MAHAGENCO

Maharashtra State Power Generation Co. Ltd.

Generating for Generations

Annual Report
2017-2018

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MAHARASHTRA STATE POWER GENERATION COMPANY LIMITED

ANNUAL REPORT

2017-2018

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Contents

Maharashtra State Power Generation Co. Ltd.

Board of Directors (from 01.04.2017 up to AGM Date)

Chairman & Managing Director	Shri Bipin Shrimali (w.e.f. 05.01.2015)
	Shri Arvind Singh (Addl. Charge)
Director	Shri Arvind Singh (w.ef. 22.02.2017)
Director (Mining)	Shri Shyam Wardhane (w.ef. 14.09.2016 to 12.11.2018)
	Shri P.V.Jadhav (Addl. Charge w.ef. 14.11.2018)
Director (O)	Shri C.S.Thotwe (w.e.f.19.09.2016)
Director (F)	Shri J.K.Srinivasan (w.e.f. 26.05.2014 to 11.08.2017)
	Shri S.J.Amberkar (w.e.f. 11.08.2017)
Director (P)	Shri V.M.Jaideo (w.e.f.19.09.2016)
Director	Smt Irawati Dani (w.e.f.26.06.2014 to 31.05.2017)
	Smt Juelee Wagh (w.e.f. 15.06.2018)
Director	Shri Vishwas Pathak (w.e.f. 21.07.2015)

DIRECTORS' REPORT

Dear Members

Your Directors are pleased to present the 13th Annual Report and the audited annual accounts for the year ended 31st March 2018.

Financial Results (Standalone)

(₹ in crores)

Particulars	2017-18	2016-17 (Restated)
Income		
Revenue from Sale of Power(net)	21062	18355
Other Income	256	200
Gross Income	21318	18555
Expenditure		
Cost of Material consumed	11561	11023
Other Exp	2291	2018
Employee Cost	1408	1239
Depreciation/ amortization	2656	2107
Finance Cost	3321	2907
Prior Period Items (Net)		
Profit before Tax	81	(739)
Tax (net) (Current tax net of deferred tax gain)	642	6
Net Profit after tax	723	(733)
Items that will not be reclassified to Profit & Loss (Other comprehensive income)		
Remeasurements of the defined benefit plans	(35)	(58)
Tax expense on OCI items	12	20
Total Comprehensive Income for the period, net of tax	700	(771)

(A) Financial Performance

During the year under review, the income from sale of power increased by 14.74 % from ₹ 18355 crores to ₹ 21062 crores. Increase in revenue is due to increase in Net generation of MU's (6.68 %) from 46135 MU's to 49221 MU's and increase in surcharge Bills. Other income during this period increased by 28 % by ₹ 56 crores thereby making overall decrease in total income by 14.89 %. The cost of material consumed increased marginally 4.88% from ₹ 11023 crores to ₹ 11561 crores. The main reason for increase in this cost was increase in water charges. The Finance cost increased by 14.24% from ₹ 2907 crores to ₹ 3321 crores mainly on account of full impact of interest burden on commissioning of Koradi, Chandrapur and Parli new units. Employee cost has increased from ₹ 1239 crores to ₹ 1408 crores (13.64%) due to rise in salary & wages by ₹. 44 Crores and rise in Acturial valuation of liabilities of Leave encashment & Gratuity by ₹ 113 Crores on account of enhancement in gratuity ceiling limit. Depreciation /amortization have increased by 26.05 % due to full impact of depreciation on newly commissioned units at Koradi, Chandrapur and Parli. The other expenses have increased by 13.52% from ₹ 2018 crores to ₹ 2291 crores. Consequently, there is overall profit before tax ₹ 82 Crs as against loss of ₹ 739 Crs previous year (restated as per Indian Accounting standards). After Provision of Income tax overall net profit was ₹ 700 crores as against net loss of ₹ 771 Crs (restated as per Indian Accounting standards).

(B) Operational Performance

The total Installed Capacity of Mahagenco was 13602 MW as on 31st March 2018.

- During the year 2017-18, for coal-fired plants, the average availability factor was 69.75% as against 68.51% of last year.
- The plant load factor was 53.93% as against 52.74% of last year.
- The planned outage & forced outage factor for the year 17-18 were 9.05% & 5.71% as against 12.95% & 7.35% for 2016-17.
- The outages due to external factors (Zero schedule by MSEDCL, eco. Shutdown, water shortage & coal shortage) was 15.49%.

Chandrapur units could not be run due to water shortage for the periods mentioned below-

a. Chandrapur-3 – 01.11.2017 to 31.03.2018

b. Chandrapur-4 – 01.11.2017 to 31.03.2018

Also, Chandrapur U-5,6,7 could be run intermittently due to water shortage during January' 2018 to March' 2018 looking at the forthcoming demand in April 2018 to June 2018.

Following units were under economic shutdown as per MERC order-

a. Parli U-4- 01.04.2017 to 31.03.2018

b. Parli U-5- 01.04.2017 to 31.03.2018

Following unit is under R&M for the period mentioned below-

a. Koradi U-6 - 01.04.2017 to 31.03.2018

Following units were decommissioned and retired.

a. Bhusawal U-2 from 01-04-2017

b. Radhanagari 4.8 MW (4x1.2MW) from 20.04.2017.

For gas based plants, average availability was 94.83% and PLF was 54.57% due to less gas receipt.

The other operational performance factors are as below:-

- The Realization of Coal for the current year was 59.36% as against 74.96% of previous year.
- Specific coal consumption for the current year was 0.752 Kg/ Kwh as against 0.739 Kg/ Kwh of last year. Specific coal consumption increased as the coal quality has deteriorated compared to last year. The average gross calorific value of coal fired during current year was 3243 Kcal/Kg as against 3374 kcal/kg of last year.
- The Boiler tube leakage percentage for the current year was 2.22% as against 3.08% of last year.
- Specific oil consumption for the current year was 1.48 ml/Kwh as against 1.15 ml/Kwh of last year. This is due to partial loading of units on account of LD backing down, coal shortage and poor coal quality.
- The auxiliary consumption was 8.09% as against 8.35% of last year.
- The heat rate for the current year was 2453 Kcal/kwh.
- The transit loss for the current year was 0.76% as against 1.06% for last year.

Implementation of Director Five Point Programme (DFPP)

- **Director's Five point programme was implemented at all TPS as under;**
  - o Specific coal consumption reduction
  - o Auxiliary Power Consumption reduction
  - o Zero Coal Demurrage
  - o Ambience improvement
  - o Innovations
- **Zero Demurrage**
  - o Demurrage hours during 17-18 were reduced to 17559 hrs from 53282 hours of last year.
- **Ambience improvement**

  Ambience improvement programme has been implemented in plant premises and colony by undertaking the following;
  - o Setting up of Ambience Improvement Committees at respective power stations
  - o Creating awareness for maintaining cleanliness and disposal of waste in plants and premises
  - o Identification of Scrap and depositing to Major Stores and initiating e-auction process for the disposal of the same.
  - o Developing of Gardens in Plant and Colony premises for recreation and environment purposes.
  - o Tree plantation drive undertaken at all power stations
  - o Zero water discharge policy is strictly adopted at plant premises.
- **Innovations**
  - o Encouraging Technicians and Engineers to present innovative ideas and valuable suggestions through Quality circle Awards at TPS level.
  - o Formation of special committee to evaluate innovative ideas and its implementation
  - o Presentation of selected ideas at ORT meetings.

By implementation of Director's Five Point Programme, we have achieved reduction in APC and demurrage hours. Ambience improvement programme has encouraged and created awareness from environment perspective. Employees are coming up with Innovative ideas which have helped in improvement of Power station performance.

- **Mahagenco highlights during the year 2017-18**

  Mahagenco Gross Generation (MU)

Sr. No.	Particulars	2016-17	2017-18	Inc/Dec (%)
1.	Thermal	41766	46064	+10.29 %
2.	Gas	3295	3212	- 02.52 %
3.	Hydro	4450	3546	- 20.33 %
4.	Solar	290	282	- 02.54 %
	Total	**49801**	**53105**	**+ 06.63%**

Mahagenco Gross Generation is highest generation ever achieved.
Also highest Thermal gross generation ever achieved.

- Achieved lowest Aux. cons. of 8.09 %
- Achieved Lowest Heat Rate of 2453 kcal/kwh
- PLF of Mahagenco Thermal Units

Particulars	2016-17	2017-18
PLF(%) as per CEA	52.74	53.93
PLF(%) excl. closed units (considering water shortage, coal shortage,eco/ reserve shutdown and backing down)	80.13	82.14

Dividend

Your company has incurred a profit of ₹ 82/- Crores before tax and other comprehensive Income tax during the current year. Even after considering the consistently generated revenue surplus from operations year after year, barring past two years, your company has been finding it difficult to generate cash surplus on account of irregular and inadequate payments from sale of power to Mahadiscom.

In view of huge capital expenditure plans of the company and consequent requirement of equity funds for the same your Directors have decided to plough back the cash surplus generated, if any, into the ongoing expansion and future capital expenditure schemes. Hence your directors have not recommended dividend for the year under review.

New Capacity Addition:

For meeting the power demand in the state of Maharashtra, Mahagenco is taking up implementation of various thermal power projects. Status of ongoing and future projects is as under:

(A) Ongoing Projects

1. **Bhusawal Thermal Power Station Unit 6 (1 x 660 MW)**

   Govt. of Maharashtra vide GR no Project - 2010/ Pra. Kra. 3/Urja-4 dated 05.10.2010 has approved 1x660 MW project at Bhusawal. Letter of Award (LoA) has been issued to M/s BHEL on date 17.01.2018.

2. **E.E. R&M of Koradi Unit - 6**

   Mahagenco had taken up work of Renovation and Modernisation of Koradi Unit 6. The project is financed by M/s World Bank. The loan validity period was expired on 29.03.2018 and same is extended up to 29.09.2018. The R&M work is commenced from August 2015 and is in progress. The major activities carried out during 2017-18 are as below:

   a. Boiler Hydraulic test: 19.11.2017
   b. Boiler light up: 28.12.2017
   c. Barring gear operation: 10.01.2018

(B) Future Projects

Umred PIT Head Thermal Power Project (1 x 800 MW):

Mahagnenco has proposed 1x800 MW power project at Pit-head of Umred coal mine. LoA is issued to successful consultant for pre-feasibility study, feasibility report and DPR on 15.06.2017. Feasibility report submitted by consultant has been accepted by MSPGCL. Preparation of DPR is in Progress.

Other Projects:

1. **Pipe Conveyor Scheme-Chandrapur STPS :**

   MSPGCL has undertaken the pipe conveyor scheme of length 6.1 Km for conveying 6000 tons coal per day from WCL's Bhatadi Coal mine to Padmapur existing Wagon Loading station as an environment friendly & reliable alternative to road transport.

   - EPC contract for the work has been awarded to M/s.ThyssenKrupp, Pune on 14.02.2017.
   - The work is in progress, 40 % civil work is completed & Mechanical supply has commenced.
   - The scheme was scheduled to be completed by 14.05.2018, however due to difficulty in private land acquisition the work completion is extended up to 30.09.2019.

2. **Pipe Conveyor Scheme- Koradi & Khatarkheda TPS**

   MSPGCL has undertaken the pipe conveyor scheme of total length about 19 km for conveying 16800 tons coal per day from WCL's Gondegaon, Bhanegaon, Singori, Inder & Kamtee coal mines to Khaparkheda & Koradi TPS as an environment friendly & reliable alternative to road transport.

   - EPC contract for the work has been awarded to M/s. ISGEC Heavy Industries Ltd., Noida on 01.02.2018.
   - The work is in progress, structural steel supply and civil work inside Koradi & Khaperkheda plants has commenced.
   - Engineering of part of the scheme in WCL area in on hold on account of clearance of M/s. WCL. Which is expected shortly after signing of MoU.
   - The scheme is scheduled to be completed 01.11.2019.

3. FGD System for 250 MW & ABOVE UNITS OF MAHAGENCO

Mahagenco MSPGCL Board has accorded in principle approval for implementation of the action plan for installation & Commissioning of FGD Projects at Various Thermal Power Stations of MAHAGENCO as mentioned in Table below, vide Ref No MSPGCL/CS/BM172/172.6 dt 22.08.2017.

Sr. No.	Name of the TPS / capacity	Unit No	MW
1	Chandrapur 2 x 500MW	8 & 9	1000
2	Chandrapur 3 x 500MW	5, 6 & 7	1500
3	Bhusawal 2 x 500 MW	4 & 5	1000
4	Paras 2 x 250 MW	3 & 4	500
5	Parli 3 x 250 MW	6, 7 & 8	750
6	Khaperkheda 1 x 500 MW	5	500
	Total No of TPS Units (13 Nos.)		**5250**

4. Paras U- 3 & 4 AHP Augmentation

Work of Augmentation of Bottom Ash and Fly Ash Slurry Pumping & Piping System for Paras Units 3 & 4 (2 x250 MW) is awarded to M/s Macawber Beekay India Pvt. Ltd, Noida on 03.03.2017. Work completion date as per contract is 15.12.2018. Commissioning of plant expected in Dec-18.

The work is in progress. At present the status is as below:

- Detail engineering work is completed: 90% completed.
- Supply of Materials:- 60% completed.
- Current civil work: 5% completed.

SOLAR POWER GENERATION

Existing Solar Power Projects Installedby MAHAGENCO:

Sr. No	Location of Project	Capacity (MW)	COD	Expected Generation/Yr. in Mus	Generation since COD till March 2018 in Mus
1.	Chandrapur	1	09.04.2010	1.567	5.252
2.	Chandrapur	2	12.02.2012	3.366	10.340
3.	Chandrapur	2	18.10.2011	2.919	11.376
4.	Shivajinagar Tal.Sakri, Dist. Dhule	50	29.03.2013	82.17	318.857
5.	Shivajinagar Tal.Sakri, Dist. Dhule	75	29.03.2013	124.245	479.641
6.	Shirsuphal Tal. Baramati Dist. Pune	36	19.12.2014	59.202	200.116
7.	Shirsuphal Tal. Baramati Dist. Pune	14	31.03.2015	22.77	66.302

- **GOM Policy:**

  Energy Department of GoM has published a RE Policy-2015 under this policy, solar power projects of 7500MW capacity will be developed of which, a total of 2500MW capacity solar power projects will be developed by Mahagenco in Public Private Partnership mode to fulfill the Renewable Generation Obligations(RGO). The remaining capacity of 5000MW solar power projects will be developed by other developers.

- **Finalization of methodology:**

  Board of Mahagenco has approved the implementation methodology for solar power projects under different type of implementation mode and capacity was allocated for each mode was as under.

Mode	Capacity MW	Description
Competitive bidding	1000	Land to be obtained from Gov. of Maharashtra by Mahagenco and leased to Private developers. An appropriate revenue share based on cost of land converted into equity may be considered.
Project Based on Agriculture Feeder	1500	As per GR of Maharashtra GoM,Sour Pra-2016/ Pra.Kra. 354/Urja-7 dated 14.06.2017 of "Mukhyamantri Sour Krishi Vahini Yojana" for farmers.
EPC	500	Mahagenco to commence projects on EPC mode on the land under possession of Mahagenco.

Innovative	250	To be implemented along with the other department of GoM with innovative technological modalities.
Solar Park	950	To be develops Solar park at various location in Maharashtra under the Central Govt. Solar Park Scheme . Private developers to bid under Competitive bidding mode.

This methodology was approved by the MSEB Holding Company.

- **Under Commpetitive Bidding mode& Project Based on Agriculture Feeder following Solar Projects are proposed:**
- **HON. Chief Minister Solar Agriculture Feeder Scheme:**

Description:

- Hon. CM Solar Agriculture feeder Scheme" dated 14.06.2017 envisages,
  1. Low cost Power to Agri-consumers.
  2. Availability of electricity in day time.
  3. Reduction in cross subsidy on Industrial & Commercial consumers.
- Mahagenco with the help of MSEDCL and MEDA to implement under PPP mode, on pilot basis at Ralegan Siddhi in Ahmednagar district and Kolambi at Yavatmal district in Maharashtra.
- Project to be located on Govt. land in the periphery of 3 KM (in exception 5KM) from 11KV to 132KV substations. Considering the load on AG feeders (where it is separated) the capacity of Solar power project will be finalized.
- Exemption from all fees/charges/ cess levied by State Govt./ authority for the projects.

- **1500 MW AGRICULTURAL FEEDER:**

Mahagenco has planned to install 1500 MW AG Feeder Solar Projects at various locations in Maharashtra.

➢ **Responsibilities of Utilities**

1. MAHAGENCO:

a. Mahagenco will develop the land and basic infrastructure for phase-I project of 200MW.

b. For Phase-II-300MW&Phase-III-50MW development of the land & basic infrastructure is in SPD scope.

c. Mahagenco will sign PSA with MSEDCL and PPA with the SPD for 25 years with lowest rate offered in reverse biding process of respective bids.

2. MSEDCL:

a. MSEDCL will provide evacuation facility for phase-I project of 200MW.

b. Cost for power evacuation will be given by MEDA from Green Cess Fund.

c. For Phase-II-300MW & Phase-III-50MW power evacuation is in SPD scope.

3. MEDA:

a. MEDA will register the project free of cost under "CM AG Feeder Scheme"and provide VGF for the power evacuation & basic infrastructure for Phase-1 solar project only.

4. SOLAR PROJECT DEVELOPER (SPD):

a. SPD will develop the project including O&M for the period of 25 years from COD.

(A) Under Competitive Bidding mode & Project Based on Agriculture Feeder following Solar Projects are proposed:

a) **Kolambi and Ralegansiddhi Pilot project (Each 2 MW)** MSPGCL has installed 2MW Solarised agriculture feeder each at Ralegan-siddhi Dist-Ahemadnagar (PPP Mode) and Kolambi Dist- Yavatmal The projects synchronized & commissioned with grid on 24.8.2018. PSA has been signed between Mahagenco and Mahadiscom on 28.8.2018 for the same.

b) **Extension of Ralegansiddhi, Dist- Ahmednagar by 3 MW**- considering the actual requirement of Agricultural Load the capacity of Ralegansiddhi is proposed to be increased by 3 MW. The bid process for the same is progress.

c) **(Phase-I-Total-200 MW) Vidarbha, Marathwada, Northern Maharashtra and Western Maharashtra (Each 50 MW).** MSPGCL has awarded LOA for development of 50 MW ac cumulative capacity grid interactive Solar PV power projects each at Vidarbha, Marathwada, Northern and Western Maharashtra regions for supply Solar Power to Agricultural Feeders on PPP Model for 25 years. LOA for Vidarbha, Northern and Western Regions has been given to M/s Sangam Advisors Ltd and to M/s Puja Entertainment India Ltd for Marathwada Region.

d) **Phase-II)Vidarbha, Marathwada and Western Maharashtra (Total-300 MW)-** MSPGCL is developing 50 MWac cumulative capacity grid interactive Solar PV power projects each at Vidarbha, Marathwada and Western Maharashtra regions for supply of Solar Power to Agricultural Feeders on PPP Model and its O&M for 25 years under Phase II. LOA for 50 MW each is issued to M/s. Azure Power India Pvt. Ltd for Western region-B, Vidarbha A , Vidarbha B and Marathwada. Consent of MSEDCL for signing PSA for the tariff rate received after reverse bidding from M/s Azure

Power India Pvt Ltd. For Vidharbh-A(₹ 3.08/Kwh),Vidharbh-B(₹ 3.00/Kwh) and Marathvada(₹ 3.02/Kwh is received. Petition for approval from MERC for above is filed by MSEDCL (for Solar project of capacity 150MW under CM Ag Feeder Scheme) and it is under process.

e) **(Phase-III-A-50MW)Northern Maharashtra:** MSPGCL is developing 50MWac cumulative capacity grid interactive Solar PV power projects each at Northern Maharashtra (Ph-III-A) regions for supply of Solar Power to Agricultural Feeders on PPP Model and its O&M for 25 years. Bidding process for the same is in progress. Petition for approval from MERC for above is filed by MSEDCL (for Solar project of capacity 50MW under CM Ag Feeder Scheme) and it is under process.

f) **EOI for Pvt. Land (100 MW)** MSPGCL has issued EOI for calling the offers from interested Developers/Bidders/Land owners for setting up Solar Power Plant/Plants of capacity up to 100 MW Cumulative or at single location to cater the electrical load of AG feeders in Vidarbha, Marathwada, Western and Northern regions of Maharashtra on pilot basis. During the process of reverse bidding the lowest price bid presented by the bidders are as follows.

Biddder Name	Capacity	Rate ₹/Unit
M/s Sri Sri Farmers Power Generation Co. Op. Soc. ltd.	2 MW	₹ 2.93/Unit
M/s Think Energy Partners Solar India LLC	100 MW	₹ 3.10/Unit
M/s GRO Solar Energy Private Limited	5 MW	₹ 3.18/Unit
M/s Shapoorji Pallonji infrastructure Capital Company pvt. Ltd.	50 MW	₹ 3.18/Unit

Consent of MSEDCL for signing PSA for the tariff rate received after reverse bidding from M/s Sri Sri. Shetkari Urja Nirmiti Co-Op Soc. Ltd. (₹ 2.93/Kwh)is received. Consent of MSEDCL for signing PSA for the tariff rate received after reverse bidding from M/s Think Energy Partner Solar India LLC (₹ 3.10/Kwh) is received.

Petition for approval from MERC for above is filed by MSEDCL (for Solar project of capacity 102 MW under EOI for Ag Feeder on land of bidder) and it is under process.

g) **750W_+250 MW Capacity under Green Shoe for Solar AG Feeder Projects**
750 MW Cumulative Capacity Solar Power Projects to be developed in Maharashtra through Competitive bidding process with additional capacity of 250 MW under Green Shoe option, Tender was published on 20.06.2018 in the newspapers and further tendering process is in progress.

(B) Under EPC mode following Solar Projects are proposed

a) **50MW Kaudgaon, Dist- Osmanabad-**Under EPC mode MSPGCL is developing 50 MW solar project at Kaudgaon, Dist- Osmanabad. Under bidding process M/s. BHEL has quoted lowest ₹ 4.25 Cr./MW. Mahagenco has sent request letter of PPA to MSEDCL regarding proposed tariff rate of ₹ 3.00/kwh. MSEDCL has given consent to sign PPA for Kaudgao, Dist- Osmanabad, subject to MERC approval. Filing of petition for approval of MERC for above is under process by MSPGCL.

b) **Sakri, Dist- Dhule 25 MW** In available additional 44 Hector land, It is proposed to install 25 MWp plant at Sakri Dist Dhule.

(C) Under INNOVATIVE mode following Solar Projects are proposed

a) **Expression of Interest for 100 MW solar power project at ash bund lagoon at CSTPS** - Mahagenco has published an Expression of Interest for 100 MW solar power project at ash bund lagoon at CSTPS. Further activities are in progress.

b) **Expression of Interest for setting up of solar modules manufacturing plant in Maharashtra** - Mahagenco has published an Expression of Interest for setting up of solar manufacturing plant in Maharashtra. Further activities are in progress.

c) **EOI 10MW Horticulture-**MSPGCL has issued EOI for calling the offers from interested Developers/Bidders for setting up of 10MW grid interactive Solar PV Green House/Poly House sheds and Operation and Maintenance of the same along with agricultural production for 25 years on pilot basis in Maharashtra. Further tendering process is in progress.

(D) Under SOLAR PARK mode following Solar Projects are proposed

a) **Dondaicha Solar Park 500 MW**

- Ministry of New & Renewable Energy (MNRE) Govt. of India has given in principle approval for development of 500 MW Solar Park at Dondaicha.
- Approximately 824.94HR land is identified out of which 521.81 HR land is already in possession of Mahagenco and remaining approximately 303.13HR land acquisition is under process. Apart from 824.94 HR identified land,

additional 190Ha land is required in the vicinity for complete 500 MW Solar Park acquisition of same in process.

- 5.44 Hectare of land was handed over to MSETCL to set up combined 400/220 kV Balsane substation & 220/33 kV Pooling Substation. 400/220kV Balsane substation will be commissioned in 2021-22,till then MSETCL is providing interim evacuation arrangement through LILO for 250 MW capacity.
- Mahagenco has received in principal approval from MSETCL for Grid Connectivity of 500 MW Solar Park.
- Due to above power evacuation constraints, it is decided to develop 500 MW Dondaicha Solar Park in two phases as under:
  - (i) Phase I –250 MW by March-2020.
  - (ii) Phase II – 250 MW by the year 2021-22
- The infrastructure development cost of Phase I – 250 MW Solar Park is ₹ 166.08 Crs including MNRE subsidy of ₹ 30.00 Crs @12.00 Lacs/MW and ₹ 20.41 Cr as equity from Govt of Maharashtra.

b) Washim Solar Park 170 MW

- It is proposed to develop 170 MW at following 5 locations. On dtd 21.06.2018, MNRE has given in principle approval for setting this Solar Park. CFA of ₹ 15.00 Lakh is received from MNRE towards DPR preparation.
- Babhulgaon(20 MW), Pardi Takmor(30 MW), Saykheda (20 MW), Dudhkheda (60 MW) and Kanzara(40 MW)
- M/s TULS Corp. Pvt. Ltd. is selected as a consultant for preparation of DPR and the work is in process.

c) Yavatmal Solar Park 75 MW

- It is proposed to develop 75 MW at following 3 locations. On dtd 21.06.2018, MNRE has given in principle approval for setting 75 MW this Solar Park. CFA of ₹ 10.00 Lakh is received from MNRE towards DPR preparation.
- Mangladevi(25 MW), Pimpri Ijara (25 MW), Malkhed (25 MW)
- M/s TUV SUD South Asia is selected as a consultant for preparation of DPR and the work is in process.

d) Latur Solar Park 60 MW

- 60 MW Solar power project is proposed at Sindala Lohara, Tal- Ausa Dist Latur. On dtd 21.06.2018, MNRE has given in principle approval for setting this Solar Park. CFA of ₹ 10.00 Lakh is received from MNRE towards DPR preparation.
- M/s TUV SUD South Asia is selected as a consultant for preparation of DPR and the work is in process.

e) Kacharala Solar Park 145 MW

- 145 MW Solar park is proposed at Village-Kacharala, Tal- Bhadravati, Dist-Chandrapur.
- On dtd 29.06.2018 the proposal is submitted to GOM and which is forwarded to MNRE on dtd 03.08.2018.

Financing of new Projects

All the planned capacity addition programs will be financed with a debt to equity ratio of 80:20. Your company would utilize the revenue resources, to the extent available cash, 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, while 20 % equity will come from the Government of Maharashtra.

FUEL SECURITY:

A. Fuel Supply Agreement:

Mahagenco has signed FSA's with coal companies. The TPS wise linkage to Mahagenco TPSs from each of the coal company for FY 2017-18 is furnished below (Qty in MMTPA)

TPS	WCL	MCL	SECL	SCCL	FSA Qty
Chandrapur	11.89	0	0.91	0	12.8
Koradi	0.5	1.1	1.851	0	3.451
Khaperkheda	1.432	3.879	2.001	0	7.312
Nasik	2.354	0	0.724	0	3.078
Bhusawal	4.451	0	2.312	0	6.763
Parli	3.419	0	0	2.26*	5.679
Paras	2.503	0	0	0	2.503
Total	**26.549**	**4.979**	**7.798**	**2.26**	**41.586**

*FSA yet not signed.

B. Bridge Linkage MoU Quantity:

Bridge linkage for FY 2017-18 with WCL and SCCL is as below:

Power station	WCL (G8-G10) in MMT	SCCL (G-9)) in MMT	Total For FY 2017-18
	17-18	17-18	17-18
Koradi 3x660MW(80% from WCL & 20% from SCCL)	5.208	1.3	6.508
Chandrapur 2x500MW	3.47	00	3.47
Parli 1x250MW	00	0.865	0.865
Short term MoU	2.0	3.0	5.0
Total	**10.678**	**5.165**	**15.843**

C. Coal supplies to Mahagenco During Fy. 2017-18:

The coal company wise linkage verses receipt along with coal materialization is as below:(Including Bridge Linkages)

Coal company	Linkage	Receipt	% Materialization
WCL	38301	25345	66.17
MCL	4592	2532	55.13
SECL	7555	1957	25.91
SCCL	6123	3745	61.16
IMPORT	0	0	0.00
Mahagenco Total	**56571**	**33579**	**59.36**

1) IMPORTED COAL:

For bridging the supply and demand gap of coal required for Mahagenco's TPSs, correspondence was made with CEA, MoP, GoI and GoM for obtaining permission to import coal. CEA, MoP, GoI vide letter dated 27.04.2018 & 04.07.2018 has accorded in principle approval for import of coal and GoM letter dated 13.07.2018 evidenced the same. Accordingly, NIT for procurement 2 MMT import coal of foreign origin for Koradi, Chandrapur and Bhusawal TPS was published in Indian and international/worldwide edition of newspapers on 25.08.2018 & 30.08.2018 respectively. The online techno-commercial bids and physical support documents of the tender were opened on dated 26.09.2018. Techno commercial scrutiny of the bids is in process.

