



Annual Report  
2010-2011

Generating for Generations



# **MAHARASHTRA STATE POWER GENERATION COMPANY LIMITED**

**ANNUAL REPORT  
2010-2011**

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# Annual Report 2010-2011

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

### **Board of Directors (from 01.04.10 up to AGM Date)**

Chairman Shri. P. Abraham (Upto 17.05.10)

Chairman & Managing Director Shri Subrat Ratho (w.e.f 17.5.2010 till date)

Director Shri V. K. Kanade (w.e.f. 18.11.11 till date)

Shri S. J. Kunte (w.e.f 25.8.11 to 18.11.11)

Shri P. V. Page (w.e.f 1.12.08 till date)

Director (F) Shri G. J. Girase (w.e.f. 01.06.07 till date)

Director (P) Shri C. S. Thotwe (w.e.f.31.8.09 till date)

Director (O) Shri M. R. Shelar (up to 26.11.10)

Shri M. G. Waghmode (w.e.f. 11.3.2011)

## NOTICE

NOTICE is hereby given that the 6th Annual General Meeting of the shareholders of Maharashtra State Power Generation Company Limited will be held on 16th September, 2011 at 5.00 PM at HSBC Bank Bldg., Fort Mumbai- 400001 to transact the following business:

### Ordinary Business:

1. To receive consider and adopt the audited Balance Sheet as at 31.3.11 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 1st April 2011 to 31st March 2012.

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.

### Special Business:

3. To consider and if deemed fit to pass with or without modification the following resolution as Ordinary Resolution

RESOLVED THAT Shri S.J. Kunte, who was appointed by the Board as an Additional Director of the Company pursuant to section 260 of the Companies Act 1956 read with Article 82 of Articles of Association of the Company on 25th August, 2011 and whose tenure of office comes to an end at this Annual General Meeting, be and is hereby appointed as Director of the Company.

By the order of Board of Directors

**Rahul Dubey**  
Company Secretary

Place: Mumbai

Date: 16th September, 2011

\* Accounts were adopted in the adjourned AGM dated 9th Jan. 2012.

**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 1st April 2011 to 31st March 2012 .

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 6th Annual Report and the audited accounts for the year ended 31st March 2011.

### FINANCIAL RESULTS

(₹ in lacs)

	2010-11	2009-10
<b>Income</b>		
Revenue from Sale of Power(net)	1211648.87	1108325.06
Other Income	10370.14	10328.89
<b>Gross Income</b>	<b>1222019.01</b>	<b>1118653.95</b>
<b>Expenditure</b>		
Cost of Fuel	828173.16	831302.08
Generation, Admn. & other Exp	122337.77	113241.39
Employee Cost	87055.99	55668.68
Depreciation/ amortization	39812.66	30094.20
Interest & Finance Charges	65743.31	46988.13
Net Profit before tax, provisions & prior period adjustments	78896.12	41359.47
<b>Tax</b>	<b>49056.48</b>	<b>19103.75</b>
Profit after tax but before prior period adjustments	29839.64	22255.72
Less Prior Period adjustments	1106.04	1915.88
<b>Net Profit after tax</b>	<b>30945.68</b>	<b>20339.84</b>

### FINANCIAL PERFORMANCE

Total Income of the company for the year increased by 9.24 % to ₹1222019.01 lacs from ₹1118653.95 lacs during the previous year. The Profit after tax but before prior period adjustments has gone up to ₹29839.64 lacs from ₹22255.72 lacs. The Net profit after tax has gone up to ₹30945.68 lacs from ₹20339.84 up 52 % over last year.

### REGULATORY ISSUES

Since its inception in 2005-06, the MSPGCL has been given very stiff and unachievable performance parameters by the honourable MERC. The regulatory norms sets higher benchmarks without considering the ground realities related to vintage of units and issues related to quality and quantity of coal. Non-cognizance of such practical

issues has been a cause of disallowances, thereby leading MSPGCL to prefer appeals before the Appellate Tribunal for Electricity against the tariff orders issued by the Commission.

The ATE had considered the issues raised by MSPGCL and made the Commission appoint CPRI to analyze the achievable performance of MSPGCL stations. Due to consistent pleadings by MSPGCL citing the precarious financial position of the company that various judgments of ATE and subsequent implementation orders of the Commission were passed before the closing of the financial years. MSPGCL has booked around ₹2000 crore so far on account of such judgments of which around ₹1170 crore has been considered in FY 2011. In the absence of such timely booking of revenue by MSPGCL, it would have been difficult to secure its profitable financial position over the years.

Currently, the Commission has adopted the CPRI recommendations and has framed a performance improvement trajectory based on the envisaged capital expenditure required to achieve the same. However, the regulatory approach towards treatment of actual performance has largely remained the same. The key challenge before MSPGCL is therefore to convince the Commission about its practical difficulties in implementing the capex in order to bring in the improvement in performance. In the absence of such convergence, MSPGCL may continue to face the disallowance regime which will affect the profitability of the company. This leads to closure of units which are incurring the highest loss even though they are generating power at a lower cost than what is available to MSEDCL from the market.

## **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 10017 MW and derated capacity is 9987 MW as on 31st March 2011. Parli-7(250 MW) COD from 31-07-10. Paras-4 (250 MW) COD from 31-08-10. Uran units 2 to 4 (3\*60 MW) retired w.e.f. 16-11-10, Bhusawal U-1 (62.5/50 MW), Paras-2 (62.5/55 MW) & Parli 1&2 (2\*30/2\*20 MW) retired and closed w.e.f. 15.12.10, 16.11.10, 15.12.10 & 11.12.10 respectively. Ghatghar U-2 (125 MW) handed over to Mahagenco from 03-01-11. Koradi U-1 to 4 (4\*120/4\*105 MW) closed w.e.f. 07-01-11. Veer (9MW) handed over to GoM from 01-06-10.

During the year 2010-11, for coal-fired plants, the average availability factor was 81.64% as against 88.40% of last year. The plant load factor was 61.23%. The overhaul of 17 units was taken up during 10-11 as against overhaul of 18 units during 09-10. The planned outage & forced outage factor for the year 10-11 were 5.41% & 5.07% as against 5.82% & 5.78% for 2009-10. For gas based plants, average availability was 97.16% and PLF was 80.06%.

The other operational performance factors are as below:-

The Realization of Coal for the year 2010-11 was 86.00% as against 89.49% of previous year. Specific coal consumption for the year 2010-11 was 0.852 Kg/ Kwh as against 0.826 Kg/ Kwh of last year. The Boiler tube leakage percentage for the year 2010-11 was 2.55% as against 3.02% of last year. Specific oil consumption for the year 2010-11 was 5.75 ml/Kwh as against 3.56 ml/Kwh of last year. The auxiliary consumption was 10.63% as against 9.93% of last year. The average gross calorific value of coal fired during the year was 3245 Kcal/Kg

as against 3533 Kcal/kg of last year. The heat rate for the year 2010-11 was 2817 Kcal/kwh. The transit loss for the year 2010-11 was 0.5% as against 1.99% for last year.

## CAPACITY ADDITION PROGRAMMES

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

### A) Commissioned Thermal Power Projects- 500 MW

#### 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 during the year:

Sr. No.	Major Milestone	Achieved on
1	Trial operation	30.07.2010

The unit has been commissioned on 31.07.2010 and is presently under operation.

#### 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
1	Trial operation	06.08.2010

The unit has been commissioned on 31.08.2010 and is presently under operation.

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.

### (B) Ongoing Projects- 4730 MW:

#### 1. 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
1	Hydraulic test- Non drainable	12.09.2010
2	Boiler light up	27.10.2010
3	Steam blowing	06.02.2011
4	Unit synchronization	31.03.2011
5	Coal firing	31.03.2011

Further works on the project are in progress. Full load operation of the project is envisaged by end July 2011.

**2. 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 during the year:

Sr. No.	Major Milestone of Unit-4	Achieved on
1	Stator lifting	26.07.2010
2	Boiler light up	05.03.2011
3	Steam blowing	19.04.2011
4	Unit synchronisation	11.05.2011

Sr. No.	Major Milestone of Unit-5	Achieved on
1	Hydraulic test- Drainable	29.06.2010
2	Stator lifting	25.03.2011

Further works on the project are in progress. Full load operation of Unit 4 is envisaged by end Aug.2011 and that of Unit 5 is envisaged by end Jan.2012.

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.

**3. 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. Order for balance of plant has been placed on 12.06.09 on M/s BGR Energy System Ltd., Chennai. The following major milestones have been achieved during the year:

Sr. No.	Major milestone of Unit-8	Achieved on
1	Commencement of Boiler erection	01.06.2010
2	Boiler drum lifting	29.03.2011

Sr. No.	Major milestone of Unit-8	Achieved on
1.	Commencement of Boiler erection	05.01.2011

The works on the project are in progress. Full load operation of Unit 8 is envisaged by Nov. 2012 followed by Unit 9 by April, 2013.

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

**4. Parli TPs Unit 8 (250 MW) :**

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

Gammon India Ltd., on 05.01.2010. The following major milestones have been achieved during the year:

Sr. No.	Major Milestone of Unit-8	Achieved on
1.	Commencement of Boiler erection	20.08.2010
2.	Boiler drum lifting	10.04.2011

The works on the project are in progress. Full load operation of the unit is envisaged by mid March, 2013.

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

#### 5. Koradi TPS unit 8, 9 & 10 (3 x 660MW)

Order for Boiler & Turbo Generator package has been placed on M/s L&T on 23.09.09

During the year 2010-11, order for Balance of Plant is placed on M/s. Lanco Infratech Ltd., Haryana on 27.07.10.

The following major milestones have been achieved during the year:

Sr. No.	Major Milestone of Unit-8	Achieved on
1	Commencement of TG Building Foundations	21.06.2010
2	Commencement of Boiler foundation works	29.06.2010
3	Commencement of TG Foundation & Deck	04.10.2010
4	Commencement of structural Erection of TG Building	21.12.2010
5	Commencement of Boiler erection	24.03.2011

Sr. No.	Major Milestone of Unit-9	Achieved on
1	Commencement of Boiler foundation works	10.10.2010
2	Commencement of TG Building Foundations	26.10.2010
3	Commencement of TG Foundation & Deck	29.10.2010

Sr. No.	Major Milestone of Unit-10	Achieved on
1	Commencement of Boiler foundation works	07.01.2011

Further works on the project are in progress.

The commissioning (COD) of Unit 8 is scheduled by Dec. 2013 followed by Unit 9 by June 2014 and Unit 10 by Dec. 2014.

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

**(B) Future Projects (13940 MW):****1. Uran Gas Based Combined Cycle Power Plant (CCPP) (1220 MW) - Block-I : 406 MW, Block-II: 814 MW:**

Tender for Lump sum turnkey contract for installation of 1220 MW advance class gas turbine based CCPP were invited on 28.01.2011. Tender sale was from 09.02.2011 to 24.02.2011. Bids received on 08.07.2011 and Cover-I opened on the same day. Letter of Award is expected by March 2014 followed by Block II (814 MW) by June 2014.

Land, water and other statutory clearances are available. Tying up of gas for the project is in progress.

GoM has accorded approval for implementation of 1220 MW Combined Cycle Power Project at Uran vide Government Resolution no. Project08/ Pra.kra.1246/ Urja-4 dated 02.03.2010.

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

Land for the project is acquired. Acquisition of land for railway siding is in progress. The order for main plant is envisaged by May 2012. To this extent, commissioning (COD) is expected by October 2016.

Government of Maharashtra has approved the implementation of this project vide Government resolution no. Prakalpa-2010/ Pra. Kra. 3/Urja-4 dated 05.10.2010.

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

It is planned to install one coal based super critical unit of 660 MW capacity at Nasik TPS premises.

**4. Paras Thermal Power Project Unit 5 (1 x 660 MW):**

The said project is under planning stage.

**5. Latur Coal Based Unit 1&2 (2 x 660 MW) or Gas based CCPP Block-I & II (2 x 750 MW):**

MSPGCL has signed Memorandum of Understanding with M/s BHEL on 12.08.09 for formation of Joint Venture Company to set up 2 x 660 MW super critical Power Plant or 1500 MW gas based combined cycle power plant at Latur. The Joint Venture Agreement with M/s BHEL is signed on 11.11.2010. Certificate of incorporation of Latur Power Company Ltd. is issued by Registrar of Companies, Mumbai under the Companies Act on 06.04.2011. Further activities for formation of JVC are in progress.

The activities for land acquisition are in progress. Divisional Commissioner accorded approval for rates for land required to be acquired.

Action for fuel linkage are in progress with MoC/ MoPNG.

It is envisaged to place the LOA for Main Plant by April 2012. To this extent, the commissioning (COD) of the project is expected as under:

- (i) Coal based: Unit 1 by April 2016 & Unit 2 by September 2016 or
- (ii) Gas based: Block-I by April 2015 and Block-II by June 2015.

GoM, vide letter no. Prkalpa-0610/Pra.Kra.194/Urja-4 dated 25.10.2010 accorded in principal approval for setting up of 2 x 660 MW Coal based or 1500 MW Gas based Power Project at Latur or any suitable place in Maharashtra.

After finalization of coal based or gas based project, Mahagenco will submit the proposal of this project to GoM for approval. The type and capacity of project will be decided by Latur Power Company.

