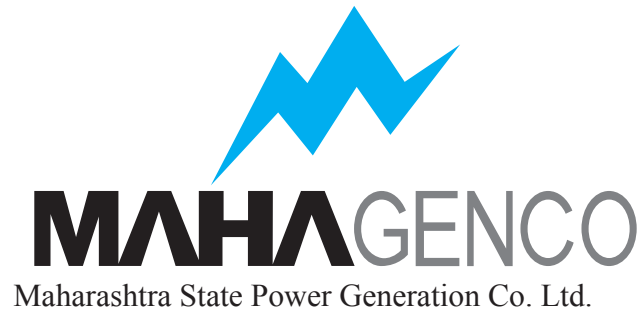




**Annual Report  
2009-2010**

**Generating for Generations**



**MAHARASHTRA STATE POWER GENERATION  
COMPANY LIMITED**

**ANNUAL REPORT  
2009-2010**

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**Annual Report 2009-2010****Contents**

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## **Maharashtra State Power Generation Co. Ltd.**

### **Board of Directors (from 01.04.09 up to AGM Date)**

**SHRI P. ABRAHAM**  
**CHAIRMAN**  
**(W.E.F. 29.07.05 UP TO 17.05.2010)**

**SHRI SUBRAT RATHO**  
**CHAIRMAN & MANAGING DIRECTOR**  
**(W.E.F. 17.05.10 TILL DATE)**

Managing Director	<b>Shri Subrat Ratho</b> (Up to 17.05.10)
Director (F)	<b>Shri G. J. Girase</b> (w.e.f. 01.06.07 till date)
Director (O)	<b>Shri M. R. Shelar</b> (up to 26.11.10)
Director (P)	<b>Shri C. S. Thotwe</b> (w.e.f. 31.08.09 till date)
Director	<b>Shri P. V. Page</b> (w.e.f. 01.12.08 till date)

## NOTICE

NOTICE is hereby given that the 5<sup>th</sup> Annual General Meeting of the shareholders of Maharashtra State Power Generation Company Limited will be held on 28<sup>th</sup> September, 2010 at 11.00 A.M. at Prakashgad, Prof Anant Kanekar Marg, Bandra East, Mumbai- 400051 to transact the following business:

### Ordinary Business:

1. To receive, consider and adopt the audited Balance Sheet as at 31.3.10 and Profit and Loss Account for the year ended on that date, together with Report of Directors' and Auditors' thereon.\*
2. To consider and if deemed fit to pass with or without modification the following resolution as Ordinary Resolution

RESOLVED THAT pursuant to the provisions of Section 224 (8) (aa) read with Section 619 (2) and other applicable provisions, if any of the Companies Act, 1956, the Board of Directors be and is hereby authorized to decide the remuneration and out of pocket expenses payable to the Statutory Auditors of the Company appointed by the Comptroller and Auditor General of India, u/s 619 (2) of the Companies Act, 1956, in respect of Company's financial year commencing from 1<sup>st</sup> April 2010 to 31<sup>st</sup> March 2011.

RESOLVED FURTHER THAT pursuant to the provisions of Section 224 (8) (aa) read with Section 619 (2) and other applicable provisions, if any of the Companies Act, 1956, approval of shareholders be and is hereby accorded to the following remuneration of Statutory Auditors appointed by C&AG for the financial year commencing from 1<sup>st</sup> April 2009 to 31<sup>st</sup> March 2010.

₹ 18.00 lacs plus out of pocket expenses at actual.

FURTHER RESOLVED THAT the Managing Director of the Company be and is hereby authorized to do all acts, deeds and things necessary for giving effect to this resolution.

By the order of Board of Directors

**Rahul Dubey**  
Company Secretary

Place: Mumbai

Date: 8th September, 2010

\* Accounts were adopted in the adjourned AGM dated 24th February, 2011.

### Notes:

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote on his behalf on a poll only, and the proxy need not be a member of the Company.
2. The Companies Act, 1956 provides that in case of a Government Company, the Comptroller and Auditor General of India shall appoint/re-appoint the Statutory Auditors of the Company u/s 619(2) of the Companies Act, 1956. Further the remuneration of the Statutory Auditors of a Govt. Company will be

fixed by the members of the Company in the General Meeting or in such a manner as General Meeting may determine.

In pursuance of the above as per section 224 (8) (aa) read with section 619 (2) of the Companies Act, 1956, the members are requested to authorize the Board of Directors of the Company to fix the remuneration and out of pocket expenses to the Statutory Auditors of the Company, in respect of Company's financial year, commencing from 1<sup>st</sup> April 2010 to 31<sup>st</sup> March 2011 and to approve the remuneration proposed for the FY 2009-10.

3. All documents referred to in the notice are open for inspection at the registered office of the Company during office hours till the date of this Annual General Meeting.

## DIRECTORS' REPORT

### Dear Members

Your Directors are pleased to present the 5th Annual Report and the audited accounts for the year ended 31<sup>st</sup> March 2010.

### FINANCIAL RESULTS

	2009-10	2008-09
<b>Income</b>		
Revenue from Sale of Power(net)	1108325.06	934649.36
Other Income	10328.89	13411.16
<b>Gross Income</b>	<b>1118653.95</b>	<b>948060.52</b>
<b>Expenditure</b>		
Cost of Fuel	831302.08	715624.99
Generation, Admn. & other Exp	113241.39	87640.69
Employee Cost	55668.68	63012.10
Depreciation/ amortization	30094.20	30753.29
Interest & Finance Charges	46988.13	44832.97
<b>Net Profit before tax, provisions &amp; prior period adjustments</b>	<b>41359.47</b>	<b>6196.48</b>
Tax	19103.75	(1131.78)
<b>Profit after tax but before prior period adjustments</b>	<b>22255.72</b>	<b>7328.26</b>
Less Prior Period adjustments	1915.88	(1081.25)
<b>Net Profit after tax</b>	<b>20339.84</b>	<b>8409.51</b>

### FIANANCIAL PERFORMANCE

Total Income of the company for the year increased by 18.01 % to ₹ 1118653.95 lacs from ₹ 948060.52 lacs during the previous year. The Profit after tax but before prior period adjustments has gone up to ₹ 22255.72 lacs from ₹ 7328.26 lacs. The overall fuel cost was increased by 16.16 % as compared to 19.31% previous year, Generation & Admn exp by 29.21% as against 3 % last year. The Net profit after tax has gone up to ₹ 20339.84 lacs from ₹ 8409.51 lacs up 141 % over last 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.

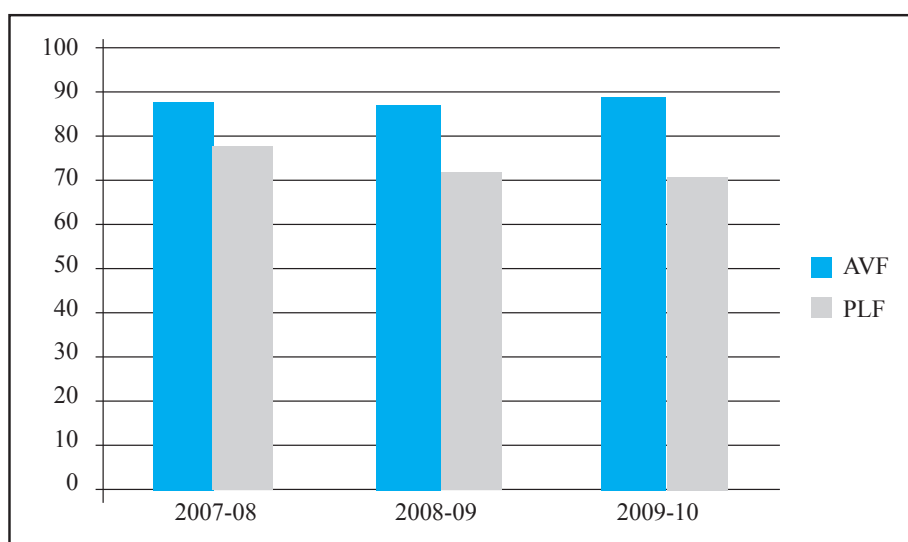
### OPERATIONAL PERFORMANCE

The total Installed Capacity of Mahagenco is 10246 MW and derated capacity is 10121 MW as on 31<sup>st</sup> March 2010. Ghatghar PSS (1\*125 MW) is taken over by Mahagenco on 17.08.09.

During the year 2009-10, for coal-fired plants, the average availability factor was 88.40 as against 86.69% of last year. The plant load factor was 69.71%. The overhaul of 18 units was taken up during 09-10 as against overhaul of 24 units during 08-09. The planned outage & forced outage factor for the year 09-10 were 5.82% & 5.78% as against 8.41% & 4.90% for 2008-09. For gas based plants, average availability was 93.49% and PLF was 68.46%.

The other operational performance factors are as below:

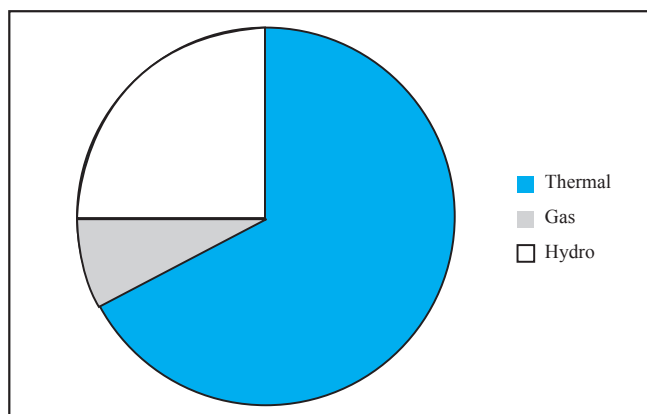
The Realization of Coal for the current year was 89.49% as against 88.11% of previous year. Specific coal consumption for the current year was 0.826 Kg/ Kwh as against 0.828 Kg/ Kwh of previous year. The Boiler tube leakage percentage for the current year was 3.02% as against 2.38% of previous year. Specific oil consumption for the current year was 3.56 ml/Kwh as against 4.12ml/Kwh of last year. The auxiliary consumption was 9.93% as against 9.49% of last year. The average gross calorific value of coal fired during the year was 3537 Kcal/Kg. The heat rate for the current year was 2989 Kcal/Kwh. The transit loss for the current year was 1.99% as against 0.96% for last year.



## INSTALLED CAPACITY

The Company owns Thermal Power Stations at seven locations across the state, one Gas Turbine Power Station & 24 Hydro Power Stations which are in operation having following total generation capacity as on 31.3.2010.

Type	Capacity
Thermal	6800 MW
Gas	852 MW
Hydro	2469 MW
Total	10121 MW



## CAPACITY ADDITION PROGRAMMES

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

### A. Ongoing Projects – 5230 MW (Net Capacity addition: 4770 MW)

#### 1. Parli TPS Unit 7 (250 MW):

Order for main plant equipment has been placed on M/s. BHEL on 31.08.06 (Zero date). The following major milestones have been achieved:

Sr. No.	Major Milestone	Achieved on
<b>Till 31.03.2009</b>		
1	Boiler Drum Lifting	15.04.08
2	Commencement of Condenser erection	15.07.08
3	Commencement of TG erection	25.09.08
4	Stator Lifting	01.11.08
5	Hydraulic test-drainable	17.12.08
<b>During 2009-10</b>		
6	Hydraulic test Non drainable	04.07.09
7	Boiler light up	12.07.09
8	Oil Flushing start	06.08.09
9	Alkali Boil out and acid cleaning	13.08.09
10	Boxing up of Generator	17.08.09
11	Steam Blowing	19.10.09
12	Unit Synchronisation	12.11.09
13	Coal firing	02.01.10

Full load operation of the Unit has been achieved on 10.02.2009 and further works on the project are in progress.

#### 2. Paras TPS Unit 4 (250 MW):

Order for main plant equipment has been placed on M/s. BHEL on 31.08.06 (Zero date). The following major milestones have been achieved:

Sr. No.	Major Milestone	Achieved on
<b>Till 31.03.2009</b>		
1	Boiler Drum Lifting	15.05.08
2	Commencement of Condenser erection	18.08.08
3	Commencement of TG erection	22.09.08
4	Stator Lifting	21.11.08
5	Hydraulic test-drainable	18.02.09
<b>During 2009-10</b>		
6	Hydraulic test Non drainable	02.07.09
7	Boiler up of Turbine	03.07.09
8	Boiler light-up	22.07.09
9	Oil Flushing start	23.07.09
10	Alkali Boil out and acid cleaning	30.08.09
11	Unit Synchronisation	30.11.09
12	Coal firing	18.02.10

Full Load Operation has been achieved on 27.03.2010. Further works on the project are in progress.

### 3. Khaperkheda TPS Unit 5 (500 MW) :

Order for main plant equipment has been placed on M/s. BHEL on 23.01.07 (Zero date). Order for balance of plant has been placed on 03.07.07 on M/s BGR Energy Systems Ltd. The following major milestones have been achieved:

Sr. No.	Major Milestone	Achieved on
<b>Till 31.03.2009</b>		
1	Boiler Drum Lifting	28.11.08
2	Commencement of Condenser erection	28.03.09
<b>During 2009-10</b>		
3	Commencement of TG erection	15.04.09
4	Stator Lifting	24.10.09
5	Hydraulic test- drainable	05.11.09

Further works on the project are in progress.

### 4. Bhusawal TPS Unit 4 & 5 (2 x 500 MW):

Order for main plant equipment has been placed on M/s. BHEL on 23.01.07 (Zero date). Order for balance of plant has been placed on 05.11.07 on M/s Tata Projects Ltd. The following major milestones have been achieved:

Sr. No.	Major Milestone of Unit-4	Achieved on
<b>Till 31.03.2009</b>		
1	Commencement of Boiler erection	26.03.08
2	Boiler Drum Lifting	09.01.09
3	Commencement of condenser erection	14.03.09
<b>During 2009-10</b>		
4	Commencement of TG Erection	30.04.09
5	Hydraulic test (Drainable)	31.03.10

Sr. No.	Major Milestone of Unit-5	Achieved on
<b>Till 31.03.2009</b>		
1	Commencement of Boiler erection	03.08.08
<b>During 2009-10</b>		
2	Boiler Drum Lifting	20.04.09

Further works on the project are in progress. The trial operation of Unit 4 is scheduled by March, 2011 followed by Unit 5 by May, 2011.

Government of Maharashtra has approved the above projects vide Government Resolution no. vi ni k 2005 / Pra. Kra. 2044 / Oorja-4 dated 12.05.06.



**5. Chandrapur TPS Unit 8 & 9 (2x500 MW) :**

Order for main plant equipment has been placed on M/s. BHEL on 25.07.08. (Zero date: 09.02.09).

During the year 2009-10, one of the major milestones “Boiler Supplies” commenced on 01.04.2010. Order for balance of plant has been placed on 12.06.09 on M/s BGR Energy System Ltd., Chennai.

The works on the project are in progress. The trial operation of Unit 8 is scheduled by July, 2012 followed by Unit 9 by October, 2012.

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

**6. Parli TPS Unit 8 (1 x 250 MW – against existing 2 x 20 MW derated capacity units, net capacity addition : 210 MW).**

Order for main plant equipment has been placed on M/s. BHEL on 20.01.09

During the year 2009-10, 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., Nagpur on 01.01.2010. Order for NDCT with film fills is placed on M/s Gammon India Ltd., Mumbai on 05.01.2010.

The works on the project are in progress. The trial operation is scheduled by January, 2012.

GOM has approved the above project vide letter no. prakalpa- 2008/ pra.kra. 1491/ Urja-4 dt. 29.01.09.

**7. Koradi TPS unit 8, 9 & 10 (3 x 660MW- Unit 8 is against existing 4 x 105 MW derated capacity units – Net capacity addition 1560 MW)**

During the year 2009-10, order for Boiler & Turbo Generator package has been placed on M/s L&T on 23.09.09.

NIT for Balance of Plant with associated civil works is issued on 17.03.2010. Tender sale commenced on 29.03.2010 and is closed on 17.04.2010.

The works on the project are in progress. The trial operation of Unit 8 is scheduled by 23.12.2013 followed by Unit 9 by 23.6.2014 and Unit 10 by 23.12.2014.

Govt of Maharashtra has approved the project vide Govt resolution no Project -2008/Pra. Kra. /1189/Urja-4 dated 14.10.08.

**Non-conventional power project (Capacity addition: 1 MW) :**

Order for development of 1 MW Grid interactive Solar PV (Photo voltaic) Power Project at Chandrapur Super Thermal Power Station premises has been placed on M/s. Moserbaer India Ltd., New Delhi on 11.06.09. The said project has been commissioned on 09-04-2010 and is in operation.

**B. Future Project Proposal- 7160 MW (Net Capacity addition: 7050 MW):****1. Bhusawal TPS Unit 6 (1 x 660 MW against existing 55 MW capacity units at Paras & Bhusawal- Net capacity addition : 550 MW) :**

Land acquisition is in progress. As per present planning, order for main plant is expected by March 2011. To this extent, trial operation is expected by June, 2015.

**2. Dondaicha TPS Unit- 1&2 (2 x 660MW)**

Preliminary activities for acquisition of land are in progress. As per present planning, order for main plant is expected by May, 2011. To this extent, the trial operation of Unit 1 is expected by August, 2015 followed by Unit 2 by February, 2016.

**3. Dondaicha TPS unit 3,4&5 (3X660MW)**

Mahagenco is also planning to go for expansion of Dondaicha TPS with addition of 3 units each of 660 MW as unit 3, 4 & 5. As per present planning, order for main plant is expected by November, 2011. To this extent, the trial operation of Unit 3 is expected by February, 2016 followed by Unit 4 by August, 2016 and Unit 5 by February, 2017.

**4. Uran GTPS Unit 9 & 10 (1220 MW)**

NIT issued on 19.03.2010 for Lump sum turnkey contract for installation of 1220 MW advance class gas turbine based CCPP. Tender sale commenced from 29.03.2010 and closed on 17.04.2010. Letter of Award is planned by June 2010, subject to availability of adequate gas at affordable price. To this extent, the trial operation of Unit 9 (814 MW) is expected by September, 2012 followed by Unit 10 (406 MW) by December, 2012. Exploration for gas availability is in progress.