2) GAS SUPPLY FOR EXISTING GTPS URAN:

Installed Capacity	672 MW (GT- 4 X 108 MW) + (WHRP 2 X 120 MW)
Gas Requirement	3.5 MMSCMD
DCQ with M/s GAIL	3.5 MMSCMD (Proportion of total production.)

Due to less production levels of APM gas, the present allocation of APM gas from M/s GAIL is considerably lower as compared to DCQ of 3.5 MMSCMD and there is no supply of RIL KG basin gas from 1st March - 2013.

The supply of natural gas supplied by M/s GAIL is fluctuating based on upstream gas availability from M/s ONGC. To make up deficit of APM gas supplies, Mahagenco accepted Non - APM gas supplies with effect from 10th April, 2014.

The average gas receipt for GTPS, Uran for last few years is as below:

Financial Year	Average gas receipt(MMSCMD)		
	APM gas	Non - APM gas	Total gas
2014 - 15	1.55	0.73	2.28
2015 - 16	1.53	0.44	1.97
2016 - 17	1.80	0.40	2.20
2017 - 18	2.15	0.0021	2.1521
2018-19 (April to Sept-18)	1.852	0	1.852

Further, w.e.f. 1st Oct 2018, Ministry of Petroleum and Natural Gas, Govt. of India has revised domestic natural gas price to 3.36 USD/MMBTU – GCV (For 1st Oct 2018 to 31st March 2018) from earlier 3.06 USD/MMBTU – GCV (For 1st Apr 2018 to 30th Sept 2018).

Further, considering lower domestic gas availability, Mahagenco explored the possibility of sourcing gas from alternative source and accordingly entered into a Spot Gas Sale Agreement (SGSA) dated 18.01.2017 with M/s GAIL for purchase of Spot gas (Natural Gas/ Re-gasified Liquified Natural Gas-RLNG) for GTPS, Uran. This SGSA will enable Mahagenco to procure Spot gas (RLNG) in case of shortfall in domestic gas supply to optimize generation after ascertaining financial viability.

Thus, unless there is any improvement in APM + Non-APM gas supplies, the shortfall of gas is expected to be about 1.3 to 1.5 MMSCMD for FY 2018-19.

Measures taken to improve Critical Coal stock Position of Mahagenco during FY 2017-18

- **Meeting with Railway Board on 15-05-2017**
  - Meeting was held at Railway Board, New Delhi on 15.05.2017 with CIL, WCL, Railway & Mahagenco to discuss the issues related to loading of coal rakes for TPS of Mahagenco. In this meeting CIL assured that coal requirement of 24.5 rakes (WCL-18, SECL-3.5 & MCL-3) would be made through CIL subsidiaries.
- **Meeting with Secretary, MoC on 30.06.2017**
  - During meeting on 30.06.2017, Secretary MoC, GoI has instructed that the power producers have to build up coal stock of minimum 22 days. The coal quantity required for 22 days coal stock of Mahagenco TPS is about 30 Lakh MT.
  - Accordingly, Mahagenco prepared strategy for building coal stock at Mahagenco TPS up to about 30 Lakh MT during low demand & monsoon period & the same is conveyed to Chairman (CIL).
  - However, it is observed that materialization was not increased to desired level & materialization during June-17 to Sept-17 was only @ 56%. The same fact is conveyed to CIL & MoC.
- **Directives to start transportation by Road/RcR mode**
  - The Secretary (Coal), MoC, GoI has directed on 21.09.2017 to start the measures for building coal stock by road mode or road cum rail (RcR) mode.
  - CEA has also given allocation of surplus coal to TPS located within a radius of 60 Km from mines.
  - Accordingly Mahagenco has started the work of transportation of coal by road in order to maximize the coal receipt & placed following orders.

Sr. No	Mine	TPS	Quantity (LMT)	Per Day Quantity (MT)
1	Inder	Khaperkheda	2.5	694
2	Inder	Koradi	1.0	833
3	Gondegaon	Khaperkheda	6.0	1667
4	Gondegaon	Koradi	4.0	2222
5	Bhanegaon	Khaperkheda	5.0	1388
Total (Lakh MT)			**18.5**	**6804**

- **Letters from Hon. Chief Minister, GoM:**
  - A Letter regarding coal shortage in Mahagenco resulting in low power generation & load shedding in Maharashtra was sent from Hon. Chief Minister to Hon. Minister of Coal, GoI on 06.10.2017 to intervene into the matter and issue directives to normalize the coal supply to power plants.
  - Also a letter was sent from Hon. Chief Minister to Hon. Prime Minister, GoI to intervene into the matter of shortage in Maharashtra.
- **Meeting dated 07.10.2017 chaired by Hon. Chief Minister :**
  - Review meeting was held under the chairmanship of Hon. Chief Minister on 07.10.2017, Mumbai regarding coal shortage in Mahagenco.
  - In this meeting, CIL committed to supply 1,19,000 MT coal to Mahagenco.
- **Meeting dated 17.11.2017 at Mahagenco, Mumbai:**
  - A Meeting was held on date-17.11.2017 at 11.00 AM at Prakashgad, Mumbai with Hon. CMD & officials of WCL to discuss Critical coal stock position at Nasik & Bhusawal TPS & Coal supply during less power demand period December to January.
  - In this meeting, WCL assured to supply 26 rakes/day on behalf of CIL & SCCL and assured coal supply by rope will further increase from 5000 MT to 7000 MT & 2000 MT by MGR.
  - Director (Op) visited all Coal companies and Railways on regular interval and fixed Matrix for supply & utilization of coal.

EXTRACT OF ANNUAL RETURN

Extract of Annual return as provided under sub-section (3) of the section 92 is attached in Form MGT-9 with report enclosed as **Annexure-I**

NO OF BOARD MEETINGS

During the year 2017-18, 11 Board meetings were held by the Company.

POLICY ON APPOINTMENT OF DIRECTORS

Appointment of directors including independent directors is made by MSEB Holding Co. The qualification and other criteria for appointment of functional directors are provided in Articles of Association of the company.

PARTICULARS OF LOANS, GUARANTEE AND INVESTMENT U/S 186

As the Company is engaged in business of providing infrastructural facilities, the provisions of section 186 of Companies Act 2013 related to loans made, guarantees given or securities provided are not applicable to the company. The company has provided loans to subsidiaries for operational requirements. Particulars of investment made are provided in Note 3 in stand alone financial statements.

PARTICULARS OF CONTRACT WITH RELATED PARTY

The Company sells almost all of power generated by it to its sole customer M/s. Maharashtra State Electricity Dist. Co. Ltd. one of the subsidiary of MSEB Holding Co. Ltd. The rates of electricity sale is determined by Electricity Regulator i.e. Maharashtra Electricity Regulatory Commission as per the provisions of Electricity Act, 2003.

MATERIAL CHANGES AND COMMITMENTS, IF ANY, AFFECTING THE FINANCIAL POSTION OF COMPANY OCCURRED BETWEEN END OF FINANCIAL YEAR AND DATE OF REPORT

There are no material changes and commitment affecting the financial position of the company between the end of financial year and date of report.

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 though 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. Workshops 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.

DIRCTORS

During the year Shri. S. J. Amberkar was appointed as Director (F) w.e.f 11.08.2017 in place of Shri J.K.Srinivasan. Further Smt. Juelee M. Wagh was appointed as a Director w.e.f 15.06.2018.

AUDIT COMMITTEE

The audit committee of Mahagenco consisted Shri Vishwas Pathak, Chairman, Shri C.S.Thotwe Member and Shri S. J. Amberkar as Member. Total 5 Meetings of the audit committee were held during the year FY 2017-18.

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

The company has constituted CSR Committee. The members of the committee are Shri Bipin Shrimali, Chairman, Shri C.S. Thotwe, Member, Shri V. M Jaideo, Member, Shri. S. J. Amberkar, Member and Shri. Shyam Wardhane, Member. The company has CSR Policy approved by CSR Committee and Board. The policy covers following Aims and Objectives:

1) Improving socio-economic status of Project Affected Persons (PAPs).
2) Providing opportunities for sustainable improvement in the fields of income generation, health, education, water & electricity, sanitation, communication and such other fields.
3) To adopt a holistic approach to community development of Project Affected Areas and ensuring that the people of such areas improve or at least regain their previous standards of living.
4) Carrying out community development activities in a transparent and participative manner.
5) Ensuring participation and consultation with the local public representatives and setting up of institutional mechanisms for carrying out CSR activities in Project Affected Areas and Power Station Area.

MSPGCL has adopted budgetary approach for spending required CSR funds. After taking into account previous 3 years audited average profit (2% of the same) budget is allocated by MSPGCL for CSR activities for that year. Then CSR proposals received from various power stations are submitted to CSR committee. The Committee scrutinizes the proposals and approves proposals of CSR. After approval of CSR and Board the approvals letters are sent to various power stations, where the execution of the work is done by the Chief Engineers in charge of power stations as per delegation of powers of MSPGCL. MSPGCL being an engineering organization CSR work of the company is done by MSPGCL only. In this process it may likely that the works approved for the CSR budget for particular year may not get completed in that particular year and gets rolled over to succeeding financial years. But in any case, in view above budgetary approach, MSPGCL always ensures that CSR work approved for particular year get fully spent in either of years.

Details of CSR spending During FY 2017-18.

(₹ Crores)

Sr. No.	Head of Expenses	2017-18	2016-17
1	Community development and welfare expenses	2.30	3.23
2	Education expenses	0.07	0.51
3	Tree Plantation	0.36	0.00
4	Death Compensation & Stipend to security guards	0.16	1.06
5	Drinking water supply & construction, repair of tubewells, Handpumps etc	5.20	0.79
6	Construction / repair of road, compound wall, RCC drain, etc	2.11	3.86
	Total	**10.20**	**9.45**

A detailed report on CSR activities is enclosed as **Annexure-II.**

MSPGCL has kept practice of providing for CSR activities mandatory under environmental conditions separately in the project budget and profit based CSR under companies act under O&M budget, which in effect provides more funds for CSR activities implementation.

DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 134(3) (c) of the Companies Act, 2013 with respect to Directors Responsibilities Statement, it is hereby confirmed:

1) That the applicable accounting standards had been followed along with proper explanation relating to material departures; if any
2) That the selected accounting policies were applied consistently and judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as on 31.3.18
3) That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities:
   - That the annual accounts were prepared on a 'going concern basis."
   - The directors had devised proper systems to ensure compliance with provisions of all applicable laws and that such systems were adequate and operating effectively.

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 134 (m) of the Companies Act 2013 read with rule 8(3) of the Companies (Account) Rules 1988 is given in **Annexure-III** 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-IV.**

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 A.G.Anikhindi & Co. Cost Accountants as Cost Auditors for the year ending 31.3.2018. Cost Audit report for F.Y. 2016-2017 has been filed to MCA on 03.11.2017.

STATUTORY AUDITORS

The Statutory Auditors of the Company are appointed by the Comptroller and Auditor General of India. K S Aiyar & Co, Mumbai, R S V A & Co., Mumbai and S C Bapna & Associates, Mumbai were appointed as Joint Statutory Auditors for the Financial Year 2017-18.

SECRETARIAL AUDITORS

The Board has appointed M/s A.Y.Sathe & Co, Companies Secretaries C/202 Kohinoor Apartments 2nd Floor NC Kelkar Road Near Kabutar Khana Dadar W Mumbai 400028 as Secretarial Auditor of the Company for the Financial Year 2017-18. The Secretarial Audit Report is enclosed in **Annexure-V**.

REPLY TO OBSERVATIONS OF SECRETARIAL AUDIT REPORT.

The reply of observations in secretarial audit report as under:

a) As per Articles of Association of MSPGCL, the appointment of Directors is made by MSEBHCL. The MSPGCL has duly intimated MSEBHCL, regarding vacancy of woman Director on the Board of MSPGCL well in advance as per letter no MSPGCL/CS/03701 dt. 27.03.2017

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

(Arvind Singh)
Chairman & Managing Director I/C

Date : 31.12.2018
Place: Mumbai

ANNEXURE – I TO THE DIRECTOR'S REPORT

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31.03.2018

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

I. REGISTRATION AND OTHER DETAILS:

i) CIN:-	U40100MH2005SGC153648
ii) Registration Date	31.05.2005
iii) Name of the Company	Maharashtra State Power Generation Co. Ltd.
iv) Category / Sub-Category of the Company	Govt. Company
v) Address of the Registered office and contact details	Prakashgad, Prof Anant kanekar Marg, Bandra (East), Mumbai - 400051
vi) Whether listed company Yes / No	NO
vii) Name, Address and Contact details of Registrar and Transfer Agent, if any	NA

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY All the business activities contributing 10% or more of the total turnover of the company shall be stated:

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1	Power Generation	NA	100

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	Name And Address Of The Company	CIN/GLN	Holding/ Subsidiary/ Associate	% Of Shares Held	Applicable Section
1	MSEB Holding Co Ltd	U40100MH2005SGC153649	Holding	100	2(87)
2	Mahaguj Collieries Ltd.	U10102MH2006SGC165327	Subsidiary	60	2(87)
3	Dhopave Coastal Power Co. Ltd.	U40108MH2007SGC168836	Subsidiary	100	2(87)
4	Mahagenco Ash Management Services Ltd.	U40105MH2007SGC173433	Subsidiary	100	2(87)

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

(i) Category-wise Shareholding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual /HUF	0	0	0	0	0	0	0	0	
b) Central Govt	0	0	0	0	0	0	0	0	
c) State Govt (s)	0	0	0	0	0	0	0	0	
d) Bodies Corp.	0	24854336788	24854336788	100	0	25247126126	25247126126	100	
e) Banks / FI	0	0	0	0	0	0	0	0	
f) Any Other….	0	0			0	0	0	0	
Sub-total (A) (1)		**24854336788**	**24854336788**	**100**	**0**	**25247126126**	**25247126126**	**100**	**1.58**
(2) Foreign									

a) NRIs - Individuals									
b) Other - Individuals	0	0			0	0	0	0	
c) Bodies Corp.	0	0	0	0	0	0	0	0	
d) Banks / FI	0	0	0	0	0	0	0	0	
e) Any Other….	0	0	0	0	0	0	0	0	
Sub-total (A) (2)	0	0	0	0	0	0	0	0	
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	**0**	**24854336788**	**24854336788**	**100**	**0**	**25247126126**	**25247126126**	**100**	**1.58**
B. Public Shareholding									
1. Institutions									**NA**
a) Mutual Funds	0	0	0	0	0	0	0	0	
b) Banks / FI	0	0	0	0	0	0	0	0	
c) Central Govt	0	0	0	0	0	0	0	0	
d) State Govt(s)	0	0	0	0	0	0	0	0	
e) Venture Capital Funds	0	0	0	0	0	0	0	0	
f) Insurance Companies	0	0	0	0	0	0	0	0	
g) FIIs	0	0	0	0	0	0	0	0	
h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	
i) Others (specify))	0	0	0	0	0	0	0	0	
Sub-total (B)(1									
2. Non-Institutions	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	
a) Bodies Corp.	0	0	0	0	0	0	0	0	
i) Indian									
ii) Overseas									
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	0	0	0	0	0	0	0	0	
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	0	0	0	0	0	0	0	0	
c) Others (specify)	0	0	0	0	0	0	0	0	
Sub-total (B)(2)									
Total Public Shareholding (B)=(B)(1)+(B)(2)	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	

C. Shares held by Custodian for GDRs & ADRs	0	0	0	0	0	0	0	0	NA
Grand Total (A+B+C)	**0**	**24854336788**	**24854336788**	**100**	**0**	**25247126126**	**25247126126**	**100**	**1.58**

(ii) Shareholding of Promoters

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Share holding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	
1.	MSEB Holding Co. Ltd. (State Govt. Co.)	24854336788	100	0	25247126126	100	0	1.58
	Total	**24854336788**	**100**	**0**	**25247126126**	**100**	**0**	**1.58**

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

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
At the beginning of the year	MSEBHCL	24854336788	100		
Allotment of shares (04.07.2017)	MSEBHCL	392789338	1.58	25247126126	1.58
At the End of the year	MSEBHCL	25247126126	100	25247126126	100

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

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
For Each of the Top 10 Shareholders		No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
At the beginning of the year	MSEB Holding Co Ltd	24854336788	100		
Allotment of shares (04.07.2017)	MSEBHCL	392789338	1.58	25247126126	1.58
At the End of the year (or on the date of separation, if separated during the year)	MSEB Holding Co Ltd	25247126126	100	25247126126	100

(v) Shareholding of Directors and Key Managerial Personnel:

Sr. No.	Name of Directors & KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
For Each of the Directors & KMP		No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
At the beginning of the year	Shri Bipin Shrimali Shri J.K.Srinivasan Shri V. M. Jaideo Shri C.S.Thotwe (As Nominees of MSEBHCL)	20 10 10 10	0.00000078 0.00000039 0.00000039 0.00000039	20 10 10 10	0.00000078 0.00000039 0.00000039 0.00000039
Date wise Increase/Decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/ sweat equity etc):		NIL	NIL	NIL	NIL

At the End of the year	Shri Bipin Shrimali Shri Arvind Singh Shri S. J.Amberkar Shri V. M .Jaideo Shri C.S.Thotwe (As Nominees of MSEBHCL)	10 10 10 10 10	0.00000039 0.00000039 0.00000039 0.00000039 0.00000039	10 10 10 10 10	0.00000039 0.00000039 0.00000039 0.00000039 0.00000039

V. INDEBTEDNESS

Indebtedness (Long Term Loan) of the Company from Financial Institutes and Banks including interest outstanding/accrued but not due for payment.

(₹ Crores)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	25695.66	825.44	0	26521.11
ii) Interest due but not paid	0.00	0.00	0	0.00
iii) Interest accrued but not due	238.32	4.029	0	242.35
Total (i+ii+iii)	**25933.99**	**829.47**	**0**	**26763.46**
Change in Indebtedness during				
the financial year				
• Addition	2160.66	38.05	0	2198.71
• Reduction	2084.98	72.17	0	2157.16
Net Change	75.67	(34.12)	0	41.54
Indebtedness at the end of the financial year				
i) Principal Amount	25771.33	791.32	0	26562.65
ii) Interest due but not paid	0.00	0	0	0.00
iii) Interest accrued but not due	226.13	4.46	0	230.59
Total (i+ii+iii)	**25997.47**	**795.78**	**0**	**26793.25**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

Sr. No.	Particulars of Remuneration	Name of MD/WTD/Manager					
		Bipin Shrimali (CMD)	S. J. Amberkar (Director Finance)	V. M. Jaideo Director Projects)	C. S. Thotwe (Director Operations)	Shyamsunder Wardhane (Director Mining)	Total Amount
1	Gross salary	2802539	1656047	2932559	2859347	1596526	11847018
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	NIL	NIL	418188	403990	213571	1035749
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	NIL	NIL	NIL	NIL	NIL	NIL
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961						
2	Stock Option	NIL	NIL	NIL	NIL	NIL	NIL
3	Sweat Equity	NIL	NIL	NIL	NIL	NIL	NIL
4	Commission- as % of profit - others, specify…	NIL	NIL	NIL	NIL	NIL	NIL
5	Others, please specify	NIL	NIL	NIL	NIL	NIL	NIL
	Total (A)	**2802539**	**1656047**	**3350747**	**3263337**	**1810097**	**12882767**
	Ceiling as per the Act	NA	NA	NA	NA	NA	NA

B. Remuneration to other directors:

Particulars of Remuneration	Name of Directors			Total
3. Independent Directors	Shri Vishwas Pathak	Smt. Irawati Dani	NA	NA
• Fee for attending board / committee meetings	75000	20000		95000
• Commission	NIL	NIL		NIL
• Others, please specify	NIL	NIL		NIL
Total (1)	**75000**	**20000**		**95000**
4. Other Non-Executive Directors	NA	NA	NA	NA
• Fee for attending board / committee meetings				
• Commission				
• Others, please specify				
Total (2)	NIL	NIL	NIL	NIL
Total (B)=(1+2)	**75000**	**20000**	**NIL**	**95000**
Total Managerial Remuneration	75000	20000	NIL	95000
Overall Ceiling as per the Act	NA	NA	NA	NA

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD

Sl. No.	Particulars of Remuneration	Key Managerial Personnel	Total Amount
		Company Secretary	
1	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	1691889	1691889
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	228272	228272
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	NIL	NIL
2	Stock Option	NIL	NIL
3	Sweat Equity	NIL	NIL
4	Commission - as % of profit - others, specify…	NIL	NIL
5	Others, please specify	NIL	NIL
	Total (A)	**1920161**	**1920161**

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
Penalty	NA	NA	NA	NA	NA
Punishment	NA	NA	NA	NA	NA
Compounding	NA	NA	NA	NA	NA

C. OTHER OFFICERS IN DEFAULT

Penalty	NA	NA	NA	NA	NA
Punishment	NA	NA	NA	NA	NA
Compounding	NA	NA	NA	NA	NA

On Behalf of the Board of Directors

(Arvind Singh)
Chairman & Managing Director I/C

Date : 31.12.2018
Place: Mumbai

ANNEXURE – II TO THE DIRECTOR'S REPORT
FORMAT FOR THE ANNUAL REPORT ON CSR ACTIVITIES TO BE INCLUDED IN THE BOARD'S REPORT

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

   The Company's CSR policy aims to actively contribute to sustainable socio-economic development of the local community and society at large, including its employees and their families, so as to improve the quality of life and to raise the Human Development Index in the state. The Company's CSR initiatives are focused in the areas of Education, Drinking Water Supply, Health Care, Environment, Social Empowerment, Infrastructural Development, Sports and Culture. The Company endeavors to enable inclusive development so as to help the communities around its projects to prosper in all walks of life. Company's CSR Policy is available on:

   http://www.mahagenco.in/uploads/CSR/MSPGCL%20New%20CSR%20policy.pdf

2. The Composition of the CSR Committee of the Board of Directors as on 31st March 2018:

   Mr. Bipin Shrimali, CMD
   Mr V.M. Jaideo, Director (Proj)
   Mr. Shyam Wardhane, Director (Mining)
   Mr. C. S. Thotwe, Director (Op.)
   Mr. S. J. Amberkar, Director (F)

3. Average net profit/(Loss) of the company for last three financial years: ₹ (2906.97) Crores.

4. Prescribed CSR Expenditure (two per cent of the amount as in item 3 above): NA as there being no profit.

5. Details of CSR spent during the financial year:

   (a) Total amount to be spent for the financial year: NA

   (b) Amount unspent, if any: NA;

   (c) Manner in which the amount spent during the financial year is detailed below.

Sl. No.	CSR project or activity identified.	Sector in which the Project is covered.	Projects or programs (1) Local area or other (2) Specify the State and District where projects or programs were undertaken.	Amount outlay (budget) project or programs wise (₹ in Crs)	Amount spent on the projects or programs Sub-heads: (1) Direct expenditure on projects or programs. (2) Overheads: (₹ in Crs)	Cumulative expenditure up to the reporting period (₹ in Crs)	Amount spent: Direct or through implementing agency
1	Renovation of Hospital Building	Health Care	Koradi 240	0.9282	Direct Expenditure: 0.9282	0.9282	Direct
2	Panjara, Waregaon, Suradevi, Bokhara, Kaotha & Masala water supply scheme	Safe drinking water	Koradi 240	4.5506	Direct Expenditure: 4.5506	4.5506	Direct
3	Tree Plantation	Environmental sustainability	Koradi 240	0.3604	Direct Expenditure: 0.3604	0.3604	Direct
4	Approach Road & Internal Roads	Infrastructural Development	Koradi 240	0.9009	Direct Expenditure: 0.9009	0.9009	Direct
5	Crematorium	Infrastructural Development	Koradi 240	0.8115	Direct Expenditure: 0.8115	0.8115	Direct
6	High Mast lighting at Koradi, Nanda & Khasara.	Livelihood enhancement	Koradi 240	0.2878	Direct Expenditure: 0.2878	0.2878	Direct
7	Shopping Complex	Infrastructural Development	Koradi 240	0.0075	Direct Expenditure: 0.0075	0.0075	Direct
8	Providing & fixing precast RCC benches in the various villages around Koradi TPS.	Livelihood enhancement projects	Koradi 240	0.0458	Direct Expenditure: 0.0458	0.0458	Direct
9	Construction of urinal block for gents & ladies near bazaar otta at rehabilitated village Koradi.	Healthcare	Koradi 240	0.0197	Direct Expenditure:	0.0197	Direct

10	Work of providing earthen bund near Shri Bhimate House along Pond No. 3, M.S.P.G.C.L Koradi.	Infrastructural Development	Koradi 240	0.0111	Direct Expenditure: 0.0111	0.0111	Direct
11	Construction of cement concrete road	Infrastructural Development	CSTPS110	0.4806	Direct Expenditure: 0.4806	0.4806	Direct
12	Renovation of primary health center at durgapur and padmapur	Healthcare	CSTPS110	0.0757	Direct Expenditure: 0.0757	0.0757	Direct
13	Security wall construction at aanganwadi at urjanagar ward no.1(Samata Nagar)	Livelihood enhancement	CSTPS110	0.0394	Direct Expenditure: 0.0394	0.0394	Direct
14	Construction of rcc drain at durgapur ward no.2 chandrpur	Health care	CSTPS110	0.0383	Direct Expenditure:	0.0383	Direct
15	Payment to accidental Private Labour	Health care	CSTPS110	0.02	Direct Expenditure: 0.0200	0.02	Direct
16	Stipend payment to guards security,	Health care	TPS Koardi 120	0.0984	Direct Expenditure: 0.0984	0.0984	Direct
17	Providing potable water through drinking water ATM	Safe drinking water	TPS Koardi 120	0.6460	Direct Expenditure: 0.646	0.6460	Direct
18	IPS work and painting work for new high school at TPS Parli-Vaijnath	Education	TPS Parli 135	0.0293	Direct Expenditure: 0.0293	0.0293	Direct
19	Work of Construction of W.B.M. road, R.C.C. drain and graveyard Mouje Talegaon, Taluka Parli Vaijnath	Healthcare	TPS Parli 135	0.0102	Direct Expenditure: 0.0102	0.0102	Direct
20	Work of Construction of concrete road and graveyard Mauje Setu, Taluka, Sonpeth, Dist. Parbhani	Infrastructural Development	TPS Parli 135	0.0079	Direct Expenditure: 0.0079	0.0079	Direct
21	Re-Construction and repairs to road from Suradevi to Kawatha Villege along Waregaon ash bund at TPS Khaperkheda.	Infrastructural Development	TPS Khaparkheda 136	0.3286	Direct Expenditure: 0.3286	0.3286	Direct
22	Death compensation Paid to Paramjeet Kaur	Health care	Civil Constn Chandrapur 250	0.0400	Direct Expenditure: 0.0400	0.0400	Direct
23	Construction of WBM road, concrete road	Infrastructural Development	Civil Constn Chandrapur 250	0.3439	Direct Expenditure: 0.3439	0.3439	Direct
24	Work of providing cold coffin at Tulsinagar under CSR activities of 2X500 MW Expansion Project, MSPGCL, Chandrapur	Livelihood enhancement projects	Civil Constn Chandrapur 250	0.0113	Direct Expenditure: 0.0113	0.0113	Direct
25	Construction of RCC drain on sides of road from Mata Mandir to Udar's House in Tulsinagar under CSR activities of 2X500MW Expansion Project, MSPGCL, Chandrapur. (T-07)	Healthcare	Civil Constn Chandrapur 250	0.0039	Direct Expenditure: 0.0039	0.0039	Direct
26	Construction of Society Temple at Kadoli under CSR activities of 2x500MW Expansion Project, MSPGCL, Chandrapur	Infrastructural Development	Civil Constn Chandrapur 250	0.0470	Direct Expenditure: 0.0470	0.0470	Direct
27	Work of Construction of Rangmanch at mouza Gudgaon (Mal) under CSR activities of 2x500 MW Expn. Project, MSPGCL, Chandrapur.	Livelihood enhancement	Chandrapur 250	0.0543	Direct Expenditure: 0.0543	0.0543	Direct
	Total			**10.1995**	**10.1995**	**10.1995**	

*Give details of implementing agency: NA

6. In case the company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board Report: N.A..
7. A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the company.