**6. Dhopave TPS Project Unit- 1 to 3 (3 x 660 MW):**

Mahagenco has proposed to go in for installation of 3x660 MW units at Dhopawe by way of Joint Venture structuring. Land acquisition is in progress.

Water: Total 80 MM<sup>3</sup> water required for the project is available from Koyna tailrace.

Fuel: Ramp-up quantity coal from Machakkata coal block shall be available for the project.

The proposal for in-principal approval has been submitted to GoM vide letter dated 13.10.2010. (It has been suggested by GOM to execute the above project through JV. A Consultant has been appointed for assisting in selection of JV partner for the project. Preparation of DPR is in process.)

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

Land acquisition is in progress.

Water: WRD Department has accorded approval (in general) for reservation of 40 MM<sup>3</sup> water from Nimna Tapi project on Tapi river for 2x660 MW (Stage-I). TIDC has informed that additional 45 MM<sup>3</sup> of water for 3 x 660 MW (Stage-II) could be made available from Nimna Tapi project on Tapi river.

Fuel: Coal required for Unit 1&2 (Stage-I) will be made available from Chendipada Coal block, Orissa. The U.C.M. (Uttarpradesh-Chhatisghad-Maharashtra) Joint Venture company who have been allotted the coal block have appointed M.D.O. to develop the said mine. The coal for Unit 3,4 & 5 (Stage-II) is proposed to be made available from Machhakata coal block in Orissa. However, if Dhopawe 3x660 MW project is approved by GoM, the coal available from this coal block will be diverted to Dhopawe project and the coal required for Dondaicha Stage-II project will be made available from Mahanadi coal block in Orissa. In case of delay in availability of coal from Mahanadi coal block, coal will be made available from tapered linkage.

MoE&F clearance: Meeting of MoE&F's Expert Appraisal Committee on Thermal Power & Coal Mine Projects is held on 05.04.2011 to finalize the TOR.

Matter taken up with Government of Maharashtra for approval of the project. (It has been suggested by GOM to execute the above project through JV. A Consultant has been appointed for assisting in selection of JV partner for the project. Preparation of DPR is in process.)

**8. Coal based Thermal Power Project near Kanpa (Tal. Nagbhid, Dist. Chandrapur) (2x660 MW):**

Mahagenco has proposed to go in for installation of 2x660 MW Units near Kanpa by way of Joint



Venture structuring. The said project is under planning stage. Preliminary activities for land acquisition is in progress. Matter taken up with WRD for requirement 40 MM<sup>3</sup> water for this project. For grant of long term coal linkages, follow up is going on with Ministry of Coal, CEA.

**9. Coal based Thermal Power Project near Manora (Tal. Tiroda, Dist. Gondia) (2 x 660 MW):**

The said project is under planning stage. Preliminary activities for land acquisition is in progress. WRD has informed its inability to meet the water requirement of 40 MM<sup>3</sup> water for this project from proposed barrage on Wainganga river near Mendhri (Khairi). For grant of long term coal linkages, follow up is going on with Ministry of Coal, CEA.

**10. Coal based Thermal Power Project in Mendki (Tal. Brahmapuri, Dist. Chandrapur)**

Mahagenco has proposed to go in for installation of 2x660 MW Units in Mendki by way of Joint Venture structuring. The said project is under planning stage. Preliminary activities for land acquisition is in progress. Matter taken up with WRD for the requirement of 40 MM<sup>3</sup> water for this project. For grant of long term coal linkages, follow up is going on with Ministry of Coal, CEA.

## 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. The Govt. of Orrissa has granted approval for acquisition of land for the project. Coal Mining Service Agreement between MDO i.e M/s Adani Enterprises Ltd and Mahaguj Collieries Ltd for 30 MTPA coal has been signed on 6th May 2010.

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.-** This company has 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.

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

**Chandrapur 1 MW Solar PV Power Projects:** In line with the guidelines issued in Jan 2008 by Ministry of new and Renewable Energy (MNRE), Govt. of India, Mahagenco has set up 1 MW Solar PV power project at Chandrapur in the premises of Chandrapur Super Thermal Power Station. The project is commissioned on 9th April 2010 and it is feeding electricity to the grid. Mahagenco is receiving generation Based Incentive (GBI) for this project from NMRE. This is first grid connected solar project in Maharashtra and second in India.



**CHANDRAPUR 4 MW (2 MW CRYSTALLINE + 2 MW THINFILM TECHNOLOGY)**

Board of Directors of Mahagenco accorded approval for developing 4 MW (2 MW crystalline+ 2MW Thinfilm Technology) Solar photo Voltaic (SPV) power project in the premises of Chandrapur Super Thermal power station.

- Letter of Award (LOA) issued to M/s Instant Energy Pvt. Ltd., Mumbai for setting up 2 MW (crystalline technology) Solar power project at Chandrapur and accordingly contract Agreement signed on 24-12-2010.
- Similarly, Letter of Award (LOA) issued to M/s Megha Engineering & Infrastructure Ltd, Hyderabad on 20-10-2010 for setting up 2 MWp (Thinfilm technology) solar power project.
- The project is approved by NTPC, Vidyut Vyapar Nigam (NVVN) under migration scheme of Jawaharlal Nehru National Solar Mission (JNNSM)
- NTPC, Vidyut Vyapar Nigam (NVNN) has signed Energy Purchase Agreement (EPA) with Mahagenco on 15-10-2010.
- Indian Renewable Energy Development Authority (IREDA) has granted Rs.39.39 Cr. Loan for this project.
- The plant will be commissioned in Sept.,2011.

**125 MW (5X25 MWp) SOLAR PROJECT AT SHIVAJINAGAR TQ. SAKRI, DIST. DHULE**

- Board of Directors of Mahagenco accorded approval developing 125 MWp (5x25 MW) grid connected solar PV power project at Shivajinagar Tq. Sakri Dist. Dhule.
- International Competitive bids are invited for setting up 125 MWp (5x25 MWp).
- KfW, Germany a financial institute has submitted proposal to grant loan for this project.
- This project is expected to be commissioned by March 2012
- In this plant 75 MW will be of Crystalline technology and 50 MW plant will be Thinfilm technology.
- This is the first largest plant in the world.
- EPC contract for crystalline technology is awarded to M/s Lanco Solar Energy, Gurgaon and Thinfilm technology is awarded to M/s Megha Engg, Hyderabad.

**FUTURE PROJECTS:**

- Mahagenco Board accorded approval for acquiring 87.54 Hec. Govt. land for setting up solar power project at Dhorola Tal. Kalamb, Dist. Osmanabad.
- Mahagenco Board accorded approval for acquiring govt. land at Ganagakhed, Dist. Parbhani for setting up solar Thermal power project at Gangakhed.
- Mahagenco is planning to develop Solar cluster in various places in Maharashtra such as Osmanabad,

Gangakhed, Yavatmal, Bhusawal and Chandrapur etc. KfW will provide tech-assistance under the grant approved by German Government.

## FINANCING OF NEW PROJECTS

All the planned capacity addition programs will be financed with a debt equity ratio of 80:20. Your company would utilize the revenue resources for part of equity contribution in the expansion project. Up to 80% of the total project cost is to be financed by financial institutions and Banks. The 20 % equity will be 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 @ 38.95 Million Metric Tons Per Annum. Mahagenco receives coal through domestic, e-auction and import as follows:

Indigenous Coal: 35.60 M MT (includes 2MMT through e-auction quota)

Import Coal: 3.35 MMT

Considering the deterioration of the GCV of the domestic coal and the design of the boiler of a large number of Units, it has been calculated that MAHAGENCO can achieve a PLF of 65% only if imported coal is restricted to 3.35 MMT. While higher quality of imported coal are required to achieve higher PLF, MAHAGENCO will incur higher losses if this is done unless MERC fixes more realistic Station Heat Rate Norms.

### 2. Fuel Supply Agreement:

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

Coal Cos.	ACQ in MMTPA	Date of signing	Remark
WCL	22.701	21.11.2009	Execution effective from 01.04.09, remain in force for 20 yrs. 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	
MCL	2.638		MOU for Paras 4, Parali 7 & KPKD 5
IMP. COAL	3.35		Contract signed on 20 Sept. 2011
<b>TOTAL</b>	<b>43.14</b>		

**3. Coal through E-Auction Quota:**

Mahagenco has signed MoU with M/s. SCCL for 1.2 MMT additional coal above ACQ out of e-auction quota for Parli and Chandrapur Power Stations for year 2011-12. However SCCL has expressed its inability to supply the e-auction quantity to CSTPS and Parli owing to fulfillment of obligations of existing FSA holders.

**4. Import Coal:**

Mahagenco has awarded contracts to import 3.35 MMT coal for F.Y. 2011-12 (Oct 11 to June 12) against the target of 3.35 MMT given by Ministry of Power.

**5. Coal availability will be 38.84 MMT considering 90% materialization of ACQ of earlier FSAs and proposed FSAs with M/s MCL for coal quantity 50% of ACQ. It is felt that coal availability is more than the requirement for year 2011-12 due to the closing of vintage units and the requirement is worked out on MERC generation target.****Issues related with coal supply from CIL/MCL:**

Considering the production capacity constraints, CIL is not in a position to commit for a supply level of more than 50% of ACQ for new power projects commissioned after 1st April 2009.

On the signing of FSA at 50% of normative requirements, the total short fall coal quantity for Mahagenco's projects will be @ 4.672 MTPA.

Considering the short fall of 50% of LT/LoA quantity (i.e. 4.672MTPA) and additional 15% import coal quantity (i.e. 1.401MTPA which equals two times of raw coal i.e. 2.803MTPA), Mahagenco shall purchase the balance coal quantity (i.e.1.868MTPA) through e-auction quota or e-auction bidding.

Considering the feasibility and cost aspects, demand and supply gap of coal supply from various sources, FMC has worked out following options to overcome the shortage of coal and to ensure fuel security for its existing, ongoing and future projects.

**A. Option I:**

Mahagenco has closed down the vintage units of Koradi, Bhusawal, Nasik, Parli and Paras TPS. The coal linkage of these units are @ 4.7 MMT

Thus total available coal linkages are @4.7MT. Considering 85% average materialization of last three years, Mahagenco shall get @ 3.995MT coal.

Since last 3-4 months, MCL materialization is only upto 30% and Mahagenco is not getting raw coal meant through washery circuit after expiry of the washery contracts, especially from WCL. The additional availability of vintage unit linkages is inadequate to cater the coal requirement of the running units.

Coal requirement of Chandrapur 8 & 9 and Koradi 8 units for year 2013-14 is @ 5.49 MMT and for year 2014-15 is @ 9.66 MMT (considering 95% PLF).

Coal requirement of these units will be met through importing coal and by diverting raw coal of existing units which will be used for blending purpose.

By diverting 60% raw coal of annual requirement of Chandrapur and Koradi projects, i.e. 3.294 MMT for year 2013-14 and 5.796 MMT for year 2014-15, the short fall of 2.196 MTPA for year 2013-14 and 3.864 for year 2014-15 will have to be met through importing @ 1.1 MMT coal for year 2013-14 and @ 1.9 MMT coal for year 2014-15.

Due to diversion of raw coal of existing units to Chandrapur and Koradi projects, the short fall occurring for existing units will have to be met by importing @ 1.65 MMT coal for year 2013-14 and @ 2.89MMT coal for year 2014-15.

Mahagenco will have to be import additional coal @ 2.65 for year 2013-14 and @ 4.75 MMT for year 2014-15.

## B. Option II:

1. If MoC deallocates the existing coal linkages of closed units as per provision of FSA, then Mahagenco will have to close down the old units. As per the date of installation, units those have completed 25 years of plant life are as follows,

OLD UNITS	YEAR OF INSTALLATION	CAPACITY (MW)	PRESENT COAL LINKAGE
KORADI U5	15.07.1978	200	1.2
BHUSAWAL U2	30.08.1979	210	1.2
NASIK U3	26.04.1979	210	1.2
PARLI U3	10.10.1980	210	1.2
NASIK U4	10.07.1980	210	1.2
NASIK U5	30.01.1981	210	1.2
<b>TOTAL</b>			<b>7.2</b>

2. Thus total available coal linkages will be @ 7.2MT. Considering 85% average materialization of last three years, Mahagenco shall get @ 6.12MT coal.
3. By diverting the coal linkages of these old units to upcoming Chandrapur (2x500 MW) and Koradi (3x660 MW) units having annual requirement of 15.54 MTPA (considering 95% PLF), short fall of @ 9.42 MT will have to be met through by importing 4.71MMT coal (i.e. @ 30%).
4. Considering the CEA guidelines mandating to use at least 30% imported coal, Mahagenco will have to increase technical capability to use more imported coal.
5. Coal offered by M/s Western Coalfield Ltd through on line e-auction bidding can be procured. WCL in their website have provided the quantity and prices of coal for spot e-auctions conducted from April 2010 to Nov 2010. Average notified price is ₹1412.62/-, average reserve price is ₹1836.37/- and average bid price is ₹2597.37/- per tone of coal (i.e. **41.44% over reserve price and 83.86% over notified price**).