Government of Maharashtra approved the project vide letter no. ViNiPra-2005/ Pra. Kra. 1967/ Urja – 7 dated 01.06.05 for installation of 1040 MW capacity. Matter taken up for approval of 1220 MW capacity.

**5. Dhopawe Project Unit- 1 to 3 (3 x 660 MW):**

Secretary (Energy) vide letter dtd. 02.01.2010 has directed MSPGCL to initiate necessary steps to take up the Dhopawe project under the Mahagenco's fold. To this extent, Mahagenco proposes to go in for installation of 3x660 MW Units at Dhopawe. Preliminary activities for acquisition of land are in progress. As per present planning, order for main plant is expected by May, 2011. To this extent, the trial operation of Unit 1 is expected by Aug. 2015 followed by Unit 2 by February 2016, Unit 3 by August 2016.

**SUBSIDIARIES AND JOINT VENTURES**

**Mahaguj Collieries Ltd.** - The company is a joint venture between your company and Gujarat State Electricity Co. Ltd. for captive mining of coal blocks at Machchakata. The Company has appointed Mine Developer cum Operator for executing the project. The vital preliminary activities like acquisition of land, various Govt clearances has been started. Coal Mining Service Agreement between MDO i.e M/s Adani Enterprises Ltd. and Mahaguj Collieries Ltd. has been signed on 6<sup>th</sup> May 2010.

FSA between Mahaguj Collieries Ltd. and JV Partners i.e. Mahagenco and GSECL is expected in current year.

The Ministry of Coal, GoI has permitted coal rejects from the above project to be used by qualified third party (including MDO) for power generation at the pit head. The power so generated shall be used by M/s Mahagenco and GSECL. Therefore it is proposed to have coal reject based power station at pit head. The modalities of execution of the same are being worked out. Considering the availability of coal reserves, the Ministry of Coal has directed to increase the Mine capacity of Machchakata coal block from 30 MTPA to 50 MTPA. Accordingly Board of Mahaguj Collieries Ltd. has approved increase in capacity of Mines from 30 MTPA to 50 MTPA.

**Dhule Thermal Power Co. Ltd.** - These companies have been incorporated to implement various Thermal Power Projects as green field project under case-2 as per the guidelines of Ministry of Power, Government of India. During the year there was no activity in this company.

**UCM Coal Company Ltd.** - The UCM Coal Company Ltd. is a JV company between your company and Uttarpradesh Rajya Vidyut Utpadan Nigam Ltd. (UPRVUNL) and Chattisgarh Mineral Development Corporation (CMDC) to share the output of Coal to be generated from Chendipada and Chendipada II coal blocks. The share of Mahagenco of these blocks shall be used for (2X660 MW) Supercritical Power Projects at Dondicha.

## INITIATIVES TAKEN FOR NON COVENTIONAL ENERGY RESOURCES (SOLAR BASED POWER PLANT)

### Non-conventional power project (Capacity addition: 4 MW)

Board in its meeting held on 15.01.2010 (BR- 2010/612 dtd. 29.01.10) has approved addition of 4 MW Grid interactive Solar PV (Photo Voltaic) Power Project to be developed adjacent to the 1 MW Grid interactive Solar PV (Photo Voltaic) Power Project at Chandrapur Super Thermal Power Station premises, which is in operation.

In addition to the above, MSPGCL has signed Memorandum of Understanding with M/s. BHEL on 12.08.09 for formation of Joint Venture Company to set up of 2 x 660 MW super critical Power Plant/ 1500 MW gas based combined cycle power plant at Latur. Preliminary activities for acquisition of land and tying up of water & fuel are in progress.

## 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 mainly come from the Government of Maharashtra.

## CREDIT RATING

Credit Rating of long term and short term finances of the company was assigned to M/s Credit Analysis & Research Ltd. (CARE). The long term finances of the company has been assigned credit rating "A-" i.e. **low credit risk rating** and the short term facilities were assigned "PR1" i.e. **strong capacity for timely payment for short term obligations and carry lowest credit risk.**

## FUEL AVAILABILITY

### 1. Mahagenco's Coal Requirement

Total Annual Requirement of coal is @ 40 Million Metric Tons Per Annum. Mahagenco has received total 37694 Th. MT coal through domestic, e-auction and import as follows:

Indigenous Coal	: 35111 Th. MT (includes 490 Th. MT through e-auction quota)
Import Coal	: 2583 Th. MT

## 2. Fuel Supply Agreement:

Ministry of Coal, Govt. of India, have circulated the New coal Distribution Policy, which envisaged all consumers to enter into Fuel Supply Agreement with coal companies. Accordingly Mahagenco signed FSA with Coal Companies for Annual Contracted Quantities as described below:

Coal Company	Annual Contracted Qty. in MMTPA	Date of signing	Remark
WCL	22.701	21.11.2009	Execution effective from 01.04.09, remain in force for 20 years and will be reviewed in respect of ACQ & other provisions after every 5 years.
SECL	6.027	26.06.2009	
MCL	6.172	26.06.2009	
SCCL	2.260	05.03.2009	
<b>Total</b>	<b>37.160</b>		

## 3. Coal through E-Auction Quota:

Mahagenco has signed MoU with M/s. SCCL on 05.05.2009 for procurement of 4-5 Lacs MT additional coal above ACQ out of e-auction quota on additional price of ₹ 950/- for Parli and Chandrapur Power Stations for year 2009-10.

## 4. Import Coal:

Mahagenco has placed an order to import 2.00 MMT coal for F.Y. 2009-10 against the target of 2.2 MMT given by Ministry of Power. Further spill over quantity of last year order is 4.67 lacs. Mahagenco has placed the order against short tender for immediate procurement of 1.2 & 2.6 Lacs MT. import coal.

## 5. Wash Coal Contracts:

Mahagenco has placed orders for wash coal from different Coal Company command areas i.e. WCL, MCL, SECL as follows:

Particulars	WCL Area	SECL Area	MCL Area	
Qty. ordered	10 MMTPA	2 MMTPA	3 MMTPA	2 MMTPA

## 6. Gas (RLNG/NG) for GTPS, Mahagenco

- A long term agreement for gas supplies for a quantity of 3.5 MMSCMD (APM Gas) has been tied-up with M/s. GAIL (India) Ltd. However M/s. GAIL has been supplying only 2.5 MMSCMD against a total allocated quantity of 3.5 MMSCMD. Gas supplying by M/s. GAIL is at APM rate i.e. @ \$1.9 per MMBTU.
- Present agreement with M/s. GAIL is upto March 2011. Afterward contract will be reviewed by mutual agreement for further period and rates decided by Ministry of Petroleum and Natural Gas.
- In order to surmount the situation in the long run, Mahagenco signed Gas Supply & Purchase Agreement (GSPA), with M/s. Reliance Industries Ltd. (RIL) for supply of 1.00 MMSCMD/32143 MMBTU of RLNG for the period of five years. (i.e. 22<sup>nd</sup> April 2009 to 21<sup>st</sup> April 2014). Gas supplying by M/s. RIL is at \$4.205 per MMBTU (Ex-Kakinada AP).

- In order to maintain current level of loadability GTPS Uran, Mahagenco decided to procure additional 0.3 MMSCMD RNLG/ Natural Gas on “AS AND WHEN REQUIRED BASIS” from Govt. undertaking companies like M/s ONGC/ BPCL/ IOCL/ GAIL and M/s RIL on offer price decided by M/s Ptronet LNG Ltd./ EGoM.

## **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. Total sanctioned employees strength of the company was 16773 as on 31.3.10.

## **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. The new pay revision agreement has been executed between the Management & trade unions which will be effective from April 08.

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

## **RESERVATION FOR SC, ST & OBC**

Your company is following the instructions relating to reservation of post for SC, ST & OBC's in service as per the directives of Government of Maharashtra issued from time to time for recruitment and promotion of employees.

## **TRAINING AND DEVELOPMENT**

In consonance with corporate vision of being the best and most efficient state of the art generating utility in the country, your company facilitates the development of all-round competence of its people. The company has its own two training centers. Koradi and Nashik training centers where induction level training and other training and executive development programs relating to various facets of operation and maintenance of power plant are organized. In addition, the company also arranges need based training programs at “Yashda” Pune, ESCI, Hyderabad, various IIT Colleges, BHEL, World Bank, NPTI and other outside agencies which covers different aspects of O&M, MDP Industrial Security, Project management and Behavioral science etc. During the year total 112 training programs were conducted for different participants.

## **USE OF MARATHI LANGUAGE**

Your company has taken concentrated efforts to encourage the use of Marathi in day to day working and all Government correspondence. The Annual Reports and statutory reports are compiled in Marathi language.

## **ENVIRONMENT**

MAHAGENCO has taken concentrated efforts in many areas for preservation of elements of environment. Some of these are as follows:

- **Tree Plantation & Green belt Development**

M.S.P.G.C.L. has undertaken the scheme of forestation in various Thermal Power Stations. Proper care is being taken for the growth of these tree plants and about 28.1 Lacs trees were planted till 31/03/2010 in all TPS. As per MPCB norms full green belt has been developed at all TPS.

- **Control of Stake Emissions**

As per set objective, MSPGCL has carried out action plan for controlling stack emissions of thermal power plants. These are as below.

Augmentation of ESPs for complying with SPM regulations for 17 old units.

For complying with SPM regulations in respect of remaining 9 old units, MSPGCL has decided to install flue gas conditioning system with Ammonia Injection. Accordingly, AFGC system is commissioned for Koradi unit 7, Chandrapur unit 1, 2 and is under observation. After observing performance of the Koradi & Chandrapur Units, installation work at other units will be done.

Proposal for signing Memorandum of Understanding with M/s. BHEL for carrying out the ESP retrofitting work to achieve new emission norms set by Maharashtra Pollution Control Board is under process.

- **Ambient Air Quality**

Ambient air quality is monitored regularly at various TPS and is observed within the Limits prescribed by MPCB. On line AAQ monitoring system installation is undertaken.

- **Environment, Health and Safety audit**

Environment, Health and Safety External Audit was carried out in 2004-05 by Central Labour Institute Mumbai (Govt of India) at all TPS & recommendations are being implemented.

Internal Audit of all TPS for the year 09-10 is carried out.

Environment, Health and Safety External Audit for year 2011-2012 for all Power Stations of MAHAGENCO will be carried out after approval which is under process.

- **Ash Utilization**

The Ash Utilization by Mahagenco has been enhanced during previous 6 years as below:

Year	Ash Utilization %
2004-05	15.95
2005-06	24.10
2006-07	27.00
2007-08	30.60
2008-09	43.23
2009-10	49.72

- 1) At Nashik TPS two days seminar for enhancement of use of pond ash in bricks manufacturing on dtd. 18.05.2010 to 19.05.2010.
- 2) At Baramati Farmers gathering display for use of fly ash in agriculture and brick manufacturing was made by Mahagenco on dt. 01.11.2010 to 04.11.2010.

- **Research Projects for promoting ash utilization from Thermal Power Stations**

**Mine Filling-**

Stowing of ash about 100000 M3 is done in Durgapur underground mine with the help of TIFAC and WCL at CSTPS on trial basis. Further use of fly ash for mine stowing, irrigation dam and road is taken up with appropriate authority.

- **Effluent Treatment Plant**

MAHAGENCO has commissioned ETPs at its various TPS and the effluents generated from the process are treated for recycling. The yearly average for % of recycled water is as below:

1.	Bhusawal	34.64%
2.	Chandrapur	175.56%
3.	Koradi	64.76%
4.	Khaperkheda	91.51%
5.	Nashik	82.06%
6.	Parli	90.60%
7.	Paras	18.48%

- **Hazardous waste material disposal**

Mahagenco has made tie ups with MPCB authorized agencies for waste management.

**Status of Environmental Clearance of new projects from MoEF**

**A) Environmental Clearance for 3x660 MW Koradi TPS was granted on 4/1/2010.**

**B) ToR's issued by MoEF for the Projects**

- 1x660 MW Bhusawal Replacement project.
- 4x800 MW Dhopawe (Revised to 3x660 MW)

**C) Process of obtaining Environmental Clearance for following project is in process**

- 1x250 MW Paras Replacement Project.
- 2x660 MW Dondaicha Expansion Power Project.
- 1x660 MW Nasik Replacement Power Project.



- Bhivkund Coal Block.
- 2x660 MW Kanpa Expansion Power Project.
- 2x660 MW Mendki Expansion Power Project.
- 2x660 MW Latur Expansion Power Project.
- 2x660 MW Gondia Expansion Power Project.

#### **D) CDM Projects**

The new units coming in future are based on Supercritical Technology, consuming less coal thereby reducing the emission of Green House Gases. We have taken the initiatives for taking the CDM benefit from these supercritical units.

#### **DIRECTORS**

During the year, Shri C.S.Thotwe was appointed as Director (P) of the Company in place of Shri V.T.Bapat w.e.f. 31.8.09.

Shri P. Abraham, Chairman of the Company ceased to be Director of the company due to resignation w.e.f 17.5.10. Shri Subrat Ratho Managing Director was appointed as Chairman and Managing Director of the Company.

The Board wishes to place on record its deep appreciation for the valuable services rendered by Shri P. Abraham during their association with the Company. A warm welcome is extended to all the new appointees on the Board.

#### **AUDIT COMMITTEE**

An Audit Committee of Mahagenco has been constituted. The members of Audit Committee are Shri P.V. Page, Chairman , Shri G.J.Girase, Director (F) and Shri M.R.Shelar Director (O). Total 5 Meetings of the audit committee were held during the year.

#### **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 31<sup>st</sup> march 2010 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 31<sup>st</sup> March 2010 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.

**INSURANCE**

The properties /assets of the Company are adequately insured.

**COST AUDITORS**

The Company has appointed M/s N.I.Mehta & Co. and M/s S.R.Bhargave & Co, Cost Accountants as Joint Cost Auditors for the year ending 31.3.2010 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 G.M.Kapadia & Co , Mumbai , M/s CVK & Associates, Mumbai and M/s K.S.Aiyar & Co, Mumbai were appointed as Joint Statutory Auditors for the Financial Year 2009-10.

**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

(Subrat Ratho)

**Chairman & Managing Director**

Date: 15th January, 2011

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 the year 2009-10

- 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 ABSORPTION**

- 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/nm<sup>3</sup> 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	
	a) Value of capital goods calculated on CIF basis Component and spare parts	2,160,802,211 13,032,534
	b) Expenditure	
	Traveling Expenses	Nil
2.	Foreign Exchange earned	Nil

## ANNEXURE 'B 1'

### REPLIES TO AUDITORS REPORT FOR THE PERIOD 01-04-2009 TO 31-03-2010

Sr. No.	AUDITORS REPORT	M S P G C L's REPLY
1.	We have audited the attached Balance Sheet of Maharashtra State Power Generation Company Limited, as at 31 <sup>st</sup> March 2010, the Profit & Loss Account for the year ended on that date and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.	Factual.
2.	We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.	Factual.
3.	As required by the Companies (Auditor's Report) Order, 2003, (as amended by Companies (Auditor's Report) (Amendment) Order, 2004) issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.	Factual.
4.	Further to our comments in the Annexure referred to above, we report that:	
	(i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;	Factual.
	(ii) 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;	Factual.

	(iii) The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;	Factual.
	(iv) As per Notification no.: GSR 829(E) dated 21-10-2003, the Government Companies are exempted from the provisions of clause 274(1) (g) of the Companies Act, 1956;	Factual.
	(v) <i>Attention has been invited to note no 21(e) in Schedule 15 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</i>	MSPGCL has accounted for lease rent on the basis of MERC order fixing lease rent for Hydro Power Stations owned by Government of Maharashtra.
	(vi) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement, dealt with in this report comply with the requirements of the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956, <i>except that</i>	
	a] <i>Inventory at certain locations of the Company includes Machinery Spares, which as per Accounting Policy No. 1 (f) in Schedule 15 and as required by AS-10 i.e. 'Accounting of Assets' and ASI 2 issued by the Institute of Chartered Accountants of India, should have been capitalized and depreciated over the remaining useful life of the related plant and machinery. The financial impact of such non-compliance has not been ascertained in the absence of complete list of identified critical spares;</i>	The company is in process of identifying the related records in respect of purchase of such spares, so as to capitalize the same in books of accounts and provide the depreciation for the relevant period. This will be accounted for in FY 2010-11.
	b] <i>The company has not carried out, as at the year end a formal exercise of evaluating the loss on account of impairment of assets, as required under Accounting Standard 28 'Impairment of Assets' issued under the Companies (Accounting Standards) Rules, 2006 and the Accounting policy No.1(e) Schedule 15- of the Company. The impact if any of the same on the Financial Statements of the Company is not ascertained.</i>	The company would conduct such exercise in FY 2010-11.