(Arvind Singh)

Chairman & Managing Director I/C
Chairman of CSR Committee

Date: 31.12.2018
Place: Mumbai

ANNEXURE – III TO THE DIRECTOR'S REPORT
PARTICULARS REQUIRED UNDER THE COMPANIES (ACCOUNTS) RULES,2014

A. ENERGY CONSERVATION:

Following are the Energy saving activities carried out during year 2017-18

- 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.
- Distribution of LED lamps to employees free of cost 2 times every year. Distribution of LED Bulbs to employees at concessional rate.

AUXILLIARY POWER CONSUMPTION:

- Accurate assessment of Auxiliary consumption by using 0.2 class Energy meters.
- Maximum use of day light.
- Avoiding idle running of equipment / machine.
- Modification of lighting system using energy efficient lamps.
- Arresting leakages in compressed air, steam piping, cooling water system and electrical systems.
- DM water flow meters are installed
- Natural cooling arrangement for GT Units at Uran.
- Condition monitoring & timely preventive maintenance schedule of auxiliaries.
- Replacement of BFP with Energy Efficient BFP Cartridges in Koradi Unit-7.
- Installation of VFDs for pumps, compressors & fans in different area of power stations.
- CEP impeller stage reduction in Khaperkheda 210 MW unit

LIGHTING

- Replacement of HPMV lamps with LED lighting
- 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.

LUBRICANTS:

- Zero leakage concept is introduced at all power stations.
- Oil skimmers designed and developed to recover fuel oil from drains.
- Turbine and BFP oil filtration by centrifuging at Bhusawal & Nasik TPS.

DM WATER

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

MISCELLANEOUS WATER

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

B. TECHNOLOGY ABSORTION ADAPTATION AND INNOVATION

a) Efforts made in technology absorption

- Use of treated minicipal waste water from Nagpur city for Koradi 660 MW units.
- Koradi Unit-6 Energy Efficient Renovation & Modernisation (EE R&M) carried out.
- Installation of Ammonia injection flue gas conditioning sysytem (AGC)
- Implementation of 'E' tendering concept for material procurement at Mahagenco H.O. & Power Station.
- DVR System installed in Khaperkheda Unit-2.
- Low NOx burners are installed in Koradi 660 and Khaperkheda 500 MW Units.

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 skimper 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.

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

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

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

3. Future plan of action
   - AFGC systems for more units of TPS.
   - Installation of online energy management.
   - Use Solar PV Power Plant Premises

4. Expenditure on R & D

   Nil

b.) 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.NIL

(b) Total foreign exchange used and earned

Sr. No.	Total Foreign Exchange used /earned	₹
1.	Foreign Exchange Outgo	
	Value of capital goods calculated on CIF basis	288760180
2.	Foreign Exchange earned	Nil

ANNEXURE – IV TO THE DIRECTOR'S REPORT
Replies to Statutory Auditors Observations

Sr. No.	Major Observations	Company replies
1	*The Company, in terms of Power Purchase Agreement with the Maharashtra State Electricity Distribution Company Limited(MSEDCL) has recognized income during the year of Surcharge being interest on delayed payment amounting to ₹ 2047.31crores (PY ₹ 1,697.64 crores) under the head 'Surcharge Income from Customers'. MSEDCL has not paid such Surcharge aggregating to an amount of ₹ 7485.61 crores (PY ₹ 5,438.30 crores)which is outstanding as on March 31, 2018.* *Considering the non-payment by Maharashtra State Electricity Distribution Company Limited (MSEDCL) over the past several years, there is an uncertainty in the recoverability of the said dues.* *In view of the uncertainty stated above, the management of the Company has provided for an estimated Expected Credit Loss of ₹ 285.96 Crores during the year and aggregating to ₹ 982.28 Crores till date.* *The recoverability of the above stated Trade Receivable and adequacy of the estimated provision made for the Expected Credit Loss in respect thereof cannot be commented upon by us.*	MSPGCL has raised surcharge bills to MSEDCL as per the agreed terms of Power Purchase Agreement and are binding on MSEDCL. These are contractual receivables. Further, revised Multy Year Tariff Regulations provide for recognition of surcharge over and above regular tariff which justifies Company's stand. Further, since Company has already suffered a hit on income due to reduction in tariff of the Company by MERC to the extent of surcharge in earlier years, it would not be prudent, to again take a hit to Profit & loss by making a provision against the surcharge receivable especially when MERC in its revised Regulations has endorsed Company's view. However, in order to comply with IND-AS on Financial Instruments, Company has recognized a financial impairment provision (Expected Credit Loss for time value of money) of ₹ 982.28 Crores as at 31-03-2018 as has been done in previous year. Company has carried out reconciliation with MSEDCL and the same has been shared with the Auditors in the reporting year.
	Company has not restated the financial statements of previous year, in respect of a prior period error amounting to ₹ 885.44 Crores relating to Deferred Tax Liability (Net) as at the end of previous year i.e. 31.03.2017. While computing current tax of previous year, Company did not consider the deduction of eligible investment allowance amounting to ₹ 2558.49 Crores. This had resulted into lower unabsorbed losses to that extent as at the previous year end and deferred tax asset of ₹ 885.44 Crores on this account was not created as at previous year end. Accordingly, Deferred Tax Liability (Net), as at the previous year end was stated higher by ₹ 885.44 Crores. *The said Deferred Tax Asset amounting to ₹ 885.44 Crores has been recognized and credited to the Statement of Profit and Loss for the current year. Accordingly Profit after tax for the year is overstated by like amount.* *The above accounting treatment is not in accordance with the requirements of Ind AS 8 - 'Accounting Policies, Changes in Accounting Estimates and Errors'.*	Company imports the final un-absorbed Loss/Depreciation amount as has been filed with Income Tax Authorities through the earlier year's Income Tax Return, for the purpose of computing of Un-absorbed Loss/Depreciation to be brought forward to the next year. Such Un-absorbed Losses/ Depreciation being eligible based on the reasonable certainty of the realization for the creation of related Deferred Tax Assets of the company, any revision occurring due to changes while filing of the Income Tax return, will have an impact on the current year Deferred Tax computation. In FY 2016-2017, Company finalised its first IND-AS compliant annual accounts & after completion of Tax audit, filed the Income Tax Return within stipulated date. However, while filing the Income Tax return for FY 2016-2017, company decided to avail the benefit of Investment Allowance amounting to ₹ 2558 Crores under section 32(AC) which is period specific & not available in sub-sequent years. This led to upward revision in un-absorbed Losses for the company. As per prevalent practice, while computing the Deferred Tax Liability for FY 2017-2018, company recognized such revised un-absorbed loss after factoring the Investment allowance. This has resulted into creation of Deferred Tax Asset of ₹ 885 Crores in FY 2017-2018 & consequentially decreasing the Deferred Tax Liability to this extent. Said gain in Deferred Tax has been presented in Profit & Loss statement for the year FY 2017-2018.

2.	*The balances of loans and advances, deposits and trade payables are subject to confirmation from respective parties and / or reconciliation as the case may be. Pending such confirmation and reconciliation, the consequential adjustments are not made.* *However, we are informed that the Company has sent letters asking for confirmation to its vendors and wherever such confirmations are received the same is getting reconciled and we are informed that such reconciliation is a continuous and an ongoing process for the Company.* *In the absence of sufficient and appropriate audit evidence, we are unable to opine on the consequential impact, if any, on the status of these balances and the profit for the year of the Company.*	Considering the size of the Company and different types of operations undertaken, Company has huge volume of transactions with various vendors. The Company has also issued balance confirmation letters to various vendors / customers / lenders etc. Reconciliation with the vendors is undertaken by the company as an on-going process. However, due to various reasons not attributable to company alone viz., delay in sending invoice by vendors, no response against the balance confirmation requests, wrong details given by vendor, claims / counter claims etc, reconciliation or adjustment takes more time in case of some vendors. Company also makes necessary provisions against the vendor balances wherever required. However, keeping in view the observation, the company will further expedite the process of reconciliation/adjustment in the ensuing year.
	Attention is invited to Company's accounting policies stated at Note5 (ix), Note 5 (x) &5(xi) regarding Property, Plant and Equipment and Note 11B(iii) regarding Depreciation and amortization. During the course of our audit, certain deviations and anomalies were observed in adherence to these accounting policies adopted by the company with respect to (i) classification between inventory and PPE of spare parts i.e. items meeting the definition of "Property, Plant &Equipment", are classified as "Inventories" and not capitalised by the company . (ii) replacement of spare parts to be charged off to statement of profit and loss i.e.the company has not de-recognised the WDV of the old spares/ "Property, Plant & Equipment" replaced, neither the cost of the replaced part has been charged to the Statement of Profit and Loss and both of them are continued to be depreciated over the remaining useful life, even in case of de-recognition. and (iii) non-linking of useful life of spare parts with that of main plant, thereby depreciation on spare parts & additions to PPE, is being charged without any reference to the useful life of the main related Property, Plant & Equipment. Consequently, we are unable to opine on the consequential impact thereof on the financial statements of the Company which is unascertained in the absence of complete detailed exercise by the management in this regard.	During the course of audit, the Auditors have come across issues in certain capital spares/ assets/ depreciation and life thereof. In order to overcome such issues, Company proposes to conduct comprehensive review of entire Capital Spares / Asset base so as to ascertain the accuracy in depreciation rate, charging of cost of replaced items to P&L, balance life as per the records and correct accounting treatment thereof in the ensuing year and carry out rectifications wherever required.
	Freehold land relating to 4 accounting units having carrying value of ₹ 45.62 crores as at year end and lease hold land of 1 accounting unit having carrying value of ₹ 92.98 crores as at year end are still held in the name of erstwhile "Maharashtra State Electricity Board." We are informed that these are transferred to the Company in terms of the government of Maharashtra Order and as per the Transfer Scheme. *Free hold land relating to 2 accounting units having gross block ₹ 396.51 Crores, held in the name of "Mahanirmiti" and "Mahagenco Thermal Power Station" which is not the name of the Company as per Memorandum of Association of the Company and is not as per the name allotted and as registered with the Registrar of Companies, Mumbai.*	While, certain title deeds are in the name of erstwhile Maharashtra State Electricity Board or Mahanirmiti (Marathi version of MAHAGENCO) etc., Company would carry out exercise of transfer of all title deeds in respect of immovable properties, in the registered name of company.

	According to the information and explanations given to us and based on our audit, the following material weakness has been identified as at March 31, 2017. 1. The Company's internal financial control over timely capitalization of fixed assets and adjustment of liquidated damages in the fixed assets accounting are not operating effectively. These material weakness could potentially result in material misstatement in Company's fixed assets, CWIP, depreciation and expenses. 2. The Company's internal financial control over procurement and accounting of material, maintenance of subsidiary records pertaining to employees and stores, timely adjustments of advances to suppliers and provision for liabilities including interest payments to MSME vendors are not operating effectively. Controls over calculation and accounting of the late delivery and short supply penalties to supplier of coal are inadequate. These material weaknesses may result in incorrect valuation of liabilities and assets of the Company. 3. The Company's internal financial control over maintenance of Inventory records, reconcilation with financial ledger and valuation of Inventory are not operating effectively. These material weakness could potentially result in misstatement of inventory value.	Upon establishing that the delay in work execution has been attributable to contractor and quantum of such delay, the liquidated damages get finalized. Further, project closure activities in case of major projects entail some time. Consequently, though the assets are accounted for in the books of accounts of the company when such assets get commissioned, however the effect of liquidated damage is accounted for only upon its finalization. Claim settlement with Coal suppliers in respect of claims for grade slippage, short delivery etc. and counter claims of deemed delivery / performance incentive and interest on claims etc. are yet to be fully settled. Hence company recognizes disputed payables to coal companies as contingent liability. Similarly, Company has also disclosed the Contingent Assets as well. As regards control over timely booking of data / adjusting of advances and liabilities, company would further expedite the same in the ensuing year. Company has disclosed and provided for interest on the delayed payment to MSME vendors. The company has maintained the subsidiary records of employees in SAP, which are monitored centrally, Company is also in the process of centralised salary processing in the ensuing year. Company operates in SAP environment where the system has period constraints. While the period for material data entry is limited, as regards period for accounting data entry the same is available till closure of accounts. In the event the material data couldn't get posted timely, the accounts need to be closed by posting accounting entry the effect of which would appear in Account code instead of effecting the respective material being period constraint. However, in the ensuing year, company would expedite to carry out the necessary transactions within the specific period.

ANNEXURE – V TO THE DIRECTOR'S REPORT
Form No. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2018

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
MAHARASHTRA STATE POWER GENERATION COMPANY LIMITED
Prakashgad, Plot No. G-9,
Anant Kanekar Marg,
Bandra (East),
Mumbai - 400051

I, Ajit Y. Sathe, Proprietor of A. Y. Sathe & Co., Practicing Company Secretary, Mumbai, have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **MAHARASHTRA STATE POWER GENERATION COMPANY LIMITED (CIN - U40100MH2005SGC153648)** (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing my opinion thereon.

Based on my verification of the company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2018 ('Audit Period') complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2018 according to the provisions of:

i) The Companies Act, 2013 (the Act) and the Companies Act, 1956 (to the extent applicable) and the rules made thereunder;

ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder; (not applicable as the Company is Public Unlisted Company);

iii) The Depositories Act, 1996 and the Regulations and by - laws framed thereunder; (not applicable as Company's shares are in physical form);

iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings; (not applicable to the Company during the audit period);

v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') were not applicable during the audit period as the Company is Unlisted Public Company:

   a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

   b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

   c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;

   d) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;

   e) The Securities and Exchange Board of India [Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999] which is now The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 & The Securities and Exchange Board of India Securities and Exchange Board of India (Share Based Employee Benefits) (Amendment) Regulations, 2015;

   f) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

   g) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

   h) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and

   i) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998

vi) In respect of other laws specifically applicable to the Company, the below-mentioned other law is specifically applicable to the Company:

Electricity Act, 2003

I have also examined compliance with the applicable clauses of the following:

i) Secretarial Standards issued by The Institute of Company Secretaries of India (applicable w.e.f. 1st July, 2015 and 1st October, 2017).

ii) The Listing Agreements entered into by the Company with BSE Limited and National Stock Exchange of India Limited (not applicable to the Company during Audit Period, being Public Unlisted Company).

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above subject to the following observations / non - compliances:

Under Companies Act, 2013:

- The Company has not appointed a woman Director in a Company during period from 1st June, 2017 to 14th June, 2018.

I have relied on information / records produced by the Company during the course of my audit and the reporting is limited to that extent.

I further report that –

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors *subject to above-mentioned observations.* The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views, if any, are captured and recorded as part of the minutes.

I further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that the Company is a wholly owned subsidiary of MSEB Holding Company Limited, which is a wholly owned Government of Maharashtra undertaking, and it had issued and allotted on rights basis Equity Shares of face value of ₹ 10/- each, at par as per details mentioned below:

Date of Allotment	No. of Shares	Consideration	Govt. GR Number
04/07/2017	39,27,89,338	Cash	ELA/1003/prk/8588/Energy-5

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

i) Public / Preferential issue of shares / debentures / sweat equity, etc.

ii) Redemption / buy-back of securities;

iii) Major decisions taken by the members in pursuance to section 180 of the Companies Act, 2013;

iv) Merger / amalgamation / reconstruction, etc.

v) Foreign technical collaborations.

For A. Y. Sathe & Co.
Company Secretaries

CS Ajit Sathe
Proprietor
FCS No.2899 COP No. 738

Place: Mumbai
Date: 05.12.2018

This report is to be read with our letter of even date, which is annexed as Annexure I and forms an integral part of this report.

ANNEXURE – I to Secretarial Audit Report

To,
The Members,
MAHARASHTRA STATE POWER GENERATION COMPANY LIMITED
Prakashgad, Plot No. G-9,
Anant Kanekar Marg,
Bandra (East),
Mumbai - 400051

Our report of even date is to be read along with this letter.

1. Maintenance of Secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial Records. The verification was done on the test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For A. Y. Sathe & Co.
Company Secretaries

CS Ajit Sathe
Proprietor
FCS No.2899 COP No. 738

Place: Mumbai
Date: 05.12.2018

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA (CAG) UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE STANDALONE FINANCIAL STATEMENTS OF MAHARASHTRA STATE POWER GENERATION COMPANY LIMITED, MUMBAI FOR THE YEAR ENDED 31 MARCH 2018

The preparation of Finanical Statements of **Maharashtra State Power Generation Company Limited** for the year ended **31st March 2018**, in accordance with the financial reporting framework prescribed under the Companies Act, 2013 is the responsibility of the Management of the Company. The Statutory Audiors appointed by the Comptroller and Auditor General of India under section 139(5) of the Companies Act, 2013 are responsible for expressing opinion on the Financial Statements under section 143 of the Companies Act, 2013 based on independent audit in accordance with the Standards on Auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated **28th September 2018.**

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the Financial Statements of **Maharashtra State Power Generation Company Limited** for the year ended **31st March 2018** under section 143(6)(a) of the Act. This supplementary audit has been carried out independntly 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 examiniation of some of the accounting records.

Based on my supplimentary audit, I would like to highlight the following significant matters under section 143(6)(b) of the Act, 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.

I. COMMMENTS ON PROFITABILITY

EXPENSES

Cost of materials consumed (Note 25)

Coal: ₹ 10,548.78 crore

1. The company was liable for payment of interest[1] of 18.81 crore to Coal Companies for delay in payment for coal procurement during 2017-18 as per terms and conditions of the Fuel Supply Agreements. Non provision for the same resulted in understatement of "Expenses and "Financial Liabilities (Other Current Financial Liabilities)" with consequential overstatement of "Profit" by ₹ 18.81 crore.

Water: ₹ 193.49 crore

2. The company paid (May 2018) water charges for the month of April 2018 to Nagpur Municipal Corporation which was incorrectly accounted for as prepaid expenses during 2017-18. This resulted in understatement of "Expenses", overstatement of "Current Assets (Other Current Assets - Prepaid expenses)" and "Profit" by ₹ 83.33lakh.
3. The Company executed (March 2013) a Memorandum of Understating (MOU) with Godawari Marathwada Irrigation Developement Corporation (GMIDC). Aurangabad for constructing Majalgaon Lift Scheme for supply of water to Parli Thermal Power Station. As per the terms and condition of MOU,Company agreed to deposit capital contribution of ₹ 199.86 crore and existing water charges were to be reduced proportionate to payment of instalments. The Comapny paid (June 2013 to January 2015) Contribution of ₹ 142 crore to GMIDC and the scheme had been suspended (September 2015) by the GoM. Accordingly, the Company had treated it as advance granted to GMIDC on the grounds that entire amount was refundable. As capital contribution was treated as refundable/receivable from GoM, full payment for water charges should have been made as per the bills raised by WRD without any proportionate discount towards capital contribution paid. The Company, however unilaterally made payment at discounted rates leading to short payment of ₹ 37.88 crore which was disclosed as contigent liability,which was incorrect. This resulted in understatements of "Expenses" and Financial Liabilities (Other Current Financial Liabilities)" with consequential overstatement of "Profit" by ₹ 37.88 crores.
4. The Water Resources Department (WRD) raised (March 2018) demand for payment of ₹ 45.67 crore (₹ 30.36 crore towards basic water charges and cess plus ₹ 15.31 crore towards penalty / interest / commitment charges) in respect of Nashik Thermal Power Station (NTPS). The Company paid (July 2018) ₹ 30.36 crore (principal amount) to WRD[2] for which necessary provision was not made in the Financial Statements for the year 2017-18. This resulted in understatement of "Expenses" and "Financial Liabilities (Other Current Financial Liabilities)" with consequential overstatement of "Profit" by ₹ 30.36 crore.

II. COMMENTS ON FINANCIAL POSITION.

ASSETS

Non-Current Assets

Property, Plant and Equipment (Note no.1): ₹ 40,818.09 crore

5. This does not include 28.12 crore being extra claims of a contractor in respect of Koradi thermal power project which were approved (February 2018) by the Board of Directors. This resulted in understatement of Non Current Assets (Property, Plant and Equipment) and "Current Financial Liabilities (Other financial liabilities) by ₹ 28.12 crore[3].

1. Interest at the rate of SBI prime lending rate (PLR)
2. It was decided that matter will be refered to GOM for waiver of balance amount towards penalty, interest and commitment charges.
3. The extent of depreciation and impact on profitability could not be ascertained for want of asset wise details

Capital work in progress: ₹ 1316.43 crore
Less: Provision for obsolescence: ₹ (24.24 crore)
Net Capital work in progress: ₹ 1292.19 crore

6. This does not include ₹ 1.38 crore towards salaries of employees deployed for Renovation & Modernization of a unit (Koradi Thermal Power Station) in contravention of its accounting practice. This resulted in overstatement of "Expenses (Employee benefits expense)", understatememt of "Non Current Assets (Capital work in progress)" and "Profit" by ₹ 1.38 crore

7. The above includes cost of work amounting to ₹ 1.24 crore[4] which was completed during the month of March 2018 at Chandrapur Thermal Power Station. Non capitalisation of the completed work as asset thus resulted in understatement of "Tangible Assets (Property, Plant and equipment (gross))" by ₹ 1.24 crore, understatement of "Depreciation" with consequential overstatement of "Profit" by ₹ 0.07 lakh[5].

Non Current Trade Receivables
Unsecured considered good: ₹ 5247.55 crore

8. The income on account of Delayed Payment Surcharge (DPS) was due/calculated on monthly basis and there was no penal interest in case of non-payment of DPS. Accordingly, provision for expected Credit Loss (ECL) should have made on the outstanding DPS (monthly basis) as per the provision matrix adopted by the Company, which worked out to ₹ 1,090.55 crore. The Company, however had provided ECL of ₹ 982.28 crore lead to shortfall in provision by ₹ 108.27 crore (current year leading ₹ 43.46 crore and prior period ₹ 64.81 crore). This resulted in overstatement of "Non-current Trade Receivables" by 108.27 crore, understatement of "Expenses (allowance for ECL), for the year by ₹ 43.46 crore and prior period expenses by ₹ 64.81 crore. As a result, there was overstatement of "Profit" for the year by ₹ 43.46 crore and understatement of "Retained earnings (negative)" with consequential overstatement of "Equity" by ₹ 64.81crore.

Other Non-Current Assets (Note.5) - ₹ 1088.98 Crore
Deferred Lease Rent (Hydro Plants): ₹ 700.06 crore

9. As per Ind AS 17 (Leases), lease payment under an operating lease shall be recognised as an expense on a straight line basis over the lease term unless anothr systematic basis is more representative of the time pattern of user's benefit.

   The Company is a rate regulated entity and MERC has deremined/approved (December 2012/April 2012) annual lease rent for various hydro power stations owned by GoM which are leased to the Company for Operation and Maintenance. The approved lease rent is an expense which is claimed from MSEDCL through monthly bills and accounted for under revenue from sale of power, forming part of Annual Revenue Requirement (ARR) of the Company as per the MERC Regulations. The Company, however, had recognised lease expense on straight line basis (₹ 452.08 crore per year) during 2014-15 to 2017-18. As a result, lease rent expenses of ₹ 700.06 crore (₹ 62.41 crore for the current year) payable as per MERC order was treated as "Deferred Lease Rent" instead of expenses. This resulted in overstatement of "Non Current Assets" (Deferred Lease Rent by ₹ 700.06 crores and understatement of "Expenses (Hydro Lease Rent)" with consequential overstatement of "Profit for the year by ₹ 62.41 crore, understatement of "Retained earnings (negative)" and overstatement of "Equity" by ₹ 637.65 crore.

LIABILITIES
Current Liabilities
Financial Liabilities
Other Current Financial Liabilities (Note 19) - ₹ 7203.47 Crore
Related Party Payable: ₹ 689.89 crore

10. A joint venture Company namely UCM Coal Company Limited (UCMCCL), incorporated (October 2008) with the object of developement and operations of the allotted Chendipada coal block wherein the Company had 18.75 percent share. Adani Enerprises Limited (AEL) was selected (February 2011) as Mine Developer Cum Operator (MDO). Subsequently, Supreme Court of India cancelled (September 2014) allocation of coal blocks. AEL invoked Arbitration proceedings claiming ₹ 494.76 Crore against UCMCCL. AEL also filed an application (October 2016) seeking interim relief of ₹ 73.94 Crore form Respondent which was granted by the Arbitral Tribunal. The Company was thus liable to contribute its share of ₹ 13.86 crore (₹ 18.75 percent) for making payment to AEL, for which necessary provision was not made in the Financial Statements.

    This resulted in understatement of "Current Financial Liabilities" and "Financial Assets (Investment in Subsidiaries, Joint Ventures and Associates - Quasi Equity investment in nature of advance)" by ₹ 13.86 crore.

4. Manufacturing, supply and retrofitting of wear resistance liners inside the mill body of XRP 1043 coal mill in unit 5 & 6.

5. 5.28 percent on ₹ 1.24 crore for one month

Other Current Liabilities (Note no. 20) ₹ 23.00 crore
Statutory dues: ₹ 23 crore

11. a) This does not include an amount of ₹ 155.80 crore[6] "payable to GoM towards labour cess on cost of construction of new projects at Koradi, Chandrupur and Parli, which was outstanding as on 31st March 2018. This resulted in understatement of "Current Liabilities (Statutory dues)" and "Expenses" by ₹ 155.80 crore with consequent overstatement of "Profit" to the same extent.

III. COMMENTS ON STATUTORY AUDITORS REPORT

11. b) The fact regarding non payment of labour cess was not highlighted by the Statutory Auditors in Annexure II to the Independent Auditors Report. The Auditors report, was thus factually incorrect/deficient to that extent.

IV OTHER COMMENTS
REVENUE
Revenue from operations
Sale of power (Note 22): ₹ 19,011.03 Crore

12. As per Indian According Standard (Ind AS) 10, an entity shall adjust the amounts recognized in its Financial Statements to reflect adjusting events[7] after the reporting period[8]. The Financial Statements of the company for the year ended 31st March 2018 were approved on 28th September 2018.
Maharashtra Electricity Regulatory Commission (MERC) in its order dated 01/09/2018 for truing up of Annual Revenue Requirement (ARR) for 2015-16 (final), 2016-17 (final) and 2017-18 (provisional) held that the company had billed MSEDCL in excess to the extent of ₹ 1275.12 crore which was to be adjusted against the revenue for FY 2018-19 for MSEDCL.
Non-disclosure of this material fact in the financial statement is contrary to the provisions of Ind AS-10.

Assets classified as held for sale/disposal (Note 1 B): ₹ 207.31 crore

13. As on 31st March 2018, the Company had two decommissioned units (Bhusawal Unit 2 and Radhanagari Hydro Power Station) whose carrying cost was not de-recognised from Assets (Property, Plant and Equipment). This was in violation of Ind AS 16. Out of this, the Company had decided (June 2018) to sell/dispose of one Unit through e-auction, which were not included in Assets classified as held for sale/disposal, in violation of Ind AS 105 (Non-current assets held for sale and discontinued operations). The carrying cost and accumulated depreciation of these four units as on the date of decommissioning and asset additions/depreciation provided after decommissioning, if any, were not available on record and hence impact of the same on the financial statements could not be ascertained.

Leases (Note no.44)

14. The Compnay in the note to the financial statements (note 5 (viii) stated that lease arrangments for land is classified at the inception date as finance lease as it transfers substantially all the risk and rewards incidental to ownership to the Company during the lease period. As per Ind AS 17 (Leases), at the commencement of the lease term, lessees shall recognise finance leases as assets and liabilities in their balance sheets at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. Minimum lease payments shall be apportioned between the finance charge and the reduction of the outstanding liability. The finance charge shall be allocated to each period during the lease term so as to produce a constant periodic rate of ineterest on the remainging balance of the liability. A finance lease gives rise to depreciation expense for depreciable assets as well as finance expense for each accounting period.
The Company had acquired leasehold land from CIDCO for Uran Gas Thermal Power Plant by making upfront payment of lease premium of 106.11 crore. The Company, however had not given necessary accounting effect for treatment of leasehold land as Finance Lease and instead leasehold land was continued to be accounted for as Tangible Assets (as being done prior to implementation of Ind AS). This was in contravention of Ind AS 17 as well the accounting policy of the Company. Further mandatory disclosure as specified in the Ind AS 17 were also not given by the Company.

6. Equal to one percent of total payments of ₹ 15580.22 crore made to BTG and BoP Contractors at Koradi, Chandrapur and Parli.
7. Adjusting events after reporting period are those that provide evidence of conditions that existed at the end of the reporting period.
8. Events after the reporting period are those events, favorable and unfavourable, that occur between the end of the reporting period and the date when the financial statements are approved by the Board of Directors in case of a Company.