**C. Various other options of coal sourcing:**

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

1. As most of the cost plus projects of WCL are in the vicinity of Mahagenco's TPS, Mahagenco shall sign coal supply agreements for coal supply through cost plus mines for ensuring better fuel security.
2. Considering the present yearly import coal quantity and 15% imported coal quantity (i.e. 1.401MTPA) for Parli, Paras, Khaparkheda and Bhusawal projects, Mahagenco shall import 50% of this total quantity through long term contract and balance 50% through yearly global tender.
3. Mahagenco shall acquire coal blocks/energy asset or tie up with miners in Indonesia, South Africa and Australia for long term import coal supply.
4. At present, the coal offered by CIL through on line e-auction bidding is declared before 8/10 days. CIL shall be requested to declare a programme of e-auction coal at the beginning of the year indicating quality and quantity of coal to be made available from different coalfields.
5. Coal from Gare Palma Sector II coal block: MoC has jointly allocated the Gare Palma Sector II coal block to Tamilnadu State Electricity Board (TNEB) and M/s Maharashtra State Mining Corporation Limited (MSMCL). M/s MSMC's share of coal as per allotment letter is 175MT. considering minable reserves of @ 120-140 millions tonnes, and mine life of 30 years, works out to be around 4-4.5MTPA coal production.

MSMC had offered its share to Mahagenco for purchase of coal from Gare Palma Sector II coal block on cost plus basis. Mahagenco vide letters dtd 19.12.09 and 11.01.2011 has conveyed the willingness to accept the coal of MSMC's share for end use of power generation. Mahagenco vide letter dtd 07.05.2011 has also convey it's acceptance to the Principle Secretary (Industry), GoM about the same. Reply from M/s MSMC is awaited.

6. The State Government has decided to withdraw the proposal regarding the reservation of the Nandori, Konda-Hardoli, Wani-Alesur, Yekona I&II, Mahadoli Yevati coal blocks (total coal reservoir is @ 233 MMT) and these coal blocks shall be allotted to MSPGCL. Mahagenco is in continuous follow up with MoC for reallocation of these coal blocks to Mahagenco to cater to the coal requirement of Mahagenco's projects and as a fuel security.

Considering the coal linkages allocated by CIL, proposed coal production from Machhakata, Chendipada and Mahanadi coal blocks, e-auction coal as fuel security, coal available from existing linkages of vintage units, procurement of import coal it is felt that adequate coal supply shall be available for Mahagenco's existing, ongoing and future projects. If suitable action is taken well in time and Mahagenco receives necessary support and co-operation from CIL and the Ministry of Coal.

**5. Gas (RLNG/NG) for GTPS, Mahagenco**

MAHAGENCO's GTPS Uran power plant has an installed capacity of 852MW. CEA vide letter dtd.29.11.2010 accorded approval for retirement of Unit 1 to 4, 60MW each. Now derated capacity of existing Uran plant is 672MW. Gas required for existing Uran gas power plant is @ 3.5 MMSCMD. Mahagenco has signed long term Gas Supply and Purchase Agreement (GSPA) with M/s GAIL for supply of 3.5MMSCMD gas to existing Uran gas power plant. M/s GAIL is supplying average 2.3MMSCMD gas.

Empowered Group of Ministers (EGoM), Gas Allocations, had allocated 1.00 MMSCMD of Natural Gas to GTPS, Uran.

Mahagenco has entered into Gas Supply & Purchase Agreement (GSPA), with M/s Reliance Industries Ltd.(RIL) for supply of natural gas from its field in the Krishna Godavari (KG) basin at \$4.205 per MMBTU at ex- Kakinada (AP). Mahagenco has signed this GSPA with M/s RIL & M/s NIKO on dt. 21.04.2009, for supply of 1.00 MMSCMD RLNG for GTPS, Uran (Existing), for the period of five year. (i.e. 22.04.2009 to 21.04.2014).

Mahagenco has also entered into Gas Transmission Agreement with M/s. Reliance Gas Transmission Infrastructure Ltd (RGTIL), on 21.04.09, for transmission of gas through East-West pipeline from Kakinada to GTPS, Uran via Maskal at the connecting point of EWPL (RGTIL) and DUPL (GAIL) spur pipelines for the next five years i.e. upto 31.03.2014.

Ministry of P&NG allocated additional 0.4 MMSCMD on FIRM BASIS for Uran plant. Mahagenco signed amendment orders with RIL & NIKO on dtd 10.04.2010 for supply of additional 0.4 MMSCMD gas on firm basis for Uran existing plant. Mahagenco signed said letter to Gas Transportation Agreement regarding transportation of 45001 MMBTU (1.40MMSCMD) on firm basis from 21.04.2010.

After reviewing the power generation schedule of GTPS, Uran, Mahagenco has requested M/s RIL to reduce the firm DCQ from 45001 MMBTU (@ 1.40MMSCMD) to 38572 MMBTU (@ 1.20MMSCMD). M/s RIL vide letter dtd 13.11.2010 has revised firm DCQ from 45001 MMBTU to 38572 MMBTU with effect from 1.11.2010.

#### **COAL/ FUEL SUPPLY AGREEMENTS (CSA/FSA):**

- a) Coal Supply Agreement with M/s WCL- FSA with WCL as per New Coal Distribution Policy is signed on 21 Nov. 2009 w.e.f 01.04.2009 for ACQ 22.701 Million MT for the period of 20 years, can be reviewed after five year.
- b) Coal Supply Agreement with SECL- Mahagenco has signed FSA as per New Coal Distribution Policy on 26 June 2009 for ACQ 6.027 Million MT for the period of 20 years, can be reviewed after five years.
- c) Coal Supply Agreement with MCL- Mahagenco has signed the FSA as per New Coal Distribution Policy on 26 June 2009 for ACQ 6.172 Million MT for the period of 20 years, can be reviewed after five years.
- d) Coal Supply Agreement with SCCL- Mahagenco has signed revised new FSA as per New Coal Distribution Policy on 05 March 2009 for ACQ 2.26 Million MT w.e.f 01.04.2009 for the period of 5 years, can be reviewed after three years.

#### **DISPUTES IN SIGNING FSA WITH MCL :**

The Ministry of Coal, Government of India, has sanctioned long term coal linkages ('F' grade) from Mahanadi Coalfield Limited (MCL) for new thermal power projects of the Mahagenco. As directed by Coal India Limited (CIL), Mahagenco had signed MoU for coal supply to Parli-7, Paras-4 and Khaperkheda-5 units.

Mahagenco intends to sign FSA with M/s MCL in accordance with the standard draft approved by CIL for long term coal linkages to Parli-7 (250 MW), paras-4 (250 MW), Khaperkheda unit 5 (500MW) and Bhusawal units 4&5 (2×500 MW) projects. Mahagenco has conveyed its willingness for signing of FSA with M/s MCL as per quantity allocated by CIL.



M/s MCL has insisted for signing of a separate Memorandum of Understanding (MoU) along with the FSA.

However there are some anomalies in the clauses of the draft MoU which go against the provision of the draft FSA approved by CIL. As per clause No.6 (viii) of MoU, “for the purpose of calculating the compensation arising out of short supply or short lifting, ACQ under the said agreement shall be reckoned as reduced to 50%. In other words, compensation shall be payable if supply/lifting falls below 25% of ACQ as given in FSA”. However as per clause 3.6.1 of draft FSA approved by CIL, compensation shall be payable if supply/lifting falls below 50% of ACQ as given in FSA.

In view of above, it is necessary to persuade M/s MCL for issuance of corrected draft MoU incorporating only the clauses to be kept in abeyance of seller’s condition precedent for supply of import coal so that signing of fuel supply agreement can be expedited.

With regards to supply of coal assigned earlier to the washery circuit, Mahagenco has intimated WCL to supply entire raw coal by rail mode only. However, WCL has refused Mahagenco’s request on the pretext of lack of infrastructure and transportation arrangements. The supply of raw coal meant for washery circuit has been stopped from 1st July-2011 till date. Mahagenco has approached Hon. District Court of Nagpur to direct WCL to supply entire raw coal by rail mode.

In respect of FSA issues of MCL and quality and quantity related issues of WCL, Mahagenco proposes to take up this matter with the Competition Commission soon.

## **HUMAN RESOURCES MANAGEMENT**

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

## **INDUSTRIAL RELATIONS**

Employee relations in the Company continued to be cordial and harmonious during the year. Employees were encouraged to participate in the areas concerning their work conditions, welfare etc. Work shops for employee representatives from the projects were held, at all levels to sensitize them to the changing business scenario, opportunities, threats, challenges faced by the company. The overall industrial relations scenario was peaceful governed by harmony and mutual trust. 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 ₹60,00,000/- or more per annum / ₹5,00,000/- per month during the year. This information is furnished as required under section 217 (2A) of the Companies Act 1956 read with the Companies (Particulars of Employees) Rules, 1975

## **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.

## TRANING AND DEVELOPMENT

In consonance with corporate vision of being the best and most efficient state of 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.

## 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 28.5 Lacs trees were planted till 31/03/2011 in all TPS. As per MPCB norms full green belt has been developed at all TPS.

### Control of Stack 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 16 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 PARLI Unit 3, BTPS U2, NTPS U4 & 5, PTPS 4, KPKD U2 will be done.
- Order Placed on BHEL for ESP Augmentation for 210 MW Units (5 Nos.) to achieve emission norm of 50 mg/nm<sup>3</sup>. set by Maharashtra Pollution Control Board is under process.
- R & M works of KTPS U6, CSTPS U1 & U2, PTPS U3, BTPS U2, NTPS U3.

### Ambient Air Quality

Ambient air quality is monitored regularly at various TPS and is observed within the Limits prescribed by MPCB. Continuous Ambient Air Quality Monitoring Station with Display Arrangement is being installed at all TPS. Presently one such station is installed at Chandrapur, Koradi and Bhusawal TPS.



### 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.

Environment, Health and Safety External Audit for year 2011-2012 for Koradi TPS will be carried out by Central Labor Institute after approval which is under process on successful audit same will be done for remaining power stations of MSPGCL.

Corporate Environment, Health and Safety Policy is prepared by National Safety Council in the year of 2011-12.

### Ash Utilization

- 1) Mahagenco has stepped forward to enhance utilization of Fly Ash and Pond Ash in the various sectors like Cement, Bricks, Asbestos, Fertilizers and Road Embankment.

Year	Ash Utilization %
2006-07	27.00
2007-08	30.60
2008-09	43.23
2009-10	49.72
2010-11	47.25

- 2) At Nasik TPS two days seminar for enhancement of use of pond ash in bricks manufacturing on dtd. 18.05.2010 to 19.05.2010.
- 3) Vidnyan Jatra 2011 is arranged at Baramati, District: Pune on from 27 to 29 Jan, 2011 by Vidya Pratisthan.

### RESEARCH PROJECTS FOR PROMOTING ASH UTILIZATION FROM THERMAL POWER STATIONS

#### Mine Filling

Stowing of ash about 100000 M<sup>3</sup> 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	50.64%
2.	Chandrapur	90.78%
3.	Koradi	27.82%
4.	Khaperkheda	90.11%
5.	Nashik	110.06%
6.	Parli	85.60%
7.	Paras	100.48%

### **Hazardous waste material disposal**

Mahagenco has made tie ups with MPCB authorized agencies of waste management

### **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 for these supercritical units are as follows.

1. PDD web hosting is done on [www.unfccc.com](http://www.unfccc.com) for 1x660 MW Replacement project in place of 4x120 MW at Koradi for registering CDM benefit.
2. Tender floated for CDM Consultancy Services for Nasik Unit 3, (210 MW) & Koradi Unit 6 (210 MW) R&M.
3. Public Stake Holder Meeting proposed in July 2011 for Uran 1220 MW GTPS & Koradi 2x660 MW Expansion Project.

### **DIRECTORS**

During the year Shri M.G.Waghmode was appointed as Director (O) of the Company w.e.f 11.3.2011 in place of Shri M.R.Shelar who ceased to be Director of the Company.

Shri S.J.Kunte Pr. Secretary (E) , GoM was appointed as Director of the Company w.e.f. 25.8.2011 in place of Shri Subrat Ratho, who was holding additional charge for the post of Pr. Secretary (E), GoM. Shri V.K.Kanade, Pr. Secretary (E) has been appointed as Director of the Company w.e.f.18.11.11 in place Shri S.J.Kunte who ceased to be Director.

The Board wishes to place on record its deep appreciation for the valuable services rendered by Shri M.R.Shelar, Shri S.J.Kunte during their association with the Company. The Board heartily welcomes all the new appointees.

### **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.G.Waghmode Director (O). Total 6 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 31st march 2011 and of the Profit for the year of the company under review;
- (iii) That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (iv) That the annual accounts were prepared for the financial year ended 31st March 2011 on going concern basis.

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

The information relating to conservation of energy , technology absorption and foreign exchange earning and outgo as required under sec 217 (1) (e) of the Companies Act 1956 read with the Companies (Disclosure of Particulars in the report of Board of Directors )Rules 1988 is given in **Annexure 'A'** forming part of this report

#### **REPLIES TO OBSERVATIONS / COMMENTS OF STATUTORY AUDITORS**

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

#### **FIXED DEPOSITS**

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

#### **COST AUDITORS**

The Company has appointed M/s N.I.Mehta & Co. and M/s S.R.Bhargave & Co, Cost Accountants as Joint Cost Auditors for the year ending 31.3.2011 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 2010-11.