	<p>(vii) <i>The Fixed assets as disclosed by the financial records of the Company have not been reconciled with the fixed assets registers as the same are not updated. The impact if any of the same on the financials statement of the Company is not ascertained.</i></p>	<p>A professional CA firm has been mandated to conduct the exercise of creation of Fixed Assets Register. Nashik TPS has been selected as pilot project and preparation of register is in progress. It is scheduled to complete Fixed Asset Register preparation by April 2011.</p>
	<p>(viii) <i>A) 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. As informed to us, these balances are adopted by MSEB Holding Company Ltd. and are yet to be adopted by the company. It was further informed to us that the Final Transfer Scheme is yet to be notified by the Government of Maharashtra, and as such the opening balances are yet to be adopted by the Company. Changes, if any, in such balances may have an impact on the financial statements of the company. Further, we draw attention to Note No. 2 in Schedule 15 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>Factual.</p>
	<p><i>B) The balances in Share capital suspense account, Sundry Debtors, Loans and Advances, Deposits, Materials with subcontractors, Sundry Creditors including retention money, liability for supply of material, Intra group Companies balances, Advances from customers, and advances given to Coal Companies and provisions made there against 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, if any, on the status of these balances and the profits of the Company.</i></p>	<p>Factual.</p>

	(ix) <i>As stated in note no 16(b) of Schedule 15 the loans and advances include ₹ 5568.25 Crores towards advance paid to coal suppliers. Against the said advance the Company has provided a liability towards supply of coal amounting to ₹ 5371.68 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 overstatement and on the profit of the Company is not ascertained.</i>	The payment of advances to coal company and their clearance is a regular phenomenon. As on 31/03/2010 the balances of coal advances and liability is appears to be high. However the exercise of clearance of coal stores receipt notes has been undertaken rigorously and would result in settlement of coal advances and coal liabilities thereby bringing down the advances and liabilities figures realistic.
	(x) <i>The Company is in the process of identifying suppliers under the provisions of Micro, Small and Medium Enterprise Development Act, 2006. Accordingly no disclosures as required therein have been made.</i>	Factual
	(xi) <i>We state that the audit of the Company in previous year was carried out by three other auditors. The opening balances of the year, at various locations of the Company were provided by the management and accepted by us as the individual location wise audited trail balances were not certified separately.</i>	Factual
	<i>Subject to our comments in Para 4(vi to xii) above, in our opinion and to the best of our information and according to the explanations given to us, the said accounts, read together with the notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:</i>	Factual
	(a) <i>in the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2010;</i>	
	(b) <i>in the case of the Profit &amp; Loss Account, of the Profit for the year ended on that date; and</i>	
	(c) <i>in the case of the Cash Flow Statement, of the Cash flows for the year ended on that date.</i>	



## ANNEXURE B 2

### REPLIES TO AUDITORS REPORT ANNEXURE FOR THE PERIOD 01-04-2009 TO 31-03-2010

Sr. No.	AUDITORS REPORT	M S P G C L's REPLY
	<b>ANNEXURE TO AUDITORS REPORT</b>	
1.	a. <i>The Company has not maintained proper records showing full particulars including quantitative details and situation of fixed assets, i.e., the location of the assets and the link with the physical asset by way of asset number is not maintained. Further, the cost of the assets in the Fixed Assets Register is not tallied with the fixed assets block as per the Balance Sheet. (Refer to in Para 4-vii) of our main report)</i>	A professional CA firm has been mandated to conduct the exercise of creation of Fixed Assets Register. Nashik TPS has been selected as pilot project and preparation of register is in progress. It is scheduled to complete Fixed Asset Register preparation by April 2011.
	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. <i>We are informed that the Company had last conducted a Physical verification of fixed assets in the financial year 2006-07 and the same still remains to be reconciled with the Fixed Assets Register.</i>	As a part of creation of Fixed Assets Register, the physical verification of fixed assets would also be carried out simultaneously.
	c. During the year under audit, the Company has not disposed off a substantial part of the fixed assets.	Factual.
2.	a. The physical verification of inventory has been conducted at reasonable intervals by the management.	Factual.
	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.	Factual.
	c. On the basis of our examination of the records of inventory and the reports of physical verification, we are of the opinion that the company is maintaining proper records of inventory. No material discrepancies other than in respect of coal were observed. The discrepancies observed in respect of coal were adjusted appropriately in the accounts.	Factual.
3.	a. As per the information and explanations given to us, the company has not granted any loans to companies, firms and other parties covered in the Register maintained under section 301 of the Companies Act, 1956 during the year.	Factual.

	b. As per the information and explanations given to us, the company has not taken any loans, secured or unsecured, from companies, firms and other parties covered in the Register maintained under Section 301 of the Companies Act, 1956.	Factual.
4.	In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. <i>However there is a scope to strengthen the internal controls in relation to the purchase of inventory and fixed assets. Further, we have observed weaknesses in internal controls in compiling and maintaining the party-wise and age-wise details of various current liabilities and current assets.</i>	The task of preparation of subsidiary ledgers i.e. suspense registers has already undertaken and would be completed in FY 2010-11. This would result in strengthening the internal control.
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.	Factual.
6.	In our opinion and according to information and explanations given to us, the company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975. As informed to us, no order has been passed against the Company by the Company Law Board, National Company Law Tribunal, RBI, any court or any other Tribunal.	Factual.
7.	During the year, the Company has appointed external firms of Chartered Accountants to carry out the internal audit of the Company at various locations. 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.	Factual.
8.	We have broadly reviewed the books of account maintained by the company pursuant to the rules made by the Central Government, for the maintenance of the cost records prescribed under section 209(1)(d) of the Companies Act, 1956. We are of the opinion that prima-facie the prescribed records have been maintained. We have, however, not made a detailed examination of the records with the view to determine whether they are accurate and complete.	Factual.

9.	a.	According to information and explanations given to us, the company is generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales-tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess, and other statutory dues applicable to it.	Factual.												
		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.	Factual.												
	b.	According to the records of the company, there are no dues of Income Tax / Sales Tax / Service Tax / Custom Duty / Wealth Tax / Excise Duty / Cess, which have not been deposited on account of any dispute, except: <table border="1"><thead><tr><th>Nature of dues</th><th>Amount unpaid</th><th>Forum where dispute remains</th></tr></thead><tbody><tr><td>Excise duty</td><td>₹ 2.43 Crores</td><td>Commissioner of Central Excise</td></tr><tr><td>Income Tax deducted at source u/s 194C on advances paid.</td><td>₹ 11.32 Crores ₹ 12.48 Crores</td><td>Commissioner (Appeals), Nagpur Commissioner (Appeals), Nagpur</td></tr><tr><td>Income Tax deducted at source u/s 194C on Service Tax Element</td><td>₹ 8.95 Lacs</td><td>ITAT, Pune Bench</td></tr></tbody></table>	Nature of dues	Amount unpaid	Forum where dispute remains	Excise duty	₹ 2.43 Crores	Commissioner of Central Excise	Income Tax deducted at source u/s 194C on advances paid.	₹ 11.32 Crores ₹ 12.48 Crores	Commissioner (Appeals), Nagpur Commissioner (Appeals), Nagpur	Income Tax deducted at source u/s 194C on Service Tax Element	₹ 8.95 Lacs	ITAT, Pune Bench	Factual.
Nature of dues	Amount unpaid	Forum where dispute remains													
Excise duty	₹ 2.43 Crores	Commissioner of Central Excise													
Income Tax deducted at source u/s 194C on advances paid.	₹ 11.32 Crores ₹ 12.48 Crores	Commissioner (Appeals), Nagpur Commissioner (Appeals), Nagpur													
Income Tax deducted at source u/s 194C on Service Tax Element	₹ 8.95 Lacs	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.	Factual.												
11.		Based on our audit procedures and on the information and explanations given to us by the management, we are of the opinion that the company has not defaulted in repayment of dues to any financial institution, bank or debenture holders.	Factual.												
12.		According to the information and explanations given to us, the company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.	Factual												

13.	In our opinion, and to the best of our information and according to the explanations given to us, we are of the opinion that the company is neither a chit fund nor a nidhi / mutual benefit fund / society. Hence, in our opinion, the provisions of clause (xiii) of paragraph 4 of the aforesaid order are not applicable to the company.	Factual
14.	As per the records of the company and the information and explanations given to us, the company is not dealing or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause (xiv) of paragraph 4 of the aforesaid order are not applicable to the company.	Factual
15.	According to the records of the company and the information and explanations given to us, the company has not given any guarantee for loans taken by others from banks and / or financial institutions.	Factual
16.	In our opinion and according to the information and explanations given to us, on an overall basis, the term loans availed during the year have been applied for the purposes for which they were obtained by the company.	Factual
17.	According to information and explanations given to us and on an overall examination of the Balance Sheet of the company, we report that no funds raised on short term basis have been used for long term investment.	Factual
18.	During the financial year, the company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Act.	Factual
19.	During the year the debentures issued earlier have been redeemed. Therefore this clause is not applicable.	Factual
20.	The company has not raised any money by public issue during the period under audit. Accordingly the provisions of clause (xx) of paragraph 4 of the aforesaid order are not applicable to the company.	Factual
21.	During the course of our examination of the books of accounts carried out in accordance with generally accepted auditing practices, we have not noticed any fraud on or by the company, nor have we been informed by the management of any such cases during the financial year.	Factual

## GOVERNMENT AUDITOR'S REPORT

### 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 31 MARCH 2010

The preparation of financial statements of 'Maharashtra State Power Generation Company Limited', Mumbai for the year ended 31 March 2010 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 prescribed by their professional body the Institute of Chartered Accounts of India. This is stated to have been done by them vide their Audit Report dated **30 September, 2010**.

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 31 March 2010. 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 Profitability

##### 1. Profit and Loss Account

###### Expenditure

###### Employees Cost (Schedule 12)

###### Provision for Shortfall in Plan Assets: ₹ (17.86 Crore)

The company has provided for deficit of ₹ 11.24 Crore as liability on account of shortfall in fair value of Plan Assets (Investment value) as compared to the Provident Fund subscriptions as at 31 March 2010 based on the Valuation Report.

Due to formula error the proportionate investment value has been wrongly worked out to ₹ 1099.01 Crores instead of actual investment value against subscription of ₹ 1140.28 Crore. There is thus a surplus in the Investment value against the subscriptions as at 31 March 2010 instead of deficit/shortfall of ₹ 11.24 Crore provided in the Accounts.

This has resulted in overstatement of Employees Cost and understatement of Profit by ₹ 11.24 Crore and understatement of Assets (excess of fair value of Plan Assets (Investment value) over aggregate liability for CPF subscriptions) by ₹ 11.24 Crore.

##### 2. Employee Costs (Schedule 12): ₹ 556.69 Crore

The above is understated by ₹ 2.13 Crore due to non inclusion of leave encashment for 2009-10 paid in April 2010 (₹ 165.67 lakh and overtime payment of the employees for the months of February and March 2010 (₹ 47.68 lakh). Consequently, the profit is overstated to the extent.

##### 3. Generation Administration and Other expenses: ₹ 1132.41 Crore (Schedule 12)

The above head is understated by ₹ 15.32 Crore due to non inclusion of coal freight charges (₹ 15.45 lakh), cost of material issued for repairs (₹ 5.58 Crore), demurrage charges towards coal oil

(₹13.88 lakh), contractors' payment for supplies/repairs (18.41 lakh) and expenditure for repairs and maintenance of Plant and Machinery being of revenue nature (₹ 9.26 Crore). This also resulted into overstatement of profit by ₹ 15.32 Crore.

## **B. Comments on Financial Position**

### **4. Balance Sheet**

#### **Application of Funds**

#### **Fixed Assets**

**Capital Work-in Progress: ₹ 10353.21Crore**

Fixed Assets are overstated and Profit is also overstated by ₹ 48.55 lakh being payment of ₹ 48.55 lakh to suppliers for Chlorination Plant at Parli. However, same has not been commissioned and should have been written off.

### **5. Current Liabilities and Provisions**

**Current Liabilities (Schedule 8): ₹ 8299.81 Crore**

**Other Liabilities: ₹ 835.39 Crore**

The above has been understated by ₹ 1.37 Crore in respect of contractors' bills which remained unpaid for which no provision has been made. This resulted in overstatement of Profit by ₹ 1.37 Crore.

### **6. Current Liabilities and Provisions**

**Current Liabilities (Schedule 8): ₹ 8299.81 Crore**

**Other Liabilities: ₹ 835.39 Crore**

Incorrect provision amounting to ₹ 9.93 lakh in respect of consultancy charges payable to M/s. Wapcos Ltd. pertaining to a subsidiary company (DTPCL), resulted in overstatement of Current Liabilities/Provisions. Consequently, Expenditure was overstated and Profit was understated by ₹ 9.93 lakh.

### **7. Balance Sheet**

#### **Application of Funds**

#### **Current Assets, Loans and Advances (Schedule-7)**

#### **Loans and Advances**

**Advances recoverable in cash or in kind or for value to be received: ₹ 145.86 Crore**

The above has been overstated by ₹ 10.28 lakh, as the amount has been shown as receivable from UCM Coal Company Ltd. whose confirmation letter was received accepting liability for ₹ 3,25,07,668. Thus, profit has been overstated by ₹ 10.28 lakh.

### **8. Balance Sheet**

#### **Application of Funds**

#### **Current Liabilities and Provisions (Schedule-8)**

**Current Liabilities: ₹ 8299.81 Crore**

The above does not include an amount of ₹ 9.92 Crore being the arbitration award (June 2009) payable to M/s. K. J. Jadhav (contractor) in respect of contract of water supply system at Parli Thermal Power Station. The payment was made by the Company in May 2010.

Non provision of the same has thus resulted in understatement of Current Liabilities and overstatement of Profit by ₹ 9.92 Crore.

**9. Balance Sheet**

**Application of Funds**

**Current Assets, Loans and Advances (Schedule 7)**

**Inventories ₹ 1087.89 Crore**

The inventories are overstated by ₹ 94.46 lakh being the cost of stock shortages and damaged materials due to non-provision thereof in Profit and Loss A/c. This has resulted in overstatement of Profit to that extent.

**10. Balance Sheet**

**Capital Expenditure in Progress ₹ 10353.21 Crore**

This is overstated by ₹ 1.57 Crore being advances pending and outstanding for 6-17 years, (TPS Koradi) provision for which has not been made. This has resulted in overstatement of Profit to that extent.

**11. Balance Sheet**

**Application of Funds**

**Current Assets, Loans and Advances (Schedule 7)**

**Sundry Debtors ₹ 3240.86 Crore**

This has been overstated by ₹ 86.07 lakh due to inclusion of expenditure incurred towards additional civil amenities provided to the rehabilitated village at Mouza Koradi, Mouza Nanda and Mouza Khasara. This has resulted in overstatement of Profit to that extent.

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

**ACCOUNTANT GENERAL  
(COMMERCIAL AUDIT)**

**Place: Mumbai**

**Date: 9th Feb. 2011**



## FINAL COMMENTS OF CAG AND MSPGCL REPLY FOR FY 2009-10

<b>MAHARASHTRA STATE POWER GENERATION COMPANY LTD.</b> <b>Replies to Comments of CAG on Accounts for FY 2009-10</b>		
<b>CAG comments</b>	<b>MSPGCL Reply</b>	<b>Remarks of Statutory Auditors</b>
<p><b>1. Profit and Loss Account</b></p> <p><b>Expenditure</b></p> <p><b>Employees Cost (Schedule 12)</b></p> <p><b>Provision for shortfall in Plan Assets: ₹ (17.86 crore)</b></p> <p>The Company has provided for deficit of ₹ 11.24 crore as liability on account of shortfall in fair value of Plan Assets (Investment value) as compared to the Provident Fund subscriptions as at 31 March 2010 based on the valuation Report.</p> <p>Due to formula error the proportionate Investment value has been wrongly worked out as ₹ 1099.01 crore instead of the actual Investment value against subscription of ₹ 1140.28 crore. There is thus a surplus in the Investment value against the subscriptions as at 31 March 2010 instead of deficit/shortfall of ₹ 11.24 crore provided in the Accounts.</p> <p>This has resulted in Overstatement of Employees Cost and Understatement of Profit by ₹ 11.24 crore and understatement of Assets (excess of fair value of Plan Assets (Investment value) over aggregate liability for CPF subscriptions) by ₹ 11.24 crore.</p>	<p>The Provident Fund of MSPGCL is managed by MSEB CPF Trust which is a combined Trust ( a separate entity) for the Employees of MSPGCL, MSEDCL, and MSETCL also. In FY 2007-08, MSPGCL on its own carried out the valuation of CPF investments held by Trust and created the liability for shortfall in planned assets.</p> <p>The provision for short fall in plan assets was made conservatively by the company with an intention to fund the shortfall in the fair value of investments held by the Employees' Provident Fund Trust and this is not an operating loss incurred by the Company. This is an annual exercise based on fair value of investments at the end of every year. In case of shortfall/deficit over the corpus of the CPF, the same is conservatively provided and in case of improvement in fair value of investments, if such provision is found excess then the same is reversed. The said provision is an estimated provision and is reviewed on a year to year basis. However with the recovery of the market, the fair value stands improved. Accordingly, in 2009-2010, MSPGCL carried out the valuation of investments from professional agency. The said report was relied upon while finalizing the accounts. Based on the valuation report the provision made earlier was reversed to the tune of ₹ 17.86 Crores, leaving a balance of ₹ 11.24 Crores in the Accounts. Subsequent to the finalization of the financial statements of 2009-10, a formula error of totaling has been observed in determining the fair value of investments, in the report submitted by the Valuer. The impact of the same may result in a reversal of the balance of existing provision of ₹ 11.24 Crores.</p> <p>In view of this being an Estimate the rectification, if any, will be incorporated based on report for FY 2010-11.</p>	<p>We concur with the reply of the management.</p>



<p><b>2. Employee Costs (Sch-12) ₹ 556.69 crore</b> The above is understated by ₹ 2.13 crore due to non inclusion of leave encashment for 2009-10 paid in April 2010 (₹ 165.67 lakh) &amp; overtime payment of the employees for the month of February &amp; March 2010 (₹ 47.68 lakh). Consequently, the profit is overstated to the extent.</p>	<p>The company has practice of providing for overtime payment of employees as well as leave encashment of retired employees at Field / Accounting Unit level. However due to inadvertent error, the amount of ₹ 2.13 Crs. remained unprovided. Therefore, necessary rectification entry has been passed in FY 2010-11.</p>	<p>We concur with the reply of the management.</p>
<p><b>3. Generation Administration and Other Expenses (Sch-11) ₹ 1132.41 crore (Schedule 12)</b> The above head is understated by ₹ 15.32 Crore due to non inclusion of coal freight charges (₹ 15.45 lakh), cost of material issued for repair (₹ 5.58 crore), demurrage charges towards coal oil (₹ 13.88 Lakh), contractor's payment for supplies/repairs (₹ 18.41 lakh) &amp; Expenditure for repairs &amp; maintainance of Plant &amp; Machinery being of revenue nature (₹ 9.26 crore). This also resulted into overstatement of profit by ₹ 15.32 Crore.</p>	<p>Necessary accounting entry will be passed in FY 2010-11</p>	<p>We concur with the reply of the management</p>
<p><b>B. Comments on Financial Position</b></p>		
<p><b>4. Balance Sheet</b> <b>Application of Funds</b> <b>Fixed Asssets</b> <b>Capital Work-in-Progress: ₹ 10353.21 crore</b> The Fixed Assets are overstated and Profit is also overstated by ₹ 48.55 lakh being payment of ₹ 48.55 lakh to suppliers for Chlorination Plant at Parli, however, same has not been commissioned and should have been written off.</p>	<p>Comment has been agreed and necessary provision for obsolescence has been passed in FY 2010-11.</p>	<p>We agree with the comment of CAG audit team. However, we would like to draw attention to Para 4(vi)(b) of our Audit Report stating that no formal exercise has been carried out for Impairment.</p>
<p><b>5. Current Liabilities and Provisions</b> <b>Current Liabilites (Schedule 8): ₹ 8299.81 crore</b> <b>Other Liabilities: ₹ 835.39 crore</b> The above has been understated by ₹ 1.37 crore in respect of contractors' bills which were remained unpaid for which no provision has been made. This resulted in overstatement of Profit by ₹ 1.37 crore.</p>	<p>Necessary rectification JV has been passed in FY 2010-11 (JV no. 23 dated 31-10-2010)</p>	<p>Amount not being material. We concur with the management reply.</p>