For and on Behalf of
The Comptroller & Auditor General of India

(S.K. Jaipuriyar)
Principal Accountant General
(Audit) - III

Place: Mumbai
Date: 28/12/2018

REPLIES TO COMMENTS OF GOVERNMENT AUDIT FOR FY 2017-2018.

Sr. No.	GOVERNMENT AUDIT PARAS	MANAGEMENT REPLIES	STATUTORY AUDITORS COMMENTS
	I. COMMENTS ON PROFITABILITY		
1.	**EXPENSES** **Cost of materials consumed (Note 25)** **Coal: ₹ 10,548.78 crore** The Company was liable for payment of interest[1] of ₹ 18.81 crore to Coal Companies for delay in payment for coal procurement during 2017-18 as per terms and conditions of the Fuel Supply Agreements. Non provision for the same resulted in understatement of "Expenses" and "Financial Liabilities (Other Current Financial Liabilities)" with consequential overstatement of "Profit" by ₹18.81 crore .	Company has received total claim against Interest of ₹ 461.59 Crores from Coal companies for the delay in payment. Since the company has counter claims against coal companies, the matter is under dispute. Consequently, the same has been disclosed as contingent liability under note no. 42 (1).	We concur with the reply of management.
2.	**Water: ₹ 193.49 crore** The Company paid (May 2018) water charges for the month of April 2018 to Nagpur Municipal Corporation which was incorrectly accounted for as prepaid expenses during 2017-18. This resulted in understatement of "Expenses", overstatement of "Current Assets (Other Current Assets-Prepaid expenses)" and "Profit" by ₹ 83.33 lakh.	Company regularly accounts for the water charges as claimed by respective local authorities. During the year company has Water (Industrial & Domestic) charges of ₹ 200.41 Crores in the statement of Profit & Loss account; however, ₹ 83.33 Lakhs were inadvertently booked in pre-paid expenses which will be rectified in the ensuing year.	We concur with the reply of management.
3.	The Company executed (March 2013) a Memorandum of Understanding (MoU) with Godawari Marathwada Irrigation Development Corporation (GMIDC), Aurangabad for constructing Majalgaon Lift Scheme for supply of water to Parli Thermal Power Station. As per the terms and condition of MoU, Company agreed to deposit capital contribution of ₹ 199.86 crore and existing water charges were to be reduced proportionate to payment of instalments. The Company paid (June 2013 to January 2015) contribution of ₹ 142 crore to GMIDC and the scheme had been suspended (September 2015) by the GoM. Accordingly, the Company had treated it as advance granted to GMIDC on the grounds that entire amount was refundable. As capital contribution was treated as refundable/receivable from GoM, full payment for water charges should have been made as per the bills raised by WRD without any proportionate discount towards capital contribution paid. The Company, however, unilaterally made payment at discounted rates leading to short payment of ₹ 37.88 crore which was disclosed as contingent liability, which was incorrect. This resulted in understatement of "Expenses" and "Financial Liabilities (Other Current Financial Liabilities)" with consequential overstatement of "Profit" by ₹ 37.88 crore.	In present case the Majalgaon Lift Irrigation Scheme was to be implemented by Govt. Of Maharashtra through GMIDC. For this project the company has provided advance of ₹ 142 Crores. The said scheme has been discontinued by the Govt. Of Maharashtra. The company would be seeking refund from GoM. Since there is no capital asset created nor any contribution provided by the company for any underlying asset, the write-off such contribution/assets would not arise. Pending the recovery of the said advance, the expected credit loss for time value of money has been provided in the books of accounts similar to other receivable. Further, the discount which was deducted by the Company from the water bills in earlier years, has been properly accounted for as expenditure in the current year.	We concur with the reply of management.

[1] Interest at the rate of SBI prime lending rate (PLR)

4.	The Water Resources Department (WRD) raised (March 2018) demand for payment of ₹ 45.67 crore (₹ 30.36 crore towards basic water charges and cess plus ₹ 15.31 crore towards penalty/interest/commitment charges) in respect of Nashik Thermal Power Station (NTPS). The Company paid (July 2018) ₹ 30.36 crore (principal amount) to WRD[2] for which necessary provision was not made in the Financial Statements for the year 2017-18. This resulted in understatement of "Expenses" and "Financial Liabilities (Other Current Financial Liabilities)" with consequential overstatement of "Profit" by ₹ 30.36 crore	The bills from WRD towards penalty/ Interest/commitment charges in respect of water supply were under dispute & decision of paying the said bill under protest was taken in July 2018. Hence, being disputed, the provision of expenditure could not be made in FY 2017-2018. Consequently, the contingent liability to this effect has been disclosed.	We concur with the reply of management.
	II. COMMENTS ON FINANCIAL POSITION		
5.	**ASSETS** **Non-Current Assets** **Property, Plant and Equipment (Note no 1): ₹ 40,818.09 crore** This does not include ₹ 28.12 crore being extra claims of a contractor in respect of Koradi thermal power project which were approved (February 2018) by the Board of Directors. This resulted in understatement of Non Current Assets (Property, Plant and Equipment) and "Current Financial Liabilities (other financial liabilities) by ₹ 28.12 crores.[3]	While Board of Directors approved the extra claims of a contractor of ₹ 28.12 Crores, however, due to financial constraints and inability to continue and complete the work, the contract awarded to M/s. LITL was terminated. There are various other claims of MSPGCL also from the contractor on the basis of risk and cost clause for balance works. However, till the time, finality is reached regarding position of various claims payable and receivable, it appears more appropriate to defer the recognition till certainty is arrived at. It is felt that the in F.Y. 2018-19, further clarity will be available and the company will be able to recognise the claims receivable and payable in its books of accounts.	We concur with the reply of management.
6.	**Capital Work in progress:₹ 1316.43 Crores** **Less: Provision for obsolescence: ₹ (24.24 Crore)** **Net Capital Work in progress: ₹ 1292.19 Crore** This does not include ₹ 1.38 crore towards salaries of employees deployed for Renovation & Modernization of a unit (Koradi Thermal Power Station), in contravention of its accounting practice. This resulted in overstatement of "Expenses (Employee benefits expense)", understatement of "Non Current Assets (Capital work in progress)" and "Profit" by ₹ 1.38 crore	In the ensuing year, the necessary rectification entry in respect of capitalisation of salaries of employees will be passed.	We concur with the reply of management.
7.	The above includes cost of a work amounting to ₹ 1.24 crore[4] which was completed during the month of March 2018 at Chandrapur Thermal Power Station. Non capitalisation of the completed work as asset thus resulted in understatement of "Tangible Assets (Property, Plant and equipment (gross))" by ₹ 1.24 crore, understatement of "Depreciation" with consequential overstatement of "Profit" by ₹ 0.07 lakhs.[5]	In case of Wear resistance Liners inside the mill body of XRP 1043 coal mill in unit 5 & 6 CSTPS, the asset amounting to ₹ 1.24 Crs. was created inadvertently in the year current year 2018-19 instead of FY 2017-2018. However, the Depreciation amount (₹ 0.07 crs) on the same is not of material nature. Necessary accounting entry in the books of Accounts will be recognised in the ensuing year.	We concur with the reply of management.

2. It was decided that matter will be refered to GOM for waiver of balance amount towards penalty, interest and commitment charges.
3. The extent of depreciation and impact on profitability could not be ascertained for want of asset wise details
4. Manufacturing, supply and retrofitting of wear resistance liners inside the mill body of XRP 1043 coal mill in unit 5 & 6
5. 5.28 percent on ₹ 1.24 crore for one month

8.	**Non Current Trade Receivables** **Unsecured considered good: ₹ 5247.55 crore** The income on account of Delayed Payment Surcharge (DPS) was due/calculated on monthly basis and there was no penal interest in case of non-payment of DPS. Accordingly, provision for Expected Credit Loss (ECL) should have made on the outstanding DPS (monthly basis) as per the provision matrix adopted by the Company, which worked out to ₹ 1,090.55 crore. The Company, however, had provided ECL of ₹ 982.28 crore leading to shortfall in provision to the extent of ₹ 108.27 crore (current year ₹ 43.46 crore and prior period: ₹ 64.81 crore). This resulted in overstatement of "Non-current Trade Receivables" by ₹ 108.27 crore, understatement of "Expenses (allowance for ECL)" for the year by ₹ 43.46 crore and "Prior period expenses" by ₹ 64.81 crore. As a result, there was overstatement of "Profit" for the year by ₹ 43.46 crore and understatement of "Retained earnings (negative)" with consequential overstatement of "Equity" by ₹ 64.81 crore.	Prior to FY 2016-17 the DPS bills used to be issued monthly / quarterly. Subsequently, with effect from FY 2016-17, the bills for DPS have been issued once in a year and accordingly reflected as trade receivables from the date of invoice. Based on the billing pattern the matrix for providing the ECL was worked out. The company has computed Expected Credit Loss provision after factoring the time lapsed & discounting factor as adopted from Actuarial report of the respective year. This is in consonance with principles laid down under Ind AS 109 Financial Instruments. The methodology of provision has been consistently followed w.e.f. 01-04-2015	We concur with the reply of management.
9.	**Other Non-Current Assets (Note.5) - ₹ 1088.98 Crores** **Deferred Lease Rent (Hydro Plants): ₹ 700.06 crore** As per Ind AS 17 (Leases), lease payment under an operating lease shall be recognized as an expense on a straight line basis over the lease term unless another systematic basis is more representative of the time pattern of users benefit. The Company is a rate regulated entity and MERC has determined/approved (December 2012/April 2012) annual lease rent for various hydro power stations owned by GoM which are leased to the Company for Operation and Maintenance. The approved lease rent is an expense which is claimed from MSEDCL through monthly bills and accounted for under revenue from sale of power, forming part of Annual Revenue Requirement (ARR) of the Company as per the MERC Regulations. The Company, however, had recognized lease expense on straight line basis (₹ 452.08 crore per year) during 2014-15 to 2017-18. As a result, lease rent expenses of ₹ 700.06 crore (₹ 62.41 crore for the current year) payable as per MERC order was treated as "Deferred Lease Rent" instead of expenses. This resulted in overstatement of "Non Current Assets (Deferred Lease Rent)" by ₹ 700.06 crore, and understatement of "Expenses (Hydro Lease Rent)" with consequential overstatement of "Profit" for the year by ₹ 62.41 crore, understatement of "Retained earnings (negative)"and overstatement of "Equity" by ₹ 637.65 crore.	"Para 33 of Ind AS 17, which deals with Leases, also states that, *"Lease payments under an operating lease shall be recognised as an expense on a straight-line basis over the lease term unless payments to the lessor are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases. If payments to the lessor vary because of factors other than general inflation, then this condition is not met."* Whereas it is observed that the approved lease rent is neither straight lined nor the rent pattern depicts any pattern of the inflationary trend. In fact, the rents charged are not only reducing year after year in many cases but also in few cases the rent is even negative. Hence the Company has complied with the requirements of para 33 of Ind AS 17, "Leases" and correctly accounted the lease rent on straight-line basis. Further Ind-AS Transition Facilitation Group constituted by Institute of Chartered Accountants of India in its issue no.7 clearly states *"If the payments to the lessor vary because of factors other than general inflation, then lease payments shall be straight-lined"*.	We concur with the reply of management.

10.	**LIABILITIES** **Current Liabilities** **Financial Liabilities** **Other Current Financial Liabilities (Note 19) ₹ 7203.47 crores** **Related Party Payables: ₹ 689.89 crore** A joint venture Company namely UCM Coal Company Limited (UCMCCL) incorporated (October 2008), with the object of development and operations of the allotted Chendipada coal block wherein the company had 18.75 percent share. Adani Enterprises Limited (AEL) was selected (February 2011) as Mine Developer Cum Operator (MDO). Subsequently, Supreme Court of India cancelled (September 2014) allocation of coal blocks. AEL invoked Arbitration proceedings claiming ₹ 494.76 Crore against UCMCCL. AEL also filed an application (October 2016) seeking interim relief of ₹ 73.94 Crore from Respondent which was granted by the Arbitral Tribunal. The Company was thus liable to contribute its share of ₹ 13.86 crore (18.75 per cent) for making payment to AEL, for which necessary provision was not made in the Financial Statements. This resulted in understatement of "Current Financial Liabilities" and "Financial Assets (Investment in Subsidiaries, Joint Ventures and Associates-Quasi Equity investment in nature of advance)" by ₹ 13.86 crore	The status of arbitration is in process between UCM coal co. Ltd. and M/s. AEL and final award is awaited. Further, the said award being interim in nature may be challenged subsequently. As of now, MSPGCL being shareholder has already contributed its share of capital. Any decision regarding payment of interim award is to be taken by UCM Coal company Ltd. initially. In the event MSPGCL receives any demand for additional contribution from UCM, the necessary action will be taken at that time. Pending the same no provision is required at this juncture	We concur with the reply of management.
11.	**Other Current Liabilities (Note no 20)** **Statutory dues: ₹ 23 crore** (a) This does not include an amount of ₹ 155.80 crore[6] payable to GoM towards labour cess on cost of construction of new projects at Koradi, Chandrapur and Parli, which was outstanding as on 31 March 2018. This resulted in understatement of "Current Liabilities (Statutory dues)" and "Expenses" by ₹ 155.80 crore with consequent overstatement of "Profit" to the same extent. **III. COMMENTS ON STATUTORY AUDITORS REPORT** (b) The fact regarding non payment of labour cess was not highlighted by the Statutory Auditors in Annexure II to the Independent Auditors Report. The Auditors report, was, thus factually incorrect/deficient to that extent.	The labour cess issue is under examination and depending upon the final outcome necessary accounting entry as required will be recognised in Books of Accounts in the ensuing year.	We concur with the reply of management.

6. Equal to one percent of total payments of ₹ 15580.22 crore made to BTG and BoP Contractors at Koradi, Chandrapur and Parli.

12.	**IV. OTHER COMMENTS** **REVENUE** **Revenue from operations** **Sale of power (Note 22): ₹ 19,011.03 crore** As per Indian Accounting Standard (Ind AS) 10 an entity shall adjust the amounts recognized in its Financial Statements to reflect adjusting events[7] after the reporting period[8]. The Financial Statements of the Company for the year ending 31st March 2018 were approved on 28th September 2018. Maharashtra Electricity Regulatory Commission (MERC) in its order dated 01/09/2018 for truing-up of Annual Revenue Requirement (ARR) for 2015-16(final), 2016-17 (final) and 2017-18 (provisional) held that the Company had billed MSEDCL in excess to the extent of ₹ 1275.12 Crs. which was to be adjusted against the revenue for FY 2018-19 for MSEDCL. Non disclosure of this material fact in the financial statement is contrary to the provision of IND AS-10.	MERC has determined the Tariff for FY 2018-2019 vide MERC order in case no. 196 of 2017, which inter alia includes the impact of commission's earlier orders & True-up of previous years (ranging from FY 2013-2014 to FY 2016-2017 and provisional true up for FY 2017-18). The said tariff order is served to MSPGCL on 01-10-2018 which is subsequent to the adoption of the accounts by the Board of Directors. The commission in the clause no 7.1.6 of above mentioned order has stipulated that it will apply the amount of ₹ 1275.12 Crores while adjusting the Annual Revenue Requirement for FY 2018-2019 for MSEDCL. Reciprocally, the said impact needs to be factored in the ARR for FY 2018-2019 of MSPGCL. Thereafter, Company filed the review petition before MERC against the said order and certain prayers of the Company were also approved by the Commission vide order dated 03-12-2018. Consequently, there is no impact in the accounts of the FY 2017-2018. Hence, Ind AS 10 has no bearing on the above mentioned transaction.	We concur with the reply of management.
13.	**Assets classified as held for sale/disposal (Note1 B): ₹ 207.31 crore** As on 31st March 2018, the Company had two decommissioned units (Bhusawal Unit 2 and Radhanagari Hydro Power Station) whose carrying cost was not de-recognised from Assets (Property, Plant and Equipment). This was in violation of Ind AS 16, out of this, the Company had decided (June 2018) to sell/dispose one unit through e-auction, which were not included in Assets classified as held for sale/disposal, in violation of Ind AS 105 (Non-current assets held for sale and discontinued operations). The carrying cost and accumulated depreciation of these four units as on the date of decommissioning and asset additions/depreciation provided after decommissioning, if any, were not made available on record and hence impact of the same on the financial statements could not be ascertained.	As regards, the assets of the Bhusawal Unit No. 2 and the assets of Radhanagri Hydro Power Station the same will be reclassified as Assets held for sale in FY 2018-19 and necessary accounting / rectification entries will be passed	We concur with the reply of management.

7. Adjusting events after reporting period are those that provide evidence of conditions that existed at the end of the reporting period.
8. Events after the reporting period are those events, favorable and unfavourable, that occur between the end of the reporting period and the date when the financial statements are approved by the Board of Directors in case of a Company.

14.	**Leases (Note no 44)** The Company in the note to the financial statements (note 5 (viii)) stated that lease arrangements for land is classified at the inception date as finance lease as it transfers substantially all the risk and rewards incidental to ownership to the Company during the lease period. As per Ind AS 17 (Leases), at the commencement of the lease term, lessees shall recognise finance leases as assets and liabilities in their balance sheets at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. Minimum lease payments shall be apportioned between the finance charge and the reduction of the outstanding liability. The finance charge shall be allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. A finance lease gives rise to depreciation expense for depreciable assets as well as finance expense for each accounting period. The Company had acquired leasehold land from CIDCO for Uran Gas Thermal Power Plant by making upfront payment of lease premium of ₹ 106.11 crore. The Company, however, had not given necessary accounting effect for treatment of leasehold land as Finance Lease and instead leasehold land was continued to be accounted for as Tangible Assets (as being done prior to implementation of Ind AS). This was in contravention of Ind AS 17 as well the accounting policy of the Company. Further mandatory disclosures as specified in the Ind AS 17 were also not given by the Company.	The Company had acquired leasehold land from CIDCO for Uran Gas Thermal Power Plant by making upfront payment of entire lease premium. This has been classified as Lease hold land in the asset schedule. Consequently, there are no future minimum lease payments to be made & hence, present value calculation of such payments or apportionment of the payments into finance charge and reduction of outstanding liability etc. does not arise. Hence, Company has done correct accounting of Leasehold land at Uran and no further entry / disclosure would be necessary in this regard.	We concur with the reply of management.

INDEPENDENT AUDITORS' REPORT

To The Members of Maharashtra State Power Generation Co. Ltd.

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

1. We have audited the accompanying standalone Ind AS financial statements of **MAHARASHTRA STATE POWER GENERATION COMPANY LIMITED (MSPGCL / the Company),** which comprise the Balance Sheet as at 31 March 2018, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "Standalone Ind AS financial statements").

Management's Responsibility for the Standalone Ind AS Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified in the Companies (Indian Accounting Standards) Rules 2015 under Section 133 of the Act.

This responsibility also includes the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

3. Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards and pronouncements require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements.

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

Basis for Qualified Opinion

4(i) *The Company, in terms of Power Purchase Agreement with the Maharashtra State Electricity Distribution Company Limited (MSEDCL) has recognized income during the year of Surcharge being interest on delayed payment amounting to ₹ 2047.31 crores (PY ₹ 1,697.64 crores) under the head 'Surcharge Income from Customers'. MSEDCL has not paid such Surcharge aggregating to an amount of ₹ 7485.61 crores (PY ₹ 5,438.30 crores) which is outstanding as on March 31, 2018*

Considering the non-payment by Maharashtra State Electricity Distribution Company Limited (MSEDCL) over the past several years, there is an uncertainty in the recoverability of the said dues.

4(ii) *In view of the uncertainty stated above, the management of the Company has provided for an estimated Expected Credit Loss of ₹ 285.96 Crores during the year and aggregating to ₹ 982.28 Crores till date.*

The recoverability of the above stated Trade Receivable and adequacy of the estimated provision made for the Expected Credit Loss in respect thereof cannot be commented upon by us.

5. *Company has not restated the financial statements of previous year, in respect of a prior period error amounting to ₹ 885.44 Crores relating to Deferred Tax Liability (Net) as at the end of previous year i.e. 31.03.2017. While computing current tax of previous year, Company did not consider the deduction of eligible investment allowance amounting to ₹ 2558.49 Crores. This had resulted into lower unabsorbed losses to that extent as at the previous year end and deferred tax asset of ₹ 885.44 Crores on this account was not created as at previous year end. Accordingly, Deferred Tax Liability (Net), as at the previous year end was stated higher by ₹ 885.44 Crores.*

The said Deferred Tax Asset amounting to ₹ 885.44 Crores has been recognized and credited to the Statement of Profit and Loss for the current year. Accordingly Profit after tax for the year is overstated by like amount.

The above accounting treatment is not in accordance with the requirements of Ind AS 8 - 'Accounting Policies, Changes in Accounting Estimates and Errors'.

6. *The balances of loans and advances, deposits and trade payables are subject to confirmation from respective parties and / or reconciliation as the case may be. Pending such confirmation and reconciliation, the consequential adjustments are not made.*

   However, we are informed that the Company has sent letters asking for confirmation to its vendors and wherever such confirmations are received the same is getting reconciled and we are informed that such reconciliation is a continuous and an ongoing process for the Company.

   In the absence of sufficient and appropriate audit evidence, we are unable to opine on the consequential impact, if any, on the status of these balances and the profit for the year of the Company.

7. *Attention is invited to Company's accounting policies stated at Note5 (ix), Note 5 (x) & 5(xi) regarding Property, Plant and Equipment and Note 11B (iii) regarding Depreciation and amortization. During the course of our audit, certain deviations and anomalies were observed in adherence to these accounting policies adopted by the company with respect to (i) classification between inventory and PPE of spare parts i.e. items meeting the definition of "Property, Plant & Equipment", are classified as "Inventories" and not capitalised by the company. (ii) replacement of spare parts to be charged off to statement of profit and loss i.e. the company has not de-recognised the WDV of the old spares/ "Property, Plant & Equipment" replaced, neither the cost of the replaced part has been charged to the Statement of Profit and Loss and both of them are continued to be depreciated over the remaining useful life, even in case of de-recognition. and (iii) non-linking of useful life of spare parts with that of main plant, thereby depreciation on spare parts & additions to PPE, is being charged without any reference to the useful life of the main related Property, Plant & Equipment. Consequently, we are unable to opine on the consequential impact thereof on the financial statements of the Company which is unascertained in the absence of complete detailed exercise by the management in this regard.*

8. *(a) We state that in respect of the matters stated at para 6 and 7 above, the effects thereof on the Profit for the year and on Retained Earnings as at the year end and on related assets or liabilities as at March 31, 2018 is unascertained.*

   (b) Had the effects of matters stated at Para 4 and 5 above been considered, which could be determined / quantified, the resultant amounts of various elements of the accompanying financial statements would have been as under:

(₹ Crores)

Sr. No.	Particulars	As reported on 31.03.2018	Would have been as at 31.03.2018	As reported after restatement for 31.03.2017	Would have been as at 31.03.2017
1	Revenue-Other Operating Revenue for the year	2050.45	3.14	1731.15	33.51
2	Trade Receivable Non-current as at the end of FY (Net of ECL provision)	4265.27	0	3044.34	0
3	Unbilled Revenue – Other Current Financial assets	2209.22	-29.05	1710.79	13.15
4	Expected Credit Loss provision for the year (P & L)	285.96	0	180.67	0
5	Expected Credit Loss provision as at the end of Current FY for the year(B/S)	982.28	0	696.32	0
6	Accumulated Provision for Current Tax (Net of taxes paid) (B/S)	227.86	Unascertained	211.64	Unascertained
7	Deferred Tax expense for the year (P & L)	-654.31	231.13	-25.97	-911.41
8	Deferred Tax Liability (Net) as at the end of current year(B/S)	853.03	853.03	1507.34	621.90
9	Profit/(Loss) after tax and after other comprehensive income for the year	700.18	-1946.61	-770.88	-1402.40
10	Accumulated Profit/ (Loss) - Other Equity (excluding effect of current tax on surcharge income booked as is unascertained).	-6514.96	-13018.29	-7215.14	-11071.45

9. ***Qualified Opinion***

   Subject to the effects stated above and possible effects, if any, wherever it could not be quantified in respect of what is stated at Para 4,5,6 and 7 above, in the Basis for Qualified Opinion paragraph, in our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the state of affairs (financial position) of the Company as at March 31, 2018, and its Profit (financial performance including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

10. **Emphasis of Matters:**

    We draw attention to following notes:

    (a) Note no. 29 regarding accounting of shortfall/excess if any, based on the provisional accounts of the Contributory Provident Fund (CPF) and the required disclosures under Ind AS 19 'Employee Benefits', in the absence of the requisite details and information from Company's CPF Trust.

(b) Note no. 44 regarding lease agreements with the government of Maharashtra in respect of various hydro power generation facilities that are yet to be executed.

Our opinion is not qualified in respect of above matters.

11. Other Matters:

We state that the statutory audit of the Company in previous year was carried out by three other joint auditors. The opening balances of the year, at various locations of the Company were provided by the management and accepted by us as the individual location wise audited trial balances were not certified separately.

Our opinion is not qualified in respect of above matter.

12. Report on Other Legal and Regulatory Requirements

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

(b) As required by Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of sub-section (11) of Section 143 of the Act, and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the "Annexure II", statement on the matter specified in Paragraphs 3 and 4 of the Order.

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

(a) we have sought obtained, *except for the third parties balance confirmations, as stated at Paragraph 6, the consequential effect of which , if any, on financial statements is unascertained,* all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

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

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

(d) *Subject to our observations in para 4, 5, 6 and 7 above,* in our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act read with relevant rules issued thereunder;

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

(f) Our observations made on the matters stated in the 'Basis for Qualified Opinion' paragraph above may not have a significant effect so as to adversely affect the functioning of the company;

(g) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure III";

(h) The qualifications relating to the maintenance of accounts and other matters connected therewith are as stated in the Basis for Qualified Opinion paragraph above.

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

  (i) The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements Refer Note 42 to the standalone Ind AS financial statements.

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

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

For K.S. Aiyar & Co.	**For S.C. Bapna & Associates**	**For RSVA & Co**
Chartered Accountants	Chartered Accountants	Chartered Accountants
FRN: 100186W	**FRN: 115649W**	**FRN: 110504W**
CA Rajesh Joshi	**CA Priyanka D. Jakhotia**	**CA Shekhar Kulkarni**
Partner	Partner	Partner
ICAI M No. 38526	**ICAI M.No. 157426**	**ICAI M No. 046285**

Place: Mumbai
Date: 28th September, 2018

ANNEXURE I – AS REFERRED TO IN PARAGRAPH 12(a) TO THE INDEPENDENT AUDITORS' REPORT ON THE STANDALONE IND AS FINANCIAL STATEMENTS OF MAHARASHTRA STATE POWER GENERATION COMPANY LIMITED FOR THE YEAR ENDED ON MARCH 31, 2018.

1) **To report whether there are any cases of waiver/write off of debts/loans/interest etc. if yes the reasons thereof, and the amount involved.**

During the course of audit and as per information and explanations given to us, there were no cases/instances of waiver/ write-off of any loans/debts/interest etc., by the company during F.Y.2017-18.

2) **Whether proper records are maintained for inventories lying with third parties & assets received as gift from Government and other authorities?**

The Company sends its inventories / materials to third parties only for maintenance operations or fabrication activities. As informed to us, the section stores and security maintains proper control and records for such inventories through section notes and returnable/non-returnable gate passes and a report of the same can also be viewed in the material module of SAP. We have been informed that there are no assets received as gift from the Government or other authorities during the year.

3) **A report on age-wise analysis of pending legal/arbitration cases, including the reasons of pendency and existence/ effectiveness of a monitoring mechanism for expenditure on all legal cases (foreign and local) may be given.**

Company discloses pending legal/arbitration cases as Contingent Liabilities as identified by the company. The age wise analysis of 272 pending legal/arbitration cases given below:

Particulars	No. of Cases
Less than one year	28
1 to 2 years	68
2 to 3 years	59
3 to 5 years	31
More than 5 years	86
Total	**272**

We are informed that the reasons for pendency of the above cases differ from case to case. We are informed that the expenditure on legal cases is as per the approved fee structure of the advocate/ Counsel engaged for the above cases. Due to unavailability of relevant information from the Company, we are not able to comment upon the reasons for pendency and the effectiveness of the existing mechanism for expenditure on all legal cases.

4) **If the company has been selected for disinvestment, a complete status report in terms of valuation of assets (including intangible assets and land) and liabilities (including Committed & General Reserves) may be examined, including the mode and present stage of disinvestment process.**

The Company has not been selected for 'Disinvestment' purpose. Hence, the information sought is not applicable to the Company.