## **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 : 09.01.2012

Place : Mumbai



## ANNEXURE 'A' TO THE DIRECTOR'S REPORT

PARTICULARS REQUIRED UNDER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988

### A) ENERGY CONSERVATION:

Following are the Energy saving activities carried out during year 2010-11

- 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 efficeint lamps.
- Arresting leakages in copressed 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 / CE 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:**

- Efforts made in technology absorption as per Form B.

Maharashtra State Power Generation Co. Ltd.

**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	Nil
	Component and spare parts	
	b) Expenditure	
	Traveling Expenses	
2.	Foreign Exchange earned	Nil

# ANNEXURE 'B1'

## REPLIES TO AUDITORS REPORT FOR THE PERIOD 01-04-2010 TO 31-03-2011

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 31st March 2011, 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(d) 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.	Factual.
	(vii) 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.	Final Transfer Scheme is under active consideration of Govt. of Maharashtra for finalization. It is expected that the same would be finalized in FY 2011-12. Impact of changes on opening balances would be effected in the books of accounts by passing necessary entries upon issue of final notification by GoM.

	(viii) As stated in note no.16(a) of Schedule 15, the balances in 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.	The preparation of subsidiary ledgers in respect of 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, is in progress. At certain accounting Units, the balance confirmation letters have also been issued in the name of concerned confirming parties. Wherever despite diligent efforts the balances are un-linkable being too old, suitable action of write off / write back would be taken so as to arrive at the clean balances in respect of above.
	(ix) As stated in note no 16(b) of Schedule 15 the loans and advances include ₹2793.06 Crores towards advance paid to coal suppliers. Against the said advance the Company has provided a liability towards supply of coal amounting to Rs. 2659.05 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.	The payment of advances to coal company and their clearance is a regular phenomenon. During previous year, the balance of coal advance and liability were appearing inflated due to non-clearance of Coal Stores receipt note. However the exercise of clearance of coal stores receipt notes has been undertaken rigorously in FY 2010-11 and has resulted in settlement of coal advances and coal liabilities thereby bringing down the advances and liabilities from the level of ₹5500 Crs. to the level of ₹2700 Crs.
	(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.	Factual.
	(xi) Subject to our comments in Para 4(vii to x) 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:	Factual.
	(a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2011;	
	(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.	

## ANNEXURE 'B2'

### REPLIES TO AUDITORS REPORT ANNEXURE FOR THE PERIOD 01-04-2010 TO 31-03-2011

Sr. No.	AUDITORS REPORT	M S P G C L's REPLY
1.	<p><i>ANNEXURE TO AUDITORS REPORT</i></p> <p>a. <i>The Fixed assets of the Company were physically verified during the year by the management with the help of an external firm of Chartered Accountants. Based on its report necessary adjustments have been made in the books of account at Head Office. However, exercise of updating the fixed assets register at respective locations is still in progress.</i></p>	<p>The Accounting entries, to give effect to fixed assets verification report submitted by CNK, were made at HO on behalf of field offices since their accounts were closed. While accounting effect has been completed, the updation of Fixed Assets Register on the basis of accounting entries is in progress since the same are maintained at respective locations. This exercise would be completed by the end of October 2011.</p>
	<p>b. <i>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. As stated at Para 1a above, the Company has carried out physical verification of fixed assets during the year.</i></p>	<p>Factual.</p>
	<p>c. <i>During the year under audit, the Company has not disposed off a substantial part of the fixed assets</i></p>	<p>Factual.</p>
2.	<p>a. <i>The physical verification of inventory has been conducted at reasonable intervals by the management..</i></p>	<p>Factual.</p>
	<p>b. <i>In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.</i></p>	<p>Factual.</p>

	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. Hence the question of reporting under sub clause a to d of clause (iii) of Paragraph 4 of the aforesaid order does not arise.	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. Hence the question of reporting under sub-clause e to g of clause (iii) of paragraph 4 of the aforesaid Order does not arise.	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. 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>As regards the purchase of Coal, we have been informed that few grievances were received by the management connected with the sub-standard/inferior quality of coal supplied to the Company. The management is of the view that the internal controls for the purchase of coal need to be reviewed and strengthened further. Therefore, based on such complaints and to strengthen the internal controls, the management has inter-alia appointed a third party inspection agency to check the quality of coal supplied to the Company. Pending report of such agency, at this stage, it is not possible to comment whether steps taken by the management are adequate to strengthen the weakness in the system</i>	Based on internal grievances, management has already initiated the action to check the quality of coal supplied to the company. Consequently good quality of coal is being consumed.
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.	The Company has appointed external firms of Chartered Accountants to carry out the internal audit of the Company at Head Office and Other locations. <i>However, their reports are not received timely.</i> Subject to this 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.	Considering the delay occurred in conducting of internal audit and submission of its report for FY 2010-11, the Internal Audit schedule for FY 2011-12 has been revised and the same is being carried out on monthly basis and report would be submitted on quarterly basis. Hence the audit observation will not recur in the future.
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 (i) (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.	<p>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.</p> <p>According to the information and explanations given to us, no undisputed amounts payable in respect of Income Tax, Sales-tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess, were outstanding, as at the balance sheet date for a period of more than six months from the date they became payable.</p>	Factual.

	<p>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:</p> <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>Penalty u/s 271(c) of income Tax Act, 1961 for AY 2006-07</td><td>₹113 Crores</td><td>Commissioner (Appeals), Mumbai.</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	Penalty u/s 271(c) of income Tax Act, 1961 for AY 2006-07	₹113 Crores	Commissioner (Appeals), Mumbai.	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												
Penalty u/s 271(c) of income Tax Act, 1961 for AY 2006-07	₹113 Crores	Commissioner (Appeals), Mumbai.												
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.	The Company has not issued any Debentures 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 including cases under Vigilance Cell of the Company/Inquiries from The Comptroller and Auditor General of India's office 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 2011.

The preparation of financial statements of '**Maharashtra State Power Generation Company Limited**', Mumbai for the year ended 31 March 2011 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 **16 September 2011**.

I, on behalf of 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 '**Maharashtra State Power Generation Company Limited**', Mumbai for the year ended 31 March 2011. 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 of Financial Position

#### Balance Sheet

#### Application of Funds

#### 1. Income Tax deducted at source on payment of interest on borrowings

This does not include ₹6.89 Lakh being TDS @ 10.3% on interest paid on deposit from MMRDA for the period 01/04/2010 to 10/05/2010.

As MMRDA was exempted from deduction of TDS only w.e.f. 11.05.2010, TDS for earlier period should have been deducted.

Non deduction of TDS of ₹6.89 lakh resulted in failure to levy and recover statutory charges.

Statutory Auditors have not reported on the above in their Audit Report.

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

Place: Mumbai  
Date: 30.12.2011

ACCOUNTANT GENERAL  
(COMMERCIAL AUDIT)



## FINAL COMMENTS OF CAG AND MSPGCL REPLY FOR FY 2010-11

Sr. No	Comments of Government Audit	MSPGCL Reply	Statutory Auditor's Remarks
<b>Comments on Profitability</b>			
<b>A</b>	<b>Balance Sheet - Application of funds</b>		
<b>1.</b>	<p><b>Income Tax deducted at source on payment of interest on borrowings.</b></p> <p>This does not includes ₹6.89 lakh being TDS @ 10.3%) on interest paid on deposit from MMRDA for the period 01.04.2010. to 10.05.2010.</p> <p>As MMRDA was exempted from deduction of TDS only w.e.f. 11-05-2010, TDS for earlier period should have been deducted. Non deduction of TDS of ₹6.89 lakh resulted in failure to levy and recover statutory charges. Statutory Auditors have not reported on the above in their Audit Report.</p>	<p>In terms of Section 194A tax is to be deducted at the time of credit of such income to the payee or at the time of payment thereof. In the given case, the interest is accrued / payable on a quarterly basis. The Company has recorded the accrual and payment of the same in June 2010. At the time of accrual / payment, the Company held the certificate for Nil rate to be deducted in respect of such interest. Accordingly in the opinion of the Company there was no necessary for deduction of tax on such interest.</p>	<p>As replied by the management, you will appreciate that the Company was not liable to deduct income tax at source on payment of interest on borrowing from MMRDA for the period April 1, 2010 to May 10, 2010. Accordingly, there is no question of delay and hence no reporting was required by the Auditors under Companies (Auditor's Report) Order, 2003.</p> <p>Without prejudice to what is stated above, as stated in para 2 of our report dated September 16, 2011 audit carried out under Generally Accepted Auditing Standards includes examining on a test basis, evidence supporting the amounts and the disclosures in the financial statements. In view of the same, auditors are not expected and cannot report on each and every transactions entered into by a Company in the financial year. In addition, while conducting the audit, the concept of materiality is also required to be kept in mind. In view of the same, we are of the opinion that our report doesn't require any modification.</p> <p>With prejudice to what has been stated in the above two preceding paragraphs, we state that the scope of sub-clause (ix)(a) of clause 4 of the Company's (Auditor's Report) Order, 2003 is in respect of arrears of outstanding statutory dues as of the last date of the financial year for a period of more than 6 months from the date they become payable. In view of the same, for the purposes of reporting in the annexure to the Auditor's Report, the amount in question should have been shown as outstanding in the books of the Company. We submit that the scope of the said sub-clause is to report on the arrears which have remained to be deposited. An amount cannot be said to be in arrears if the same has not been demanded by the relevant authority or has been recognised as payable. Since the said amount has not been recognized as outstanding, the question of reporting by the auditor does not arise.</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 31st March 2011, 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(d) 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.
  - (vii) *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.*

- (viii) *As stated in note no 16(a) of Schedule 15, the balances in 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 Rs.2793.06 Crores towards advance paid to coal suppliers. Against the said advance the Company has provided a liability towards supply of coal amounting to Rs.2659.05 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) *Subject to our comments in Para 4(vii to x) 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 31st March, 2011;*
- (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

**Rajesh S. Joshi**  
Partner  
M. No.: 38526

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

Place: Mumbai  
Date: 16th September, 2011

## ANNEXURE

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

- 1a. *The Fixed assets of the Company were physically verified during the year by the management with the help of an external firm of Chartered Accountants. Based on its report necessary adjustments have been made in the books of account at Head Office. However, exercise of updating the fixed assets register at respective locations is still in progress.*
- 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. As stated at Para 1a above, the Company has carried out physical verification of fixed assets during the year.
- 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. Hence the question of reporting under sub-clause a to d of clause (iii) of paragraph 4 of the aforesaid Order does not arise.
- 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. Hence the question of reporting under sub-clause e to g of clause (iii) of paragraph 4 of the aforesaid Order does not arise.
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. *As regards the purchase of Coal, we have been informed that few grievances were received by the management connected with the sub-standard/inferior quality of coal supplied to the Company. The management is of the view that the internal controls for the purchase of coal need to be reviewed and strengthened further. Therefore, based on such complaints and to strengthen the internal controls, the management has inter-alia appointed a third party inspection agency to check the quality of coal supplied to the Company. Pending report of such agency, at this stage, it is not possible to comment whether steps taken by the management are adequate to strengthen the weakness in the system.*

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. The Company has appointed external firms of Chartered Accountants to carry out the internal audit of the Company at Head office and other locations. *However, their reports are not received timely.* Subject to this 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
Penalty u/s 271(c) of Income Tax Act, 1961 for A.Y.2006-07	₹113 Crores	Commissioner (Appeals), Mumbai
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. The Company has not issued any Debentures 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 account carried out in accordance with generally accepted auditing practices, we have not noticed any fraud on or by the Company including cases 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.**  
Chartered Accountants  
**FRN:104767W**

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

**Rajesh S. Joshi**  
Partner  
M. No.: 38526

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

Place: Mumbai  
Date: 16th September, 2011



## Balancesheet as on 31<sup>st</sup> March, 2011

Particulars	Schedule No.	As at 31-03-2011 ₹	As at 31-03-2010 ₹
<b>I. Sources of Funds</b>			
(I) 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))		22,331,367,000	16,312,667,000
(d) Reserves and Surplus	2	9,721,919,171	6,627,351,819
(2) Loan funds:			
(a) Secured loans	3	117,285,171,062	93,104,614,142
(b) Unsecured loans	4	46,444,490,502	36,775,303,600
(3) Deferred tax liabilities (net)		8,189,241,809	5,008,079,483
<b>Total</b>		<b>229,606,323,081</b>	<b>183,462,149,581</b>
<b>II. Application of Funds</b>			
(1) Fixed assets:			
(a) Gross Block	5	162,721,833,307	134,250,097,529
(b) Less: Depreciation		75,619,097,533	74,621,269,979
Less: Provision for obsolescence		104,121,455	39,488,494
(c) Net Block		86,998,614,319	59,589,339,056
(d) (i) Capital work - in progress		119,390,192,544	103,528,599,839
(ii) Capital work - in progress not belonging to Company		22,421,308	3,474,024
Less: Provision for obsolescence		114,096,606	-
Capital work - in progress (Net)		119,298,517,246	103,532,073,863
(e) Assets retired from active use and held for sale		1,095,122,632	315,595
(2) Investments	6	1,600,100	1,100,100
(3) Current Assets, Loans and Advances	7		
(a) Inventories		12,733,677,677	10,878,902,905
(b) Sundry Debtors		50,643,351,235	32,408,577,653
(c) Cash & Bank Balances		434,134,097	2,162,111,260
(d) Loans and advances		39,369,785,870	64,207,444,496
(A)		103,180,948,879	109,657,036,314
Less: Current Liabilities and Provisions			
(a) Current Liabilities	8	71,941,436,382	82,958,645,631
(b) Provisions	9	9,027,043,713	6,359,069,716
(B)		80,968,480,095	89,317,715,347
Net Current Assets (A) - (B)		22,212,468,784	20,339,320,967
<b>Total</b>		<b>229,606,323,081</b>	<b>183,462,149,581</b>
<b>Notes to accounts</b>	15		