<p><b>6. Current Liabilities and Provisions</b>  <b>Current Liabilities (Schedule 8):</b>  <b>₹ 8299.81 crore</b>  <b>Other Liabilities : ₹ 835.39 crore</b>  Due to incorrect provision amounting to ₹ 9.93 lakh in respect of consultancy charges payable to M/s Wapcos Ltd pertaining to a subsidiary company (DTPCL), resulted in overstatement of Current Liabilities/Provisions. Consequently, Expenditure was overstated and Profit was understated by ₹ 9.93 lakh.</p>	<p>Necessary rectification JV has been passed in FY 2010-11  (JV no. 12 dated 31-10-2010)</p>	<p>Amount not being material. We concur with the management reply.</p>
<p><b>7. Balance Sheet</b>  <b>Application of Funds</b>  <b>Current Assets, Loans and Advances (Schedule 7)</b>  <b>Loans and Advances</b>  <b>Advances recoverable in cash or in kind or for value to be recieved: ₹ 145.86 crore</b>  The above has been overstated by ₹ 10.28 lakh, as the amount has been shown as receivable from UCM Coal Company Ltd whose confirmation letter was received accepting liability for ₹ 3,25,07,668. Thus, profit has been overstated by ₹ 10.28 lakh.</p>	<p>The amount pertains to Bank Guarantee charges paid by MSPGCL on behalf of UCM Coal Company in earlier years. The MSPGCL, has demanded the said amount from UCM Coal Co. Ltd. However the same was not accepted by them. During the year 2010-11, the Company has now decided to charge the same to revenue account and accordingly, necessary JV has been passed.</p>	<p>Amount not being material. We concur with the management reply.</p>
<p><b>8. Balance Sheet</b>  <b>Application of Funds</b>  <b>Current Liabilities and Provisions</b>  <b>Current Liabilities: ₹ 8299.81 crore</b>  The above does not include an amount of ₹ 9.92 crore being the arbitration award (June 2009) payable to M/s K.J Jadhav (contractor) in respect of contract of water supply system at Parli Thermal Power Station. The Payment was made by the Company in May 2010.  Non provision of the same has thus resulted in understatement of Current Liabilities by ₹ 9.92 crore.</p>	<p>The said award was disputed by the Company and was finally negotiated and approved by the appropriate authorities in the month of April, 2010.  However, inadvertently no provision was made as at 31-03-2010. Necessary JV has been passed in FY 2010-11</p>	<p>We agree with the comment of CAG audit team and the reply of the management.</p>

<p><b>9. Balance Sheet</b>  <b>Application of Funds</b>  <b>Current Assets, Loans and Advances (Schedule 7)</b>  <b>Inventories ₹ 1087.89 crore</b>  The Inventories are overstated by ₹ 94.46 lakh being the cost of stock shortages and damaged material due to non-provision thereof in Profit and Loss A/c. This has resulted in overstatement of Profit to that extent.</p>	<p>It comprises of material pending investigation and damaged articles, loss and theft. Proposal for approval of shortage and loss due to damage has been put up for approval of competent authority. Upon approval the necessary accounting entry will be passed in FY 2010-11.</p>	<p>We agree with the comment of the CAG audit team.</p>
<p><b>10. Balance Sheet</b>  <b>Capital Expenditure in Progress ₹ 10353.21 Crore</b>  This is overstated by ₹ 1.57 crore being advanced pending &amp; outstanding for 6-17 years, (TPS Koradi) provision for which has not been made. This has resulted in overstatement of Profit to that extent.</p>	<p>The outstanding balance under A/c head 25.400 advance to contractor is ₹ 1,84,60,706/- as on 31-03-10 Out of this 90,00,000/- pertains to payment released by H.O. to M/s C.P.R.I. Bangalore towards alumina project in the year 1998 which is under arbitration. Further, out of balance amount of ₹ 94,60,706/- an amount of ₹ 75,11,306/- pertains to years prior to 2005-06. Efforts are being made to clear the above amounts. If the same is found unrecoverable, then provision will be made in due course.</p>	<p>We agree with the comment of the management, however, reference may be made to Para (viii)(B) of our Audit Report regarding confirmation and/or reconciliation and consequential adjustments and impact of various old debit and credit balances.</p>
<p><b>11. Balance Sheet</b>  <b>Application of Funds</b>  <b>Current Assets, Loans and Advances (Schedule 7)</b>  <b>Sundry Debtors ₹ 3240.86 crore</b>  This has been overstated by ₹ 86.07 lakh due to inclusion of expenditure incurred towards additional civil amenities provided to the rehabilitated village at Mouza Koradi Mouza Nanda and Mouza Khasara. This has resulted in overstatement of Profit to that extent.</p>	<p>Rectification entry passed vide JV No.146 DT.30-11-10</p>	<p>We agree with the comment of the management, however, reference may be made to Para (viii)(B) of our Audit Report regarding confirmation and/or reconciliation and consequential adjustments and impact of various old debit and credit balances.</p>

## **AUDITORS' REPORT**

### **To the Members of Maharashtra State Power Generation Company Limited**

1. We have audited the attached Balance Sheet of Maharashtra State Power Generation Company Limited, as at 31<sup>st</sup> March 2010, the Profit & Loss Account for the year ended on that date and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, (as amended by Companies (Auditor's Report) (Amendment) Order, 2004) issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
  - i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - ii. 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;
  - iii. The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - iv. As per Notification no.: GSR 829(E) dated 21-10-2003, the Government Companies are exempted from the provisions of clause 274(1) (g) of the Companies Act, 1956;
  - v. Attention has been invited to note no 21(e) in Schedule 15 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.
  - vi. In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement, dealt with in this report comply with the requirements of the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956, *except that*
    - a) *Inventory at certain locations of the Company includes Machinery Spares, which as per Accounting Policy No. 1 (f) in Schedule 15 and as required by AS-10 i.e. 'Accounting of Assets' and ASI 2 issued by the Institute of Chartered Accountants of India, should have been capitalized and depreciated over the remaining useful life of the related plant and machinery. The financial impact of such non-compliance has not been ascertained in the absence of complete list of identified critical spares and*

- b) *The Company has not carried out, as at the year end a formal exercise of evaluating the loss on account of impairment of assets as required under Accounting Standard 28 'Impairment of Assets' issued under the Companies (Accounting Standards) Rules, 2006 and the Accounting policy No.1(e) Schedule 15- of the Company. The impact if any of the same on the Financial Statements of the Company is not ascertained.*
- vii. *The Fixed assets as disclosed by the financial records of the Company have not been reconciled with the fixed assets registers as the same are not updated. The impact if any of the same on the financials statement of the Company is not ascertained.*
- viii. a) *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. As informed to us, these balances are adopted by MSEB Holding Company Ltd. and are yet to be adopted by the Company. It was further informed to us that the Final Transfer Scheme is yet to be notified by the Government of Maharashtra, and as such the opening balances are yet to be adopted by the Company. Changes, if any, in such balances may have an impact on the financial statements of the Company. Further, we draw attention to Note No. 2 in Schedule 15 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.*
- b) *The balances in Share capital suspense account, Sundry Debtors, Loans and Advances, Deposits, Materials with subcontractors, Sundry Creditors including retention money, liability for supply of material, Intra group Companies balances, Advances from customers, and advances given to Coal Companies and provisions made there against 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, if any, on the status of these balances and the profits of the Company.*
- ix. *As stated in note no 16(B) of Schedule 15 the loans and advances include ₹ 5568.25 Crores towards advance paid to coal suppliers. Against the said advance the Company has provided a liability towards supply of coal amounting to ₹ 5371.68 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 overstatement and on the profit of the Company is not ascertained.*
- x. *The Company is in the process of identifying suppliers under the provisions of Micro, Small and Medium Enterprise Development Act, 2006. Accordingly no disclosures as required therein have been made.*
- xi. *We state that the audit of the Company in previous year was carried out by three other auditors. The opening balances of the year, at various locations of the Company were provided by the management and accepted by us as the individual location wise audited trail balances were not certified separately.*

*Subject to our comments in Para 4(vi to xi) above, in our opinion and to the best of our information and according to the explanations given to us, the said accounts, read together with the notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:*

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2010;
- (b) in the case of the Profit & Loss Account, 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.

**CVK & Associates**  
Chartered Accountants  
**FRN:101745W**

**K.S.Aiyar & Co.**  
Chartered Accountants  
**FRN:100186W**

**G. M. Kapadia & Co.**  
Chartered Accountants  
**FRN:104767W**

**Ashok K. Pradhan**  
**Partner**  
**M. No.: 32156**

**Raghuvir M.Aiyar**  
**Partner**  
**M. No.: 38128**

**Rajen R. Ashar**  
**Partner**  
**M. No.: 48243**

Place: Mumbai  
Date: 30th September, 2010

## ANNEXURE

### Referred to in paragraph 3 of our report of even date

- 1a. *The Company has not maintained proper records showing full particulars including quantitative details and situation of fixed assets, i.e., the location of the assets and the link with the physical asset by way of asset number is not maintained. Further, the cost of the assets in the Fixed Assets Register is not tallied with the fixed assets block as per the Balance Sheet. (Refer to in Para 4-vii) of our main report)*
- 1b. 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. *We are informed that the Company had last conducted a Physical verification of fixed assets in the financial year 2006-07 and the same still remains to be reconciled with the Fixed Assets Register.*
- 1c. During the year under audit, the Company has not disposed off a substantial part of the fixed assets.
- 2a. The physical verification of inventory has been conducted at reasonable intervals by the management.
- 2b. 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.
- 2c. On the basis of our examination of the records of inventory and the reports of physical verification, we are of the opinion that the company is maintaining proper records of inventory. No material discrepancies other than in respect of coal were observed. The discrepancies observed in respect of coal were adjusted appropriately in the accounts.
- 3a. As per the information and explanations given to us, the Company has not granted any loans to companies, firms and other parties covered in the Register maintained under section 301 of the Companies Act, 1956 during the year.
- 3b. As per the information and explanations given to us, the Company has not taken any loans, secured or unsecured, from companies, firms and other parties covered in the Register maintained under Section 301 of the Companies Act, 1956.
4. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. *However there is a scope to strengthen the internal controls in relation to the purchase of inventory and fixed assets. Further, we have observed weaknesses in internal controls in compiling and maintaining the party-wise and age-wise details of various current liabilities and current assets.*
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. In our opinion and according to information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975. As informed to us, no order has been passed against the Company by the Company Law Board, National Company Law Tribunal, RBI, any court or any other Tribunal.



7. During the year, the Company has appointed external firms of Chartered Accountants to carry out the internal audit of the Company at various locations. 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.
8. We have broadly reviewed the books of account maintained by the company pursuant to the rules made by the Central Government, for the maintenance of the cost records prescribed under section 209 (1) (d) of the Companies Act, 1956. We are of the opinion that prima-facie the prescribed records have been maintained. We have, however, not made a detailed examination of the records with the view to determine whether they are accurate and complete.
- 9a. According to information and explanations given to us, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales-tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess, and other statutory dues applicable to it.

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.

- 9b. According to the records of the Company, there are no dues of Income Tax / Sales Tax / Service Tax / Custom Duty / Wealth Tax / Excise Duty / Cess, which have not been deposited on account of any dispute, except:

Nature of dues	Amount unpaid	Forum where dispute remains
Excise duty	₹ 2.43 Crores	Commissioner of Central Excise
Income Tax deducted at source u/s 194C on advances paid.	₹ 11.32 Crores ₹ 12.48 Crores	Commissioner (Appeals), Nagpur Commissioner (Appeals), Nagpur
Income Tax deducted at source u/s 194C on Service Tax Element	₹ 8.95 Lacs	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. Based on our audit procedures and on the information and explanations given to us by the management, we are of the opinion that the Company has not defaulted in repayment of dues to any financial institution, bank or debenture holders.
12. According to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion, and to the best of our information and according to the explanations given to us, we are of the opinion that the company is neither a chit fund nor a nidhi / mutual benefit fund / society. Hence, in our opinion, the provisions of clause (xiii) of paragraph 4 of the aforesaid order are not applicable to the Company.
14. As per the records of the Company and the information and explanations given to us, the company is not dealing or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause (xiv) of paragraph 4 of the aforesaid order are not applicable to the Company.



15. According to the records of the Company and the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks and / or financial institutions.
16. In our opinion and according to the information and explanations given to us, on an overall basis, the term loans availed during the year have been applied for the purposes for which they were obtained by the Company.
17. According to information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that no funds raised on short term basis have been used for long term investment.
18. During the financial year, the Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Act.
19. During the year the debentures issued earlier have been redeemed. Therefore this clause is not applicable
20. The Company has not raised any money by public issue during the period under audit. Accordingly the provisions of clause (xx) of paragraph 4 of the aforesaid order are not applicable to the company.
21. During the course of our examination of the books of accounts carried out in accordance with generally accepted auditing practices, we have not noticed any fraud on or by the Company, nor have we been informed by the management of any such cases including those under Vigilance Cell of the Company/ Inquiries from The Comptroller and Auditor General of India's office during the financial year.

**CVK & Associates**  
Chartered Accountants  
**FRN:101745W**

**K.S.Aiyar & Co.**  
Chartered Accountants  
**FRN:100186W**

**G. M. Kapadia & Co.**  
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**Ashok K. Pradhan**  
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**Raghuvir M.Aiyar**  
**Partner**  
**M. No.: 38128**

**Rajen R. Ashar**  
**Partner**  
**M. No.: 48243**

Place: Mumbai  
Date: 30th September, 2010



# Financial Accounts

## Balancesheet as on 31<sup>st</sup> March, 2010

	Schedule No.	31-Mar-10 ₹	31-Mar-09 ₹
<b>I. Sources of Funds</b>			
(1) Shareholders funds:			
(a) Share Capital	1	25,000,500,000	25,000,500,000
(b) Share capital suspense A/c. (Refer Note No 5(i))		633,633,537	633,633,537
(c) Share Application money pending allotment (Refer note 5(ii))		16,312,667,000	9,640,000,000
(d) Reserves and surplus	2	6,627,351,819	4,593,367,277
(2) Loan funds:			
(a) Secured loans	3	93,104,614,142	65,212,428,330
(b) Unsecured loans	4	36,775,303,600	22,389,894,796
(3) Deferred tax liability (net)		5,008,079,483	3,839,236,624
<b>Total</b>		<b>183,462,149,581</b>	<b>131,309,060,564</b>
<b>II. Application of Funds</b>			
(1) Fixed assets:			
(a) Gross Block	5	134,250,097,529	132,700,809,588
(b) Less: Depreciation		74,621,269,979	71,714,987,501
(c) Net Block		59,628,827,550	60,985,822,087
(d) Capital work-in progress		103,532,073,863	61,135,940,104
(e) Assets retired from active use and held for sale		315,595	281,941
(2) Investments	6	1,100,100	1,600,100
(3) Current Assets, Loans and Advances	7		
(a) Inventories		10,878,902,905	8,254,255,670
(b) Sundry debtors		32,408,577,653	26,863,957,115
(c) Cash and bank balances		2,162,111,260	1,901,814,548
(d) Loans and advances		64,207,444,496	58,489,122,205
(A)		109,657,036,314	95,509,149,538
Less : Current Liabilities and Provisions			
(a) Current Liabilities	8	82,998,134,125	80,436,876,501
(b) Provisions	9	6,359,069,716	5,886,856,705
(B)		89,357,203,841	86,323,733,206
Net Current Assets (A) - (B)		20,299,832,473	9,185,416,332
<b>Total</b>		<b>183,462,149,581</b>	<b>131,309,060,564</b>
<b>Notes to accounts</b>	<b>15</b>		

As per our report attached

**For CVK & Associates**  
Chartered Accountants  
(FRN - 101745W)

(A. K. Pradhan)  
Partner (Membership No. 32156)

**For K. S. Aiyar & Co.**  
Chartered Accountants  
(FRN - 100186W)

(Raghuvir M. Aiyar)  
Partner (Membership No. 38128)

**For G. M. Kapadia & Co.**  
Chartered Accountants  
(FRN - 104767W)

(Rajen Ashar)  
Partner (Membership no. 48243)  
Mumbai, September 30, 2010

**For Maharashtra State Power Generation Company Limited**

G.J.Girase  
Director (Finance)

Subrat Ratho  
Chairman & Managing Director

S.K.Labde  
Chief General Manager (A)