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

5) **Does the company have a proper system for reconciliation of quantity/quality of coal ordered and received and whether grade of coal/moisture and demurrage etc., are properly recorded in the books of accounts?**

The company has a system for reconciliation of bills raised by the Coal Companies and Bills received by MSPGCL. However, in respect of the quantity/quality of coal ordered and received, the current process of reconciliation needs to be strengthened. Company has appointed a recognized coal Analyst Company i.e. Central Institute of Mining and Fuel Research (CIMFR). CIMFR does technical analysis of Coal Grade from the loading points of the coal Company. On the basis of the analysis report submitted by CIMFR, Coal office, Nagpur reconciles grade mentioned in invoice with grade mentioned in said report and raises grade slippage claims to coal companies.

The coal suppliers have claimed an amount of ₹ 1522.12 Crores from the Company for short lifting of material, performance incentive and interest which are disputed by MSPGCL. Due to non-availability of proper documentary evidence, it is difficult to reach a conclusion on correctness of claims by either party. The Company has disclosed these claims by coal suppliers as 'contingent liability' as at 31st March, 2018.

Claims of MSPGCL against coal suppliers, on account of short delivery claims, moisture claims, under-loading claims and interest claims as per terms of agreement amounted to ₹ 1363.03 Crores as at 31st March, 2018. These are not accounted for by MSPGCL as the same are in dispute with coal companies. These are disclosed as 'contingent assets' as at 31st March, 2018.

6) **How much share of free power was due to the State Govt. and whether the same was calculated as per the agreed terms and depicted in accounts as per accepted accounting norms?**

As informed by the Company, there is no share of free power to the State Govt., under any agreement.

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

Scrap and obsolete material are identified by the Company, however the same are not accounted at the time of their identification. Scrap is not valued in the Books of Accounts and its realization is accounted for as and when the auction takes place. Obsolete materials are valued at historical cost and simultaneously 100% provision for obsolescence is made in the Books of Accounts. The provision so created is adjusted upon the auction of the said obsolete item. The Company identifies inventory items as obsolete based on the technological evaluation. Based on the audit procedures conducted by us, the Company has appropriate system of classification of inventory except for those deficiencies listed above.

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

The Audit Report as prescribed under the Companies Act, 2013, does not require stating the figure of profit / loss for the year. However, we state that the profit for the year reported by the Company is ₹ 700.18 Crores, on which we have issued our Qualified Audit Report dated September 28, 2018.

9) **In the case of Hydroelectric Projects, the water discharge is as per policy /guidelines issued by state govt. to maintain biodiversity. For not maintaining it penalty paid/ payable may be reported.**

Water discharge is governed by Water Resource Department (WRD) of State Govt., and as informed, the Company has no role in the same. No penalty has been paid/payable towards water discharge.

For K.S. Aiyar & Co.	**For S.C. Bapna & Associates**	**For RSVA & Co**
Chartered Accountants	Chartered Accountants	Chartered Accountants
FRN: 100186W	**FRN: 115649W**	**FRN: 110504W**
CA Rajesh Joshi	**CA Priyanka D. Jakhotia**	**CA Shekhar Kulkarni**
Partner	Partner	Partner
ICAI M No. 38526	**ICAI M.No. 157426**	**ICAI M No. 046285**

Place: Mumbai

Date: 28th September, 2018

ANNEXURE II - AS REFERRED TO IN PARAGRAPH 12(b) TO THE INDEPENDENT AUDITORS' REPORT ON THE STANDALONE IND AS FINANCIAL STATEMENTS OF MAHARASHTRA STATE POWER GENERATION COMPANY LIMITED FOR THE YEAR ENDED ON MARCH 31, 2018.

i) In respect of its fixed assets:

a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed asset except in case of few assets at certain locations where item wise particulars and codification of fixed assets are in process of matching with the fixed asset register.

b) As informed to us, the Company has a policy of conducting physical verification of fixed assets once in three years. Company has conducted physical verification of fixed assets in FY 2016-2017 hence; company has not carried the physical verification of fixed assets during the year.

c) According to the information and explanations given to us and on the basis of our examination of the records, the Company is in the process to obtain title deeds for all immovable properties to determine whether they are held in the name of the company. To the extent information available following title deeds of immovable properties are not held in the name of Company:

i) freehold land relating to 4 accounting units having carrying value of ₹ 45.62 crores as at year end and lease hold land of 1 accounting unit having carrying value of ₹ 92.98 crores as at year end are still held in the name of erstwhile "Maharashtra State Electricity Board." We are informed that these are transferred to the Company in terms of the government of Maharashtra Order and as per the Transfer Scheme.

ii) free hold land relating to 2 accounting units having gross block ₹ 396.51 Crores, held in the name of "Mahanirmiti" and "Mahagenco Thermal Power Station" which is not the name of the Company as per Memorandum of Association of the Company and is not as per the name allotted and as registered with the Registrar of Companies, Mumbai. .

ii) In respect of its inventories:

a) As explained to us, the inventories were physically verified by the management at reasonable intervals during the year. The physical verification of inventory was carried out by external firms of Chartered Accountants during the year appointed by the management.

b) In our opinion and on the basis of our examination of records of inventory, the company has maintained proper records of inventory. The discrepancies noticed on such physical verification of inventories as compared to book records were not material and were adjusted appropriately in the books of account.

iii) As per the information and explanations given to us, the company has not granted any loans secured or unsecured to companies, firms or other parties covered in the register maintained section 189 of the Companies Act, 2013 during the year. Consequently, the provisions of Clause (iii)(a), Clause (iii)(b) and Clause (iii)(c) of paragraph 3 of the Order are not applicable to the Company.

iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Act, with respect to the loans, investments and guarantees.

v) According to the information and explanations given to us, the company has not accepted deposit from the public within the meaning of the provisions of section 73 to 76 of the Companies Act, 2013 and rules there under.

vi) The Central Government has prescribed maintenance of cost records u/s 148(1) of the Companies Act, 2013. We have broadly reviewed such relevant records of the Company and in our opinion and according to the information and explanation given to us prima facie the Company has made and maintained the prescribed records. We have, however not made an examination of the cost records required to be maintained under Companies (Cost Accounting Records) Rules 2014 with a view to determine whether these are accurate or complete.

vii) In respect of statutory dues:

a) According to the information & explanation given to us and according to the books & records, the company is generally regular in depositing undisputed statutory dues including provident fund, employees state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, Goods and Service Tax (GST) and cess and any other statutory dues to the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees state insurance, income tax, sales tax, service tax, duty of custom, duty of excise, value added tax, GST and cess, were outstanding, as at March 31,2018 for a period of more than six months from the date of becoming payable.

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

(₹ Crores)

Name of the Statue	Nature of the dues	Amount payable (₹ in Crore)	Period to which amount relates	Forum at which dispute is pending
Income Tax Act	Penalty (Disputed Amount ₹ 249.85 Crs) U/s 143(3)	249.85	AY 2007-08	AO Mumbai
Income Tax Act	Penalty (Disputed Amount ₹ 15.04 Crs) U/s 143(3)	15.04	AY 2014-15	AO Mumbai
Income Tax Act	Demand appearing on TRACE	5.60	AY 2008-09 to 2018-19	AO Mumbai
Central Excise Act	Duty levied on the fabrication of structural steel items	3.25	1991-1992 to 1994-1995	CESTAT Mumbai
Central Sales Tax Act	MVAT	0.35	AY 2005-06	Commissioner of Sales Tax (Appeals) Nagpur
Income Tax Act	Penalty (Disputed Amount ₹ 0.73 Crs) U/s 143(3)	0.73	AY 2008-09	AO Mumbai
Income Tax Act	Penalty (Disputed Amount ₹ 0.28 Crs) U/s 143(3)	0.28	AY 2011-12	AO Mumbai
Income Tax Act	Penalty (Disputed Amount ₹ 0.22 Crs) U/s 143(3)	0.22	AY 2010-11	AO Mumbai
Income Tax Act	TDS on Service Tax	0.09	2009-10	ITAT Pune Bench
Income Tax Act	Penalty (Disputed Amount ₹ 0.01 Crs) U/s 143(3)	0.01	AY 2013-14	AO Mumbai
Income Tax Act	Penalty (Disputed Amount ₹ 43060/-) U/s 143(3)	0.00	AY 2012-13	AO Mumbai
		275.44		

viii) In our opinion and according to the information and explanation given to us, the Company has not defaulted in repayment of loan or borrowings to banks, financial institutions and Government. The Company has not borrowed any sum through debentures.

ix) The Company has not raised any money by way of initial public offer or further public offer (including debt instruments). Term loans raised during the year have been applied for the purpose for which they were raised.

x) According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.

xi) According to the information and explanations given to us, the provision of Section 197 to the Act regarding Managerial Remuneration is not applicable to the Company, being a Government Company vide notification no. GSR 463E dated 05th June 2015.

xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, Clause xii of the Order is not applicable.

xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with the Sections 177 and 188 of the Companies Act, 2013. Details of transactions with the related parties have been disclosed in the standalone Ind AS financial statements as required by applicable Accounting Standard.

xiv) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, Clause xiv of the Order is not applicable.

xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with them as per section 192 of Companies Act, 2013. Accordingly, clause xv of the Order is not applicable.

xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

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

CA Rajesh Joshi
Partner
ICAI M No. 38526

For S.C. Bapna & Associates
Chartered Accountants
FRN: 115649W

CA Priyanka D. Jakhotia
Partner
ICAI M.No. 157426

For RSVA & Co
Chartered Accountants
FRN: 110504W

CA Shekhar Kulkarni
Partner
ICAI M No. 046285

Place: Mumbai
Date: 28th September, 2018

ANNEXURE III - AS REFERRED TO IN PARAGRAPH 13(f) TO THE INDEPENDENT AUDITORS' REPORT ON THE STANDALONE IND AS FINANCIAL STATEMENTS OF MAHARASHTRA STATE POWER GENERATION COMPANY LIMITED FOR THE YEAR ENDED ON MARCH 31, 2018.

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

We were engaged to audit the internal financial controls over financial reporting of Maharashtra State Power Generation Company Limited ("the Company") as of March 31, 2018 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

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

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that:

1. pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
2. provide reasonable assurance that transactions are recorded as necessary to permit preparation of the standalone Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
3. provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the standalone Ind AS financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Basis for Qualified Opinion

According to the information and explanations given to us and based on our audit, the following material weakness has been identified as at March 31, 2018.

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

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

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

(4) (4) The Company's internal financial control over computation of Current Tax and Deferred Tax are not operating effectively and tax computation changes materially at the time of filing income tax return. This material weakness could potentially result in misstatement of Current Tax and Deferred Tax in financial statements.

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

Qualified Opinion

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

Except for the effects/possible effects of the material weaknesses described in "Basis for Qualified Opinion" above on the achievement of the objectives of the control criteria, in our opinion, the Company has maintained, in all material respects, adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as of March 31, 2018.

We have considered the material weaknesses identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the March 31, 2018 standalone Ind AS financial statements of the Company.

The material weakness stated at paragraph (4) of the Basis for qualified opinion above with respect to the internal controls over Current Tax and Deferred Tax has affected our opinion on the standalone financial statements of the Company and we have issued a qualified opinion in our main audit report.

The other material weaknesses stated in the paragraph (1, 2 and 3) of the Basis for qualified opinion above, do not affect our opinion on the standalone Ind AS financial statements of the Company.

For K.S. Aiyar & Co. Chartered Accountants **FRN: 100186W**	**For S.C. Bapna & Associates** Chartered Accountants **FRN: 115649W**	**For RSVA & Co** Chartered Accountants **FRN: 110504W**
CA Rajesh Joshi Partner **ICAI M No. 38526**	**CA Priyanka D. Jakhotia** Partner **ICAI M.No. 157426**	**CA Shekhar Kulkarni** Partner **ICAI M No. 046285**

Place: Mumbai
Date: 28th September, 2018

BALANCE SHEET AS AT 31st MARCH, 2018 (Standalone)

(₹ Crores)

Particulars	Notes.	31-03-2018	31-03-2017 (Restated)
Assets			
Non-Current Assets			
Property, Plant & Equipment	1	40,818.09	42,877.96
Capital Work in Progress	2	1,316.43	1,201.15
Less:- Provision for Obsloescence		(24.24)	(24.01)
Net Capital Work in Progress	2	1,292.19	1,177.14
Intangible Assets	1A	5.63	12.22
Intangible Assets under Development	2	132.55	129.77
Financial Assets			
Investment in Subsidiaries, Joint Ventures and Associates	3	1.08	0.26
Trade Receivables	4	4,265.27	3,044.34
Other Non-Current Assets	5	1,088.98	1,022.38
Total Non Current Assets		**47,603.79**	**48,264.07**
Current Assets			
Inventories	6	933.42	1,413.69
Financial Assets			
Investment in Subsidiaries, Joint Ventures and Associates			
Trade Receivables	7	8,715.62	7,627.60
Cash and Cash Equivalents	8	0.03	34.06
Loans	9	13.09	54.39
Other Financial Assets	10	2,736.14	2,403.80
Other Current Assets	11	1,701.71	1,969.29
Assets Classified as Held for Sale / Disposal	1B	207.31	290.50
Total Current Assets		**14,307.32**	**13,793.33**
Total Assets		**61,911.11**	**62,057.40**
Equity and Liabilities			
Equity			
Equity Share Capital	12	25,247.13	24,854.34
Other Equity	13	(6,477.96)	(6,822.34)
Total Equity		**18,769.17**	**18,032.00**
Liabilities			
Non Current Liabilities			
Financial Liabilities			
Borrowings	14	24,250.69	24,497.95
Provisions	15	865.01	797.69
Deferred Tax Liabilities (Net)	15A	853.03	1,507.34
Other Non-Current Liabilities	16	61.89	53.63
Total Non Current Liabilities		**26,030.62**	**26,856.61**
Current Liabilities			
Financial Liabilities			
Borrowings	17	8,169.81	8,819.26
Trade Payables	18	1,438.45	1,706.39
Other Financial Liabilities	19	7,203.47	6,393.42
Other Current Liabilities	20	23.00	11.52
Provisions	21	276.59	238.22
Current Tax Liabilities (Net)		-	-
Total Current Liabilities		**17,111.32**	**17,168.80**
Total Equity And Liabilities		**61,911.11**	**62,057.40**

As per our report attached
For K. S. Aiyar & Co.
Chartered Accountants
(FRN - 100186W)

(CA Rajesh Joshi)
Partner (ICAI M No. 38526)

For S. C. Bapna & Associates
Chartered Accountants
(FRN - 115649W)

(CA Priyanka Jakhotia)
Partner (ICAI M No. - 157426)

For RSVA & Co.
Chartered Accountants
(FRN - 110504W)

(CA Shekhar Kulkarni)
Partner (ICAI M No. 046285)
Mumbai, 28th September, 2018

For Maharashtra State Power Generation Co. Ltd.

Santosh Amberkar
Director (Finance) & CFO
DIN No. 05173607

Bipin Shrimali
Chairman & Managing Director
DIN No. 03272135

Pankaj Sharma
Chief General Manager (A/c)

Rahul Dubey
Company Secretary
M No. A14213

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2018 (Standalone)

(₹ Crores)

Particulars	Notes	2017-2018	2016-2017 (Restated)
Revenue			
Revenue from operations			
Sale of power	22	19011.03	16623.77
Other operating revenues	23	2050.45	1731.15
Other income	24	256.20	199.90
Total Revenue		**21317.68**	**18554.81**
Expenses			
Cost of materials consumed	25	11560.85	11022.66
Employee benefits expense	26	1407.84	1238.92
Finance costs	27	3321.11	2906.61
Depreciation & amortization expense	1&1A	2655.85	2107.22
Other expenses	28	2290.78	2018.13
Total Expenses		**21236.43**	**19293.55**
Profit Before exceptional items and Tax		**81.25**	**(738.74)**
Profit/(loss) Before Tax		**81.25**	**(738.74)**
Tax expense:			
Current tax (on OCI Items)		12.24	20.11
Deferred tax Expense/(Gain)	15A	(654.31)	(25.97)
Total Tax Expenses		**(642.07)**	**(5.86)**
Profit/(loss) for the period		**723.32**	**(732.88)**
Other Comprehensive Income			
Items that will not be reclassified to profit or loss:			
Remeasurements of the defined benefit plans	26A	(35.38)	(58.11)
Current Tax expense on OCI items Gain/(Expense)		12.24	20.11
Other Comprehensive Income for the period (net of tax)		**(23.14)**	**(38.00)**
Total Comprehensive Income for the period, net of tax		**700.18**	**(770.88)**
Earning per share [Basic]		0.29	(0.29)
Earning per share [Diluted earnings per share]		0.29	(0.29)

As per our report attached

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

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Rahul Dubey
Company Secretary
M No. A14213

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2018

(₹ Crores)

	2017-2018	2016-2017 (Restated)
A. Cash Flow From Operating Activities		
Profit/(Loss) after Tax	700.18	(770.88)
Adjustments to reconcile profit before tax to net cash used in operating activities:		
Depreciation/ impairment on property, plant and equipment & Intangible Assets	2,655.85	2,107.22
Impairment in Value of Investments		
Finance Costs	3,321.11	2,906.61
Un realised Exchange Rate Difference	40.82	(47.19)
Allowance for ECL	9.03	204.52
Interest Income	(0.40)	(0.50)
Provision for obsolescence of inventory	20.15	(71.15)
Operating Profit before Changes in Working Capital {Sub Total - (i)}	**6,746.73**	**4,328.64**
Movements in working capital		
(Increase) / Decrease inTrade Receivables	(2,317.99)	14.05
(Increase) / Decrease in Loans and Advances and Other Assets	(6.85)	(1,353.41)
(Increase) /Decrease in Inventories	460.12	559.97
Increase / (Decrease) in Liabilites and Other Payables	(559.37)	(380.91)
Sub Total - (ii)	**(2,424.10)**	**(1,160.31)**
Cash Generated from Operations (i) + (ii)	**4,322.63**	**3,168.33**
Less : Direct Taxes / FBT refund / (paid) - Net		
Net Cash from Operating Activities (A)	**4,322.63**	**3,168.33**
B. Cash Flow From Investing Activities		
Purchase of Property, Plant & Equipment (incl. Capital Work in Progress / excluding interest capitalised)	(707.22)	(1,190.65)
Sale of Property, Plant & Equipment		
Investment in Subsidiary	(0.82)	33.45
Interest received	0.40	0.50
Net Cash Flow generated from / (used in) Investing Activities (B)	**(707.64)**	**(1,156.70)**
C. Cash Flow From Financing Activities		
Proceeds from Long Term Borrowings	2,198.72	6,216.21
Long term Loans repaid	(2,161.47)	(5,449.47)
Proceeds from issue of shares	37.00	392.79
Short term Loans raised / (repaid)	(664.77)	(650.69)
Finance Cost paid	(3,073.82)	(2,660.72)
Net Cash Flow generated from / (used in) Financing Activities (C)	**(3,664.34)**	**(2,151.88)**
Net Increase / (Decrease) in Cash and Cash Equivalents (A + B + C)	**(49.35)**	**(140.25)**
Cash and cash equivalents at the beginning of the year	34.06	144.33
Cash and cash equivalents at the end of the year	(15.29)	4.08

(₹ Crores)

	2017-2018	2016-2017 (Restated)
Details of cash and cash equivalents at the end of the year:		
Cash and cash equivalents as on		
Balances with Banks:		
- on current accounts	-	33.99
- on non-operative current accounts		
Overdraft	(15.31)	(29.98)
Cash on hand	0.03	0.07
Cash and cash equivalents at the end of the year	**(15.29)**	**4.08**

As per our report attached

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

(CA Rajesh Joshi)
Partner (ICAI M No. 38526)

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Partner (ICAI M No. 046285)
Mumbai, 28th September, 2018

For Maharashtra State Power Generation Co. Ltd.

Santosh Amberkar
Director (Finance) & CFO
DIN No. 05173607

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Chairman & Managing Director
DIN No. 03272135

Pankaj Sharma
Chief General Manager (A/c)

Rahul Dubey
Company Secretary
M No. A14213

STATEMENT OF CHANGES IN EQUITY

I. Equity Share Capital

Particulars	(₹ Crores)
As at 01.04.2016	**24,098.36**
Changes in Equity share capital	755.98
As at 01.04.2017	**24,854.34**
Changes in Equity share capital	392.79
As at 31.03.2018	**25,247.13**

II. Other Equity

(₹ Crores)

Particulars	Share Application Money Pending Allotment	Retained earnings	Other Comprehensive Income	Total Other Equity
As at 01.04.2016	**755.98**	**(6,408.41)**	**(35.84)**	**(5,688.27)**
Profit or Loss for the year		(732.88)		(732.88)
Other Comprehensive income for the year			(38.00)	(38.00)
Addition to share application money	392.79			392.79
Shares Alotted during the year	(755.98)			(755.98)
As at 01.04.2017	**392.79**	**(7,141.29)**	**(73.84)**	**(6,822.34)**
Profit or Loss for the year		723.32		723.32
Other Comprehensive income for the year			(23.14)	(23.14)
Addition to share application money	37.00			37.00
Shares Alotted during the year	(392.79)			(392.79)
As at 31.03.2018	**37.00**	**(6,417.98)**	**(96.97)**	**(6,477.95)**

As per our report attached
For K. S. Aiyar & Co.
Chartered Accountants
(FRN - 100186W)

(CA Rajesh Joshi)
Partner (ICAI M No. 38526)

For S. C. Bapna & Associates
Chartered Accountants
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Mumbai, 28th September, 2018

For Maharashtra State Power Generation Co. Ltd.

Santosh Amberkar
Director (Finance) & CFO
DIN No. 05173607

Bipin Shrimali
Chairman & Managing Director
DIN No. 03272135

Pankaj Sharma
Chief General Manager (A/c)

Rahul Dubey
Company Secretary
M No. A14213

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

Company Overview and significant accounting policies

A) Corporate Information

Maharashtra State Power Generation Company Limited ("the Company") is a Public Limited Company incorporated under the Companies Act, 1956 and domiciled in India. The Company is not a listed Company and its shares are 100% held by MSEB Holding Company Limited.

The Company is engaged in electricity generation through Thermal, Hydel, Gas based and solar power plants across Maharashtra and supplies it principally to Maharashtra State Electricity Distribution Company Limited (a fellow subsidiary) at tariff rate determined by the regulator i.e. Maharashtra Electricity Regulatory Commission.

Significant Accounting Policies

Following are the significant accounting policies adopted in the preparation and presentation of these standalone financial statements.

B) Basis of preparation of financial statements

1. Statement of Compliance with Ind AS

The standalone financial statements have been prepared to comply, in all material aspects, with the Indian Accounting Standards (herein after referred to as Ind AS) as notified under Section 133 of the Companies Act, 2013(The Act), read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016 and in accordance with the relevant provisions of the Companies Act, 2013.

The Company's presentation currency and functional currency is Indian Rupees (₹). All figures appearing in the Financial Statements are rounded to the nearest Crore (₹ Crores), except where otherwise indicated.

These financial statements were approved for issue in accordance with the Resolution of the Board of Directors on 28-09-2018.

2. Classification of Current / Non-Current Assets and liabilities

All assets and liabilities have been classified as current or non-current based on the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. Deferred tax assets and liabilities are classified as non-current on net basis.

For the above purposes, the Company has determined the operating cycle as twelve months based on the nature of products and the time between the acquisition of inputs for manufacturing and their realisation in cash and cash equivalents

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 Companies Act 2013 to the extent applicable, in terms of section 174 of the Electricity Act, 2003.

3. Note on Historical cost convention

The financial statements have been prepared as a going concern under the historical cost convention and on accrual basis except:

(a) certain financial instruments

(b) employees defined benefit plans and,

(c) Assets held for sale are measured at lower of its carrying amount and fair value less cost to sale which are measured at fair value at the end of each reporting period, as explained in the accounting policies below.

4. Use of Judgment and Estimates

The preparation of the Company's Financial Statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenue, expenses, assets, liabilities and the accompanying disclosures along with contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require material adjustments to the carrying amount of assets or liabilities affected in future periods. The Company continually evaluates these estimates and assumptions based on the most recently available information.

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

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

Revisions to accounting estimates are recognized prospectively in the Financial Statements in the period in which the estimates are revised and in any future periods affected unless they are required to be treated retrospectively under relevant Accounting Standards.

5. Property, Plant and Equipment

(i) Freehold land is carried at cost. All other items of Property, Plant and Equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any.

(ii) The initial cost of an asset comprises its purchase price or construction cost (including import duties, freight and non-refundable taxes); any incidental costs directly attributable to bring the asset into the location and condition necessary for it to be capable of operating in the manner intended by management; and borrowing cost for qualifying assets (i.e. assets that necessarily take a substantial period of time to get ready for their intended use).

The purchase price is the aggregate amount paid and the fair value of any other consideration given to acquire the asset. The cost also includes trial run cost (after deducting the proceeds from selling any items produced during the trial run period) and other operating expenses such as freight, installation charges etc. net of other income during the construction period. The projects under construction are carried at costs comprising of direct costs, related pre-operational incidental expenses and attributable interest.

Subsequent expenditures are included in assets carrying amount or recognized as separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

(iii) Capital Expenditure incurred by the Company, resulting in creation of Property Plant and Equipment for which Company does not have ownership rights and control over it, is reflected as a part of capital work in progress till the assets are under construction and an equivalent amount is provided for by way of debiting obsolescence of assets expense which is charged off to the Statement of Profit and Loss in the year in which it is incurred. Upon completion of construction the aforesaid capital expenditure will be capitalized and adjusted against the provision created for assets not owned by the company. Contribution towards the cost of assets not owned by the company and corporate social responsibility activities are charged off to Statement of Profit and Loss when incurred.

(iv) Enabling Asset Policy (CASE TO CASE BASIS) - Items of property, plant and equipment acquired by the Company, (although not directly increasing the future economic benefits from such assets), may be necessary for the Company to obtain the future economic benefits from its other assets. Such items of property, plant and equipment qualify for recognition as assets because they enable the Company to derive future economic benefits from related assets in excess of what could be derived had those items not been acquired. However, capitalization of assets is done by the Company only after verifying the nature of assets on case to case basis.

(v) In case of Capital Work in Progress where the final settlement of bills with the contractor is yet to be effected, capitalization is done on provisional basis subject to necessary adjustment in the year of final settlement.

(vi) Claims for price variation in case of capital contracts are accounted for, on acceptance thereof by the Company.

(vii) An item of Property, Plant and Equipment and any significant part initially recognised separately as part of Property, Plant and Equipment is derecognised upon disposal; or when no future economic benefits are expected from its use. Any gain or loss arising on de-recognition of the asset is included in the Statement of Profit and Loss when the asset is derecognized and disposed off.

(viii) Lease arrangements for land is classified at the inception date as finance lease as, it transfers substantially all the risk and rewards incidental to ownership to the Company during the lease period.

(ix) Spare parts which are meeting the requirement of Property, Plant and Equipment are capitalized as Property, Plant and Equipment in case the unit value of the spare part is above the threshold limit. In other cases, the spare parts are inventorised on procurement and charged to Statement of Profit and Loss on consumption.

(x) Written Down Value of obsolete Machinery Spares is charged to the Statement of Profit and Loss in the year in which such spares are replaced and the old relevant spares are found to be of no further use. However, if the old relevant spares can be repaired and reused, then both are continued to be depreciated over the remaining useful life of the relevant asset. The repair charges of the old relevant spares are charged to Statement of Profit and Loss.

(xi) In case of replacement of part of asset / replacement of capital spare where Written Down value of such original part of asset / capital spare is not known, the cost/ net book value of the new part of asset / new capital spare shall be written off.

(xii) The Company had chosen the carrying value of Property, Plant and Equipment existing as per previous GAAP as on date of transition to Ind AS as deemed cost.

6. Intangible Assets

Intangible assets are carried at cost net of accumulated amortization and accumulated impairment losses, if any. Intangible assets (other than software) are amortised on straight line basis over their useful life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. Software are amortised as per the life prescribed by MERC. The amortisation expense on intangible assets and impairment loss is recognised in the statement of Profit & Loss.

The Company has chosen the carrying value of Intangible Assets existing as per previous GAAP as on date of transition to Ind AS as deemed cost.

7. Capital Work-in-progress

(i) In case of Property Plant and Equipment, for new projects / expansion, the related expenses and borrowing cost up to the date of commissioning attributable to such project / expansion are capitalized.

(ii) The total cost including all office expenses incurred by the Company at project and planning offices for the period, are apportioned to respective Capital Work-in-Progress accounts in respect of projects under implementation, on the basis of cumulative balances of expenditure in respect of assets under construction.