As per our report attached  
**For CVK & Associates**  
Chartered Accountants  
(FRN - 101745W)

**For Maharashtra State Power Generation Company Limited**

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

G.J.Girase  
Director (Finance)

Subrat Ratho  
Chairman & Managing Director

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

(Rajesh Joshi)  
Partner (Membership No.38526)

S.K.Labde  
Chief General Manager (A)

Rahul Dubey  
Company Secretary

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

(Rajan Ashar)  
Partner (Membership No.48243)  
Mumbai, 16th September, 2011

## Profit & Loss Account for the Year Ended 31<sup>st</sup> March, 2011

	Schedule No.	2010-11 ₹	2009-10 ₹
<b>Income</b>			
Revenue from sale of power		121,162,323,233	110,845,131,863
Less: Electricity duty		12,242,358	12,625,312
		121,150,080,875	110,832,506,551
Revenue subsidy & grants		14,806,560	
Other income	10	1,037,014,921	1,032,889,323
		122,201,902,356	111,865,395,874
<b>Expenditure</b>			
Cost of fuel		82,817,316,332	83,130,207,751
Generation, administration and other expenses	11	12,233,777,132	11,324,139,098
Employee costs	12	8,705,599,332	5,566,867,994
Depreciation / Amortisation (Refer note no. 19(i) of Schedule 15)		3,981,266,803	3,009,420,564
Interest and finance charges	13	6,574,331,423	4,698,813,506
Prior period (credits) / charges (net)	14	(110,604,067)	191,587,803
		114,201,686,955	107,921,036,716
<b>Net Profit Before Tax</b>		<b>8,000,215,401</b>	<b>3,944,359,158</b>
<b>Less: Provision for Taxation</b>			
For current tax		1,724,000,000	741,000,000
For wealth tax		485,723	531,757
For deferred tax		3,181,162,326	1,168,842,858
<b>Net Profit After Tax</b>		<b>3,094,567,352</b>	<b>2,033,984,543</b>
Add: Balance brought forward from previous year		6,627,351,819	4,588,992,277
Transferred to / (from) Debenture Redemption Reserve		-	(4,375,000)
<b>Balance carried to balance sheet</b>		<b>9,721,919,171</b>	<b>6,627,351,819</b>
<b>Earnings Per Share (in ₹)</b>			
Basic Earnings Per Share		0.68	0.55
Diluted Earnings Per Share		0.68	0.55
<b>Notes to Account</b>	15		

As per our report attached  
**For CVK & Associates**  
 Chartered Accountants  
 (FRN - 101745W)

**For Maharashtra State Power Generation Company Limited**

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

G.J.Girase  
 Director (Finance)

Subrat Ratho  
 Chairman & Managing Director

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

(Rajesh Joshi)  
 Partner (Membership No.38526)

S.K.Labde  
 Chief General Manager (A)

Rahul Dubey  
 Company Secretary

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

(Rajan Ashar)  
 Partner (Membership No.48243)  
 Mumbai, 16th September, 2011



## Schedules forming part of Balancesheet

	As At 31-03-2011 ₹	As At 31-03-2010 ₹
<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	25,000,500,000	25,000,500,000
(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)		
<b>Total</b>	<b>25,000,500,000</b>	<b>25,000,500,000</b>
<b>Schedule 2 : Reserve and Surplus</b>		
<b>1) Debenture Redemption Reserve</b>		
Opening Balance	-	4,375,000
Add: Transferred during the year from / (to) Profit & Loss Appropriation Account	-	(4,375,000)
2) Balance of Profit and Loss Account	9,721,919,171	6,627,351,819
<b>Total</b>	<b>9,721,919,171</b>	<b>6,627,351,819</b>

	As At 31-03-2011 ₹	As At 31-03-2010 ₹
<b>Schedule 3 : Secured Loans</b>		
<b>Term loans</b>		
From Banks		
Short Term Loan (Amount repayable within one year Nil (PY ₹300 Crores))	-	3,000,000,000
Mid term & Long Term Loan (Amount repayable within one year ₹19.55 Crores (PY ₹42.34 Crores))	1,101,838,940	1,426,320,481
Working Capital Loan - (Bank Overdraft)	11,331,957,256	11,352,771,780
<u>From Others</u>		
From Power Finance Corporation Limited (Amount Repayable within one year ₹497.52 Crores (PY ₹325.76 Crores))	52,036,196,361	46,351,543,787
From Rural Electrification Corporation Limited (Amount Repayable within one year ₹335.31 Crores and for PY Nil)	52,815,178,505	30,973,978,094
<b>Total</b> (For details of securities offered against above loans please refer to note no. 6(A) and 6(C))	<b>117,285,171,062</b>	<b>93,104,614,142</b>
<b>Schedule 4: Unsecured Loans</b>		
PFC loans backed by GoM guarantee	6,784,614,000	8,727,302,000
From Banks - Short Term Loan (Amount Repayable within one year ₹2955 Crores (PY ₹716 Crores))	29,550,000,000	19,500,000,000
Term Deposit MMRDA (Amount Repayable within one year ₹100 Crores (PY Nil))	1,000,000,000	1,000,000,000
Project Specific Short Term Loan from Banks (Amount Repayable within one year ₹737 Crores (PY ₹565 Crs.))	7,370,000,000	5,650,000,000
Term Loans from State Government (Amount repayable with in one year ₹47.44 Crores and previous year ₹15.81 Crores)	1,739,876,502	1,898,001,600
<b>Total</b> (Refer to Note no. 6(B) and 6(C))	<b>46,444,490,502</b>	<b>36,775,303,600</b>

## Schedule 5 : Fixed Assets

Assets	Gross Block (At cost)				Depreciation/ Amortisation					Net Block			
	As at 01.04.2010	Additions / Adjustments	Deductions / Adjustments *	As at 31.03.2011	As at 01.04.2010	Depreciation/ Amortisation for the year	Prior Period Depreciation	Deductions / Adjustments *	As at 31.03.2011	Provision for obsolescence 31-03-2011	Provision for obsolescence 31-03-2010	As at 31.03.2011	As at 31.03.2010
<b>Tangible Assets</b>													
Land (including development)													
Freehold	733,692,383	412,640,869	227,002	1,146,106,250	-	-		-	-			1,146,106,250	733,692,383
Leasehold	551,555,769			551,555,769	32,422,231	9,192,740			41,614,971			509,940,798	519,133,538
Buildings													
Factory Buildings	7,847,270,527	4,586,674	445,817,522	7,406,039,679	4,319,266,625	162,486,282	390,342	355,548,019	4,126,595,230	6,043,220	3,798,122	3,273,401,229	3,524,205,780
Others	3,222,685,396	975,933,513	131,544,671	4,067,074,238	1,099,686,060	72,738,053	144,619	714,168	1,171,854,564			2,895,219,674	2,122,999,336
Hydraulic Works	10,254,073,134	3,343,347,459	154,091,057	13,443,329,536	5,033,911,351	292,438,757	8,034,983	67,606,238	5,266,778,853	977,802		8,175,572,881	5,220,161,783
Other Civil Works													
Railway Sidings	2,834,818,280	612,302,639	32,191,198	3,414,929,721	654,388,089	54,399,421	-	8,228,568	700,558,942			2,714,370,779	2,180,430,191
Roads and Others	3,870,146,852	472,300,628	(1,349,684,531)	5,692,132,011	1,185,424,635	91,887,594	2,898,134	(951,984,685)	2,232,195,048	41,846		3,459,895,117	2,684,722,217
Plant, Machinery & Equipments	101,441,536,118	26,937,974,214	5,164,579,804	123,214,930,528	60,699,763,139	3,184,154,049	(233,888,879)	3,222,306,339	60,427,721,970	94,706,520	35,447,886	62,692,502,038	40,706,325,093
Lines & Cable Networks	1,976,272,476	156,287,596	19,848,003	2,112,712,069	1,131,238,622	53,829,904	440,329	24,301,598	1,161,207,257	4,531		951,500,281	845,033,854
Vehicles	197,187,341	10,470,242	43,071,735	164,585,848	141,011,625	15,400,479	739	43,399,337	113,013,506	1,232,164	242,486	50,340,178	55,933,230
Furniture & Fixtures	189,246,512	115,963,586	166,035	305,044,063	108,165,553	10,530,265	(230,496)	3,555,994	114,909,328	116,634		190,018,101	81,080,959
Office Equipments	231,967,565	28,744,160	(416,970)	261,128,695	108,049,202	12,428,346	(177,144)	4,064,658	116,235,746	543,052		144,349,897	123,918,363
Capital Expenditure resulting in Assets not belonging to the Company	853,397,188	(13,462,251)		866,859,439	95,833,185	30,599,251	-	(3,249,184)	129,681,620	455,686		736,722,133	757,564,003
<b>Intangible Assets</b>													
Right to receive water/power	9,987,907		-	9,987,907	5,720,165	1,066,935		-	6,787,100			3,200,807	4,261,742
Software Licences	36,260,080	33,034,475	3,877,001	65,417,554	6,389,600	3,553,798	-	-	9,943,398			55,474,156	29,870,480
<b>Total</b>	<b>134,250,097,528</b>	<b>33,103,586,055</b>	<b>4,631,850,276</b>	<b>162,721,833,307</b>	<b>74,621,270,082</b>	<b>3,994,705,874</b>	<b>(222,387,373)</b>	<b>2,774,491,050</b>	<b>75,619,097,533</b>	<b>104,121,455</b>	<b>39,488,494</b>	<b>86,998,614,319</b>	<b>59,589,339,056</b>
<b>Previous year figures (regrouped)</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>74,621,269,979</b>			<b>59,589,339,056</b>	<b>60,985,822,087</b>

Deduction / Adjustment includes adjustments made upon physical verification of Fixed Assets verified by an external agency.

	As at 31-03-2011 ₹	As at 31-03-2010 ₹
<b>Schedule 6 : Investments (Uncoated at cost)</b>		
<b>Trade Investments - Long Term</b>		
<b>Equity Shares in Subsidiary Companies</b>		
50,000 (PY 50,000) Equity shares of "Dhule Thermal Power Company Limited" of ₹10/- each fully paid-up	500,000	500,000
50,000 (PY Nil) Equity shares of "Dhopave Coastal Power Company Limited" of ₹10/- each fully paid-up"	500,000	-
<b>Equity Shares in Joint Ventures</b>	300,000	300,000
30,000 (PY 30,000) equity shares of "UCM Coal Co. Ltd." of ₹10/- each fully paid up		
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>1,600,100</b>	<b>1,100,100</b>
<b>Schedule 7 - Current Assets, Loans &amp; Advances</b>		
<b>Current Assets</b>		
<b>a) Inventories (As valued and certified by management)</b>	-	-
Coal & Fuel	5,675,926,651	4,590,811,985
Stores & Spares	7,882,497,570	7,056,932,426
Material in transit	300,587,269	444,529,964
Less: Provision for loss on obsolescence of stores	1,125,333,813	1,213,371,470
<b>Total</b>	<b>12,733,677,677</b>	<b>10,878,902,905</b>
<b>b) Sundry Debtors (Unsecured, considered good)</b>		
- Debts outstanding for more than 6 months	4,337,434,154	1,066,627,977
- Other debts	46,305,917,081	31,341,949,676
<b>Total</b>	<b>50,643,351,235</b>	<b>32,408,577,653</b>
<b>c) Cash &amp; Bank Balances</b>		
1. Cash and Stamps on hand	2,439,494	2,755,135
2. Balance with scheduled banks in current accounts	428,931,035	2,111,938,218
3. Remittance in transit	2,763,568	47,417,907
<b>Total</b>	<b>434,134,097</b>	<b>2,162,111,260</b>

	As at 31-03-2011 ₹	As at 31-03-2010 ₹
<b>LOAN AND ADVANCES</b>		
(Unsecured, considered good unless otherwise specified)		
1. Advances and loans to subsidiaries	149,275,180	146,278,019
2. Advance recoverable in cash or in kind or for value to be received	1,640,621,039	1,452,862,032
3. Advances for O & M supplies/ works	1,689,622,576	1,143,431,352
4. Advances for coal/fuel supplies	28,679,348,326	55,754,245,110
5. Advances to staff	299,791,880	239,792,531
6. Deposits	4,610,829,373	3,050,331,999
7. Balance recoverable from excise, custom authorities	5,004,082	8,030,350
8. Prepaid Expenses	76,557,208	157,923,999
9. Claims receivable and Other Current Assets	2,236,367,504	2,312,096,441
	<b>39,387,417,168</b>	<b>64,264,991,833</b>
<b>Less: Provision for doubtful loans &amp; advances</b>		
1. For coal/fuel supplies	8,072,660	47,988,699
2. For advances to suppliers	957,484	957,484
3. For Claims receivable & other current assets	6,389,139	6,389,139
4. Sundry receivables	2,212,015	2,212,015
	17,631,298	57,547,337
	39,369,785,870	64,207,444,496
	<b>103,180,948,879</b>	<b>109,657,036,314</b>