Rahul Dubey  
Company Secretary

## Profit & Loss Account for the Year Ended 31<sup>st</sup> March, 2010

	Schedule No.	31-Mar-10 ₹	31-Mar-09 ₹
<b>INCOME:</b>			
Revenue from sale of power		110,845,131,863	93,469,040,435
Less : Electricity duty		12,625,312	4,104,235
		110,832,506,551	93,464,936,200
Other income	10	1,032,889,323	1,341,116,693
		<b>111,865,395,874</b>	<b>94,806,052,893</b>
<b>EXPENDITURE:</b>			
Cost of fuel		83,130,207,751	71,562,498,914
Generation, administration and other expenses	11	11,324,139,098	8,764,068,792
Employee costs	12	5,566,867,994	6,301,209,773
Depreciation/ Amortisation (Refer note no. 19(i) of Schedule 15)		3,009,420,564	3,075,329,531
Interest and finance charges	13	4,698,813,506	4,483,297,415
		<b>107,729,448,913</b>	<b>94,186,404,425</b>
<b>Net Profit Before Tax</b>		<b>4,135,946,961</b>	<b>619,648,468</b>
Less : Provision for Taxation			
For current tax		741,000,000	107,000,000
For wealth tax		531,757	228,122
For deferred tax		1,168,842,858	(234,605,873)
For fringe benefit tax		-	14,200,000
<b>Net Profit After Tax</b>		<b>2,225,572,346</b>	<b>732,826,219</b>
Prior period credits/charges (net)	14	(191,587,803)	108,125,656
<b>Profit for the Year</b>		<b>2,033,984,543</b>	<b>840,951,875</b>
Add : Balance brought forward from previous year		4,588,992,277	3,739,290,402
Transferred to / (from) Debenture Redemption Reserve		(4,375,000)	(8,750,000)
<b>Balance carried to balance sheet</b>		<b>6,627,351,819</b>	<b>4,588,992,277</b>
<b>Earnings Per Share (in ₹)</b>			
Basic Earnings Per Share		0.55	0.26
Diluted Earnings Per Share		0.55	0.26
<b>Notes to accounts</b>	<b>15</b>		

As per our report attached

**For CVK & Associates**  
Chartered Accountants  
(FRN - 101745W)

(A. K. Pradhan)  
Partner (Membership No. 32156)

**For K.S. Aiyar & Co.**  
Chartered Accountants  
(FRN - 100186W)

(Raghuvir M. Aiyar)  
Partner (Membership No. 38128)

**For G.M. Kapadia & Co.**  
Chartered Accountants  
(FRN - 104767W)

(Rajen Ashar)  
Partner (Membership no. 48243)  
Mumbai, September 30, 2010

**For Maharashtra State Power Generation Company Limited**

G.J.Girase  
Director (Finance)

Subrat Ratho  
Chairman & Managing Director

S.K.Labde  
Chief General Manager (A)

Rahul Dubey  
Company Secretary

## Schedules forming part of Balancesheet

	2009-10 ₹	2008-09 ₹
<b>Schedule 1: Share Capital</b>		
<b>Authorised</b>		
5,000,000,000 (PY 5,000,000,000) Equity shares of ₹ 10 each	50,000,000,000	50,000,000,000
<b>Issued, Subscribed and Paid up</b>		
2,500,050,000 (PY 2,500,050,000) Equity shares of ₹ 10 each fully paid-up (Out of the above, 2,500,000,000 shares are held by MSEB Holding Company Ltd. and balance 50,000 shares are held by nominees on behalf of Government of Maharashtra)	25,000,500,000	25,000,500,000
<b>Total</b>	<b>25,000,500,000</b>	<b>25,000,500,000</b>

<b>Schedule 2: Reserves and Surplus</b>		
(1) Debenture Redemption Reserve		
Opening Balance	4,375,000	13,125,000
Add: Transferred during the year from / (to) Profit & Loss Appropriation Account	(4,375,000)	(8,750,000)
	-	4,375,000
(2) Balance of Profit and Loss Account	6,627,351,819	4,588,992,277
<b>Total</b>	<b>6,627,351,819</b>	<b>4,593,367,277</b>

	2009-10 ₹	2008-09 ₹
<b>Schedule 3 : Secured Loans</b>		
<b>(1) Debentures</b>		
14.18% - Nil (PY 7) Non convertible debentures of the face value of ₹ 6,25,000/- each (Redeemable at par in 32 equal quarterly installments commencing from Dec 31, 2001)	-	4,375,000
<b>(2) Term loans</b>		
<u>From Banks</u>		
Short Term Loan (Amount repayable within one year ₹ 300 Crores. (PY ₹ 500 Crores))	3,000,000,000	5,000,000,000
Mid term & Long Term Loan (Amount repayable within one year ₹ 42.34 Crores. (PY ₹ 169.16 Crores))	1,426,320,481	3,045,471,819
Working capital loan - (Bank Overdraft)	11,352,771,780	5,653,655,985
<u>From Others</u>		
From Power Finance Corporation Limited (Amount Repayable within one year ₹ 325.30 Crores (PY ₹ 333.78 Crores))	46,351,543,787	37,363,542,035
From Rural Electrification Corporation Limited (Amount Repayable within one year ₹ Nil and for previous year Nil)	30,973,978,094	14,145,383,491
<b>Total</b> (For details of securities offered against above loans please refer to note no. 6(A)(ii))	<b>93,104,614,142</b>	<b>65,212,428,330</b>

<b>Schedule 4: Unsecured Loans</b>		
PFC loans backed by GoM guarantee	8,727,302,000	10,675,643,000
From Banks - Short Term Loan (Amount Repayable within one year ₹ 1950 Crores (PY ₹ 950 Crores))	19,500,000,000	9,500,000,000
Term Deposit MMRDA (Amount Repayable within one year ₹ 100Crores (PY Nil))	1,000,000,000	-
Project Specific Short Term Loan from Banks (Amount Repayable within one year ₹ 56.50 Crores (PY Nil))	5,650,000,000	-
Term Loans from State Government (Amount repayable with in one year ₹ 31.625 Crores and previous year ₹ 31.625 Crores)	1,898,001,600	2,214,251,796
<b>Total</b> (Refer to Note no. 6(B) and 6(C))	<b>36,775,303,600</b>	<b>22,389,894,796</b>

## Schedules Forming Part of Balancesheet

### Schedule 5 : Fixed Assets

(Amount in Rupees)

Assets	Gross Block (At cost)				Depreciation/ Amortisation				Net Block	
	As at 01.04.2009	Additions / Adjustments	Deductions / Adjustments	As at 31.03.2010	As at 01.04.2009	Depreciation/ Amortisation for the year	Prior Period Depreciation	Deductions / Adjustments	As at 31.03.2010	As at 31.03.2009
<b>Tangible Assets</b>										
<b>Land (including development)</b>										
Freehold	659,781,245	73,911,138		733,692,383	-	-	(1,236,845)	-	733,692,383	659,781,245
Leasehold	551,388,669	1,867,100	1,700,000	551,555,769	24,443,332	9,215,744			519,133,538	526,945,337
<b>Buildings</b>										
Factory Buildings	7,831,977,884	15,292,643	-	7,847,270,527	4,135,744,912	182,209,315	1,312,398	-	3,528,003,902	3,696,232,972
Others	3,213,658,035	10,079,851	1,052,490	3,222,685,396	1,030,553,320	62,829,842	7,143,023	840,125	2,122,999,336	2,183,104,715
<b>Hydraulic Works</b>										
	10,212,447,807	41,625,327		10,254,073,134	4,801,198,777	232,692,299	20,275		5,033,911,351	5,411,249,030
<b>Other Civil Works</b>										
Railway Sidings	2,834,818,280	-	-	2,834,818,280	603,330,533	51,057,553		-	2,180,430,194	2,231,487,747
Roads and Others	3,810,998,822	59,148,030	-	3,870,146,852	1,116,940,102	68,484,533		-	1,185,424,635	2,694,058,720
<b>Plant, Machinery &amp; Equipments</b>										
	100,172,071,778	1,477,893,428	208,429,087	101,441,536,119	58,517,094,570	2,301,834,781	64,784,131	183,950,443	60,699,763,039	41,654,977,208
<b>Lines &amp; Cable Networks</b>										
	1,973,721,334	2,551,142		1,976,272,476	1,081,172,129	50,018,891	47,602		1,131,238,622	892,549,205
<b>Vehicles</b>										
	178,663,527	20,397,089	1,873,275	197,187,341	131,276,911	11,420,661		1,685,947	141,011,625	47,386,616
<b>Furniture &amp; Fixtures</b>										
	172,413,625	17,393,559	560,672	189,246,512	102,438,120	5,874,796	(132,779)	14,584	108,165,553	69,975,505
<b>Office Equipments</b>										
	210,412,350	21,781,448	226,233	231,967,565	97,513,246	10,711,383	(82,393)	93,034	108,049,202	112,899,104
<b>Capital Expenditure resulting in Assets not belonging to the Company</b>										
	845,297,188	8,100,000	-	853,397,188	65,648,697	30,184,488		-	95,833,185	779,648,491
<b>Intangible Assets</b>										
Right to receive water/power	9,987,907		-	9,987,907	4,653,230	1,066,935		-	5,720,165	5,334,677
Software Licences	23,171,137	13,088,943		36,260,080	2,979,622	3,409,978		-	6,389,600	20,191,515
<b>Total</b>	<b>132,700,809,588</b>	<b>1,763,129,698</b>	<b>213,841,757</b>	<b>134,250,097,529</b>	<b>71,714,987,501</b>	<b>3,021,011,199</b>	<b>71,855,412</b>	<b>186,584,133</b>	<b>59,628,827,550</b>	<b>60,985,822,087</b>
<b>Previous year figures (regrouped)</b>	<b>114,851,554,725</b>	<b>19,935,875,032</b>	<b>2,018,674,908</b>	<b>132,700,809,588</b>	<b>68,813,509,429</b>	<b>3,093,045,476</b>	<b>(194,028,131)</b>	<b>7,687,358</b>	<b>71,714,987,501</b>	<b>46,038,045,295</b>

	2009-10 ₹	2008-09 ₹
<b>Schedule 6: Investments, (Unquoted, At Cost)</b>		
<b>Trade investments - Long term</b>		
<u>Equity Shares in Subsidiary Companies</u>		
"50,000 (PY 50,000) Equity shares of "Dhule Thermal Power Company Limited" of ₹ 10/- each fully paid-up"	500,000	500,000
"Nil (PY 50,000) Equity shares of "Aurangabad Power Company Limited" of ₹ 10/- each fully paid-up"	-	500,000
<u>Equity Shares in Joint Ventures</u>		
30,000 (PY 30,000) equity shares of UCM Coal Co. Ltd. Of ₹ 10/- each fully paid up	300,000	300,000
30,000 (PY 30,000) Equity shares of "Mahaguj Colliery Limited" of ₹ 10/- each fully paid-up	300,000	300,000
<b>Non Trade investments - Long term</b>		
10 (PY 10) shares of Kolhapur District Co-operative Bank Limited of ₹ 10/- each fully paid up	100	100
<b>Total</b>	<b>1,100,100</b>	<b>1,600,100</b>

<b>Schedule 7: Current Assets, Loans &amp; Advances</b>		
<b>Current Assets</b>		
(a) Inventories (As valued and Certified by the management)		
Coal and Fuel	4,590,811,985	2,153,245,185
Stores and spares	7,056,932,426	6,686,450,168
Material in Transit	444,529,964	260,841,177
Less:-Provision for loss on obsolescence of stores	1,213,371,470	846,280,860
<b>Total</b>	<b>10,878,902,905</b>	<b>8,254,255,670</b>
(b) Sundry debtors		
(Unsecured, considered good)		
- Debts outstanding for more than six months	1,066,627,977	755,357,672
- Other debts	31,341,949,676	26,108,599,443
<b>Total</b>	<b>32,408,577,653</b>	<b>26,863,957,115</b>
(c) Cash and Bank balances		
(1) Cash and Stamps on hand	2,755,135	1,473,949
(2) Cheques in hand	-	1,840,000,000
(3) Balances with scheduled banks in current accounts	2,111,938,218	42,507,748
(4) Remittance in transit	47,417,907	17,832,851
<b>Total</b>	<b>2,162,111,260</b>	<b>1,901,814,548</b>



	2009-10 ₹	2008-09 ₹
<b>Loans and Advances</b> (Unsecured, considered good unless otherwise specified)		
(1) Advances and loans to subsidiaries	140,578,255	139,828,615
(2) Advances recoverable in cash or in kind or for value to be received	1,458,561,796	2,262,504,062
(3) Advances for O & M supplies / works	1,143,431,352	828,043,994
(4) Advances for coal / fuel supplies	55,754,245,110	51,467,009,139
(5) Advances to staff	239,792,531	246,269,761
(6) Deposits	3,050,331,999	2,454,149,313
(7) Balance recoverable from excise, custom authorities	8,030,350	11,280,650
(8) Prepaid expenses	157,923,999	156,836,422
(9) Claims receivable and other current assets	2,312,096,441	981,158,130
	64,264,991,833	58,547,080,086
Less: Provision for doubtful loans and advances		
(1) For coal / fuel supplies	47,988,699	48,447,497
(2) For Advances to suppliers	957,484	957,484
(3) For Claims receivable & other current assets	6,389,139	6,340,885
(4) Sundry receivables	2,212,015	2,212,015
	57,547,337	57,957,881
	64,207,444,496	58,489,122,205
<b>Total</b>	<b>109,657,036,314</b>	<b>95,509,149,538</b>

	2009-10 ₹	2008-09 ₹
<b>Schedule - 8 Current Liabilities</b>		
1. Sundry Creditors		
For Capital Expenditure		
Due to micro, small & medium enterprises (refer note 17 of schedule 15)	-	-
Due to others	1,765,456,515	4,333,198,305
For goods and services		
Due to micro, small & medium enterprises (refer note 17 of schedule 15)	-	-
Due to others	57,383,124,837	57,609,002,905
2. Deposits and rentination from contactors, consumers & others	14,138,672,017	8,372,264,154
3. Other liabilities	8,353,945,898	9,019,994,518
4. Interest accrued but not due on borrowings	1,356,934,858	1,102,416,619
<b>Total</b>	<b>82,998,134,125</b>	<b>80,436,876,501</b>

<b>Schedule - 9 Provisions</b>		
Provision for gratuity	3,526,346,251	3,465,273,101
Provision for leave encashment	2,383,358,868	2,211,108,039
Provision for income tax	2,588,741,656	1,847,741,656
Less : Tax paid in advance (including TDS)	2,143,709,313	1,641,294,710
	445,032,343	206,446,946
Provision for fringe benefit tax	40,769,805	40,769,805
Less: Tax paid in advance	36,969,308	36,969,308
	3,800,497	3,800,497
Provision for wealth tax	531,757	228,122
<b>Total</b>	<b>6,359,069,716</b>	<b>5,886,856,705</b>

	2009-10 ₹	2008-09 ₹
<b>Schedule - 10 Other Income</b>		
Interest income [TDS ₹ 76,715 (Prev. year ₹ 32,405)]	7,543,349	3,172,911
Income from rent, hire charges etc.	43,440,406	39,418,996
Sale of stores/scrap	549,750,669	360,183,113
Sale of tender forms	12,792,660	14,839,086
Other receipts	419,362,239	923,502,587
	<b>1,032,889,323</b>	<b>1,341,116,693</b>

<b>Schedule - 11 Generation, administration and other expenses</b>		
Lubricants, consumable stores and station supplies	786,943,867	927,411,635
Water charges	1,778,660,326	1,194,006,086
Rent	121,906,869	120,911,137
Lease rent	2,375,042,903	918,437,389
<b>Repairs and Maintenance</b>		
Plant & machinery	4,706,056,418	4,364,299,810
Building	91,288,107	52,068,432
Others	532,137,512	410,216,834
Insurance charges	40,390,477	32,444,997
Rates and taxes	147,810,031	123,413,814
Legal and professional charges	44,867,806	27,213,396
Auditor's remuneration	1,986,945	2,494,991
Commission to agents	53,514,489	100,002,704
Other administrative expenses	721,554,849	586,627,658
Loss on foreign exchange variance	104,621,576	15,898,371
	11,506,782,175	8,875,447,254
Less: Repairs and maintenance expenses capitalised (net)	14,236,104	18,208,607
Administration expenses capitalised (net)	168,406,973	93,169,855
	<b>11,324,139,098</b>	<b>8,764,068,792</b>

<b>Schedule 12: Employee Costs</b>		
Salaries, allowances, Bonus etc.	4,811,620,730	4,777,182,052
Staff welfare expenses	65,891,974	67,966,902
Other staff costs	70,775,618	74,269,553
Leave encashment scheme	406,680,457	511,871,262
Gratuity	479,740,538	884,803,116
Contribution to Provident & Other Funds	508,006,549	385,408,645
Provision for Shortfall in Plan assets	(178,600,000)	(21,300,000)
	6,164,115,866	6,680,201,530
Less: Employees cost capitalised (net) (Refer note 19(iii) of schedule 15)	597,247,872	378,991,757
	<b>5,566,867,994</b>	<b>6,301,209,773</b>

<b>Schedule 13: Interest and finance charges</b>	<b>2009-10 ₹</b>	<b>2008-09 ₹</b>
<b>Interest on</b>		
State Government loans	237,969,937	274,338,712
Debentures	231,153	1,393,721
Other loans/ deferred credits	9,733,032,821	5,091,543,751
Borrowing for working capital	654,017,668	1,338,204,509
Consumer's security deposits	22,272	24,152
<b>Finance Charges</b>		
Government guarantee fees/ charges	196,877,601	226,812,785
Cost of raising finance	501,103	2,752,400
Other charges	128,887,054	19,809,043
	10,951,539,609	6,954,879,073
Less: Interest and Finance Charges capitalised (net) (Refer note 19(ii) of schedule 15)	6,252,726,103	2,471,581,658
	<b>4,698,813,506</b>	<b>4,483,297,415</b>

<b>Schedule 14: Prior period credits / charges (net)</b>		
<b>Income</b>		
Other income	16,564,167	6,716,186
Adjustment to past billings relating to previous years	(10,223,161)	(98,365,427)
Other excess provisions in prior periods	102,510	64,388,801
Coal Related Gain	13,616,000	376,777
Receipts from consumers	127,997,898	
	148,057,414	(26,883,663)
<b>Expenses</b>		
Fuel related gains / losses	4,511,137	842,608
Excess/ shortage provision for depreciation	71,855,412	(194,028,131)
Net Interest and finance charges	1,316,806	(440,654)
Operating expenses	86,878,533	95,935,714
Employee costs	28,073,316	4,970,350
Other Administration expenses	7,930,566	(36,907,522)
Material related expenses	139,079,447	(5,381,684)
	339,645,217	(135,009,319)
	<b>(191,587,803)</b>	<b>108,125,656</b>

## **SCHEDULE 15 – NOTES TO ACCOUNTS**

### **1) STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2010**

#### **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 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 as per notification no. G.S.R.739 (E) dated 7th December, 2006.

Assets and liabilities created under applicable electricity laws continue to be depicted under appropriate heads.