8. The Liquidated Damages are adjusted to the Cost of Property Plant and Equipment during the year it is crystallized.

9. Borrowing Cost

Borrowing cost consists of interest and other costs incurred in connection with the borrowing of funds. Borrowing costs directly attributable to the acquisition or construction of an asset that necessarily takes a substantial period of time to get ready for its intended use are capitalised as part of the cost of the asset till the month in which the asset is ready for intended use. Other borrowing costs not attributable to the acquisition or construction of any capital asset are recognized as expenses in the period in which they are incurred.

10. Impairment of Non-Financial Assets

Non-financial assets other than inventories, deferred tax assets and non-current assets classified as held for sale are reviewed at each Balance Sheet date to determine whether there is any indication of impairment.

If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

11. Depreciation /Amortization

A) Leasehold land is amortized at the rate of 3.34% p.a. on straight line basis as prescribed under MERC Regulation.

B. Property, Plant and Equipment

(i) The Company being rate regulated entity has followed the depreciation rates and methodology and life of assets as prescribed by Maharashtra Electricity Regulatory Commission. Accordingly, the Company provides depreciation on straight line method to the extent of 90% of the cost of asset.

(ii) Depreciation on the Property Plant and Equipment added/ disposed off / discarded during the year is provided on pro-rata basis with reference to the month of addition / disposal / discarding and in case of capitalization of green field / brown field projects, depreciation is charged from the date of commencement of commercial operation to the Statement of Profit and Loss.

(iii) In case of Assets (other than assets mentioned in (iv) below) whose depreciation has not been charged upto 70% of the asset value after its commissioning, company charges the depreciation rates as prescribed below, on the Gross Cost of assets for calculating depreciation till the end of such year in which the accumulated depreciation reaches upto 70% of the asset value in respect of such asset. After attainment of 70% depreciation, the company charges depreciation on the basis of balance useful life upto 90% of the value of asset, in terms of the estimated useful life forThermal and Gas based power generating Stations as 25 years and in case of Hydro Generating Stations as 35 years as prescribed by MERC.

Type of asset	Depreciation (%)
Plant & Machinery in generating station of Hydro – electric, Steam Electric, & Gas based power generation Plant, Cooling Tower, Hydraulic Works, Transformers & other fixed apparatus, Transmission lines, Cable Network etc.	5.28%
Buildings & Other Civil Works	3.34%

(iv) In case of following assets depreciation is charged on straight line method upto 90% of asset value at rates mentioned below:

Type of asset	Depreciation (%)
Furniture, Fixtures and Office Equipment	6.33%
Vehicles	9.50%
IT Equipment	15.00%

(v) Items of Property, Plant and Equipment costing not more than the threshold limit are depreciated at 100 percent in the year of acquisition. Cost of all Mobile Phones is capitalized and depreciated at 100% during the year of purchase irrespective of thresh hold limit.

C. Intangible Assets:

Expenses capitalized on account of purchase of new application software, implementation of the said software by external third party consultants and purchase of licenses are amortized as prescribed by MERC at the rate mentioned below

Type of asset	Depreciation (%)
Software	30%

12. Non-currents assets held for sale

Non-current assets are classified as held for sale if their carrying amounts will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met, only when the sale is highly probable and the asset is available for immediate sale in its present condition. Non-current assets classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell.

Property, plant and equipment and intangible assets classified as held for sale are not depreciated or amortized.

13. Inventories

Stock of materials including stores, spare parts is valued at lower of cost and net realizable value, and cost is determined on weighted average cost method. However, materials and other items held for generation of electricity are not written down below cost since the sale of electricity will be made at or above the cost of generation. Cost comprises of cost of purchase (net of input tax credit 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.

14. Revenue Recognition

(i) Revenue from Sale of electricity is accounted for based on predefined tariff rates at the beginning of the year as approved by the Maharashtra Electricity Regulatory Commission (MERC), inclusive of Fuel Adjustment Charges and includes unbilled revenues accrued up to the end of the accounting period which is subject to true up process by MERC in the subsequent years.

(ii) In terms of Power Purchase Agreement with MSEDCL, Company recognizes Delayed Payment Surcharge @ 1.25% per month towards delay in receipt of energy bills beyond the credit period, on accrual basis.

(iii) Interest income is recognised taking into account the principal/outstanding and the applicable interest rate.

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

(v) Other income is recognized on accrual basis. Sale of scrap, reject coal etc. is accounted for when such scrap is actually lifted by the buyer from Company's premises and company prepares invoice towards the said sale transaction. Recoveries on account of Liquidated Damages are adjusted against the cost of project when they are directly identifiable with the project and for mitigating the additional cost of the project in the year it is crystallized. Interest on advance to contractors for projects are adjusted to cost of projectas and when accrued.. In all other cases, liquidated damages are credited to Other Income.

(vi) Company recognizes the value of unsold Energy Saving Certificates as at the end of the financial year by crediting to revenue on accrual basis. Upon sale of the said certificates, the adjustment between the accrued value and actual sale value is effected to Profit and Loss Statement in the year of their actual sale.

15. Accounting / classification of expenditure and income

Income / expenditure in aggregate pertaining to prior year(s) above the threshold limit, if any, are corrected retrospectively.

Insurance claims are accounted on acceptance basis.

All other claims/entitlements are accounted on the merits of each case.

16. Investments in subsidiaries, Associates and Joint Ventures

Investments in equity shares of Subsidiaries, Joint Ventures & Associates are recorded at cost less accumulated impairment if any and reviewed for impairment at each reporting date.

The Company had elected to recognise its investments in Subsidiaries, associates and joint ventures at the carrying value existing as per previous GAAP as on date of transition to Ind AS as deemed cost.

17. Foreign Currency transactions

Transactions in foreign currencies are initially recorded at the respective exchange rates prevailing at the date of transaction.

Monetary assets and monetary liabilities denominated in foreign currencies are translated at spot rates of exchange at the reporting date.

Exchange differences arising on settlement or restatement at the year end of monetary items are recognised in Statement of Profit and Loss either as 'Exchange Rate Variation' or as 'finance costs' (to the extent regarded as an adjustment to borrowing costs), as the case maybe.

18. Employee Benefits

Short Term Employee Benefits

Short term employee benefits are recognized as an expense at undiscounted amount in the Statement of Profit & Loss of the year in which related services are rendered by the employees.

Defined Benefit Plans

(a) 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 MSEB group companies. The funds are then invested in permitted securities. The contribution to the fund for the period is recognized as expense and is charged to the Statement of Profit and Loss

(b) Liability towards defined employee benefits like gratuity are determined on actuarial valuation by independent actuaries at the year-end by using Projected Unit Credit method.

Re-measurements of the net defined benefit liability, which comprises of actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised in Other Comprehensive Income.

(c) Other long-term employee benefits

Liability towards other long term employee benefits i.e. leave encashment are determined on actuarial valuation by independent actuaries using Projected Unit Credit method.

(d) Ex-gratia

Company accrues for the ex-gratia expenditure in the books of accounts as and when the same is declared by the company for its employees.

19. Leases

Finance Lease

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

Operating Lease

Lease arrangements which are not classified as finance leases are considered as operating lease.

Payments made under Operating Leases are generally recognised in Statement of Profit and Loss on a straight-line basis over the term of the lease, unless such payments are structured to increase in line with expected general inflation. The lease agreement in respect of hydro power generation facilities has not been entered into with Government of Maharashtra.

20. Government Grant

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with.

When the grant which is of revenue nature and relates to an expense item, it is recognized in Statement of Profit and Loss on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed.

When the grant relates to property, plant and equipment, the cost of property, plant and equipment is shown at gross value and grant thereon is treated as liability (deferred income) and are credited to statement of profit and loss on a systematic basis over the useful life of the asset.

21. Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognized when there is a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are discounted using an appropriate discount rate. Contingent liabilities are possible obligations whose existence will only be confirmed by future events not wholly within the control of the Company, or present obligations where it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities are not recognized in the financial statements but are disclosed unless the possibility of an outflow of economic resources is considered remote.

Contingent liabilities and Capital Commitments disclosed are in respect of items which in each case are above the threshold limit.

Contingent assets are not recognised but disclosed if they are above threshold limit in the financial statements when an inflow of economic benefits is probable

22. Fair value measurement

Fair value is the price that would be received/ paid to sell an asset or to transfer a liability, as the case may be, in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Company has access at that date.

While measuring the fair value of an asset or liability, the Company uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation technique as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)

Level 3: inputs for the assets or liability that are not based on observable market data (unobservable inputs)

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

23. Financial Instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments.The Company's financial asset comprise the following

(i) Current Financial assets mainly consisting of trade receivables, cash and bank balances, short term deposits

(ii) Non-Current financial assets mainly consisting of equity investment in subsidiaries, loans and advances to subsidiaries, long term receivables etc.

Financial Assets

A) Initial recognition and measurement

All financial assets are recognised initially at fair value plus transaction costs that are attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in the Statement of Profit or loss.

B) Subsequent measurement

Subsequent measurement is determined with reference to the classification of the respective financial assets.

The Company classifies financial assets as under;

(a) subsequently measured at amortised cost;

(b) A financial asset is measured

i) fair value through other comprehensive income; or

ii) fair value through profit or loss

On the basis of its business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

Amortized cost

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

The asset is held within a business model whose objective is

- To hold assets for collecting contractual cash flows, and
- Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial recognition, such financial assets are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method and such amortization is recognised in the Statement of Profit and Loss.

Debt instruments at Fair value through profit and loss (FVTPL)

Fair value through profit and loss is a residual category for measurement of debt instruments.

After initial measurement, any fair value changes including any interest income, impairment loss and other net gains and losses are recognised in the Statement of Profit and Loss.

Equity investments

All equity investments in scope of Ind-AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. For all other equity instruments, the Company decides to classify the same either as at FVOCI or FVTPL. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

For equity instruments classified as FVOCI, all fair value changes on the instrument, excluding dividends, are recognized in other comprehensive income (OCI). There is no recycling of the amounts from OCI to Statement of Profit and Loss, even on sale of such investments

Equity instruments included within the FVTPL category are measured at fair value with all fair value changes being recognized in the Statement of Profit and Loss.

Investments in equity instruments of subsidiaries, associates and joint venture entities are carried at cost less impairment.

Impairment of financial assets

In accordance with Ind-AS 109, the Company applies Expected Credit Loss ("ECL") model for measurement and recognition of impairment loss on the financial assets measured at amortised cost and those carried at FVOCI.

Loss allowances on trade receivables are measured following the 'simplified approach' at an amount equal to the lifetime ECL at each reporting date.

Derecognition of financial asset

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

The rights to receive cash flows from the asset have expired, or

The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either

(a) the Company has transferred substantially all the risks and rewards of the asset, or

(b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

On Derecognition of a financial asset, the difference between the carrying amount and the consideration received is recognised in the Statement of Profit and Loss.

Financial Liabilities

Financial liabilities and equity instruments

Classification as debt or equity

An instruments issued by a company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received.

Financial liabilities

The Company's current financial liabilities mainly comprise (a) Borrowings, (b) trade payables, (c) liability for capital expenditure, (d) security deposit and (e) other payables

Initial recognition and measurement

All financial liabilities (not measured subsequently at fair value through profit or loss) are recognised initially at fair value net of transaction costs that are directly attributable to the respective financial liabilities. The Company's financial liabilities include trade and other payables, loans and borrowings

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

(i) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the Statement of Profit and Loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs.

Borrowings are removed from the Balance Sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished and the consideration paid is recognised in the Statement of Profit and Loss as other gains / (losses).

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Where there is a breach of a material provision of a long-term loan arrangement on or before the end of the reporting period with the effect that the liability becomes payable on demand on the reporting date, the entity does not classify the liability as current, if the lender has agreed, after the reporting period and before the approval of the financial statements for issue, not to demand payment as a consequence of the breach.

(ii) **Trade and other payables**

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial period which are unpaid. The amounts are unsecured and are usually paid within twelve months of recognition. Trade and other payables are presented as current liabilities unless payment is not due within twelve months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

Derecognition

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

Offsetting of financial instruments

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

24. Cash and Cash equivalents

Cash and cash equivalents includes cash on hand, balances with banks, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

25. Cash flow statement

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

26. Earning Per Share

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

For the purpose of calculating Earning Per Share, the share application money pending allotment, in terms of the commitment from Government of Maharashtra through the Holding company, has been considered as confirmed allotment.

27. Taxation

Income tax expense comprises of current tax expense and the net change in the deferred tax asset or liability during the year. Current and deferred tax are recognised in the statement of profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively.

(a) Current 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. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the time of reporting. Current tax when provided under the MAT provisions of section 115JB of the Income Tax 1961, the benefit of credit against such payments is available over a period of 15 subsequent assessment years and will be recognized when actually realized.

(b) Deferred Tax

Deferred tax is recognised using the balance sheet approach. Deferred income tax assets and liabilities are recognised for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount.

Deferred tax liabilities are recognised for all taxable temporary differences.

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

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

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

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

28. Recent Accounting Pronouncements in Ind AS 115

Company being Rate Regulated Entity, the aforesaid standard does not have any significant impact in the Company's financial statements.

29. Trade Receivable

Trade receivables are carried at original invoice amount less provisions for Expected Credit Loss. For recognition of impairment loss on other financial assets, the Company assesses whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12 month ECL is used to provide for impairment loss.

30. Minimum alternate tax

Company has been depositing current tax in the form of MAT and yet to enter in current tax regime. Company recognises MAT credit in the year in which company would exhaust all the accumulated tax losses/ unabsorbed depreciation and the current tax still remains payable. In such event current tax liability would get adjusted to the extent of availability of MAT Credit. Residual Mat Credit if any would get adjusted in such event in subsequent years.

NOTE NO. 1: PROPERTY, PLANT AND EQUIPMENT

(₹ Crores)

Cost	TANGIBLE ASSET															
	Land (including development)		Buildings		Hydraulic Works	Other Civil Works		Plant, Machinery & Equipments	Lines & Cable Networks	Vehicles	Furniture & Fixtures	Office Equip-ments	Capital Expenditure resulting in Assets not belonging to the Company	Total Tangible Assets	Less:- Depreciation Capitalised	Depreciation charged to Statement of Profit & Loss
	Freehold	Leasehold	Factory Buildings	Others		Railway Sidings	Roads and Others									
As per Annual accounts as at 31.03.2016	1,569.07	106.11	694.96	838.49	1,652.56	1,204.05	441.16	22,180.23	243.71	5.01	22.18	15.62	58.83	29031.97		
Addition	26.18	-	238.76	154.68	859.46	168.90	18.45	15,776.01	248.63	3.58	3.15	5.32	-	17503.14		
Deduction	-	-	31.30	2.00	21.39	18.48	43.75	574.43	7.14	0.51	2.00	0.74	0.44	702.19		
Balance as at 31.03.2017	1,595.25	106.11	902.43	991.17	2490.64	1354.46	415.86	37381.81	485.20	8.07	23.33	20.20	58.38	45832.92		
Addition	2.68	-	6.65	19.90	21.39	179.16	9.85	259.72	9.31	11.77	3.14	5.32	-	528.89		
Deduction	0.13	-	25.60	0.99	24.17	74.68	0.01	235.36	4.12	1.74	0.81	2.11	0.90	370.61		
Balance as at 31.03.2018	1,597.79	106.11	883.48	1,010.08	2,487.86	1,458.94	425.71	37,406.17	490.39	18.11	25.66	23.41	57.49	45991.20		
Accumulated Depreciation and impairment																
As per Annual accounts as at 31.03.2016	-	4.38	22.20	34.28	71.51	93.36	16.42	1,068.81	18.08	0.32	2.00	2.68	4.54	1338.58		
Addition	-	4.38	32.67	83.81	154.04	78.20	19.74	1,691.30	24.86	0.67	1.84	2.39	4.54	2098.44	1.54	2096.90
Deduction	-	-	27.31	1.03	13.59	40.21	16.88	407.14	3.92	0.42	1.55	0.21	0.38	512.65		
As per annual Accounts Balance as at 31.03.2017	-	8.75	27.56	117.06	211.95	131.35	19.28	2,352.97	39.02	0.56	2.29	4.86	8.70	2,924.37		
Addition	-	4.38	36.70	44.15	148.73	57.86	20.45	2,295.11	29.74	1.29	2.24	3.36	4.54	2648.52	1.77	2646.76
Deduction/ Adjustments	-	-	23.04	0.95	19.70	65.32	0.01	313.42	3.71	1.56	0.71	1.85	0.46	430.73		
Balance as at 31.03.2018	-	13.13	41.23	160.25	340.98	123.88	39.72	4334.66	65.05	0.30	3.82	6.37	12.78	5142.17		
Provision for obsolescence 31.03.2016	-	-	0.40	0.00	0.30	0.00	0.28	22.66	6.79	0.11	0.00	0.01	0.05	30.60		
As at 31 March 2016	1,569.07	101.73	672.36	804.21	1580.75	1110.68	424.46	21088.76	218.84	4.58	20.18	12.92	54.24	27662.79	-	
Provision for obsolescence 31-03-2017	-	-	0.40	0.00	0.30	0.00	0.28	22.65	6.79	0.11	0.00	0.01	0.05	30.59		
As at 31 March 2017	1,595.25	97.35	874.47	874.11	2278.38	1223.11	396.30	35006.18	439.40	7.40	21.04	15.33	49.64	42877.96		
Provision for obsolescence 31-03-2018	-	-	0.40	0.00	0.30	0.00	0.28	23.00	6.79	0.11	0.00	0.01	0.05	30.94		
As at 31 March 2018	1,597.79	92.98	841.86	849.83	2146.58	1335.06	385.71	33048.51	418.55	17.70	21.83	17.03	44.66	40818.09	-	

Note No. 1A Intangible Assets

(₹ Crores)

Cost	Software Licences
As per Annual accounts as at 31.03.2016	**18.84**
Addition	6.52
Deduction	-
Balance as at 31.03.2017	25.36
Addition	2.51
Deduction	-
Balance as at 31.03.2018	27.87
Accumulated Amortisation	
As per Annual accounts as at 31.03.2016	2.66
Addition	10.47
Deduction	-
As per annual Accounts Balance as at 31.03.2017	13.13
Addition	9.09
Deduction/Adjustments	-
Balance as at 31.03.2018	**22.22**
Net Carrying Amount	
As at 31 March 2016	**16.18**
As at 31 March 2017	**12.23**
As at 31 March 2018	**5.65**

Note no. 1B Assets classifies as held for sale

(₹ Crores)

Particulars	31.03.18	31.03.17
Non-current assets held for sale		
Plant & Machinery	153.24	250.05
Factory Buildings & Others	9.34	7.17
Hydraulic Works	8.18	6.94
Railway Sidings, Roads & Others	26.25	16.89
Lines & Cable Networks	8.84	8.43
Vehicles	0.32	0.22
Furniture & Fixtures	0.36	0.27
Office Equipments	0.71	0.46
Other Miscellaneous Assets	0.07	0.07
Total	**207.31**	**290.50**

Notes:

Note: Operations of the power generating unit no. 5 at Koradi TPS & unit no. 3 at Parali TPS have been discontinued during FY 2016-2017. The company is in the process of disposing of these assets. During the year ended 31st March, 2018, the Company has reclassified the said assets as assets held for sale. No impairment loss has been recognised on reclassification as the Company expects that the fair value (estimated based on the recent market prices of similar properties) less costs to sell is higher than it's carrying amount as on 31st March, 2018.

Note No. 2 Capital Work in Progress (₹ Crores)

Particulars	TOTAL Tangible CWIP	CWIP - Freehold Land	CWIP - Factory Buildings	CWIP - Other Buildings	CWIP - Roads & Others	CWIP - Plant & Machinary	CWIP - Vehicles	CWIP - Furniture & Fixtures	CWIP - Office equipment	CWIP - Intangible Assets
As on 31.03.2016	17,328.23	14.81	2,655.55	0.85	3.16	14,642.50	0.00	-	11.35	120.78
Addition	8,060.32	2.70	2,068.34	2.04	2.04	5,942.91	0.77	0.34	41.17	10.34
Deletion	24,187.39	3.12	4,169.25	2.89	0.10	19,973.04	0.77	0.34	37.88	1.35
As on 31.03.2017	1,201.15	14.39	554.64	-	5.10	612.37	0.00	0.01	14.64	129.77
Addition	344.65	0.09	80.16	0.21	28.27	235.87	0.06	0.00	0.00	2.78
Deletion	229.38		102.69		5.07	108.51		0.01	13.09	
As on 31.03.2018	1,316.43	14.49	532.11	0.21	28.30	739.72	0.06	0.00	1.55	132.55
Net Capital Work in Progess										
Less: Provision for obsloescence	24.01					24.01				
As on 31.03.2017	1,177.14	14.39	554.64	-	5.10	588.36	0.00	0.01	14.64	129.77
Less: Provision for obsloescence	24.24					24.24				
As on 31.03.2018	1,292.19	14.49	532.11	0.21	28.30	715.48	0.06	0.00	1.55	132.55

Note: Capital Work In Progress in respect of Intangible Assets comprise of licence aquired for development of Gare-Palma Mine.

Note No. 3 Non-Current, Long Term, Investment in Subsidiaries, Joint Ventures and Associates (₹ Crores)

Particulars	31.03.18	31.03.17 (Restated)
Investments in equity instruments at cost less impairment		
Un - Quoted		
MAHAGENCO ash management services limited (formerly Dhule power limited) 50,000 (P.Y. 50,000) Equity shares of ₹ 10 each fully paid up	0.05	0.05
Dhopave coastal power company limited 50,000 (P.Y. 50,000) Equity shares of ₹ 10 each fully paid up	0.05	0.05
UCM coal company limited 30,000 (P.Y. 30,000) Equity shares of ₹ 10 each fully paid up	0.03	0.03
Mahaguj colliery limited 30,000(P.Y. 30,000) Equity shares of ₹ 10 each fully paid up	0.03	0.03
Quasi Equity investment in subsidiaries (In the nature of advances)	47.15	45.19
Total	**47.31**	**45.35**
Less: Allowance for Expected Credit Loss & impairment in the value of investment	**(46.23)**	**(45.10)**
Total	**1.08**	**0.25**

Note No. 4 Non-Current: Trade Receivables (₹ Crores)

Particulars	31.03.18	31.03.17 (Restated)
Unsecured considered good;	5247.55	3740.66
Less: Allowance for Expected Credit Loss	(982.28)	(696.32)
Total	**4265.27**	**3044.34**

Note No. 5 Other Non-Current Assets (₹ Crores)

Particulars	31.03.18	31.03.17 (Restated)
Advances for O&M Supplies/fuel / recoverables	252.00	243.85
Less:- Allowance for Expected Credit Loss	(252.00)	(243.85)
	0.00	0.00
Balance recoverable from statutory authorities	0.00	0.16
Less:- Allowance for Expected Credit Loss	0.00	(0.16)
	0.00	0.00
Advance to Irrigation Department Government of Maharashtra	142.00	138.21
Less: Allowance for Expected Credit Loss	(39.10)	(28.08)
	102.90	110.13
Income Tax Refundable (net of provisions)	227.86	211.64
Staff Advance	1.83	2.74
Capital advances	56.33	60.22
Deferred Lease Rent (Hydro Plants)	700.06	637.65
Total	**1088.98**	**1022.38**

Note No. 6 Current Assets-Inventories (₹ Crores)

Particulars	31.03.18	31.03.17 (Restated)
Raw materials (Coal)	193.02	638.01
Fuel Oil, LDO etc	182.24	171.51
Stock-in-transit (Coal)	42.88	49.00
Stores and spares	867.87	914.05
Less: Provision for Obsolescence of stores and spares	(302.72)	(322.87)
Less: Provision for material shortage pending investigation	(49.87)	(36.01)
Total	**933.42**	**1413.69**

Note No. 7 Current Assets - Trade Receivables (₹ Crores)

Particulars	31.03.18	31.03.17 (Restated)
Unsecured considered good;	8715.62	7627.60
Doubtful	26.60	97.49
Less: Allowance for Expected Credit Loss	(26.60)	(97.49)
Total	**8715.62**	**7627.60**

Note No. 8 Current Assets-Cash and Cash Equivalents (₹ Crores)

Particulars	31.03.18	31.03.17 (Restated)
Balances with Scheduled Banks:		
- on Current Accounts	0.00	33.99
Cash on Hand	0.03	0.07
Total	**0.03**	**34.06**

Note No. 9 Current Assets-Current Loans (₹ Crores)

Particulars	31.03.18	31.03.17 (Restated)
Unsecured, considered good		
Employee loans and advances	11.27	12.49
Receivable from CPF Trust	1.82	40.73
Unsecured, considered good		
Other Advances	0.00	1.17
Total	**13.09**	**54.39**

Note No. 10 Other Current Financial Assets (₹ Crores)

Particulars	31.03.18	31.03.17 (Restated)
Unsecured, considered good		
Recoverables from Employees	17.31	2.12
Unbilled Receivables	2209.22	1710.79
Tax claims including MVAT set-off	328.85	584.34
Rent Receivable	0.14	0.63
Claims receivable	136.49	18.48
Recoverable from Contractors, Deposits paid by Mahagenco	44.13	87.44
Total	**2736.14**	**2403.80**

Note No. 11 Current Assets-Other Assets (₹ Crores)

Particulars	31.03.18	31.03.17 (Restated)
Prepaid Expenses	47.72	38.69
Advances for O & M supplies / works	838.27	1481.10
Advances for coal / fuel supplies	905.75	539.53
Less: Allowance for Expected Credit Loss	(90.03)	(90.03)
Total	**1701.71**	**1969.29**

Note No. 12 Share Capital

i) Authorised Capital

Class of Share	Par value ₹	As at 31-03-2018		As at 31-3-2017	
		No. of Shares	(Amount in ₹ Crores)	No. of Shares	(Amount in ₹ Crores)
Equity Shares	10	40,000,000,000	40,000.00	40,000,000,000	40,000.00

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

Class of Share	Par value ₹	As at 31-03-2018		As at 31-3-2017	
		No. of Shares	(Amount in ₹ Crores)	No. of Shares	(Amount in ₹ Crores)
Equity Shares	10	25,247,126,126	25,247.13	24,854,336,788	24,854.34

iii) Reconciliation of Number of Shares Outstanding

Class of Share	As at 31-03-2018		As at 31-3-2017	
	Equity Shares		Equity Shares	
	No. of Shares	(Amount in ₹ Crores)	No. of Shares	(Amount in ₹ Crores)
Outstanding at the beginning of the year	24,854,336,788	24,854.34	24,098,356,788	24,098.36
Addition during the period	392,789,338	392.79	755,980,000	755.98
Outstanding at the end of the year	25,247,126,126	25,247.13	24,854,336,788	24,854.34

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

(1) The Company is having only one class of shares i.e Equity carrying a nominal value of ₹ 10/- per share.

(2) Company is 100% subsidiary of MSEB Holding Company Ltd.. which is entitled to 100% vote. The dividend, proposed by Board of Directors is subject to approval of the shareholders in the Annual General Meeting.

(3) Shareholders of the Company have a right to receive dividend whenever such dividend is approved.

(4) In the event of liquidation of the Company, the equity shareholders will be entitled to receive remaining assets of the Company after the distribution / repayment of all creditors. The distribution to the equity shareholders will be in proportion of the number of shares held by each shareholder.

