devang Vaghani)

Partner

S.K. Labde

Chief General Manager (A)

Rahul Dubey

Company Secretary

For Ummed Jain & Co.

Chartered Accountants

(CA Akhil Jain)

Partner

Mumbai, 27th August, 2014

Statement under section 212(3) of the companies Act 1956 (As on 31st March 2014)

| Particulars | Dhule Thermal Power Co Ltd | Mahaguj Collieries Ltd. | Dhopave Coastal Power Co. Ltd |
|--|-----------------------------------|--------------------------------|--------------------------------------|
| | (Audited) | (Un-Audited) | (Un-Audited) |
| The extent of the holding company interest in the subsidiary at the end of the financial year i.e. 31st March 2014 | 100% | 60% | 100% |
| Paid up share capital of subsidiary company (Amt in ₹) | 500,000 | 500,000 | 500,000 |
| Extent to interest of company in subsidiary company (Amt in ₹) | 500,000 | 300,000 | 500,000 |
| Net aggregate amount of profit / (loss) after tax of subsidiary company as on 31.3.14 (Amt in ₹) | 20,889 | (466,644,028) (See Note) | (6,677) |
| Share of MSPGCL (Amt in ₹) | 20,889 | (279,986,417) | (6,677) |

Note:- This amount represents Balance appearing in Expenditure during the construction period account (Since the Commercial operations not started yet).

Projects Features



BARAMATI SOLAR PROJECT



CHANDRAPUR PROJECT 2



BHANDEWADI WASTE WATER PROEJCT



CONTROL ROOM



CSTPS - SOLAR



CSTPS - NDCT



KORADI



KORADI PROJECT



PARLI PROJECT



PROJECT



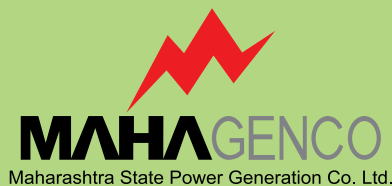
SAKRI - SOLAR



CHANDRAPUR PROJECT

Our Vision....

*“Generating adequate Power for Maharashtra on
a sustainable basis at Competitive rates in a
socially responsible manner”.*



Maharashtra State Power Generation Company Limited

Prakashgad, Bandra (East), Mumbai - 400 051 Tel.: 022-2647 4211, 2647 2131 Fax: 2647 6749