#### **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) Fixed Assets**

- (i) Fixed assets of the company are recorded in the books of accounts and disclosed in annual accounts at historical cost. Fixed assets are stated at cost of acquisition or construction less accumulated depreciation.
- (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) 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.
- (iv) Capital Expenditure incurred by the company, resulting in creation of fixed assets for which company does not have ownership rights is reflected as a distinct item in capital work in progress till the assets are under construction and thereafter in the fixed assets schedule are disclosed separately.
- (v) In case of Capital Work in Progress for work against Deposits / work contract where the final settlement of bills with the contractor is yet to be effected, capitalisation is done on provisional basis subject to necessary adjustment in the year of final settlement.
- (vi) Claims for price variation in case of capital contracts are accounted for on acceptance thereof by the Company.

- (vii) 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.
- (viii) The costs incurred and revenue generated during the Trial Runs Stage of the Project / Power Station are capitalized.
- (ix) The costs incurred on identification, survey and feasibility studies of a project under sanction are shown as a distinct item in capital work in progress till the period of its rejection or three years, whichever is earlier. In case of rejection, the expenses are charged to revenue in the year of its rejection.
- (x) Fixed assets are shown in the books of account net of any government grants received in respect of those fixed assets.
- (xi) Fixed Assets costing individually up to ₹ 5,000/- are written off to Profit & Loss Account.
- (xii) Intangible Assets are capitalized at cost if it is probable that the future economic benefits that are attributable to the assets will flow to the Company.

**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) Machinery and Other 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.
- (iii) Machinery spares are depreciated fully over the remaining useful life of the related plant and machinery.
- (iv) Written Down Value of Machinery Spares is charged to revenue in the year in which such spares are consumed.
- (v) Other spares are treated as "stores & spares" forming part of the inventory, valued at cost or net realizable value whichever is lower and expensed when issued.

## g) Depreciation /Amortization

### (i) 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 Central Electricity Regulatory Commission (CERC) pursuant to tariff policy issued on January 6, 2006.

Depreciation on additions/deletions of assets is provided on pro-rata basis from/up to the month in which the asset is available for use/disposal.

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.

### (ii) Intangible Assets:

Intangible Assets are amortized over their estimated useful lives not exceeding ten years in case of software. Other intangible assets are amortized over the period for which benefits are estimated to generate sufficient economic benefits.

### (iii) Depreciation rates used for various classes of assets are:

Hydraulic Works	1.80 % to 3.60 %
Buildings & Other Civil Works	1.80 % to 3.60 %
Plant & Machinery	2.57 % to 18.00 %
Transmission lines, Cable Network etc.	2.57 % to 6.00 %
Furniture, Fixtures and Office Equipments	6.00 %
Vehicles	18.00 %

## h) Inventories

Stock of materials, stores, spare parts is valued at lower of cost or net realizable value, and cost is determined on weighted average cost method. Cost comprises of cost of purchase (net of VAT refund receivable) and other costs incurred in bringing them to their present location and condition.

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

## 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.

Other income is recognized on accrual basis. Sale of scrap & rejected coal is accounted when the same is contracted to be sold.

**j) Investments**

Long term investments are carried at cost, less provision for diminution other than temporary, if any, 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.

The gain or loss arising on account of exchange rate differences between the payment date and transaction date is transferred to the Profit and Loss Account for the year.

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

**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) after deducting any amount already paid.

**(ii) Post-employment benefits**

**Defined contribution plans**

Defined contribution plans are post-employment benefits plans under which Company recognizes fixed contributions as a liability (accrued expense) after deducting any contribution already paid. The Company's contribution to defined contribution plans are recognized in the profit and loss statement in the financial year to which they relate.

**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, making it a Multi Employer Defined Benefit Plan. 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 profit & loss account



The cost of providing defined benefits is determined using the Projected Unit Credit Method with actuarial valuations being carried out at each balance sheet date. Past service cost is recognized immediately to the extent that the benefits are already vested, else is amortized on a straight-line basis over the average period until the amended benefits become vested.

The defined benefits obligations recognized in the balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognized gains and losses and unrecognized past service costs, and as reduced by the fair value of plan assets, if applicable. Any defined benefit asset (negative defined benefit obligations resulting from this calculation) is recognized representing the unrecognized past service cost plus the present value of available refunds and reductions to the plan.

## **m) Leases**

### **Finance Lease**

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

Assets acquired subsequent to June 5, 2005 are classified as Finance leases, where the Company has substantially all the risks and rewards of ownership, Such assets are capitalized at the inception of the lease at the lower of fair value or the present value of minimum lease payments and a liability is created for an equivalent amount. Lease rentals paid are allocated between the liability and interest cost, so as to obtain a constant periodic rate of interest on outstanding liability for each period.

### **Operating Lease**

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, reduction / disallowance.

### **(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 recognised only to the extent there is reasonable certainty of realisation 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 not recognized but are disclosed in the notes. Financial effect of contingent liabilities is disclosed based on information available up to the date on which financial statements are approved.

Contingent assets are neither recognized nor disclosed 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 Profit & Loss Statement over the period necessary to match them with the related cost which they are intended to compensate.

**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. Pursuant to the same, following amounts have been paid to MSETCL. Pending final notification of scheme, no effect has been given in reserves / share capital suspense account and the same has been adjusted as balance receivable / payable from MSETCL.

Particulars	Amount
Repayment of Loan to REC	750,000,000
Repayment of Non Convertible Debentures to IFCI	924,811,350
Repayment of Non Convertible Debentures to BEST	13,125,000
<b>Total Repayment of Principal Amount (A)</b>	<b>1,687,936,350</b>
Payment of Interest on Short Term Loan to Indian bank (For 2006-07)	671,871
Payment of Interest on Short Term Loan to Indian bank (For 2005-06)	38,579,074

Payment of Interest on Non Convertible Debenture to BEST (For 2006-07)	2,191,709
Payment of Interest on Non Convertible Debenture to BEST (For 2005-06)	3,933,858
Payment of Interest on Loan to REC (For 2005-06)	16,953,125
Payment of Interest on Non Convertible Debenture to IFCI (For 2005-06)	89,688,903
<b>Total Repayment of Interest amount (B)</b>	<b>152,018,540</b>
<b>Total amount paid to MSETCL (A) + (B)</b>	<b>1,839,954,890</b>

### 3) CAPITAL COMMITMENTS

Estimated amount of contracts remaining to be executed on capital account and not provided for is ₹ 12282.34 Crores (Previous Year – ₹ 6477.14Crores).

### 4) CONTINGENT LIABILITIES (NOT PROVIDED FOR) : (in excess of ₹ Ten lakhs individually in value)

- An amount of ₹ 2.63 Crores (P.Y. ₹ 2.63 Crores) demanded by Central Excise Department on account of duty on fabricated material of Chandrapur project office has been disputed by the Company and matter is pending in the Court of Law. However, as per High Court's order the Company has furnished Bank guarantee for ₹ 186.66 lakhs & deposited an amount of ₹ 21.34 lakhs with Excise Authority. The appeal is pending with Commissioner of Central Excise. Decision is awaited.
- The matter regarding additional compensation payable for Parli land amounting to ₹ 9.26 crores (P.Y. ₹ 9.26 crores) and for Khaperkheda land amounting to ₹ 4.51 crores (P.Y. ₹ 4.51 crores) are pending in Court. Hence, no provision is made.
- Contingent liability of ₹ 1.05 crores (P.Y. ₹ 1.05 crores) of disputed claims towards payment of water charges to be made to the Irrigation Department for supply of water from Kamptee Khairi dam and right back contact Koradi T.P.S, hence no provision is made in the accounts.
- M S P G C L may be contingently liable for interest claim of WCL & SCCL and Other disputed claim of SECL and MCL amounting to ₹ 41.12 Crore (P.Y. ₹ 37.38 crores). The principles for settlement of disputed deductions in case of SECL & MCL are not agreed to between MSPGCL & Coal Cos.

Further MSPGCL may be contingently liable for claim of ₹ 4.23 Crs. (PY nil) presently under arbitration in respect of M/s BSN Joshi & Sons Ltd.

- There is a disputed claim of ₹ 9.829 Crs. towards water royalty charges demanded by irrigation Department in respect of CSTPS.
- During 1994-98 professional tax on O.T. payment was erroneously not recovered and not paid to the Dept. It is recovered and paid in 1998. For this late payment department had levied penalty of ₹ 7,72,530 and interest of ₹ 7,72,530. Against this CSTPS had preferred in appeal with Assistant Commissioner (Appeal) of Sales Tax, Amravati by making payment of ₹ 193,132 for interest and ₹ 193,132 for penalty. Balance amount of ₹ 1,158,796 is a contingent liability.

- (vii) Cases for enhancement of land compensation are pending before the Hon'ble Court of Jt.Civil Judge, Sr. Dn. Chandrapur amounting to ₹ 47,761,244
- (viii) Chief Engineer (Civil), Gen. I had issued work order no. 454 dated 4th March 1989 to M/s Geo Miller & Co., New Delhi for design, manufacture, supply and commissioning of water pre-treatment plant including necessary civil works as required for two generating sets for 500 MW rating each for Unit 5 & 6 of Chandrapur TPS. The value of work order was ₹ 154,675,712. M/s Geo Miller & Co. had demanded extra claim of ₹ 1,27,36,236 plus interest for electrical & mechanical work which was rejected by Chief Engineer, Gen. Const. Koradi, being the turnkey project. As such M/s Geo Miller & Co. had referred the dispute to Arbitrator. Arbitrator had decided the matter in favour of M/s Geo Miller & Co and directed erstwhile MSEB to pay awarded amount of ₹ 9,772,838 plus interest (P.Y. ₹ 9,772,838 plus interest) to M/s Geo Miller & Co., New Delhi. Erstwhile MSEB had challenged this award in High Court, Mumbai and decision is awaited.
- (ix) Chief Engineer (Civil), Gen.- I had issued work order no. 916 dated 20th April 1999 to M/s Vinod Massand, Nagpur for Earth work formation, dismantling of track, permanent way linking, supply of P.S.C. Sleepers and P.way materials in connection with the railway track for Unit 7 of Chandrapur TPS. The value of work order was ₹ 27,131,752. Erst while MSEB had imposed the penalty of ₹ 24 lacs for poor workmanship, which was disputed by M/s.Vinod Massand, Nagpur. M/s Vinod Massand, Nagpur referred the matter to Arbitrator and filed counter claim of ₹ 60,298,506 plus interest (P.Y. ₹ 60,298,506 plus interest) against erstwhile MSEB for delay in handing over of site, delayed payments, under utilization of machinery etc. Arbitration proceedings has been started, however, final outcome of the Arbitration proceeding is awaited.
- (x) Chief Engineer (Civil), Gen. I had issued work order no. 571 dated 7th March 1998 to M/s PILCON ENGRS, Rajnandgaon for construction of road overbridge (ROB) on Nagpur- Ballarshah main railway line, near Vivekanand Nagar Railway at Chandrapur. The value of work order was ₹ 24,434,757. M/s PILCON ENGRS, Rajnandgaon, had claimed ₹ 65,371,917 from erstwhile MSEB on following counts:
- Work done but not paid, refund of wrongful deduction, payment under P.V. formula, consumption of steel/cement, interest on claim from 1.03.2003 etc.
- Dy. Chief Engineer (Civil), Chandrapur has rejected the above claim amount. M/s PILCON ENGRS, Rajnandgaon, referred the matter to Arbitrator. Arbitration proceedings has been started, however final outcome of the Arbitration proceeding is awaited.
- (xi) Chief Engineer (Civil), Gen. I had issued work order no. 1842 dated 3rd August 1998 to M/s George Const. Co., Nagpur for construction of school building at TPS Colony, Khaparkheda. The value of work order was ₹ 9,981,472. M/s George Const. Co., Nagpur claimed ₹ 10,209,183 towards loss of profit and overheads suffered during the contract time limit and amount of interest from April 1999 to December 2003, loss due to prolongation of work beyond original time limit etc. Erstwhile MSEB rejected the above claim. M/s George Const. Co., Nagpur had referred the matter to Arbitrator. Arbitrator had decided the matter in favour of M/s George Const. Co., Nagpur and directed erstwhile MSEB to pay awarded amount of ₹ 6,451,380 to M/s George Const. Co., Nagpur. Erstwhile MSEB had challenged this award in District Court, Nagpur and decision is awaited.
- (xii) Chief Engineer (Civil), Gen. I had issued work order no. 4062 dated 24th December 1992 to M/s. Environmental Engineers, Nagpur for work of design, manufacture, supply, erection, testing, commissioning of effluent treatment plant including all civil works at Khaparkheda TPS. The value of work order was ₹ 21,194,014. M/s Environmental Engineers, Nagpur claimed ₹ 150,790,683 towards loss on account of delay in issue of work order, renewal of bank guarantee, mobilization advance, increase in size of civil structures, increase in capacity of plate stillers etc. Erstwhile

MSEB rejected the above claim. M/s Environmental Engineers, Nagpur had referred the matter to Arbitrator. Arbitration proceedings has been started, however final outcome of the Arbitration proceeding is awaited.

- (xiii) Bank of Maharashtra has debited ₹ 21.68 lakhs appx. on account of OD interest. According to the Company, the said interest is wrongly & erroneously debited by bank, for which follow-up for correction is under process with the bank authorities.
- (xiv) There may be contingent liabilities of ₹ 41,26,572 towards the payment of Non-Agriculture Assessment Tax of Parli TPS Land. The amount has been paid under protest and has been effected as amount receivable from Government Department.
- (xv) The contingent liability of ₹ 29.76 lacs may arise towards the “Arrangers fees” in respect of loan liability of ₹ 78.02 Crore taken from Bank of India. The said loan has subsequently been taken over by MahaGenco with retrospective effect. However the expenditure towards arranger fee has not been accepted by MSPGCL.
- (xvi) MSEB had entered into agreement with M/s DIRK India Pvt. Ltd. (DIPL) for lifting of Fly Ash (3000 MT per day) from Nashik TPS. After completion of six years, M/s DIPL has not lifted the quantity as per agreement hence the contract was terminated due to breach of contract. Consequently M/s DIPL filed an arbitration petition and has claimed ₹ 142.33 Crs. with interest @ 18% p.a. till the payment is made. Hence MSPGCL is contingently liable to this extent.
- (xvii) MSPGCL (NTPS) may be contingently liable for ₹ 47 Lakhs against the suit filed by Black Diamond Trading Co., Ahmadabad towards refund of forfeited Security Deposit. The matter is pending with High Court.
- (xviii) The contract of supply of main plant BTG package of Koradi Project 3x660 MW is awarded to M/s Larsen & Toubro Ltd. Vadodara. Against this contract, Mahagenco has paid 10% advance of ₹ 565.88 Crores. Notice was received for ₹ 11.77 Crores (including interest of ₹ 45.27 lacs) on 26.02.2010 for non deduction of TDS against the advance payment treating the contract as “Contract for Work” under sec. 194C of Income Tax 1961. Mahagenco has filled appeal against the order on 29.03.2010 and made the payment of ₹ 45.27 lacs being the interest amount which was recovered from the bills of M/s Larsen & Toubro Ltd. The balance payment of TDS of ₹ 11.32 Crs. (11.77-0.45 Crs) was not effected to the DCIT(TDS) on evidencing the fact that M/s Larsen & Toubro Ltd. Had already made the payment of advance tax for A.Y.2010-11.
- (xix) The Contract of supply and Erection of main plant (BTG package) and supply and Erection of BPO Package of Khaperkheda 1x500 MW expansion is awarded to M/s BHEL and M/s BGR Energy Systems Ltd. respectively. Against this contract Supply bills are paid without deducting TDS and erection bills are paid after deducting TDS since opening of the project. In the month of Mar,10 DCIT(TDS) Nagpur Circle-II has issued a demand notice against supply bills paid without deducting TDS as details below, treating the contract as “Contract for Works” vide Sec.194C of Income Tax Act 1961.

F.Y.	Amount ₹	Particulars
2007-08	96,88,494/-	Interest under section 201(1A)
2008-09	2,89,56,270/-	Interest under section 201(1A)
2009-10	12,48,55,410/-	TDS Amount
2009-10	62,42,770/-	Interest under section 201(1A)

Mahagenco has filed appeal against the order on 29.03.10 and made the payment of ₹ 4,48,87,534/- being the interest amount which was recovered from the bills of M/s Bhel and M/s BGR. The balance payment of TDS ₹ 12,48,55,410/- was not effected to DCIT on evidencing the fact that M/s BHEL and M/s BGR had already made the payments of advance tax for F.Y. 2009-10

- (xx) MSPGCL(NTPS) has preferred an appeal before Income Tax Appellate Tribunal, Pune Bench towards two demand notices of Income Tax Authorities u/s 156 for payment of ₹ 3,61,254 and ₹ 5,33,460 on account of failure to deduct tax on service tax element which was being reimbursed to contractors.
- (xxi) In respect of Bhusawal TPS, five cases for enhancement of land compensation are pending. As per lower Court's order, the amount of enhanced compensation is amounting to ₹ 37,51,146.
- (xxii) A case has been filed by successors of deceased employees against BTPS & Insurance company for claim of ₹ 35,50,000 on account of death of employee caused by accident in BTPS premises.
- (xxiii) MSPGCL may be contingently liable for ₹ 5,04,35,484 towards House Rent Allowance dispute of employees of Koradi TPS.

## 5) SHARE CAPITAL

### (i) Share suspense account

Shares amounting to ₹ 2500 Crs. have been allotted to MSEB Holding Co. Ltd. during the year 2008-09 out of the total amount of ₹ 25,633,633,537 shown under share suspense account which represents the balance transferred to the company pursuant to the transfer scheme of the erstwhile MSEB framed for the purpose of restructure of the electricity board. As per the scheme the company is required to issue equity shares of the said amount to MSEB Holding Company Limited. However, the transfer scheme is subject to the final approval of Government of Maharashtra.

### (ii) Share Application Account

An amount of ₹ 16,312,667,000 (P.Y. ₹ 9,640,000,000) shown under 'Share Application Money Pending Allotment' account represents amount received from Government of Maharashtra towards participation in the expenditure to be incurred on power projects by the Company. Accordingly in consideration of the said amount the company is required to issue equity shares to Government of Maharashtra through its holding company. Pending the consent from Government of Maharashtra for allotment of equity to Holding company, the equity has been shown as share application money.