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

Name of Shareholder	As at 31-03-2018 Equity Shares	As at 31-3-2017 Equity Shares
MSEB Holding Company Ltd. (Nos.)	25,247,126,126	24,854,336,788
MSEB Holding Company Ltd. (Amount in ₹ Crores)	25,247.08	24,854.34

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

Name of Shareholder	As at 31-03-2018		As at 31-3-2017	
	Equity Shares	% of Shares	Equity Shares	% of Shares
MSEB Holding Company Ltd.	25,247,126,126	100.00	24,854,336,788	100.00

Note No. 13 Other Equity- (a): Reserves and Surplus (₹ Crores)

Particulars	31.03.18	31.03.17 (Restated)
Retained Earnings		
As per last Balance Sheet	**(7,215.14)**	**(6444.25)**
Add: Profit/(loss) for the year	700.18	(770.88)
	(6,514.96)	**(7215.13)**
General Reserve & Capital Reserve	-	
Other Equity-(b): Other Reserves		
Equity Instruments through Other Comprehensive Income		
Share Application Money Pending Allotment	37.00	392.79
Grand Total	**(6477.96)**	**(6822.34)**

Note No. 14 Non Current Borrowings (₹ Crores)

Particulars	31.03.18	31.03.17 (Restated)
Term loans		
Secured		
Term Loan From Financial Institutions	21557.61	21573.89
Term Loan From Banks	1813.28	2003.03
Un - secured		
Term Loan From Financial Institutions	0.00	46.48
Loan from World Bank	187.88	159.20
Loan from CSSEPL (Baramati Project)	196.72	201.05
Loan from KFW	495.20	514.30
Total	**24250.69**	**24497.95**

Note No. 15 Non Current Provisions

(₹ Crores)

Particulars	31.03.18	31.03.17 (Restated)
Provision for Gratuity	446.05	375.21
Provision for Leave Encashment	418.96	422.48
Total	**865.01**	**797.69**

Note No. 15A Deferred tax liabilities (Net)

(a) Tax Expense recognised in profit and loss

(₹ Crores)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Current tax expense		
Current year	**12.24**	**20.11**
Changes in estimates relating to prior years	-	-
	12.24	**20.11**
Deferred tax expense		
Origination and reversal of temporary differences	(654.32)	(53.85)
Change in tax rate	-	27.88
Changes in estimates relating to prior years	-	-
	(654.32)	**(25.97)**
Tax expense recognised in the income statement	**(642.07)**	**(5.86)**

(b) Tax expense recognised in other comprehensive income

(₹ Crores)

Particulars	For the year ended March 31, 2018		
	Before tax	Tax expense/(benefit)	Net of tax
Items that will not be reclassified to profit or loss Remeasurements of the defined benefit plans	(35.38)	12.24	(23.14)
Total	**(35.38)**	**12.24**	**(23.14)**

Particulars	For the year ended March 31, 2017		
	Before tax	Tax expense/(benefit)	Net of tax
Items that will not be reclassified to profit or loss Remeasurements of the defined benefit plans	(58.11)	20.11	(38.00)
Total	**(58.11)**	**20.11**	**(38.00)**

(c) Reconciliation of effective tax rate

(₹ Crores)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Profit before tax	**81.25**	**(738.74)**
Applicable tax rate	**34.61%**	**34.61%**
Tax using the Company's domestic tax rate	**28.12**	**(256)**
Change in tax rate		27.88
Tax effect of:		
Non-deductible expenses	11.53	14.63
Timing Difference on account of		
- For Depreciation and other items	699.37	150.80
- Impairment of financial assets	105.35	(40.32)
- Expenditure allowable on actual payment basis	9.40	(1.31)
Deferrred Tax adjustment for earlier years	(1,511.61)	74.74

CSR Expenditure not deductible	3.53	3.27
OCI Items	12.24	20.11
Tax expense	**(642.07)**	**(5.86)**
Effective tax rate	**-790.26%**	**0.79%**

(e) Movement in deferred tax balances

	March 31, 2018					
Particulars	**Net balance April 1, 2017**	**Recognised in profit or loss**	**Recognised in OCI**	**Net**	**Deferred tax asset**	**Deferred tax liability**
Deferred tax asset						
Property, plant and equipment	(4,154.17)	(1,112.72)	-	(5,266.90)	-	(5,266.90)
Investments	13.42	2.57	-	16.00	16.00	-
Inventories	111.74	(111.74)	-	-	-	-
Trade receivables	240.98	98.96	-	339.95	339.95	-
Provisions	358.51	24.34	12.24	395.09	395.09	-
Unabsorbed Depreciation	1,981.51	1,782.50	-	3,764.01	3,764.01	-
Loans and Advances	(59.32)	(41.85)	-	(101.17)	(101.17)	-
Tax assets (Liabilities)	**(1,507.34)**	**642.07**	**12.24**	**(853.02)**	**4,413.88**	**(5,266.90)**

	March 31, 2017					
Particulars	**Net balance April 1, 2016**	**Recognised in profit or loss**	**Recognised in OCI**	**Net**	**Deferred tax asset**	**Deferred tax liability**
Deferred tax asset						
Property, plant and equipment	(2,944.47)	(1,209.71)	-	(4,154.17)	-	(4,154.17)
Investments	-	13.42	-	13.42	13.42	-
Inventories	85.56	26.18	-	111.74	111.74	-
Trade receivables	175.27	65.71	-	240.98	240.98	-
Provisions	359.81	(21.42)	20.11	358.51	358.51	-
Unabsorbed Depreciation	898.93	1,082.58	-	1,981.51	1,981.51	-
Loans and Advances	(108.41)	49.09	-	(59.32)	(59.32)	-
Tax assets (Liabilities)	**(1,533.31)**	**5.86**	**20.11**	**(1,507.34)**	**2,646.84**	**(4,154.17)**

Note No. 16 Other Non-Current Liabilities

(₹ Crores)

Particulars	**31.03.18**	**31.03.17 (Restated)**
Capital Grant	61.89	53.63
Total	**61.89**	**53.63**

Note No. 17 Current Borrowings

(₹ Crores)

Particulars	**31.03.18**	**31.03.17 (Restated)**
Loans repayable on demand		
Secured		
from banks		
Cash Credit	4619.81	3432.91
Unsecured		
from banks		
Working Capital	2300.00	1962.91
Other Short Term Loans	1250.00	3423.44
Total	**8169.81**	**8819.26**

Note No. 18 Current Trade Payables (₹ Crores)

Particulars	31.03.18	31.03.17 (Restated)
Micro, Small and Medium Enterprises (MSME)	0.48	2.40
Other than MSME	1437.97	1703.99
Total	**1438.45**	**1706.39**

Note No. 19 Other Current Financial Liabilities (₹ Crores)

Particulars	31.03.18	31.03.17 (Restated)
Current maturities of Long Term Borrowings	2513.00	2228.49
Retentions & Payables	3175.11	2850.91
Other Deposits	96.76	94.68
Interest accrued but not due	247.29	242.36
Payables for Capital goods	109.13	110.59
Related Party Payables	689.89	687.03
Others	326.26	170.93
Payable to employees	46.03	8.43
Total	**7203.47**	**6393.42**

Note No. 20 Other Current Liabilities (₹ Crores)

Particulars	31.03.18	31.03.17 (Restated)
Statutory Dues		
Income tax deducted at source	18.09	9.21
Income tax collected at source	0.06	2.27
Service Tax liability & Electricity Duty Payable	0.09	0.04
GST Liabilities	4.73	-
Professional Tax Liability	0.03	0.00
Total	**23.00**	**11.52**

Note No. 21 Current Provisions (₹ Crores)

Particulars	31.03.18	31.03.17 (Restated)
Provision for Gratuity	135.04	95.49
Provision for Leave Encashment	141.55	142.73
Total	**276.59**	**238.22**

Note No. 22 Sale of Products (₹ Crores)

Particulars	2017-2018	2016-2017 (Restated)
Sale of Power	19011.03	16623.77
Total	**19011.03**	**16623.77**

Note No. 23 Other Operating Revenues (₹ Crores)

Particulars	2017-2018	2016-2017 (Restated)
Delayed payment surcharge	2047.31	1697.64
Miscellaneous Operating Income	3.14	33.51
Sale of Fly Ash	29.75	26.79
Less:- Transferred to Fly Ash Liability	(29.75)	(26.79)
Total	**2050.45**	**1731.15**

Note No. 24 Other Income

(₹ Crores)

Particulars	2017-2018	2016-2017 (Restated)
Interest Income on Financial Assets carried at amortized cost:		
Interest on Deposits	0.40	0.50
	0.40	**0.50**
Income from rent, hire charges etc.	6.62	6.01
Profit on sale of assets/stores/scrap	76.97	16.16
Sale of tender forms	1.26	2.59
Sundry Credit balance write Back	105.91	95.45
Other receipts	64.57	78.73
Govt Grant Amortization	0.47	0.46
	255.80	**199.40**
Total Other Income	**256.20**	**199.90**

Note No. 25 Cost of Materials Consumed

(₹ Crores)

Particulars	2017-2018	2016-2017 (Restated)
Coal	10548.78	10269.37
Gas	574.78	502.62
Oil	243.80	178.60
Water	193.49	72.07
Total	**11560.85**	**11022.66**

Note No. 26 Employee Benefits Expense

(₹ Crores)

Particulars	2017-2018	2016-2017 (Restated)
Salaries, Wages, Bonus, etc.	961.76	917.78
Contribution to Provident Fund	90.73	88.88
Gratuity, Leave Encashment and Other Employee Benefits	279.62	166.40
Employee Welfare Expenses	75.73	65.86
Total	**1407.84**	**1238.92**

Note No. 26A Employee Benefits Expense under OCI

(₹ Crores)

Particulars	2017-2018	2016-2017 (Restated)
Remeasurements of the defined benefit plans	35.38	58.11

Note No. 27 Finance costs

(₹ Crores)

Particulars	2017-2018	2016-2017 (Restated)
Interest	3289.37	3744.68
Exchange difference regarded as an adjustment to borrowing cost	44.28	0.00
Other borrowing costs	2.45	76.29
Less: Interest Capitalised	(14.99)	(914.35)
Total	**3321.11**	**2906.61**

Note No. 28 Other Expenses

(₹ Crores)

Particulars	2017-2018	2016-2017 (Restated)
Rent	18.26	15.73
Hydro Lease rent	452.09	452.10
Repairs and Maintenance on:-		
Plant & machinery & Building	1162.92	813.24
Repair & Maintenance - Others	0.70	0.53

Insurance charges	26.68	16.58
Rates and taxes	15.48	20.47
Others		
Lubricants, consumables & stores	3.89	(0.71)
Obsolescence of Stores	0.00	71.15
Domestic Water	6.92	0.49
Legal and professional charges	16.95	12.07
Commission to agents	0.02	2.27
Other Bank Charges	0.26	0.52
Contribution towards assets not owned by Company / CSR expenditure	10.20	9.46
Provision for doubtful advances	9.03	204.52
Allowance for Expected Credit Loss	296.98	187.25
Other general expenses	225.63	211.73
Loss on obsolescence of Fixed Assets	3.16	0.00
Loss on foreign exchange variance (Net)	40.82	0.00
Payments to the auditors for:		
- Audit Fees	0.61	0.53
- other Services	0.00	0.05
- Reimbursement of expenses	0.06	0.06
- Reimbursement of tax	0.12	0.09
Total	**2290.78**	**2018.13**

Note No. 28A Tax Expenses

(₹ Crores)

Particulars	2017-2018	2016-2017 (Restated)
Non OCI Deferred Tax gain /(Expenditure)	(642.06)	(5.86)
OCI Items Deferred Tax gain /(Expenditure)	(12.24)	(20.11)
Total	**(654.30)**	**(25.97)**

Note No. 29 Notes to the financial statements

The Company contributes to the following post-employment defined benefit plans in India.

Defined Benefit Plans

(i) Provident Fund:

The Company's contribution to the Provident Fund is remitted to a separate trust established for all the Group companies based on a fixed percentage of the eligible employee's salary and charged to Statement of Profit and Loss. Shortfall, if any, in the fund assets, based on the Government specified minimum rate of return, will be made good by the Company and charged to Statement of Profit and Loss.

The Company has recognised ₹ Nil Crores towards the above stated shortfall (previous year ₹ Nil Crores) in the Statement of Profit and Loss.

The contributions payable to these plans by the Company are at rates specified in the rules of the schemes.

(ii) Gratuity & Leave encashment:

Liability towards long term defined employee benefits - leave encashment and gratuity are determined on actuarial valuation by independent actuaries at the year-end by using Projected Unit Credit method. Liability so determined is unfunded.

GRATUITY

A. Movement in net defined benefit (asset) liability

The following table shows a reconciliation from the opening balances to the closing balances for net defined benefit (asset) liability and its components.

Defined benefit obligation

(₹ Crores)

Particulars	31.03.18	31.03.17
Opening balance	470.70	490.31
Interest Cost Included in profit or loss	34.22	39.18
Current service cost	16.67	14.65
Past service cost	146.03	
Interest cost (income)		
	667.62	**544.14**
Included in OCI		
Remeasurement loss (gain):		
Actuarial loss (gain) arising from:		
Demographic assumptions		
Financial assumptions	(14.43)	17.30
Experience adjustment	49.81	40.81
Return on plan assets excluding interest income		
	35.38	**58.11**
Other		
Contributions paid by the employer		
Benefits paid	(121.91)	(131.54)
Closing balance	581.09	470.71
Represented by		
Net defined benefit asset		
Net defined benefit liability	581.09	470.71
	581.09	**470.71**

B. Defined benefit obligations

i. Actuarial assumptions

Further, assumptions regarding future mortality have been based on published statistics and mortality tables. The current longevities underlying the values of the defined benefit obligation at the reporting date were as follows:

(₹ Crores)

Particulars	31.03.18	31.03.17
Discount rate	7.78%	7.27%
Salary escalation rate	5.00%	5.00%
Mortality rate During Employment	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)

ii. Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

(₹ Crores)

Particulars	31.03.18		31.03.17	
	Increase	Decrease	Increase	Decrease
Discount rate (0.5% movement)	(13.30)	14.14	(12.18)	12.99
Future salary growth (0.5% movement)	14.46	(13.70)	13.21	(12.49)
Employee Turnover (0.5% movement)	2.90	(3.06)	2.21	(2.34)

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

iii. Maturity Analysis of Defined Benefit Obligation

Defined Benefits Payable in Future Years From the Date of Reporting (₹ Crores)

Particulars	31.03.18	31.03.17
1st Following Year	135.04	95.49
2nd Following Year	59.79	47.28
3rd Following Year	81.74	58.97
4th Following Year	71.11	51.92
5th Following Year	58.42	45.82
Sum of Years 6 To 10	197.06	169.33
Sum of Years 11 and above	368.16	329.80

LEAVE ENCASHMENT

A. Movement in net defined benefit (asset) liability

The following table shows a reconciliation from the opening balances to the closing balances for net defined benefit (asset) liability and its components.

(₹ Crores)

	Defined benefit obligation	
Particulars	31st March, 2018	31st March, 2017
Opening balance	565.20	568.27
Included in profit or loss (Interest Cost)	41.09	45.40
Current service cost	12.36	11.15
Past service cost		
Interest cost (income)		
	618.65	624.83
Remeasurement loss (gain):		
Actuarial loss (gain) arising from:		
Demographic assumptions		
Financial assumptions	(16.42)	20.87
Experience adjustment	45.65	35.15
Return on plan assets excluding interest income		
	29.24	56.02
Other		
Contributions paid by the employer		
Benefits paid	(87.38)	(115.64)
Closing balance	560.51	565.21
Represented by		
Net defined benefit asset		
Net defined benefit liability	560.51	565.21
Total	**560.51**	**565.21**

B. Defined benefit obligations

i. Actuarial assumptions

The following were the principal actuarial assumptions at the reporting date (expressed as weighted averages) (₹ Crores)

Particulars	31.03.18	31.03.17
Discount rate	7.78%	7.27%
Salary escalation rate	5.00%	5.00%
Mortality rate During Employment	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)

B) The provident fund plan of the Company is operated by the "Maharashtra State Power Generation Company Limited Employees Provident Fund Trust" (the "Trust"). Eligible employees receive benefits from the said Provident Fund. Both the employees and the Company make monthly contributions to the Provident Fund Plans equal to a specified percentage of the covered employee's salary. The minimum interest rate payable by the Trust to the beneficiaries every year is being notified by the Government. The Company has an obligation to make good the shortfall, if any, between the return from the investments of the Trust and the notified interest rate. During the year, since the market value of investment is more than subscription liability of the Trust, the liability on this account recognised in Profit & Loss account is ₹ Nil (P.Y. ₹ Nil)

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

(₹ Crores)

Particulars	31.03.18	31.03.17
Liability for subscriptions and interest payable to employees at the end of year	9201.71	8667.51
Fair Value of Plan Assets at the end of year	9232.83	8911.02
Net Liability whether Payable	Nil	Nil

Description of Plan Assets (₹ Crores)

Particulars	31.03.18	31.03.17
Category -I (a)- GOI	14.78%	16.47%
Category -I (a)-SDL	19.81%	15.43%
Category - I(b)	5.27%	5.92%
Category - II(a)	31.21%	33.55%
Category - II(b)	0.96%	
Category - IV(c)	1.43%	1.12%
Special Deposit Scheme	26.53%	27.51%

Note No. 30 (₹ Crores)

Capital / Government grants		
As at 31.03.2016		**34.05**
Add: Received during FY 2016-2017		20.04
Less: Government Grant amortised during FY 2016-2017		0.46
As at 31.03.2017		**53.63**
Add: Received during FY 2017-2018		8.72
Less: Government Grant amortised during FY 2017-18		0.46
As at 31.03.2018		**61.89**
	31.03.18	31.03.17
Current	0.46	0.46
Non-current	61.44	53.17
Total	61.89	53.63

Government grant have been received for the purchase of certain item of Property, Plant and Equipment at Pophali Hydro Power Station. The same have been accounted for as government grant and being amortised over the useful life of such assets.There are no other unfulfilled contions or contingencies attached to this grant. Further during the year Company has received ₹ 8.72 Crs (PY ₹ 20.04 Crs.) from World Bank towards Koradi U-6 Renovation & Modernisation. The asset under the scheme of Renovation & Modernisation is part of Asset under construction.

Note No. 31 Intangible assets under development (₹ Crores)

Particulars	As at 31.03.18	As at 31.03.17
Opening balance	129.77	120.78
Additions for the year	2.78	8.98
Specify the nature of exp		

Impairment reversal/(charge)		
Foreign exchange difference		
Closing balance	**132.55**	**129.77**

Company has acquired the right to develop the coal block at Gare Palma, Chattishgarh and it is in the process of appointing the mine developer for this purpose.

Note No. 32 Investment in Related Party

(₹ Crores)

Details of Transactions	MAHAGUJ	DHOPAVE	MAHAGAMS	UCM	Aurangabad
Opening Balance as on 01-04-2016					
-Quasi Equity investment	33.37	6.26	0.13	0.09	4.71
Quasi Equity investment during the year	**0.55**	**0.01**	**0.08**	**-**	**-**
Balances outstanding as on 31-03-2017					
-Quasi Equity investment	33.92	6.27	0.21	0.09	4.71
Quasi Equity investment during the year	**0.80**	**0.00**	**0.83**	**0.19**	**0.14**
Balances outstanding as on 31-03-2018					
-Quasi Equity investment	34.72	6.27	1.03	0.28	4.85

Note No. 33 Assets hypothecated / pledged as security

The carrying amount of assets hypothecated / mortgaged as security for current and non-current borrowings are:

(₹ Crores)

Particulars	As at 31.03.18	As at 31.03.17
Security created in respect of Non-current Borrowings		
Property, plant and equipment excluding leasehold land	38,399.19	40,569.78
Security created in respect of Current Borrowings		
i) Inventories	933.43	1,413.70
ii) Trade receivables	12,980.89	
Total assets as security	**13,914.32**	**1,413.70**

Note No. 34

During the current financial year 2017-18, Revenue Subsidy towards Solar power sales from Central Government amounting to ₹ 1.78 Crores (2016-17: ₹ 1.08 Crores) has been accounted.

Note No. 35

Inter- group company transactions are reconciled on a continuous basis. However, year end balances are subject to confirmation/ reconciliation which is not likely to have a material impact.

Note No. 36

To the extent Micro and Small Enterprises have been identified, the outstanding balance, including interest thereon, if any, as at balance sheet date is disclosed on which Auditors have relied upon:

(₹ Crores)

Sr. No.	Particulars	2017-18	2016-17
1	Amounts payable to "suppliers" under MSMED Act, as on 31/03/18:		
	- Principal	0.48	2.40
	- Interest	0.00	0.13
2	Amounts paid to "suppliers" under MSMED Act, beyond appointed day during F.Y. 2017 – 18 (irrespective of whether it pertains to current year or earlier years) –		
	- Principal		
	- Interest	0.03	0.04
3	Amount of interest due / payable on delayed principal which has already been paid during the current year (without interest or with part interest)	--	--

4	Amount accrued and remaining unpaid at the end of Accounting Year	0.29	0.48
5	Amount of interest which is due and payable, which is carried forward from last year	1.18	0.73

Note No. 37 Related Party Disclosure

A. Names of and Relationship with Related Parties

1. **Holding Entity**
   i. M/s MSEB Holding Company Limited
2. **Associate entities**
   i. M/s. UCM Coal Company Limited
3. **Subsidiaries**
   i. M/s. Dhopave Coastal Power Limited
   ii. M/s. Mahagenco Ash Management Services Limited
   iii. M/s. Mahaguj Collieries Limited
4. **Fellow subsidiaries:**
   i. M/s Maharashtra State Electricity Distribution Company Ltd.
   ii. M/s Maharashtra State Electricity Transmission Company Ltd.

B. The Company has not included disclosure in respect of following related parties which are Govt. related entities as per Ind AS 24.

1. **Associate entities**
   i. M/s. UCM Coal Company Limited
2. **Subsidiaries:**
   i. M/s. Dhopave Coastal Power Limited
   ii. M/s. Mahagenco Ash Management Services Limited
   iii. M/s. Mahaguj Collieries Limited
3. **Fellow subsidiaries:**
   i. M/s Maharashtra State Electricity Distribution Company Ltd.
   ii. M/s Maharashtra State Electricity Transmission Company Ltd.
4. **Key Management Personnel**

Sr. No	Designation	Key Management Personnel Name	With effect from
1	Chairman & Managing Director	Shri. Bipin Shrimali	05.01.2015
2	Director (Mining)	Shri. Shyam Wardhane	14.09.2016
3	Director (O)	Shri. Chandrakant Thotwe	19.09.2016
4	Director (F)	Shri. J. K. Srinivasan	26.05.2014 to 11.08.2017
5	Director (F)	Shri. S. J. Amberkar	11.08.2017
6	Director (P)	Shri. Vikas Jaideo	19.09.2016
7	Company Secretary	Shri Rahul Dubey	17-01-2006

5. **Non Executive Directors**

Sr. No	Designation	Key Management Personnel Name	With effect from
1	Director	Smt. Irawati Dani	26.06.2014 to 31.05.2017
2	Director	Shri. Vishwas Pathak	21.07.2015
3	Director	Shri. Arvind Singh	22.02.2017

C. Remuneration paid to Key Management Personnel (₹ Crores)

Sr. No	Name of Related Party	Nature of Relationship	2017-18	2016-17
1	Shri. Bipin Shrimali	Chairman & Managing Director	0.31	0.25
2	Shri. Chandrakant Thotwe	Director (Operation)	0.35	0.32
3	Shri. Vikas Jaideo	Director (Projects)	0.36	0.29
4	Shri. Shyam Wardhane	Director (Mining)	0.19	0.08

5	Shri. J. K. Srinivasan	Director (Finance)	0.21	0.33
6	Shri. Santosh Amberkar	Director (Finance)	0.21	-
Remuneration to Key Managerial Persons				
1	Shri. A.R. Nandanwar	Executive Director	0.69	0.26
2	Shri. Vinod Bondre	Executive Director(HR)	0.20	0.10
3	Shri. Raju Burde	Executive Director	0.27	0.24
4	Shri. Kailash Chirutkar	Executive Director	0.27	0.24
5	Shri. Satish Chaware	Executive Director	0.29	0.24
6	Shri. Rahul Dubey	Company Secretary	0.18	0.18

Key Managerial Personnel are entitled to post-employment benefits and other long term employee benefits recognised as per Ind AS 19 - 'Employee Benefits' in the financial statements. As these employee benefits are lump sum amounts provided on the basis of actuarial valuation, the same is not included above.

D. Sitting Fee paid to Non-Executive Directors: (₹ Crores)

Details of Meeting	Smt. Irawati Dani	Shri. Vishwas Pathak
Board	0.0012	0.0077
Audit Committee	0.0006	0.0006
Total Sitting Fees Paid	**0.0018**	**0.0083**

Note No. 38

In compliance of Ind AS-27 'separate Financial Statements', the required information is as under:

Particulars	Country of In Company	Nature of Investments	Percentage of ownership interest as on	
			31.03.18	31.03.17
M/s. Mahaguj Collieries Ltd	India	Subsidiary	60.00%	60.00%
M/s. UCM Coal Company Ltd	India	Associates	18.75%	18.75%
M/s. Dhopave Coastal Power Ltd	India	Subsidiary	100.00%	100.00%
M/s. Mahagenco Ash Management Services Ltd.	India	Subsidiary	100.00%	100.00%

Note No. 39

The net worth of following associate/subsidiaries has eroded. Hence, Management has considered following impairment in the value of Investment and accordingly, a provision has been made in the books of accounts.

Particulars	Investment including advance	Provision for Impairment
M/s. Mahaguj Collieries Limited	34.75	34.75
M/s. UCM Coal Company Limited	0.31	0.31
M/s. Dhopave Coastal Power Limited	6.32	6.32

Note No. 40

Outstanding balances other than Trade Receivable of fellow subsidiaries at the end of financial year. (₹ Crores)

Particulars	As at 31-03-2018	As at 31-03-2017
Payable to MSEDCL	500.52	49.84
Receivable from MSETCL	2.72	6.83

Note No. 40A

Trade Receivable from Related Party (₹ Crores)

Particulars	As at 31-03-2018	As at 31-03-2017
MSEDCL	13,887.36	11,382.69
MSETCL	70.88	70.88

Note No. 41

Corporate Social Responsibilities

During the year 2017 – 18, Company has spent ₹ 10.20 Crores (2016-17: ₹ 9.45 Crores) towards Corporate Social Responsibility (CSR).

(₹ Crores)

Sr No.	Head of Expenses	2017-18	2016-17
1	Community development and welfare expenses	2.30	3.23
2	Education expenses	0.07	0.51
3	Tree Plantation	0.36	0.00
4	Death Compensation & Stipend to security guards	0.16	1.06
5	Drinking water supply & construction, repairs of tubewells, hand pumps etc	5.20	0.79
6	Construction / repair of road, compound wall, RCC drain, etc	2.11	3.86
	Total	**10.20**	**9.45**

Note No. 42

Contingent Liabilities & Commitments

(₹ Crores)

I	Contingent Liabilities	31.03.2018	31.03.2017
1	MSPGCL may be contingently liable for interest claim of SECL,WCL and SCCL amounting to ₹ 461.59 Crs (P.Y. ₹ 109.00 Crs) plus performance incentive ₹ 602.65 Crores and short lifting ₹ 392.77 Crs. Total Contingent Liability ₹ 1457.01 Crs. (P.Y. ₹ 849.00 crs.)	1,457.01	849.00
2	Contingent liability for demand from Irrigation Department for excess water charges and establishment charges amounted to ₹ 2,15,28,63,437/-(Excess water charges bill ₹ 31,28,63,437 + Establishment Charges ₹ 1,84,45,00,000/-)	215.29	-
3	Contingent liability of approximately estimated to 178.33 Crores plus 32.10 crores int total ₹ 210.43 Crs (PY ₹ 151.13 Crores/-plus ₹ 27.20 Crores int). This is related to work of construction of RCC lower Mum with associated works including manufacturing, providing, erection, testing and commissioning of radial gates , stoplog gates, goliath crane and rope drum hoist etc. claimed by M/s Mahalaxmi Infra Project Ltd., Kolhapur. Agency has been requested to submit claim amount based on which the members in arbitration tribunal would be decided, as provided in tender conditions. Arbitration award is declared on 20-11-2014. The sole Arbitrator Shri. S.P. Kurdukar, Mumbai directed to pay ₹ 56 crores. Award is challenged at High Court on vide OSARBP/466/2015. The claimants have filed petition vide no. 5260/2015. New advocate Shri. S.R. Nargolkar is appointed to represent MSPGCL in this matter. Bombay High Court appointment Shri Thakkar as Sole Arbitrator for further proceedings.	210.43	178.33
4	Arbitation between M/s. TATA Projects Ltd., and MAHAGENCO for Bhusawal 2x500 MW project. M/s. TATA claimed for prolongation cost, Bank Guarantee charges for BG submitted, payment against performance Guarantee tests & extra BG charges incurred towards furnished BG, wrongful recoveries made by MAHAGENCO from contractual payments, additional work and return of contract performance Bank Guarantee: Total Bank Guarantee to be returned - ₹ 467,89,50,000/- Total Amount claimed - ₹ 118,12,08,976/- Total Interest claimed - ₹ 79,33,54,185/- (118,12,08,976 + 79,33,54,185 = ₹ 197,45,63,161)	197.46	197.46
5	MSPGCL may be contingently liable for Counter claims lodged by Washery Operator Amounting ₹ 40.81 crores (P. Y. ₹ 169.01 crores)	40.81	169.01

6	Contingent liabilities of approx ₹ 443.73 Crores demanded by Irrigation Dept. for water supplied Due to non-renewal of water use agreement penal charges, interest rate, rate of water sewage etc. Details as follows: 1. Chanrapur Super Thermal Power Station : ₹ 28.52 Crores 2. Nashik Thermal Power Station : ₹ 50.20 Crores 3. Bhusawal Thermal Power Station : ₹ 40.09 Crores 4. Khaperkheda Thermal Power Station : ₹ 2.54 Crores 5. Koradi Thermal Power Station : ₹ 0.30 Crores 6. Paras Thermal Power Station : ₹ 2.03 Crores **Total Amount : ₹ 123.68 Crores**	123.68	-
7	Contingent liabilities of approx ₹ 103.20 Crores (P.Y. 103.20 crores) demand of Irrigation Dept.for water supplied at Shiral Pump House and given to Ratnagiri Power & Gas Ltd.	103.20	103.20
8	Arbitration before Justice Shri. V. G. Palshikar Mumbai. ABN/C/No.63/2014 – Sole Arbitrator - Adv. Rathod – Asian Natural Resources Ltd(eastwhile M/s. Bhatia International Ltd. Indore) vs Mahagenco. Major pending issue is change in railway freight and 16 refree sample and subsequent other claims on various accounts for contract of import coal for the year 2010-11. Sole Arbitrator justice V.G. Palshikar (Retd). Appointed with mutual consent on 17.04.2014. Claim and counterclaim filed. Hearing is in process. The claim amount is ₹ 102.63 crores (P.Y. ₹ 127.45 crores) (FMC)	102.63	127.45
9	Other miscellaneous claims lodged against the company but not acknowledged as debt	287.15	223.11
	Total Claims	**2,737.66**	**1,847.56**
	Tax Demands Outstanding and disputed by the company	273.75	68.64
	Guarantees extended by the company	814.66	803.77
	Total Contingent Liabilities	**3,826.07**	**2,719.97**
			(₹ Crores)
II	**Capital Commitments**		
A	Estimated amount of contracts remaining to be executed on Capital Account not provided for	685.84	344.14

III Other Significant Commitments

Other Significant Commitments

(a) Company has entered into Power Purchase Agreement with MSEDCL for Sale of power generated by the company & this agreement remains operative for the period of twenty-five years unless extended or terminated earlier.