	As at 31-03-2011 ₹	As at 31-03-2010 ₹
<b>Schedule - 8 Current Liabilities</b>		
<b>1. Sundry Creditors</b>		
For Capital Expenditure due to micro, small & medium enterprises (refer note 17 of schedule 15)	-	-
due to others	2,187,528,059	1,765,456,515
For goods and services due to micro, small & medium enterprises (refer note 17 of schedule 15)	-	-
due to others	33,201,338,927	57,383,124,837
<b>2. Deposits and retention from contractors, consumers &amp; others</b>	21,961,501,151	14,138,672,017
<b>3. Other liabilities</b>	13,059,678,207	8,314,457,404
<b>4. Interest accrued but not due on borrowings</b>	1,531,390,038	1,356,934,858
<b>Total</b>	<b>71,941,436,382</b>	<b>82,958,645,631</b>
<b>Schedule - 9 Provisions</b>		
Provision for gratuity	4,331,786,932	3,526,346,251
Provision for leave encashment	3,209,914,618	2,383,358,868
Provision for income tax	4,292,370,814	2,588,741,656
Less : Taxes paid in advance (including TDS)	2,811,314,871	2,143,709,313
	1,481,055,943	445,032,343
Provision for fringe benefit tax	40,769,805	40,769,805
Less: Taxes paid in advance	36,969,308	36,969,308
	3,800,497	3,800,497
Provision for wealth tax	485,723	531,757
<b>Total</b>	<b>9,027,043,713</b>	<b>6,359,069,716</b>

	2010-2011 ₹	2009-2010 ₹
<b>Schedule - 10 Other Income</b>		
Interest income [TDS ₹1,07,378 (PY ₹76,715 )]	5,521,819	7,543,349
Income from rent, hire charges etc.	50,208,088	43,440,406
Profit on sale of stores/scrap	434,798,750	549,750,669
Sale of tender forms	21,519,171	12,792,660
Other receipts	370,794,435	419,362,239
Gain on Foreign Exchange Variation (Net)	154,172,658	-
	<b>1,037,014,921</b>	<b>1,032,889,323</b>
<b>Schedule - 11 Generation, administration and other expenses</b>		
Lubricants, Consumable Stores and Station Supplies	306,757,717	786,943,867
Water charges	1,114,224,085	1,778,660,326
Rent	119,381,872	121,906,869
Lease Rent	3,093,441,757	2,375,042,903
<b>Repairs &amp; Maintenance</b>		
Plant & Machinery	5,859,309,663	4,706,056,418
Building	125,877,042	91,288,107
Others	473,810,522	532,137,512
Insurance Charges	50,756,550	40,390,477
Rates & Taxes	121,249,213	147,810,031
Legal and professional charges	43,529,606	44,867,806
Auditors remuneration	4,243,189	1,986,945
Commission to agents	55,333,384	53,514,489
Other administrative expenses	819,671,443	685,717,664
<b>Loss on fixed assets sold / scrapped</b>	262,014,448	35,837,185
<b>Loss on foreign exchange variance (Net)</b>	-	104,621,576
	<b>12,449,600,491</b>	<b>11,506,782,175</b>
Less: Repairs and maintenance expenses capitalised (net)	9,896,715	14,236,104
Administrative expenses capitalised (net) (Refer note no. 19(iv) of Schedule 15)	205,926,644	168,406,973
	<b>12,233,777,132</b>	<b>11,324,139,098</b>

	2010-2011 ₹	2009-2010 ₹
<b>Schedule 12: Employee Costs</b>		
Salaries, allowances, Bonus etc.	5,910,662,441	4,811,620,730
Staff Welfare Expenses	81,011,259	65,891,974
Other Staff Costs	102,842,102	70,775,618
Leave encashment scheme	1,213,669,720	406,680,457
Gratuity	1,294,078,896	479,740,538
Contribution to Provident & Other Funds	666,294,101	508,006,549
Provision for Shortfall in Plan assets	-	(178,600,000)
	9,268,558,519	6,164,115,866
Less: Employees cost capitalised (net) (Refer note 19 (iii) of schedule 15)	562,959,187	597,247,872
	<b>8,705,599,332</b>	<b>5,566,867,994</b>
<b>Schedule 13: Interest and finance charges</b>		
<b>Interest on</b>		
State Government loans	201,601,164	237,969,937
Debentures	-	231,153
Other loans/ deferred credits	13,222,990,024	9,733,032,821
Borrowing for working capital	815,358,338	654,017,668
Consumer's security deposits	20,437	22,272
<b>Finance Charges</b>		
Government guarantee fees/ charges	158,116,731	196,877,601
Cost of raising finance	-	501,103
Other charges	23,013,112	128,887,054
	14,421,099,806	10,951,539,609
Less: Interest and Finance Charges capitalised (net) (Refer note 19(ii) of schedule 15)	7,846,768,383	6,252,726,103
	<b>6,574,331,423</b>	<b>4,698,813,506</b>



	2010-2011 ₹	2009-2010 ₹
<b>Schedule 14: Prior period credits / charges (net)</b>		
<b>Income</b>		
Other income	33,660,476	16,564,167
Adjustment to past billings relating to previous years	3,168	(10,223,161)
Other excess provisions in prior periods	1,910,928	102,510
Coal / Gas Related Gain	489,454	13,616,000
Receipts from consumers	-	127,997,898
	<b>36,064,026</b>	<b>148,057,414</b>
<b>Expenses</b>		
Fuel related (gains) / losses	3,050,029	4,511,137
(Exces)s / short provision for depreciation	(222,387,373)	71,855,412
Net Interest and finance charges	2,096,901	1,316,806
Operating expensses	141,126,722	86,878,533
Employee costs	(7,399,071)	28,073,316
Other Administration expenses	2,732,604	7,930,566
Material related expenses	6,240,147	139,079,447
	(74,540,041)	339,645,217
	<b>(110,604,067)</b>	<b>191,587,803</b>

Maharashtra State Power Generation Co. Ltd.

## SCHEDULE 15 – NOTES TO ACCOUNTS

### 1) STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES FOR THE YEAR ENDED 31ST MARCH, 2011

#### 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 depreciated fully in the year of purchase.
  - (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. Recoveries on account of Liquidated Damages are recognized as income / adjusted to fixed asset in the year it is crystallized.

**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, deduction / 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 recognised 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 ₹12570.72 Crores (Previous Year – ₹12,282.34 Crores).

### 4) CONTINGENT LIABILITIES (not provided for) :

(in excess of ₹Ten lakhs individually in value)

Sr. No.	Particulars	2010-11	2009-10
(a)	Claims against company not acknowledged as debts	337,70,35,347	339,08,00,513
(b)	Disputed Duties / Tax Demands	122,67,88,138	28,07,14,570
(c)	Bank Gurantee given by Company on behalf of JV (Mahaguj Collieries Ltd.)	13,89,75,000	13,89,75,000
<b>Note</b> – An amount of ₹122,67,88,138 shown against “Disputed Duties and Tax Demands” include an amount of ₹113,51,46,137 towards penalty levied by Income Tax Department vide order dated 31-03-2011, issued u/s 271(1)© of Income Tax Act in respect of assessment for AY 2006-07. MSPGCL has preferred an appeal with Commissioner (Income Tax Appeals) against the said penalty order.			

### 5) SHARE CAPITAL

#### (i) Share suspense account

Pursuant to the transfer scheme of the erstwhile MSEDCL framed for the purpose of restructure of the electricity board, an amount of ₹25,633,633,537 has been allocated to MSPGCL as equity share capital. As per the scheme the company is required to issue equity shares of the said amount to MSEDCL Holding Company Limited. Accordingly Shares amounting to ₹25,000,000,000 have been allotted to MSEDCL Holding Co. Ltd. during the year 2008-09 and ₹63,36,33,537 has been shown under share capital suspense account. However, the transfer scheme is yet to be finally approved by Government of Maharashtra. Upon such approval, the final balance amount of shares will be allotted.

#### (ii) Share Application Account

An amount of ₹22,331,367,000 (P.Y. ₹16,312,667,000) 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. Vide Government Resolution dated 08-10-2010, Government of Maharashtra (GoM) has directed that equity investment by GoM is equity investment through MSEDCL Holding company Ltd. and equity shares with a face value equivalent to the said amount be allotted in the name of MSEDCL Holding Company Ltd. Accordingly the allotment of shares will take place upon approval of the Board. Pending Board approval for allotment of equity to Holding company, the equity has been shown as share application money.

## 6A) SECURED LOANS

For details of secured loan please refer Annexure – A.

- 6B)** Out of the total unsecured loans, loans from Power Finance Corporation amounting to ₹678.46 Crs. (PY ₹872.73) crores are guaranteed by Government of Maharashtra.
- 6C)** The charge/mortgage created against assets of the Company as securities in respect of the loans, taken by the erstwhile Maharashtra State Electricity Board, which are subsequently transferred to the Company on June 06, 2005 pursuant to the transfer scheme notified by the State Government, continues to be valid and binding on the Company. (Refer Annexure A)

## 7) MANAGERIAL REMUNERATION

Details	2010-11 (₹)	2009-10(₹)
Salary & Allowances	92,70,608	45,03,627
Contribution to Provident Fund & Other Funds	6,96,579	2,42,257
Other Benefits	35,95,247	11,80,569
<b>Directors sitting fees</b>	1,20,000	1,00,000
<b>Total</b>	<b>1,36,82,434</b>	<b>60,26,453</b>
This does not include provision for gratuity and leave encashment as the separate actuarial valuation figures are not available.		

## 8) REMUNERATION TO AUDITORS

	2010-11 (₹)	2009-10 (₹)
For Audit	36,39,900	18,36,945
For Taxation Matters		-
For Certification Work	3,30,000	-
Reimbursement of out of pocket expenses	1,66,350	1,50,000
<b>Total</b>	<b>41,36,250</b>	<b>19,86,945</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	
	2010-11	2009-10
Maharashtra State Electricity Distribution Company Limited (MSEDCL)	50,627,107,923	32,396,317,431

**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	
	2010-11	2009-10
Maharashtra State Electricity Distribution Company Limited (MSEDCL)	223,262,607	184,650,491
Maharashtra State Electricity Transmission Company Limited.(MSETCL)	173,409,997	176,162,618
MSEB Holding Company Limited	209,515,536	13,218,576
MahaGuj Collieries Limited	139,611,144	140,518,387
Dhopave Coastal Power Limited	8,564,597	5,699,764
Aurangabad Power Company Limited	34,756,784	1,050,642
Dhule Thermal Power Company Limited	1,099,439	59,868
UCM Coal Company	2,354,908	33,535,463

**11) EXPENDITURE/EARNING IN FOREIGN CURRENCY**

	2010-11 (₹)	2009-10 (₹)
Traveling Expenses	Nil	Nil

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

	2010-11 (₹)	2009-10 (₹)
Fuel	Nil	Nil
Components and Spare parts	5,266,867	13,032,534
Capital Goods	Nil	2,160,802,211

**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:**

		2010-11 (₹)		2009-10 (₹)	
A)	Raw Materials – Coal, Gas & Oil	%	₹.	%	₹.
	Imported (Procured locally)	12%	8,962,602,956	20%	17,077,335,000
	Indigenous	88%	68,806,371,067	80%	66,404,349,468
	<b>Total</b>	<b>100%</b>	<b>77,768,974,023</b>	<b>100%</b>	<b>83,481,684,468</b>
B)	Stores, Spares and Component				
	Imported	1%	35,621,977	1%	35,503,927
	Indigenous	99%	3,560,399,020	99%	3,189,380,199
	<b>Total</b>	<b>100%</b>	<b>3,596,020,997</b>	<b>100%</b>	<b>3,224,884,126</b>

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

	2010-11 (₹)		2009-10 (₹)	
Consumption	Quantity	Value (₹)	Quantity	Value (₹)
Coal (Th. MT)	31705.59	65,796,605,384	34566.38	72,224,775,099
Gas (Million SMC)	1257.82	9,699,880,517	1205.16	6,483,484,809
Oil (KL)	247791.63	7,320,830,431	148,423	4,421,947,843
<b>Total</b>		<b>82,817,316,332</b>		<b>83,130,207,751</b>

## 15A) QUANTITATIVE DETAILS

Licensed Capacity, Installed Capacity & Production						
Power Plant	Capacities					
	\$ Licensed		@ Installed (In MW)		Gross Production/ Generation (In Million KWH )*@	
	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
		Quantity (Units)		Quantity (Units)		Quantity (Units)
Hydro	N.A.	N.A.	2335	2,344	4,656	4,244
Thermal	N.A.	N.A.	6730	6,800	36,743	41,522
Gas	N.A.	N.A.	672	852	5,457	5,109
Solar	-	-	1	-	1.23	-
<b>Total</b>	<b>N.A.</b>	<b>N.A.</b>	<b>9738</b>	<b>9,996</b>	<b>46857</b>	<b>50,875</b>
<p>\$ 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.</p>						
<p>@ As certified by the Chief Engineer (Works) and being a technical matter accepted by the Auditors as correct. The Installed Capacity for Thermal Units for FY 2010-11 is de-rated by 70MW. The installed capacity for Hydro Units for FY 2010-11 has increased by 116 MW. The installed capacity for Gas Unit for FY 2010-11 has increased by 180MW. During the year MSPGCL has newly commissioned 1 MW Solar Power Project at Chandrapur. Further, with effect from December 2010, MSPGCL has closed following Units.</p> <p>Bhusawal – 1 (62.50 MW), Koradi -1 to 4 - (480 MW), Paras -2 (62.50 MW) and Parli (1&amp;2) – (60 MW)</p>						
<p>*Including auxiliary consumption of 4,118 Million Units (PY 4,449 Million Units)</p>						

<b>Units sold:</b>				
<b>Power Plant</b>	<b>2010-11</b>		<b>2009-10</b>	
	<b>Quantity (Units)</b>	<b>*Value (₹)</b>	<b>Quantity (Units)</b>	<b>*Value (₹)</b>
Hydro	4,628	3,842,200,000	4,037	3,167,370,248
Thermal	32,758	105,231,723,369	37,379	91,200,552,231
Gas	5,352	11,302,987,415	5,010	8,781,403,972
Solar	1.23	3,701,640		
<b>Total</b>	<b>42,739</b>	<b>120,380,612,424</b>	<b>46,426</b>	<b>103,149,326,451</b>
* excluding sales to residential colony & other miscellaneous sales amounting to ₹769,468,451 (PY ₹7,683,180,100)				

**15B)** Revenue Subsidy / Grant –During the current year MSPGCL has recognized revenue from sale of power through solar project amounting to ₹37,01,640 (Rate @ ₹3 per Unit) and has lodged claim of ₹1,48,06,560 (@ ₹12 per Unit) with Government of India towards Revenue subsidy/ Grant in the form of Generation Based Incentive.