## 6 (A) SECURED LOANS

- (i) Debentures are secured against exclusive charge of coal handling plant at Chandrapur unit VII, Bulk evacuation system stage II at Dabhol Power Station, Total electrification package for Khaperkheda units 3 and 4, and railway track hopper system between Khaperkheda and Saoner Mines. During the year the debentures have been repaid.
- (ii) For details of other secured loan please refer Annexure – A.

**6(B)** Out of the total unsecured loans, loans from Power Finance Corporation amounting to ₹ 872.73 crores are guaranteed by Government of Maharashtra.



- 6(C)** The charge/mortgage created against assets of the Company as securities in respect of the loans including debentures, 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)

## 7) MANAGERIAL REMUNERATION

Details	2009-10 (₹)	2008-09 (₹)
Salary & Allowances	4,503,627	7,905,947
Contribution to Provident Fund & Other Funds	242,257	3,87,199
Other Benefits	1,180,569	-
<b>Directors sitting fees</b>	<b>1,00,000</b>	<b>25000</b>
<b>Total</b>	<b>6,026,453</b>	<b>8,318,146</b>

This does not include provision for gratuity and leave encashment as the separate actuarial valuation figures are not available.

## 8) REMUNERATION TO AUDITORS

	2009-10 (₹)	2008-09 (₹)
For Audit	19,86,945	2,372,095
For Taxation Matters	-	-
For Certification Work	-	5,626
Reimbursement of out of pocket expenses	-	117,270
<b>Total</b>	<b>19,86,945</b>	<b>24,94,991</b>

- 9) SUNDRY DEBTORS INCLUDES AMOUNTS RECOVERABLE FROM THE COMPANIES UNDER THE SAME MANAGEMENT WITHIN THE MEANING OF SUB-SECTION (1B) OF SECTION 370 OF THE COMPANIES ACT, 1956 AS UNDER:**

Name of the Company	Amounts due as at the year end	
	2009-10	2008-09
Maharashtra State Electricity Distribution Company Limited (MSEDCL)	32,396,317,431	26,863,957,116

- 10) LOANS AND ADVANCES INCLUDE AMOUNTS RECOVERABLE FROM THE COMPANIES UNDER THE SAME MANAGEMENT WITHIN THE MEANING OF SUB-SECTION (1B) OF SECTION 370 OF THE COMPANIES ACT, 1956 AS UNDER:**

Name of the Company (Inter corporate Transactions)	Amounts due as at the year end	
	2009-10	2008-09
Maharashtra State Electricity Distribution Company Limited (MSEDCL)	184,650,491	142,103,133
Maharashtra State Electricity Transmission Company Limited (MSETCL)	176,162,618	169,988,827
MSEB Holding Company Limited	13,218,576	13,218,576
MahaGuj Collieries Limited	140,518,387	139,799,088
Dhopave Coastal Power Limited	5,699,764	3,730,981
Aurangabad Power Company Limited	10,50,642	49,191
Dhule Thermal Power Company Limited	59,868	29,527
UCM Coal Company	33,535,463	26,472,795

#### 11) EXPENDITURE/EARNING IN FOREIGN CURRENCY:

	2009-10 (₹)	2008-09 (₹)
Traveling Expenses	Nil	22,288

#### 12) VALUE OF IMPORTS CALCULATED ON CIF BASIS

	2009-10 (₹)	2008-09 (₹)
Fuel	Nil	Nil
Components and Spare parts	13,032,534	216,633,998
Capital Goods	2,160,802,211	Nil

#### 13) VALUE OF IMPORTED & INDIGENOUS RAW MATERIALS, STORES, SPARE PARTS AND COMPONENT CONSUMED AND PERCENTAGE OF EACH TO THE TOTAL CONSUMPTION INCLUDING FOR REPAIRS & MAINTENANCE:

		2009-10 (₹)		2008-09 (₹)	
A)	Raw Materials – Coal, Gas & Oil	%	₹	%	₹
	Imported	0	Nil	0	Nil
	Indigenous	100%	83,481,684,468	100%	71,562,498,914
	<b>Total</b>	<b>100%</b>	<b>83,481,684,468</b>	<b>100%</b>	<b>71,562,498,914</b>
B)	Stores, Spares and Component				
	Imported	1%	35,503,927	4%	202,040,683
	Indigenous	99%	3,189,380,199	96%	4,336,833,586
	<b>Total</b>	<b>100%</b>	<b>3,224,884,126</b>	<b>100%</b>	<b>4,538,874,269</b>

- Excluding the consumption capitalized during the trial run period.



#### 14) CONSUMPTION OF MAJOR RAW MATERIALS (FUEL) AND COMPONENTS

	2009-10		2008-09	
Consumption	Quantity	Value (₹)	Quantity	Value (₹)
Coal (Th. MT)	34566.38	72,224,775,099	35712.423	60,747,446,745
Gas (Million SMC)	1205.16	6,483,484,809	1021.84	5,353,480,327
Oil (KL)	148,423	4,421,947,843	173,276	5,461,571,842
<b>Total</b>		<b>83,130,207,751</b>		<b>71,562,498,914</b>

#### 15) QUANTITATIVE DETAILS

##### LICENSED CAPACITY, INSTALLED CAPACITY & PRODUCTION

Power Plant	Capacities					
	\$ Licensed		@ Installed (In MW)		Gross Production/ Generation (In Million KWH )* @	
	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
	Quantity (Units)	Quantity (Units)	Quantity (Units)	Quantity (Units)	Quantity (Units)	Quantity (Units)
Hydro	N.A.	N.A.	2,469	2,344	4,244	3,906
Thermal	N.A.	N.A.	6,800	6,925	41,522	42,060
Gas	N.A.	N.A.	852	852	5,109	4,432
<b>Total</b>	<b>N.A.</b>	<b>N.A.</b>	<b>10,121</b>	<b>10,121</b>	<b>50,875</b>	<b>50,398</b>

\$ The company's product is exempt from licensing requirement under New Industrial Policy in terms of notification no. S.O. 477 (E) dated 25th July, 1991.

@ As certified by the Chief General Manager (RCD) and being a technical matter accepted by the Auditors as correct. The Installed Capacity for Thermal Units for FY 2009-10 is de-rated by 125MW. The installed capacity for Hydro Units for FY 2009-10 has increased by 125MW.

\*Including auxiliary consumption of 4,449 Million Units (PY 4,138 Million Units)

Units sold:				
Power Plant	2009-10		2008-09	
	Quantity (Units)	*Value (₹)	Quantity (Units)	*Value (₹)
Hydro	4037	3,167,370,248	3,872	1,615,141,332
Thermal	37,379	91,200,552,231	42,315	84,396,541,722
Gas	5,010	8,781,403,972	4,339	7,310,531,430
<b>Total</b>	<b>46,426</b>	<b>103,149,326,451</b>	<b>46,260</b>	<b>93,322,214,484</b>

\* excluding sales to residential colony & other miscellaneous sales amounting to ₹ 768,31,80,100 (PY ₹ 142,721,716)

**16(A)** The balances of sundry debtors, loans and advances are subject to confirmation and reconciliation if any. The company is taking necessary steps for reconciliation and confirmation of the same. Presently the Company does not have a system of obtaining confirmation letters in respect of its Customers/ Vendors and other parties and reconciling these balances.

In the opinion of the board, the current assets, loans and advances are good and recoverable and are approximately of the values, if realized in the ordinary course of business unless and to the extent stated other wise in the Accounts.

**16(B)** Loans and advances include an amount of ₹ 5568.25 Crs. (PY ₹ 5147.11 Crs.) towards advances paid to coal suppliers. Against these advances the company has liability for supply of coal amounting to ₹ 5371.68 Crs. (PY ₹ 5167.76 Crs.) which is included in current liabilities. Pending final passing of bills for the coal supplied by these coal suppliers, the said advances and liabilities have not been adjusted.

**17)** The Company generally makes payments to its creditors within a period of 45 days as stipulated in Micro, Small and Medium Enterprises Development Act, 2006. The Company is in the process of identifying Micro, Small and Medium Enterprises as defined in above referred Act. Hence, relevant disclosures as required by provisions of Schedule VI have not been made. The Company has neither received any claims for interest nor provided any interest payable to Micro and Small enterprises, as required by the aforesaid act, in absence of information. However, such interest payable, if any, is not expected to be of material amount.

#### **18) Claims lodged by the Company :**

(i) In respect of Railway claims for coal, joint reconciliation with Railway Authority, S.E.Railway and Central Railway has been completed upto 31.3.2009 and further reconciliation will be completed shortly. Having carried out joint reconciliation, the claims on account of missing coal wagons against the unconnected coal wagons in respect of Central Railway and South Eastern Railway is 3749 Nos. of net missing coal wagons, which are required to be replenished by the Railways.

The Claims for 3689 wagons had been processed by SER obtained the concurrence of their finance section which will be settled soon. The matter is under constant follow up. The approximate cost of the above coal wagons is ₹ 12.93 crores. The matter of replenishment of the said wagons is under pursuance with the concerned Zonal Railway Authorities. Secondly, out of an amount of ₹ 11.25 crores (approx) recoverable from the Railway against claims lodged with them for refund of excess freight (cc+2) collected by them, the refund of ₹ 4.25 crores is received from the central Railway, the claims of ₹ 6.86 crores are reported by Railway as having excess amount claimed and therefore, be treated as withdrawn. Matter for settlement of the balance from concerned.

(ii) MSPGCL has lodged claims with Coal Cos. For ₹ 37.46 crores on account of stone and shales. However, in the absence of any agreement between MSPGCL & Coal Cos. during the period from Oct 2001 to 31.03.2009 for which these claims were made the claims have not been accepted by Coal Cos.

#### **19) CAPITALIZATION OF DEPRECIATION, INTEREST AND EMPLOYEE COST**

(i) Out of the total depreciation for the year, depreciation of ₹ 11,590,629 (previous year ₹ 19,635,951 /-) on construction facilities and fixed assets used for construction of other assets, has been capitalized towards the cost of other relevant assets.

- (ii) Out of the total interest and finance charges for the year, interest and finance charges of ₹ 6,252,726,103 /- (previous year ₹ 2,471,581,658/-) on construction facilities and fixed assets used for construction of other assets, has been capitalized towards the cost of other assets.
- (iii) Out of the total employee cost for the year, employee cost of ₹ 597,247,872 (previous year ₹ 378,991,757/-) on construction facilities and fixed assets used for construction of other assets, has been capitalized towards the cost of other relevant assets.

## **20) DEBENTURES REDEMPTION RESERVE**

During current year an amount of ₹ 4,375,000 (PY ₹ 8,750,000) has been repaid and Debenture Redemption Reserve has been reduced to that extent.

## **21) DISCLOSURES REQUIRED BY ACCOUNTING STANDARDS**

### **a) Foreign Exchange Fluctuations:**

Exchange loss of ₹ 104,621,576 (net) arising on account of foreign exchange fluctuations is debited to Profit & Loss Account. [P.Y. exchange loss of ₹ 15,898,371 (net)].

### **b) 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 renders 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. According to the Management, the Actuary has opined that actuarial valuation can not be applied to reliably measure provident fund liabilities in absence of guidance from the Actuary Society of India. Accordingly, the company is currently not in a position to provide the other related disclosures as required by the aforesaid AS 15 read with the Accounting Standards Board Guidance. However, the actuary consultant has certified that there is no further liability which remained to be provided as at end of the year, on account of shortfall in interest payable to the beneficiaries.

Deficits/surplus, if any, having regard to the position of the fund as compared to aggregate liability is additionally contributed by the company and recognized as an expense/income.. Accordingly provision of ₹ 11.24 Crs. (P.Y. ₹ 29.10 Crs) has been reduced towards gain of planned assets as compared to aggregate liability towards employees subscription and interest for the year.

- (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 are as under:**

		<b>For the year ended 31<sup>st</sup> March, 2010 (₹ In Crore) (Unaudited)</b>	<b>For the year ended 31<sup>st</sup> March, 2009 (₹ In Crore)</b>
1.	Liability for subscriptions and interest payable to employees at the end of year	1110.25	1005.49
2.	Fair Value of Plan Assets at the end of year	1099.01	976.39
3.	Net Liability	11.24	29.10

- (iv) **Description of Plan Assets**

		<b>For the year ended 31<sup>st</sup> March, 2010 (In %) (Unaudited)</b>	<b>For the year ended 31<sup>st</sup> March, 2009 (In %)</b>
1	Special Deposit Schemes	41.30	45.07
2	Bonds issued by public sector enterprises and Financial institutions	30.45	25.89
3.	State Government Securities	15.01	15.91
4.	Central Government Securities	11.63	11.07
5.	Mutual Fund Units	0.46	0.51
6.	Others	1.13	1.56

**Gratuity (Unfunded Defined Benefit Plan):**

- (v) Gratuity is payable to all employees of the organization at the rate of 15 days salary for each year of service subject to maximum of 20 months or in terms of the provisions of the payment of gratuity (amendment) act, 1997 whichever is more beneficial.

- (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, 2010 and recognized in the financial statements in respect of Employee Benefit Schemes:

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

	Components of Employer Expense	For the year ended 31 <sup>st</sup> March, 2010 (₹)		For the year ended 31 <sup>st</sup> March, 2009 (₹)	
		Gratuity	Leave Encashment	Gratuity	Leave Encashment
		Unfunded	Unfunded	Unfunded	Unfunded
1	Current Service Cost	224,836,624	104,055,440	115,672,983	55,737,686
2	Interest Cost	242,062,741	154,777,563	226,761,428	154,085,707
3	Curtailment Cost / (Credit)			--	--
4	Settlement Cost / (Credit)			--	--
5	Past Service Cost			--	--
6	Actuarial Losses / (Gains)	17,320,446	55,670,975	549,048,617	187,028,543
7	<b>Total expense recognized in the Statement of Profit and Loss Account</b>	<b>479,740,538</b>	<b>406,680,457</b>	<b>884,803,116</b>	<b>385,408,645</b>
The gratuity expenses have been recognized as 'Gratuity' and Leave Encashment expenses as 'Leave Encashment Scheme' in "Employee Costs" under schedule 12.					

(ix) **Reconciliation of Defined Benefit Obligation**

	Change in Defined Benefit Obligations	For the year ended 31 <sup>st</sup> March, 2010 (₹)	
		Gratuity Unfunded	Leave Encashment Unfunded
1	Present Value of Defined Benefit Obligation at the beginning of period	3,458,039,161	2,211,108,039
2	Current Service Cost	224,836,624	104,055,440
3	Interest Cost	242,062,741	154,777,563

4	Past Service Cost		
5	Curtailment Cost / (Credit)		
6	Settlement Cost / (Credit)		
7	Actuarial (Gains) / Losses	17,320,446	55,670,975
8	Benefits Paid	(418,152,192)	(142,253,149)
9	Present Value of Defined Benefit Obligation at the end of period	3,524,106,779	2,383,358,868
The gratuity provision has been recognized as 'Provision for Gratuity' and Provision for Leave Encashment as 'Provision for Leave Encashment' in "Provisions" under schedule 9.			

**(x) Summary of Actuarial Assumptions**

		For the year ended 31 <sup>st</sup> March, 2010 (₹)	
	Actuarial Assumptions	Gratuity	Leave Encashment
		Unfunded	Unfunded
1	Increment Rate	5%	5%
2	Rate of Discounting	8%	8%
3	Attrition rate	Age Related (1%)	Age Related (1%)
4	Mortality Table	LIC (1994-96) Ultimate	LIC (1994-96) Ultimate

**c) Segment Reporting****Business Segment**

Electricity generation is the principal business activity of the Corporation. 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.

**d) 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

	Name of Related Party	Nature of relationship	2009-10 (₹)	2008-09 (₹)
i)	Mr. Ajoy Mehta	Managing Director (Upto 31-01-2009)	-	1,164,316
ii)	Mr. Subrat Ratho	Managing Director	1,818,184	153,962
iii)	Mr. V.T. Bapat	Director – Project	-	1,195,926
iv)	Mr. G.J. Girase	Director - Finance	890,321	660,655
v)	Mr. M.R. Shelar	Director–Operations	1,332,269	975,547
<b>Remuneration to Key Managerial Persons</b>				
i)	Mr. Avinash Dhakane	Executive Director (HR) (01-09-2008 to 31-12-2008)	-	167,629
ii)	Mr. Arvind Choudhari	Executive Director (HR) From 27-01-2009	890,368	66,048
iii)	Mr. C.S. Thotawe	Executive Director (Gen. O&M) w.e.f 1st January 2008	993,609	628,269
iii)	Mr. V.G. Deshpande	Executive Director (Gen. Project – I) upto 31-03-2009	-	867,121
iv)	Mr. S.L. Sahare	Executive Director (Corp. Planning)	-	2,413,673

### e) Disclosures regarding leases

#### Operating Leases

The company has entered into the lease agreement with MSEB Holding company 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 ₹ 11.89 Crs. p.a. for FY 2009-10. On 31-03-2010 the period of Agreement is over, however the extension of agreement / fresh agreement in this regard is yet to be entered into. 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 last four years. However the expenditure may be accounted for on finalization of agreement.

The Company's significant leasing arrangements are in respect of operating leases

MERC has issued order for revised lease rentals to be paid to Government of Maharashtra with effective from 2009-10 in respect of various hydro power stations under the control of the Company.

During year 2009-10 company has provided for lease rent of ₹ 230.80 Crs.

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.

Company's Ash Handling Plant at Khaperkheda has been financed by SBI on lease basis for which the company pays monthly lease rentals to SBI which is linked to SBI PLR. During the year 2009-10 Company has paid lease rent ₹ 6.70 Crores (PY 6.84 Crores) to SBI. The lease has been completed as on 31-03-2010 and MSPGCL plans to acquire the asset from SBI.