**16A)** The balances of sundry debtors, loans and advances are subject to confirmation and reconciliation if any. From FY 2010-11, company has commenced 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. The company is in receipt of certain confirmation. The company in the process of reconciling with the books of account as the case may be.

**16B)** Loans and advances include an amount of ₹2793.06 Crs. (PY ₹5568.25 Crs.) towards advances paid to coal suppliers. Against these advances the company has liability for supply of coal amounting to ₹2659.05 Crs. (PY ₹5371.68 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.

**16C)** During the year, Company has carried out an exercise to identify the impaired cash generating units along with the exercise of physical verification of fixed assets. As a result thereof, Company has decided to scrap such identified impaired units. Accordingly, an amount of ₹1,095,122,632 is transferred to ‘Assets held for sale’. The management has appointed an agency to ascertain the estimated realizable value of such assets. Pending receipt of the report, in view of the management, the net realizable value would be higher than the carrying value in the books and therefore does not require any provisioning.

- 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. Further during the year, company has paid an interest amounting to ₹12,86,064/- to M/s. Trust System towards delayed payment applicable under MSME Act.

## 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 the period 31.03.2010. & further reconciliation will be completed shortly. Having carried out the Joint reconciliation, the claims on account of missing coal wagons against the unconnected coal wagons in respect of South Eastern Railway is 3445 Nos. Of Net Missing Coal wagons, which are required to be replenished by the Railway.

The claims for 3689 wagons, SER obtained the concurrence of their finance section, which will be settled soon. The matter is under constant pursuance. The approximate cost of the 3445 missing coal wagons is ₹11.88 crores. The matter of replenishment of the said wagons is under pursuance with the concerned Zonal Railway Authorities.

- (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. (S.E. (Coal))

## 19) CAPITALIZATION OF DEPRECIATION, INTEREST, EMPLOYEE COST, REPAIR MAINTENANCE & ADMINISTRATION COST

- (i) Out of the total depreciation for the year, net depreciation of ₹13,439,071(previous year ₹11,590,629 /-) 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, net interest and finance charges of ₹7,846,768,383 /- (previous year ₹6,252,726,103 /-) 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, net employee cost of ₹562,959,187 (previous year ₹597,247,872/-) on construction facilities and fixed assets used for construction of other assets, has been capitalized towards the cost of other relevant assets.
- (iv) Out of the total Repair & Maintenance and Administration expenditure for the year, the Repair & Maintenance expenditure of ₹9,896,715 (previous year ₹14,236,104/-) and Administration expenditure of ₹205,926,644 (PY ₹168,406,973) 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 ₹Nil (PY ₹4,375,000) has been repaid and Debenture Redemption Reserve has been reduced to that extent.

## 21) DISCLOSURES REQUIRED BY ACCOUNTING STANDARDS

### a) Employee Benefits

#### (i) Short Term Employee Benefits

Short term employee benefits like salaries, wages, allowances, perquisites, bonus, incentives, medical expenses reimbursements, contribution to group insurance schemes, leave travel assistance and other benefits which fall due within twelve months after the end of the period in which the employee renders the related services are accounted as expenses in the period in which services are 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. Accordingly, company has recognized ₹5,84,86,999 (PY Nil) towards shortfall of CPF Trust.



- (iii) The amount recognized in balance sheet in respect of Company's share of assets and liabilities of the fund managed by the CPF Trust are as under:

		For the year ended 31st March, 2011 (₹ In Crore)	For the year ended 31st March, 2010 (₹ In Crore)
		(Unaudited)	(Unaudited)
1.	Liability for subscriptions and interest payable to employees at the end of year	1219.99	1110.25
2.	Fair Value of Plan Assets at the end of year	1220.20	1140.26
3.	Net Liability	(0.21)	(30.01)

- (iv) Description of Plan Assets

		For the year ended 31st March, 2011 (in %) Unaudited)	For the year ended 31st March, 2010 (in %)
1.	Special Deposit Schemes	38.87	41.30
2.	Bonds issued by public sector enterprises and Financial institutions	33.60	30.45
3.	State Government Securities	14.87	15.01
4.	Central Government Securities	11.67	11.63
5.	Mutual Fund Units	-	0.46
6.	Others	0.99	1.15

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

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, 2011 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 31st March, 2011 (₹)		For the year ended 31st March, 2010 (₹)	
		Gratuity	Leave Encashment	Gratuity	Leave Encashment
		Unfunded	Unfunded	Unfunded	Unfunded
1.	Current Service Cost	149,265,436	91,628,171	224,836,624	104,055,440
2.	Interest Cost	281,928,542	190,668,709	242,062,741	154,777,563
3.	Curtailment Cost / (Credit)	--	--	--	--
4.	Settlement Cost / (Credit)	--	--	--	--
5.	Past Service Cost	--	--	--	--
6.	Actuarial Losses / (Gains)	842,761,348	866,761,284	17,320,446	55,670,975
7.	Total expense recognized in the Statement of Profit and Loss Account	1,273,955,326	1,149,058,164	479,740,538	406,680,457
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	31st March, 2011 (31st March, 2010) (₹)	
		Gratuity	Leave Encashment
		Unfunded	Unfunded
1.	Present Value of Defined Benefit Obligation at the beginning of period	3,524,106,779 (3,458,039,161)	2,383,358,868 (2,211,108,039)
2.	Current Service Cost	149,265,436 (224,836,624)	91,628,171 (104,055,440)
3.	Interest Cost	281,928,542 (242,062,741)	190,668,709 (154,777,563)
4.	Past Service Cost	--	--
5.	Curtailment Cost / (Credit)	--	--
6.	Settlement Cost / (Credit)	--	--
7.	Actuarial( Gains) / Losses	842,761,348 (17,320,446)	866,761,284 (55,670,975)
8.	Benefits Paid	(466,275,173) (418,152,192)	(322,502,414) (142,253,149)
9.	Present Value of Defined Benefit Obligation at the end of period	4,331,786,932 (3,524,106,779)	3,209,914,618 (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 31st March, 2011 (₹)	
	Actuarial Assumptions	Gratuity	Leave Encashment
		Unfunded	Unfunded
1.	Increment Rate	5%	5%
2.	Rate of Discounting	8.25%	8.25%
3.	Attrition rate	Age Related (2%)	Age Related (2%)
4.	Mortality Table	LIC (1994-96) Ultimate	LIC (1994-96) Ultimate

**b) 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.

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

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

Other disclosures as required by AS 18 are as under:

**Remuneration paid to Directors**

	<b>Name of Related Party</b>	<b>Nature of relationship</b>	<b>2010-11 (₹)</b>	<b>2009-10 (₹)</b>
i)	Mr. Subrat Ratho	Managing Director	12,46,025	18,18,184
ii)	Mr. G.J.Girase	Director (Finance)	10,00,281	8,90,321
iii)	Mr. M.R.Shelar	Director (Operation)	11,14,865	13,32,269
iv)	Mr. C.S.Thotwe	Executive Director (Gen. O & M) 01.01.2008 & Director (Project)	11,70,536	9,93,609
v)	Mr. M.G.Waghmode	Executive Director 04/10 to 11.03.11 and Director (Operation) 12.03.11 to 31.03.11	13,15,130	--
<b>Remuneration to Key Managerial Persons</b>				
i)	Mr. A.P.Choudhari	Executive Director (HR)	11,57,064	8,90,368
ii)	Mr. J.K.Shrinivasan	Executive Director (Finance)	10,23,075	-
iii)	Mr. A.T.Daulekar	Executive Director	35,35,408	
v)	Mr. V.P.Singh	Executive Director	13,15,692	-
vi)	Mr. V.S.Patil	Executive Director	6,84,358	-

**d) Disclosures regarding leases**

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

**Holding Company Lease** - The company has entered into the lease agreement with MSEB Holding company, initially for two years with effect from 01-04-2008 in respect of office premises occupied at Head Office i.e. Prakashgad and Dharavi, guest house at New Delhi and residential quarters at various places in Mumbai for which lease rent is payable to the extent of ₹11.70 Crs. p.a. for FY 2010-11 (PY ₹11.70 Crs.). Further with effect from 01-04-2010, it has been mutually agreed among the group to extend the Agreement for further period of 24 months on the same terms and conditions. Further the company is also occupying certain part of premises at HSBC Building, Fort for which there is no lease agreement and hence there has been no provision for proportionate share of expenses for the last four years. However the expenditure will be accounted for on finalization of agreement.

**Hydro Lease** - MERC has issued order for revised lease rentals to be paid to Government of Maharashtra with effective from 2009-10 in respect of various hydro power stations under the control of the Company. During year 2010-11 company has provided for lease rent of ₹309.27 Crs. Further during the current year Government of Maharashtra has taken over Veer Hydro Power Station for Renovation and Modernisation. Further, vide letter dated 03-03-2011, GoM has informed that it would be taking over Bhatghar, Yeldari and Vaitarna HPS for Renovation and Modernisation. However at present these HPS are still in the possession of the company and are being operated by the company, hence the accounting effect of the same would be considered in the Books of Accounts of the company in the year in which these HPS would be handed over to GoM.

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

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 with SBI PLR. During the year 2010-11 company has paid lease rent ₹7,41,757 (PY ₹6,70,00,000) to SBI. The lease has been completed and company has acquired asset from SBI during current year.

**Uran Leasehold Land** – Company has acquired 1,90,799 sq. mtrs. of land at Uran for the purpose of implementing Gas based Expansion project. The land for the said project has been acquired from CIDCO on lease vide Lease Deed dated 03-06-2008 for a period of sixty years at the cost of ₹42.93 Crs. and the same is being amortised.

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

	2010-11 (₹)	2009-10 (₹)
Profit After Tax as per Accounts (For Basic and Diluted Earnings Per Share) – (A)	3,094,567,352	2,033,984,543
Weighted Average number of shares outstanding during the year for Basic EPS (Nos.) – (B) *	4,541,751,424	3,725,141,231
Weighted Average number of shares outstanding during the year for Diluted EPS (Nos.) – (C)	4,541,751,424	3,725,141,231

Basic Earnings Per Share (A) / (B)	0.68	0.55
Diluted Earnings Per Share (A) / (C)	0.68	0.55
* Weighted average number shares includes the shares to be allotted towards share suspense & share application money		

**f) 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.

**(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 ₹172.40 Crs. (PY ₹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.

**(ii) Deferred Taxation:** The item-wise details of cumulative Deferred Tax Liability are as under:

Particulars	Deferred Tax Asset / Liability as at 31.3.2010	Debit / Credit for the Current Year debited/ credited to Profit and Loss Account	Deferred Tax Asset / Liability as at 31.3.2011
a) Deferred Tax Liabilities			
(i) Depreciation	9,076,435,400	3,476,807,621	12,553,243,021
<b>Total</b>	<b>9,076,435,400</b>	<b>3,476,807,621</b>	<b>12,553,243,021</b>

b) Deferred Tax Asset			
(i) Items covered u/s 43B	1,251,196,157	194,721,667	1,445,917,824
(ii) Gratuity	1,171,364,066	267,547,258	1,438,911,324
(iii) Unabsorbed Depreciation	1,645,795,695	(166,623,631)	1,479,172,064
<b>Total</b>	<b>4,068,355,917</b>	<b>295,645,295</b>	<b>4,364,001,212</b>
Deferred Tax Liabilities/ Asset (Net)	5,008,079,483	3,181,162,326	8,189,241,809

- g) Revenue from sale of power includes ₹1195 Crs.(PY ₹763 Crs.) being recorded based on MERC order in respect of earlier years. The company has already filed Petitions with MERC seeking increase in revenue in respect of current and earlier years amounting to ₹1723 Crs. In accordance with Accounting Policy no. (i) the same will be recognized as revenue upon issue of orders by MERC. Further claim for resetting of station heat rate is yet to be decided by MERC, the amount of such claim is unascertained.

#### 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 31st March 2011 & 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	2010-11 (Un-Audited)	2009-10 (Audited)
Income	0	10,633
Expenditure	6,494,249	3,598,874
Fixed Assets	354,475	423,738

Other Assets	23,771	1,838,064
Unsecured Loan	143,184,439	138,859,058
Current Liabilities	689,670	404,357
Accumulated Surplus / (Deficit)	(143,644,780)	(137,150,531)
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 18.75%% in the joint Venture.

Based on the unaudited accounts of UCM Coal Company Ltd. the assets and liabilities as at 31st March 2011 & 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	2010-11 (Un-Audited)	2009-10 (Audited)
Income	0	646,399
Expenditure	2,648,827	35,515,767
Fixed Assets	16,065	16,049
Other Assets	2,684,336	785,864
Unsecured Loan	937,500	35,299,453
Current Liabilities	618,281	153,506
Accumulated Surplus / (Deficit)	(183,330)	(34,951,046)
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

₹ in Lakhs

Name/ Description of Project	Balance as on 31/03/2011	Balance as on 31/03/2010	Security for loan
New Parali Expansion Project Enhancement Of Loan Amount	8,885.64	8,885.64	Hypothecation of steam generator and accessories of new parli tps unit 1
Paras TPS Extension 1X250 M.W. Coal Based Power Projectat Paras	70,562.18	79,382.45	Mortgage / Hypothecation of future assets to be created for project together with land
New Parli Expansion Project Unit 2	1,01,015.52	83,000.00	Mortgage / Hypothecation of future assets to be created for project together with land
Paras Expansion Project Unit 2	1,16,088.45	88,787.34	Mortgage / Hypothecation of future assets to be created for project together with land
Khaperkhada TPS Expansion Project	1,92,393.26	1,71,045.42	Mortgage / Hypothecation of future assets to be created for project together with land
R & M of Koradi TPS under 10th Plan	822.54	1,005.33	Assets of Parli TPS unit 3, 4 & 5 together with land.
R & M of Parali TPS under 10th Plan	531.41	608.65	
R & M of Bhusawal TPS under 10th Plan	876.05	1,070.73	
R & M of Khaperkhada TPS under 10th Plan	174.78	213.62	
R & M of Chandrapur TPS Under 10th Plan	1,407.56	1,720.35	
R & M of Nasik TPS under 10th Plan Coal Mills of 210 MW units by	1,534.50	1,875.50	
Flue Gas Duct Modificationin unit 5&6 (2X500) MW of Chandrapur TPS	440.00	550.00	
Various R&M Activates of Chanrapur TPS	1,588.41	1,877.21	
Renovation, Modernisation & Life Extension of 500 MW Koyana Hydro Power Station	3,024.00	3,528.00	
Residual Life Assessment / Life Extension Study of Koraditps Unit I to IV	0.00	0.00	
Procurement of Rotor	533.33	615.38	
R & M of Chandrapur TPS	6,961.97	8,075.88	

Procurement of Simulator For 500 MW units at Chandrapur TPS	216.91	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	891.89	1034.59	
Replacement of Existing Operating System (OS) & Information System (IS) for Waste Heat Recovery Unit I & II (2X120 MW) GTPS Uran	65.68	75.79	
Installation of Ammonia Flue Gas Conditioning System of 210 MW Units	260.09	116.17	
R&M Works of Koradi TPS	1,395.48	1,429.69	
R&M Works of Bhusawal, Parli & Paras	347.60	-	
R&M Works of Nasik TPS U 1&2	1,490.99	-	
Upgradation of Rly Siding System at Nasik TPS	2,187.51	2,395.84	
Procurement of 250 MVA Generator Transformer for Koyna	276.00	306.67	
ASH Bund for Koradi TPS	1,838.68	1,685.24	
R&M Scheme of Replacement of Boiler Economizer / LTSH Coils and Water Wall Panels Required For Various TPS of MSPGCL	3,873.58	4,042.00	
1 MW Solar Chandrapur	677.94	-	
	<b>5,20,361.96</b>	<b>4,63,515.42</b>	

Maharashtra State Power Generation Co. Ltd.

₹ in lakhs

Name/ Description of Project	Balance as on 31/03/2011	Balance as on 31/03/2010	Security for Loan
Bhusawal Expansion Project	3,63,798.19	2,55,088.17	Mortgage / hypothecation of present & future assets created / to be created for subject project together with land
Chandrapur Expansion Project	1,25,780.87	47,751.78	Mortgage / hypothecation of present & future assets created / to be created for subject project together with land

Parli Replacement Project	38,572.72	6,899.83	Mortgage / hypothecation of present & future assets created / to be created for subject project together with land
	<b>5,28,151.79</b>	<b>3,09,739.78</b>	

₹ in lakhs

Name/ Description Of Project	Balance as on 31/03/2011	Balance as on 31/03/2010	Security for Loan
Bank Of India - Term Loan	-	2,600.67	Pari passu first charge on all movable property of khaperkhada tps, (unit 1,2,3 & 4)
Canara Bank - Term Loan	9,304.54	10,938.51	
Syndicate Bank Term Loan	1,713.85	724.03	
Msc STL	-	30,000.00	Post dated cheques
	<b>11,018.39</b>	<b>44,263.20</b>	
Bank Overdraft	1,13,319.57	1,13,527.72	Stock & debtors
Total Secured Loan	11,72,851.72	9,31,046.12	

## Cash Flow Statement for the year ended 31.03.2011

		2010-11 (₹)			2009-10 (₹)	
<b>A.</b>	<b>Cash flow from Operating Activities</b>					
	<b>Net Profit After Taxes</b>		3,094,567,352			2,033,984,543
	<b>Adjustments for:</b>					
	Provision for Taxation	4,905,162,326			1,909,842,858	
	Provision for Obsolescence of Stores	(88,037,657)			367,090,610	
	Provision for doubtful advance	(39,916,039)			(410,544)	
	Provision for Gratuity	805,440,681			61,073,150	
	Provision for Leave Encashment	826,555,750			172,250,829	
	Current Year Depreciation and amortisation	3,981,266,803			3,021,011,199	
	Prior Period Depreciation and amortisation	(222,387,373)			71,855,412	
	Interest Income	(5,521,819)			(7,543,349)	
	Interest and finance charges	6,574,331,423			4,698,813,506	
	Bad Debts Written off-dues from consumers	12,360		-		
	Bad Debts written of-Advances to Suppliers/Contractors	982,680		-		
	Bad & Doubtful Debts provided for-Advances to Suppliers/Contractors	5,988,535		-		
	Bad and doubtful debts provided - Others	1,323,124		486,523		
	Shortages Pending Investigation	9,419,086		521,649		
	Loss of materials by pilferage etc.	1,717,131		-		
	Loss on Obsolescence of capital asset	200,004,787		25,878,608		
	Loss on Obsolescence of Stores	(88,037,657)		376,262,234		
	Small & low value items w/off	786,978				
	WDV of assets scrapped	62,009,661				
	Write offs / Other Non Cash items	194,206,685			403,149,014	
			16,931,100,780			10,697,132,685
	<b>Operating Profit before Working Capital Changes</b>					
	<b>Adjustments for:</b>					
	Trade & Other Receivables	6,639,804,026			(11,268,981,689)	
	Advance to subsidiaries	2,997,161			6,449,404	
	Inventories	(1,766,737,115)			(2,991,737,845)	
	Trade Payables and Provisions for employee benefits	(10,626,002,721)			1,790,553,994	
	Interest on advances	5,521,819			7,543,349	
	Cash Generated from Operations		(5,744,416,830)			(12,456,172,787)

	Taxes paid (Including Fringe Benefit Tax)		(667,605,558)			(502,414,603)	
				(667,605,558)			(502,414,603)
	<b>Net Cash from Operating Activities (A)</b>			<b>13,613,645,744</b>			<b>(227,470,162)</b>
<b>B.</b>	<b>Cash Flow from Investing Activities</b>						
	Purchase of Fixed assets		(48,656,293,543)			(44,132,039,487)	
	(Purchase)/Sale of Investments		(500,000)			500,000	
	Loss on exchange variance (Assets)		(153,396,943)			113,340,012	
	<b>Net Cash used in/from Investing Activities (B)</b>			<b>(48,810,190,486)</b>			<b>(44,018,199,475)</b>
<b>C.</b>	<b>Cash Flow from Financing Activities</b>						
	Increase in share application money		6,018,700,000			6,672,667,000	
	Proceeds from Borrowings						
	Total Borrowings		129,749,179,676			107,928,699,833	
	Total Repayments		(95,899,435,854)			(65,651,105,217)	
	Interest and finance charges		(6,399,876,243)			(4,444,295,267)	
	<b>Net Cash from Financing Activities (C)</b>			<b>33,468,567,579</b>			<b>44,505,966,349</b>
	<b>Net (Decrease)/Increase in Cash and Cash Equivalents (A)+(B)+(C)</b>			<b>(1,727,977,163)</b>			<b>260,296,712</b>
	<b>Cash and Cash Equivalents as at the beginning of the year</b>						
	Cash on hand		2,755,135			1,473,949	
	Balances with banks and remittance in transit		2,159,356,125	2,162,111,260		1,900,340,599	1,901,814,548
	<b>Cash and Cash Equivalents as at the end of the year</b>						
	Cash on hand		2,439,494			2,755,135	
	Balances with banks and remittance in transit		431,694,603	434,134,097		2,159,356,125	2,162,111,260

As per our report attached

**For CVK & Associates**

Chartered Accountants

(FRN - 101745W)

**For Maharashtra State Power Generation Company Limited**

(A.K.Pradhan)

Partner (Membership No.32156)

G.J.Girase  
Director (Finance)

Subrat Ratho  
Chairman & Managing Director

**For K.S. Aiyar & Co.**

Chartered Accountants

(FRN - 100186W)

(Rajesh Joshi)

Partner (Membership No.38526)

S.K.Labde  
Chief General Manager (A)

Rahul Dubey  
Company Secretary

**For G.M. Kapadia & Co.**

Chartered Accountants

(FRN - 104767W)

(Rajan Ashar)

Partner (Membership No.48243)

Mumbai, 16th September, 2011

## 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
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#### Balance sheet date

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

### 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

3	1	0	5	7	4	8	0	3
---	---	---	---	---	---	---	---	---

#### Total liabilities

3	1	0	5	7	4	8	0	3
---	---	---	---	---	---	---	---	---

#### Sources of funds

#### Paid up capital

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

#### Reserves And Surplus

9	7	2	1	9	1	9
---	---	---	---	---	---	---

#### Secured loan

1	1	7	2	8	5	1	7	1
---	---	---	---	---	---	---	---	---

#### Unsecured Loan

4	6	4	4	4	4	9	0
---	---	---	---	---	---	---	---

#### Application of funds

#### Net fixed assets

8	6	9	9	8	6	1	4
---	---	---	---	---	---	---	---

#### Investments

1	6	0	0				
---	---	---	---	--	--	--	--

**Net current assets**

2	2	2	1	2	4	6	8
---	---	---	---	---	---	---	---

**Accumulated losses**

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

**Deferred Rev. Exp. (Misc. Exp.)**

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

**Deferred Tax liabilities**

8	1	8	9	2	4	1
---	---	---	---	---	---	---

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

1	2	1	1	5	0	0	8	0
---	---	---	---	---	---	---	---	---

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

8	0	0	0	2	1	5
---	---	---	---	---	---	---

**Earning per share ₹.**

0	.	6	8
---	---	---	---

**Total expenditure**

1	1	4	2	0	1	6	8	6
---	---	---	---	---	---	---	---	---

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

3	0	9	4	5	6	7
---	---	---	---	---	---	---

**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
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Maharashtra State Power Generation Co. Ltd. **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 31st March 2011)**

<b>Particulars</b>	<b>Dhule Thermal Power Co Ltd</b>	<b>Mahaguj Collieries Ltd.</b>	<b>Dhopave Coastal Power Co. Ltd</b>
The extent of the holding company interest in the subsidiary at the end of the financial year i.e. 31st March 2011	100%	60%	100%
Paid up share capital of subsidiary company ₹	500000	500000	500000
Extent to interest of company in subsidiary company ₹	500000	300000	500000
Net aggregate amount of profit /(loss) after tax of subsidiary company as on 31.3.11 ₹ (See Note)	(47149)	(239407967)	(29087951)
Share of MSPGCL (₹)	(47149)	(143644780)	(29087951)

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

Maharashtra State Power Generation Co. Ltd.





# Projects Features

Maharashtra State Power Generation Co. Ltd.



**Bhusawal Bunker A,B,C,D**



**Bhusawal Coal Mill A,B,C,D**





**Bhusawal Conveyor Structure**



**Chandrapur Turbo Generator**





**Bhusawal Wagon Tippler CHP**



**Bhusawal Generator Transformer**



**Parli Project Chimney**



**Koradi Turbine Area**



## **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