**f) Earning Per Share**

	2009-10 (₹)	2008-09 (₹)
Profit After Tax as per Accounts (For Basic and Diluted Earnings Per Share) – (A)	2,033,984,543	840,951,875
Weighted Average number of shares outstanding during the year for Basic EPS (Nos.) – (B)	3,725,141,231	3,183,248,970
Weighted Average number of shares outstanding during the year for Diluted EPS (Nos.) – (C)	3,725,141,231	3,183,248,970
Basic Earnings Per Share (A) / (B)	0.546	0.264
Diluted Earnings Per Share (A) / (C)	0.546	0.264

**g) Taxation**

Pursuant to unbundling of erstwhile MSEB, the Company has been formed as one of the resulting companies. Consequently and in terms of the provisions of Section 72A (4) of the Income Tax Act, 1961, the company inherited the business loss of ₹ 191.03 crores and unabsorbed depreciation of ₹ 1298.81 crores.

The Final Transfer Scheme is yet to be notified by the Government of Maharashtra, which may have an impact on the inheritance of the above business loss and unabsorbed depreciation.

Subject to this, balances out of inherited amount of carry forward of business losses and unabsorbed depreciation for the Company have been applied to work out the current tax liabilities.

**g(i) Current 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 ₹ 74.10 Crs. 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 profit and loss account 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(ii) Deferred Taxation** The item-wise details of cumulative Deferred Tax Liability are as under:

Liability are as under:

	Deferred Tax Asset / Liability as at 31.3.2009	Debit / Credit for the Current Year debited/ credited to Profit and Loss Account	Deferred Tax Asset / Liability as at 31.3.2010
<b>a) Deferred Tax Liabilities</b>			
(i) Depreciation	8,269,606,824	806,828,576	9,076,435,400
<b>Total</b>			
<b>b) Deferred Tax Asset</b>			
(i) Items covered u/s 43 B	751,555,622	499,640,534	1,251,196,157
(ii) Gratuity	1,177,846,327	(6,482,261)	1,171,364,066
(iii) Unabsorbed Depreciation	2,500,968,250	(855,172,556)	1,645,795,695
<b>Total</b>	<b>4,430,370,200</b>	<b>362,014,282</b>	<b>4,068,355,917</b>
Deferred Tax Liabilities / Asset (Net)	3,839,236,624	1,168,842,858	5,008,079,483

**h) 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 ₹ 5.00 lakhs (50,000 equity shares of ₹ 10 each), out of which Company has held 60% equity (30,000 equity shares of ₹ 10 each) amounting to ₹ 3.00 lakhs.

Based on the unaudited accounts of MahaGuj Collieries Ltd. the assets and liabilities as at 31<sup>st</sup> March 2010 & the expenditure for the period ended on that day in respect of MSPGCL's share in the above joint venture operation is as under:

Item	2009-10 (Un-Audited)	2008-09 (Audited)
Income	10633	658949
Expenditure	3598874	135294486
Fixed Assets	423738	25265
Other Assets	1838064	3527258
Unsecured Loan	138859058	136625375
Current Liabilities	4,04,357	3,40,521

As per accounts given for audited company has no contingent liability and has no capital commitment. Hence there are no implications of these issues on MSPGCL.

**UCM Coal Company Ltd.**

The Ministry of coal has allocated Chendipada coal blocks of Talcher Coalfields in Orissa jointly to MSPGCL, 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 ₹ 16,00,000 (1,60,000 equity shares of ₹ 10 each) out of which Company has held equity shares amounting to ₹ 3,00,000 (30,000 equity shares of ₹ 10 each) . The company has shareholding of 18% in the joint Venture.

Based on the unaudited accounts of UCM Coal Company Ltd. the assets and liabilities as at 31<sup>st</sup> March 2010 & the expenditure for the period ended on that day in respect of MSPGCL's share in the above joint venture operation is as under:

Item	2009-10 (Un-Audited)	2008-09 (Audited)
Income	646399	-
Expenditure	35384113	28,060
Fixed Assets	16049	-
Other Assets	785864	27109158
Unsecured Loan	35299453	26793276
Current Liabilities	21852	106868

The unaudited draft accounts of UCM Ltd discloses Nil contingent liability. Thus there is no such share of any contingent liability as on 31/03/2010. Further, there are no capital commitments entered in to by this JV Co. as there was no business transaction during the year.

**(22) Previous Year figures are regrouped/ rearranged wherever necessary.**

## ANNEXURE-A

Statement showing the PFC Loans Secured with first charge by Hypothecation / Indenture Mortgage of Assets of MSPGCL

₹ in Lakhs

Name/ Description Of Project	Balance as on 31-03-2009	Balance as on 31/03/2010	Security for Loan
New Parali Expansion Project Enhancement of Loan Amount	8885.64	8885.64	Hypothecation of Steam Generator and Accessories of New Parli TPS Unit 1
Paras TPS Extension 1x250 M.W. Coal based Power Project at Paras	88202.72	79382.45	Mortgage/ Hypothecation of Future assets to be created for project together with Land
New Parli Expansion Project Unit 2	73045.34	83000.00	Mortgage/ Hypothecation of Future assets to be created for project together with Land
Paras Expansion Project Unit 2	76988.78	88787.34	Mortgage/ Hypothecation of Future assets to be created for project together with Land
Khaperkhada TPS Expansion Project	94241.39	171045.42	Mortgage/ Hypothecation of Future assets to be created for project together with Land
R & M of Koradi TPS under 10th Plan	1188.12	1005.33	Assets of Parli TPS Unit 3,4 & 5 together with land
R & M of Parali TPS under 10th Plan	719.31	608.65	
R & M of Bhusawal TPS under 10th Plan	1265.41	1070.73	
R & M of Khaperkhada TPS under 10th Plan	252.46	213.62	
R & M of Chandrapur TPS under 10th Plan	2033.14	1720.35	
R & M of Nasik TPS under 10th Plan Coal Mills of 210 MW Units By	2216.50	1875.50	
Flue Gas Duct Modification in Unit 5&6 (2x500) MW of Chandrapur TPS	660	550.00	
Various R & M Activates of Chanrapur TPS	2166.01	1877.21	
Renovation, Modernisation & Life Extension of 500 MW Koyana Hydro Power Station	4032	3528.00	
Residual Life Assessment / Life Extension Study of Koradi TPS Unit I To IV	3.85	0.00	
Procurement of Rotor	697.44	615.38	
R & M of Chandrapur TPS	9189.8	8075.88	

Procurement of Simulator For 500 MW Units At Chandrapur TPS	213.85	187.93	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 Vajjnath,
Procurement of Generator Stator - Bhusawal TPS	1177.30	1034.59	
Replacement of Existing Operating System (OS) & Information System (IS) For Waste Heat Recovery Unit I & II (2x120 MW) GTPS Uran	85.89	75.79	
Installation of Ammonia Flue Gas Conditioning System of 210 MW Units	55.66	116.17	
R & M Works of Koradi TPS	1441.94	1429.69	
Upgradation of Rly Siding System at Nasik TPS	1834.08	2395.84	
Procurement of 250 MVA Generator Transformer for Koyna	337.33	306.67	
Ash Bund for Koradi TPS	1352.07	1685.24	
R & M Scheme of Replacement of Boiler Economizer / LTSH Coils and Water Wall Panels Required for Various TPS of MSPGCL	0	4042.00	
	<b>372286.03</b>	<b>463515.42</b>	

Statement showing the REC Loans Secured with first charge by Hypothecation / Indenture Mortgage of Assets of MSPGCL

₹ In Lakhs

Name/ Description of Project	Balance as on 31-03-2009	Balance as on 31/03/2010	Security for Loan
Bhusawal Expansion Project	125583.27	255088.17	Mortgage/ Hypothecation of Present & Future assets created / to be created for subject project together with Land
Chandrapur Expansion Project	15870.56	47751.78	Mortgage/ Hypothecation of Present & Future assets created / to be created for subject project together with Land
Parli Replacement Project	0	6899.83	Mortgage/ Hypothecation of Present & Future assets created / to be created for subject project together with Land
	<b>141453.83</b>	<b>309739.78</b>	

Statement showing the OTHER Loans and the security offered for the Loan

₹ In Lakhs

Name/ Description Of Project	Balance as on 31-03-2009	Balance as on 31/03/2010	Security for Loan
Bank Of India - Term Loan	19106.38	2600.67	Pari Passu first charge on all Movable Property of Khaperkhada TPS , (Unit 1,2,3 & 4)
Canara Bank - Term Loan	11347.00	10938.51	
Syndicate Bank Term Loan	0	724.03	
MSC STL	0	30000.00	Post Dated cheques
	<b>30554.71</b>	<b>44263.20</b>	
Bank Overdraft		113527.72	Stock & Debtors
Total Secured Loan		1018319.16	

## Cash Flow Statement for the year ended 31.03.2010

		2009-10		2008-09	
<b>A.</b>	<b>Cash flow from Operating Activities</b>				
	<b>Net Profit After Taxes</b>		<b>2,033,984,543</b>		<b>840,951,875</b>
	<b>Adjustments for:</b>				
	Provision for Taxation	1,909,842,858		(113,405,873)	
	Provision for Obsolescence of Stores	367,090,610		291,925,904	
	Provision for doubtful advance	(410,544)		(4,955,611)	
	Provision for Gratuity	61,073,150		616,841,405	
	Provision for Leave Encashment	172,250,829		285,036,697	
	Loss on exchange variance	104,621,576		15,898,371	
	Current Year Depreciation and amortisation	3,021,011,199		3,093,045,482	
	Prior Period Depreciation and amortisation	71,855,412		(194,028,131)	
	Interest Income	(7,543,349)		(3,172,911)	
	Interest and finance charges	4,698,813,506		4,483,297,415	
			10,398,605,247		8,470,482,748
	<b>Operating Profit before Working Capital Changes</b>				
	<b>Adjustments for:</b>				
	Trade & Other Receivables	(11,262,532,285)		(18,617,385,712)	
	Inventories	(2,991,737,845)		(1,693,764,106)	
	Trade Payables and Provisions for employee benefits	2,202,421,444		20,894,464,727	
	Cash Generated from Operations		(12,051,848,686)		583,314,909
	Taxes paid (Including Fringe Benefit Tax)	(502,414,603)		(423,997,037)	
			(502,414,603)		(423,997,037)
	<b>Net Cash from Operating Activities (A)</b>		<b>(121,673,499)</b>		<b>9,470,752,495</b>
<b>B.</b>	<b>Cash Flow from Investing Activities</b>				
	Purchase of Fixed assets	(44,159,297,111)		(43,969,468,275)	
	Proceeds from Sale of fixed assets	27,257,624		1,817,213,344	
	Interest Income	7,543,349		3,172,911	
	(Purchase)/Sale of Subsidiaries	500,000		200,000	
	<b>Net Cash used in/from Investing Activities (B)</b>		<b>(44,123,996,138)</b>		<b>(42,148,882,020)</b>
<b>C.</b>	<b>Cash Flow from Financing Activities</b>				
	Increase in share application money	6,672,667,000		4,140,000,000	
	Proceeds from Borrowings				
	Total Borrowings	107,928,699,833		42,704,235,616	

		2009-10		2008-09	
	Total Repayments	(65,651,105,217)		(7,913,908,198)	
	Interest and finance charges	(4,444,295,267)		(4,483,525,537)	
	Grants received towards cost of capital assets				
	<b>Net Cash from Financing Activities (C)</b>		<b>44,505,966,349</b>		<b>34,446,801,881</b>
	<b>Net (Decrease)/Increase in Cash and Cash Equivalents (A)+(B)+(C)</b>		<b>260,296,712</b>		<b>1,768,672,356</b>
	<b>Cash and Cash Equivalents as at the beginning of the year</b>				
	Cash on hand	1,473,949		1,946,436	
	Balances with banks and remittance in transit	1,900,340,599	1,901,814,548	131,195,757	133,142,193
	<b>Cash and Cash Equivalents as at the end of the year</b>				
	Cash on hand	2,755,135		1,473,949	
	Balances with banks and remittance in transit	2,159,356,125	<b>2,162,111,260</b>	1,900,340,599	<b>1,901,814,549</b>

As per our report attached

**For CVK & Associates**  
Chartered Accountants  
(FRN - 101745W)

(A. K. Pradhan)  
Partner (Membership No. 32156)

**For K.S. Aiyar & Co.**  
Chartered Accountants  
(FRN - 100186W)

(Raghuvir M. Aiyar)  
Partner (Membership No. 38128)

**For G.M. Kapadia & Co.**  
Chartered Accountants  
(FRN - 104767W)

(Rajen Ashar)  
Partner (Membership no. 48243)  
Mumbai, September 30, 2010

**For Maharashtra State Power Generation Company Limited**

G.J.Girase  
Director (Finance)

Subrat Ratho  
Chairman & Managing Director

S.K.Labde  
Chief General Manager (A)

Rahul Dubey  
Company Secretary

## Additional information as required under Part IV of the Schedule VI to the Companies Act 1956. Balance Sheet Abstract and the Company's General Business profile

### I. Registration details

1	1	-	1	5	3	6	4	8	
---	---	---	---	---	---	---	---	---	--

CIN NO	U40100MH2005SGC153648
--------	-----------------------

#### Balance sheet date

3	1	0	3	2	0	1	0	
---	---	---	---	---	---	---	---	--

### II. Capital raised during the year (Amt in ₹ '000')

#### Public Issue

N	I	L			
---	---	---	--	--	--

#### Right Issue

N	I	L			
---	---	---	--	--	--

#### Bonus Issue

N	I	L			
---	---	---	--	--	--

#### Private Placement

N	I	L			
---	---	---	--	--	--

### III. Position of mobilization and deployment of Funds (Amt in '000')

#### Total assets

1	8	3	4	6	2	1	4	9
---	---	---	---	---	---	---	---	---

#### Total liabilities

1	8	3	4	6	2	1	4	9
---	---	---	---	---	---	---	---	---

#### Sources of funds

##### Paid up capital

2	5	0	0	0	5	0	0	
---	---	---	---	---	---	---	---	--

##### Reserves And Surplus

6	6	2	7	3	5	1
---	---	---	---	---	---	---

##### Secured loan

9	3	1	0	4	6	1	4
---	---	---	---	---	---	---	---

##### Unsecured Loan

3	6	7	7	5	3	0	3
---	---	---	---	---	---	---	---

#### Application of funds

##### Net fixed assets

5	9	6	2	8	8	2	7
---	---	---	---	---	---	---	---

##### Investments

1	1	0	0				
---	---	---	---	--	--	--	--

##### Net current assets

2	0	2	9	9	8	3	2	
---	---	---	---	---	---	---	---	--

##### Deferred Rev. Exp. (Misc. Exp.)

N	I	L					
---	---	---	--	--	--	--	--



**Accumulated losses**

N	I	L		
---	---	---	--	--

**Deferred tax liabilities**

5	0	0	8	0	7	9
---	---	---	---	---	---	---

**IV. Performance of the Company (Amt in '000')**
**Turnover**

1	1	0	8	3	2	5	0	6
---	---	---	---	---	---	---	---	---

**Total expenditure**

1	0	7	7	2	9	4	4	8
---	---	---	---	---	---	---	---	---

**Profit (+) / Loss (-) before tax**

4	1	3	5	9	4	6
---	---	---	---	---	---	---

**Profit (+) / Loss (-) after tax**

2	0	3	3	9	8	4		
---	---	---	---	---	---	---	--	--

**Earning per share ₹**

0	.	5	5
---	---	---	---

**Dividend rate**

N	I	L
---	---	---

Generic names of three Principal products / service of the company (as per monetary norms )

Product description

Item Code

G	E	N	E	R	A	T	I	O	N	O	F	E	L	E	C	T	R	I	C	I	T	Y	N	A
---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---

**For Maharashtra State Power Generation Company Limited**

G.J. Girase  
Director (Finance)

Subrat Ratho  
Chairman & Managing Director

S.K.Labde  
Chief General Manager(A)

Rahul Dubey  
Company Secretary

**Statement under section 212(3) of the companies Act 1956 (As on 31<sup>st</sup> March 2010)**

<b>Particulars</b>	<b>Dhule Thermal Power Co Ltd</b>	<b>Mahaguj Collieries Ltd.</b>
The extent of the holding company interest in the subsidiary at the end of the financial year i.e. 31 <sup>st</sup> March 2010	100%	60%
Paid up share capital of subsidiary company ₹	500000	500000
Extent of interest of company in subsidiary company	500000	300000
Net aggregate amount of profit /(loss) after tax of subsidiary company as on 31.3.10 ₹	11534	-5980400**
Share of MSPGCL	11534	-3588240**

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

# Upcoming Projects

# Khaperkheda Project



Khaperkheda Coal Mill LHS of Boiler  
(1x500 MW Unit No 5)



Khaperkheda Stacker Reclaimer  
(1x500 MW Unit No 5)



Khaperkheda CON 103  
(1x500 MW Unit No 5)



Khaperkheda Plant Control  
Room (1x500 MW Unit No 5)



Khaperkheda STG Building  
(1x500 MW Unit No 5)



Khaperkheda TP 108 CON 109-  
110-111 (1x500 MW Unit No 5)



# Chandrapur Project



Chandrapur Boiler 9



Chandrapur ESP 8



Chandrapur Bunker Bay Unit 8 & 9



Chandrapur TG 8



Chandrapur TG 9



# Bhusawal Project



Bhusawal Wagon Tippler 1,2&3 CHP  
(2x500 MW Project)



Bhusawal ESP Unit No 5  
(2x500 MW Project)



Bhusawal Station Transformer Unit No 4  
(2x500 MW BSL Project)



Bhusawal Station & Gen. Transformer  
Protection Panel Unit 5  
(2x500 MW BSL Project)



Bhusawal Motor & Stator Unit 4  
(2x500 MW BSL Project)

# Koradi Project



Koradi 11 KV Ring Main  
(3x660 MW Project)



Koradi Turbine Hall Unit No. 9  
(3x660 MW Project)



Koradi Boiler Raft Unit No. 9  
(3x660 MW Project)

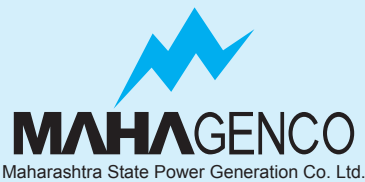


Koradi Turbine Foundation Unit  
No. 9 (3x660 MW Project)



Koradi Bunker foundation of Unit  
No. 8 (3x660 MW 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