(b) Agreement / Order has been made / placed with M/s. Ultra Tech cement Ltd. for Sale/ Disposal of fly ash on long term for 15 years basis ending in FY 2023-24.

(c) Coal linkage (including Bridge Linkage and MOU) of 57.42 Million MT has been allocated to company, consequently company is committed to purchase coal from allocated coal companies at the relevant market price.

(d) Company has gas purchase and transportation agreement with Gas Authority of India Ltd. towards 3.5 MMSCMD upto 05.07.2021.

IV. Contingent Assets

(1) Mahagenco has entered into contract with M/s. Dirk India for the sale of fly ash contract. As per interim court verdict on the case filed by M/s. Dirk gainst Mahagenco, the Sale of fly ash to M/s. Dirk India is effected at the rate of ₹ 350 per Metric Tonne, out of this the ₹ 6.44 crores(225 per Metric Tonne) is paid to Mahagenco & ₹ 3.58 crores (125 per Metric Tonne) is deposited by Ms/ Dirk India with Court. The amount deposited with court is disclosed as contingent asset.

(2) Bhusawal tax paid under protest.

(3) Mahagenco has lodged counter claims with coal companies and washery operators which that companies has not considered as debt. The details of the same is as follows:

	Particulars	(₹ Crores)
i)	SRN Claims	100.81
ii)	Interest Claims	32.10
iii	Moisture Claims	27.47
iv)	Short Delivery	1,202.65

Note No. 42A Segment reporting

Generation and Supply of Electricity is the principle business activity of the Company. The Company is having a single geographical segment as all the activities of the company are domestic in India. Segment information as required under Ind AS 108 "Operating Segment" is given in the consolidated financial statement of the Company.

Note No. 42B

Threshold limits adopted in respect of financial statements is given below:

Threshold item	Unit of measurement	Threshold limits
Capitalization of spare parts meeting the definition of property plant and equipment.	₹ Crores	10.00
Total Income / expenditure pertaining to prior year (s)	₹ Crores	50.00
Disclosure of contingent liabilities	₹ Crores	1.00
Disclosure of capital commitments	₹ Crores	1.00
Deprecation at 100% in the year of acqusition in respect assets amounting up to ₹ 5000 & all mobile phones		

Note No. 43

Classification of Financial Assets and Financial Liabilities:

The following table shows the carrying amounts of Financial Assets and Financial Liabilities which are classified at Amortised Cost.

The following table shows the carrying amount						(₹ crores)
Particulars	31.03.2018			31.03.2017		
	FVTPL	FVTOCI	Amortised Cost	FVTPL	FVTOCI	Amortised Cost
Financial assets						
(i) Trade Receivables			12,980.89			10,671.93
(ii) Cash and Cash Equivalents			0.03			34.06
(iii) Bank Balances other than (ii) above						-
(iv) Loans			13.09			54.39
(v) Other Financial Assets			2,736.14			2,403.80
Total	**-**	**-**	**15,730.14**	**-**	**-**	**13,164.18**
Financial liabilities						
(i) Borrowings			32,420.49			33,317.21
(ii) Trade Payables			1,438.45			1,706.39
(iii) Other Financial Liabilities			7,203.47			6,393.42
Total	**-**	**-**	**41,062.41**	**-**	**-**	**41,417.01**

Financial risk management

Risk management framework

In its ordinary operations, the Company's activities expose it to the various types of risks, which are associated with the financial instruments and markets in which it operates. The Company has its risk management process which has been carried out at regular interval. The following is the summary of the main risks:

Note No. 43A Regulatory risk

The company submits the annual revenue requirement to Maharashtra Electricity Regulatory Commission, based on these approved tariffs the company raises monthly energy bills to its customers. The tariff so determined by MERC are based on the MERC (Mutly Year Tariff) regulations which get revised periodically. These tariff are determined based on normative parameters as set out in the said regulations. Any change in the normative parameters or guiding regulatory provisions will have impact on the income from sale of the power of the company.

Note No. 43B Company has identified financial risk and categorised them in three parts Viz. (i) Credit Risk, (ii) Liquidity Risk & (iii) Market Risk. Details regarding sources of risk in each such category and how Company manages the risk is explained in following notes:

Note No. 43B.1 - Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customer and investment securities. The Company establishes an allowance for doubtful debts and impairment that represents its estimate of incurred losses in respect of trade and other receivables and investments.

The maximum exposure to credit risk in case of all the financial instuments covered below is resticted to their respective carrying amount.

Trade receivables

The Company works out the expected credit losses of trade receivables (which are considered good) using the Government Bond yield as discounting factor for the respective years to assess the time value risk associated with such trade receivables. The trade receivables refer to receivables against supply of power to MSEDCL, being fellow subsidiary and soverign entity, no credit risk has been envisaged. The following table provides information about the exposure to credit risk and loss allowance (including expected credit loss provision) for trade receivables.

(₹ Crores)

Particulars	31.03.2018		31.03.2017	
	Gross carrying amount	Loss allowance	Gross carrying amount	Loss allowance
Past due 0-180 days	8,742.23		7,725.08	
Past due 180-360 days			1,039.26	
More than 360 days	5,247.55	1,008.88	2,701.39	793.81
Total	**13,989.77**	**1,008.88**	**11,465.74**	**793.81**

Note : The above excludes Unbilled revenue

The movement in the allowance for expected credit loss in respect of trade receivables during the year was as follows:

(₹ Crores)

Balance as at 01.04.2016	**515.65**
Add : Expected Credit loss recognised	278.16
Less : Amounts written off	-
Balance as at 31.03.2017	**793.81**
Add : Expected Credit loss recognised	285.96
Less : Amounts written off	70.88
Balance as at 31.03.2018	**1,008.88**

Cash and cash equivalents: (₹ Crores)

Particulars	As at 31.03.2018	As at 31.03.2017
Cash and cash equivalents	0.03	34.06

Note No. 43B.2 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. Company has a strong focus on effective management of its liquidity to ensure that all business and financial commitments are met on time. The

Company has adequate borrowing limits in place duly approved by its shareholders and board. Company sources of liquidity includes operating cash flows, cash and cash equivalents, fund and non-fund based lines from banks. Cash and fund flow management is monitored daily in order to have smooth and continuous business operations.

(i) Financing arrangements

The Company has an adequate fund and non-fund based limits from various banks. The Company has sufficient borrowing limits in place duly, approved by its shareholders and board. Domestic credit rating from reputed credit rating agencies enables access of funds from domestic market. It's diversified source of funds and operating cash flow enables it to maintain requisite capital structure discipline. Mahagenco diversifies its capital structure with a mix of financing products across varying maturities and currencies. The financing products include, buyer's credit loan, clean & secured domestic Term loan (and Foreign Currency Loans on back to back arrangement basis through Government of India and Government of Maharashtra etc.). Mahagenco taps domestic as well as foreign financial institutions like IBRD & KFW from time-to-time to ensure appropriate funding mix and diversification of geographies.

(ii) Maturities of financial liabilities

The amounts disclosed in the table are the contractual undiscounted cash flows. (₹ Crores)

Particulars	Contractual cash flows					
	31.03.2018			31.03.2017		
	Upto 1 year	1-3 years	more than 3 years	Upto 1 year	1-3 years	more than 3 years
Non-derivative financial liabilities						
Long Term Borrowings	2,513.00	4,856.32	19,394.37	2,228.49	7,060.01	17,437.94
Borrowings for working capital	8,169.81			8,819.26		
Trade payables	1,438.45			1,706.39		
Other financial liabilities	7,203.47			6,393.42		
Total	**19,324.72**	**4,856.32**	**19,394.37**	**19,147.56**	**7,060.01**	**17,437.94**

Note No. 43C Market Risk

Market Risk is further categorised in (i) Currecy risk , (ii) Interest rate risk & (iii) Commodity risk:

Note No. 43C.1 Currency risk

The Company is exposed to currency risk mainly on account of its borrowings from KfW Germany and IBRD (World Bank) in foreign currency. Our exposures are 7.39 Crores Euro and 3.04 Crores U.S. dollars. However, Company operates in rate regulatory environment. Consequently, any variation in the foreign exchange rate is allowed to be recovered from consumers at actuals. Hence, company doesn't have significant risk on account of variation in foreign currencies.

Note No. 43C.2 Interest rate risk

Particulars	Carrying amount in ₹ crores	
	31.03.2018	31.03.2017
Fixed-rate instruments		
Financial assets	-	-
Financial liabilities	594.24	658.71
Variable-rate instruments		
Financial assets	-	-
Financial liabilities	34,339.25	34,886.99

Cash flow sensitivity analysis for variable-rate instruments

A reasonably possible change of 25 basis points in interest rates at the reporting date would have increased / (decreased) profit or loss by the amounts shown below. The indicative 25 basis point (0.25%) movement is directional and does not reflect management forecast on interest rate movement.

This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

Particulars	Profit or loss			
	25 bp increase	25 bp decrease	25 bp increase	25 bp decrease
	31.03.2018		31.03.2017	
Floating rate borrowings	85.85	(85.85)	87.22	(87.22)
Interest rate swaps (notional principal amount)	-	-	-	-
Cash flow sensitivity (net)	**85.85**	**(85.85)**	**87.22**	**(87.22)**

Note No. 43C.3 Commodity Risk

Company operates in rate regulatory environment. Company's cost comprises mainly of coal cost. Any variation in the coal cost is allowed to be recovered from consumers at actuals subject to performance parameters to be achieved. Hence, company doesn't have significant risk on account of variation in coal price.

Note No. 43D

The company has restated the financial statements of the previous year in case of the following prior period items which are more than the threshold limit fixed by the msanagement.

Particulars	Amount Restated for FY 2016-17	Amount as was originally stated in FY 2016-17	Impact on brought forward other Equity as at the beginning of the year i.e. 01-04-2017
Other operating revenues- Delayed Payment Surcharge	1,731.15	1,540.18	190.96
Deferred Tax Liability (Net) - Due to Restatement Rate of tax, Revision in un-absorbed losses Due to certain changes in computation of income.	1,507.34	1173.61	(333.73)

Note No. 44 Leases

Operating Lease

A. Leases as lessee

"a) The Company enters into cancellable/non-cancellable operating lease arrangements for land, office premises, staff quarters and others. Payments made under operating leases are generally recognised in statement of Profit and Loss based on corresponding periods contractual terms of the lease, since the Company considers it to be more representative of time pattern of benefits flowing to it.The lease rentals paid for the same are charged to the Statement of Profit and Loss. The future minimum lease payments and payment profile of non-cancellable (Hydro Plant Leases) operating leases are as under:

i. Future minimum lease payments

At March 31, the future minimum lease payments under non-cancellable leases were payable as follows: (₹ Crores)

Particulars	31.03.2018	31.03.2017
Less than one year	452.08	452.08
Between one and five years	1,813.32	1,812.73
More than five years	6,873.92	7,326.60
	9,139.33	9,591.41

ii. Amounts recognised in profit and loss (₹ Crores)

Particulars	31.03.2018	31.03.2017
Lease expense	452.09	452.10

Ascertainment of Lease in the Power Purchase Arrangement:

The company has entered into the power purchase agreement with MSEDCL. The significant output of power generated from the Company's plants is sold to MSEDCL. Hence company tested the said power purchase arrangement in terms of Appendix C to Ind AS 17 so as to determine whether the arrangement contains element of lease. It is revealed that the arrangement conveys the right to use the assets to MSEDCL, however, the losses arising out of non-maintenance of availability of power plant for power generation are borne by Mahagenco. Accordingly, there is no transfer of risks & rewards to MSEDCL to this extent. Consequently, the arrangement does not satisfy the criteria of financial lease.

Note 45 : Earnings per share (EPS)

Basic EPS amounts are calculated by dividing the profit for the year attributable to equity holders by the weighted average number of Equity shares outstanding during the year.

Diluted earnings per equity share is computed by dividing the net profit or loss attributable to equity shareholders of the Company by the weighted average number of equity shares considered for deriving basic earnings per equity share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares.

For the purpose of calculating Earning Per Share, the share application money pending allotment, in terms of the commitment from Government of Maharashtra through the Holding company, has been considered being as confirmed allotment.

Particulars	31.03.2018	31.03.2017
Profit attributable to equity holders for basic earnings per share (Rupees)	723.32	(732.88)
Profit attributable to equity holders for diluted earnings per share (Rupees)	723.32	(732.88)

ii. Weighted average number of ordinary shares

Particulars	31.03.2018	31.03.2017
Number of Equity shares as at	25,247,231,500	24,855,412,926
Weighted average number of shares for basic and diluted earnings per shares	25,247,231,500	24,855,412,926
Basic and Diluted earnings per share (Rupees)	**0.29**	**(0.29)**

Note 46 : Capital management

The Company's policy is to maintain a strong capital base so as to maintain shareholder's confidence and to sustain future development of the business. Management monitors the return on capital.

The Company monitors capital using debt equity ratio. The Company's debt to equity ratio at March 31, 2018 is as follows.

Particulars	31.03.2018	31.03.2017
Long term borrowings (₹ Crores)	24,250.69	24,497.95
Equity share Capital (₹ Crores)	25,247.13	24,854.34
Debt to Equity ratio	0.96	0.99

Note 47 : Dividends

The Company has not declared dividend so far.

INDEPENDENT AUDITORS' REPORT

To The Members of Maharashtra State Power Generation Co. Ltd.

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

1. We have audited the accompanying consolidated Ind AS financial statements of **MAHARASHTRA STATE POWER GENERATION COMPANY LIMITED (hereinafter referred to as "the Holding Company"/MSPGCL) and its 3 subsidiaries (the holding company and its subsidiaries together referred to as " the Group**" and its 1 associate company which comprise the consolidated Balance Sheet as at 31 March 2018, the consolidated Statement of Profit and Loss (including Other Comprehensive Income), the consolidated Statement of Cash Flows and the consolidated Statement of Changes in Equity for the year then ended and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "Consolidated Ind AS financial statements").

Management's Responsibility for the Consolidated Ind AS Financial Statements

2. The Holding Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these consolidated Ind AS financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated changes in equity of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified in the Companies (Indian Accounting Standards) Rules 2015 under Section 133 of the Act.

The respective Board of Directors of the companies included in the Group are responsible for maintenance adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the respective companies of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

Auditors' Responsibility

3. Our responsibility is to express an opinion on these consolidated Ind AS financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit of the consolidated Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards and pronouncements require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Directors, as well as evaluating the overall presentation of the consolidated Ind AS financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by auditors of subsidiaries, in terms of their audit reports referred to in the paragraph on "Other Matters" stated below, is sufficient and appropriate to provide a basis for our qualified audit opinion on the consolidated Ind AS financial statements.

Basis for Qualified Opinion

4(i). *The Holding Company, in terms of Power Purchase Agreement with the Maharashtra State Electricity Distribution Company Limited (MSEDCL) has recognized income during the year of Surcharge being interest on delayed payment amounting to ₹ 2047.31 crores (PY ₹ 1,697.64 crores) under the head 'Surcharge Income from Customers'. MSEDCL has not paid such Surcharge aggregating to an amount of ₹ 7485.61 crores (PY ₹ 5,438.30 crores) which is outstanding as on March 31, 2018.*

Considering the non-acceptance of billing and its non-payment over the past several years, there is an uncertainty in the recoverability of the said dues from Maharashtra State Electricity Distribution Company Limited (MSEDCL).

4(ii). *In view of the uncertainty stated above, the management of the Holding Company has provided for an estimated Expected Credit Loss of*

₹ 285.96 Crores during the year and aggregating to ₹ 982.28 Crores till date.

The recoverability of the above stated Trade Receivable and adequacy of the estimated provision made for the Expected Credit Loss in respect thereof cannot be commented upon by us.

5. *The Holding Company has not restated the financial statements of previous year, in respect of a prior period error amounting to ₹ 885.44 Crores relating to Deferred Tax Liability (Net) as at the end of previous year i.e. 31.03.2017. While computing current tax of previous year, the Holding Company did not consider the deduction of eligible investment allowance amounting to ₹ 2558.49 Crores. This had resulted into lower unabsorbed losses to that extent as at the previous year end and deferred tax asset of ₹ 885.44 Crores on this account was not created as at previous year end. Accordingly, Deferred Tax Liability (Net), as at the previous year end was stated higher by ₹ 885.44 Crores.*

The said Deferred Tax Asset amounting to ₹ 885.44 Crores has been recognized and credited to the Statement of Profit and Loss for the current year. Accordingly Profit after tax for the year is overstated by like amount.

The above accounting treatment is not in accordance with the requirements of Ind AS 8 - 'Accounting Policies, Changes in Accounting Estimates and Errors'.

6. *In case of the Holding Company, the balances of loans and advances, deposits and trade payables are subject to confirmation from respective parties and / or reconciliation as the case may be. Pending such confirmation and reconciliation, the consequential adjustments are not made.*

However, we are informed that the Holding Company has sent letters asking for confirmation to its vendors and wherever such confirmations are received the same is getting reconciled and we are informed that such reconciliation is a continuous and an ongoing process for the Holding Company. In view of the same, we are unable to opine on the consequential impact, if any, on the status of these balances and the profit for the year of the Holding Company and of the Group.

7. *Attention is invited to Group's accounting policies stated at Note 4 (ix), Note 4 (x) & 4 (xi) regarding Property, Plant and Equipment and Note 10B (iii) regarding Depreciation and amortization. During the course of our audit, several deviations and anomalies were observed in adherence to these accounting policies adopted by the company with respect to (i) classification between inventory and PPE of spare parts i.e. items meeting the definition of "Property, Plant & Equipment", are classified as "Inventories" and not capitalised by the company . (ii) replacement of spare parts to be charged off to statement of profit and loss i.e. the company has not de-recognised the WDV of the old spares/ "Property, Plant & Equipment" replaced, neither the cost of the replaced part has been charged to the Statement of Profit and Loss and both of them are continued to be depreciated over the remaining useful life, even in case of de-recognition. and (iii) non-linking of useful life of spare parts with that of main plant, thereby depreciation on spare parts & additions to PPE, is being charged without any reference to the useful life of the main related Property, Plant & Equipment. Consequently, we are unable to opine on the consequential impact thereof on the financial statements of the Holding Company and of the Group which is unascertained in the absence of complete detailed exercise by the management in this regard.*

8. *(a) We state that in respect of the matters stated at para 6 and 7 above, the effects thereof on the Profit for the year, on Retained Earnings as at the year end and on related assets or liabilities as at March 31, 2018 is unascertained.*

(b) Had the effects of matters stated at Para 4 and 5 above been considered, which could be determined / quantified, the resultant amounts of various elements of the accompanying Ind AS consolidated financial statements would have been as under:

(₹ Crores)

Sr. No.	Particulars	As reported on 31.03.2018	Would have been as at 31.03.2018	As reported after restatement for 31.03.2017	Would have been as at 31.03.2017
1	Revenue - Other Operating Revenue for the year	2050.45	3.14	1731.15	33.51
2	Trade Receivable Non-current as at the end of FY	4265.27	0	3044.34	0
3	Unbilled Revenue - Other Current Financial assets	2209.22	-29.05	1710.79	13.15
4	Expected Credit Loss provision for the year (P & L)	285.96	0	180.67	0
5	Expected Credit Loss provision as at the end of Current FY for the year(B/S)	982.28	0	696.32	0
6	Accumulated Provision for Current Tax (Net of taxes paid) (B/S)	227.86	Unascertained	211.64	Unascertained
7	Deferred Tax expense for the year (P & L)	-654.31	231.13	-25.97	-911.41
8	Deferred Tax Liability (Net) as at the end of current year(B/S)	853.03	853.03	1507.34	621.90
9	Profit/(Loss) after tax for the year after other comprehensive income	697.53	-1949.26	-771.88	-1403.40
10	Accumulated Profit/ (Loss) - Other Equity (excluding effect of current tax on surcharge income booked as is unascertained but including non-controlling interest).	-6527.54	-13030.87	-7225.38	-11081.70

9. Qualified Opinion

Subject to the effects stated above and possible effects, if any, wherever it could not be quantified in respect of what is stated at Para 4,5,6 and 7 above, in the Basis for Qualified Opinion paragraph, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate financial statements and on the other financial information of the subsidiaries and associate company, the aforesaid consolidated Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the consolidated state of affairs (financial position) of the Group as at March 31, 2018, and its consolidated Profit (financial performance including other comprehensive income) of the Group, consolidated cash flows of the Group and the consolidated changes in equity of the Group for the year ended on that date.

10. Emphasis of Matters:

We draw attention to following notes:

Holding Company: Maharashtra State Power Generation Company Limited.

(a) Note no. 29 regarding accounting of shortfall/excess if any, based on the provisional accounts of the Contributory Provident Fund (CPF) and the required disclosures under Ind AS 19 'Employee Benefits', in the absence of the requisite details and information from the Group's CPF Trust.

(b) Note no. 44 regarding lease agreements with the government of Maharashtra in respect of various hydro power generation facilities that are yet to be executed.

(c) Subsidiary Company: Mahaguj Collieries Limited

We would like to draw attention to Note No. 1.1 of Significant Accounting Policies in Notes to Accounts regarding the Ind AS financial statements being prepared on a going concern basis, notwithstanding the fact that the company has a loss of ₹ 1,66,43,770/- in financial year 2017-18 and negative reserves of ₹ 3,73,82,369/- has exceeded its share capital and is completely eroded as at March 31, 2018. The appropriateness of the said basis is inter-alia dependent on the fact that the subsidiary company will get the compensation from the Ministry of Coal, Government of India after the said block is re-allotted to new allottee of the Machhakatta-Mahanadi coal block (previously allotted to the promoters of the company) for transfer of documents and rights namely geological report, mining plan, mine closure plan, etc as per the compensation that may be decided by the Ministry of Coal, Govt. of India.

(d) Subsidiary Company: Dhopave Coastal Power Limited:

The accounts of this subsidiary company are not prepared on Going Concern Basis as the management has decided to close down the Company and Government permission in this regard is awaited.

Our opinion is not qualified in respect of above matters.

11. Other Matters:

(a) We state that the statutory audit of the Holding Company in previous year was carried out by three other joint auditors. The opening balances of the year, at various locations of the Company were provided by the management and accepted by us as the individual location wise audited trial balances were not certified separately.

(b) (i) We did not audit the financial statements/ financial information of the three subsidiaries whose financial statements reflect total assets of ₹ 62.98 crores as at 31st March, 2018, total revenue of ₹ 0.01 crores and net cash inflows amounting to ₹ 0.16 crores for the year ended on that date, to the extent of which they are reflected in the consolidated financial statements.

(ii) The consolidated financial statements also include the Group's share of net loss of ₹ 0.17 crores (including other comprehensive income) for the year ended 31st March, 2018 as considered in the consolidated financial statements, in respect of one associate company whose financial statements / financial information has not been audited by us.

(c) The financial statements of these three subsidiaries and one associate company have been audited by other auditors, whose reports have been furnished to us by the Holding Company's management, and our opinion, on the consolidated Ind AS financial statements, in so far as, it relates to amounts and disclosures included in respect of these such subsidiaries and an associate company and our report in terms of section 143(3) and (11) of the Act, is based solely on the report of other auditors after considering the requirements of Standard on Auditing (SA 600) on "using the Work of Another Auditor" including materiality.

Our opinion on the consolidated Ind AS financial statements and our report on Other legal and regulatory requirement below, is not qualified in respect of the above matters with respect to our reliance on the work done and the report of the other auditors and financial statements/ financial information certified by the management.

12. Report on Other Legal and Regulatory Requirements

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

13. As required by the section 143 (3) of the Act, based on our audit and on the consideration of the report of other auditors as referred to in 'Other Matters' paragraph above we report, to the extent applicable, that:

(a) we have sought obtained, *except for the third parties balance confirmations, in case of the Holding Company, as stated at Paragraph 6, the consequential effect of which, if any, on consolidated Ind AS financial statements is unascertained,* all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

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

(c) the consolidated Balance Sheet, the consolidated Statement of Profit and Loss (including other comprehensive income), the consolidated Statement of Cash Flows and the consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;

(d) Subject to our observations in para 4, 5, 6 and 7 above, in our opinion, the aforesaid consolidated Ind AS financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act read with relevant rules issued thereunder;

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

(f) Our observations made on the matters stated in the 'Basis for Qualified Opinion' paragraph above may not have a significant effect so as to adversely affect the functioning of the Group;

(g) with respect to the adequacy of the internal financial controls over financial reporting of the Holding Company, its subsidiaries, and associate company and the operating effectiveness of such controls, refer to our separate report in "Annexure II"; and

(h) The qualifications relating to the maintenance of accounts and other matters connected therewith are as stated in the Basis for Qualified Opinion paragraph above.

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

(i) The Holding Company has disclosed the impact of consolidated pending litigations on the Group's financial position in its consolidated Ind AS financial statements Refer Note 41.

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

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

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

CA Rajesh Joshi
Partner
ICAI M No. 38526

For S.C. Bapna & Associates
Chartered Accountants
FRN: 115649W

CA Priyanka D. Jakhotia
Partner
ICAI M.No. 157426

For RSVA & Co
Chartered Accountants
FRN: 110504W

CA Shekhar Kulkarni
Partner
ICAI M No. 046285

Place: Mumbai
Date: 28th September, 2018

ANNEXURE I – TO THE INDEPENDENT AUDITORS' REPORT ON THE CONSOLIDATED IND AS FINANCIAL STATEMENTS OF MAHARASHTRA STATE POWER GENERATION COMPANY LIMITED FOR THE YEAR ENDED ON MARCH 31, 2018.

1) **To report whether there are any cases of waiver/write off of debts/loans/interest etc. if yes the reasons thereof, and the amount involved.**

During the course of audit and as per information and explanations given to us, there were no cases/instances of waiver/write-off of any loans/debts/interest etc., by the Group during F.Y.2017-18.

2) **Whether proper records are maintained for inventories lying with third parties & assets received as gift from Government and other authorities?**

The Holding Company sends its inventories / materials to third parties only for maintenance operations or fabrication activities. As informed to us, the section stores and security maintains proper control and records for such inventories through section notes and returnable/non-returnable gate passes and a report of the same can also be viewed in the material module of SAP. We have been informed that there are no assets received as gift from the Government or other authorities during the year. There is no inventory lying with third parties in any of the three subsidiary companies.

3) **A report on age-wise analysis of pending legal/arbitration cases, including the reasons of pendency and existence/effectiveness of a monitoring mechanism for expenditure on all legal cases (foreign and local) may be given.**

The Holding Company discloses pending legal/arbitration cases as Contingent Liabilities as identified by it. The age wise analysis of 272 pending legal/arbitration cases given below:

Particulars	No. of Cases
Less than one year	28
1 to 2 years	68
2 to 3 years	59
3 to 5 years	31
More than 5 years	86
Total	**272**

The Subsidiary Company i.e. Mahaguj Collieries Limited has disclosed pending legal/arbitration cases as Contingent Liabilities as identified by it. The age wise analysis of 9 pending legal/arbitration cases given below:

Particulars	No. of Cases
1 to 5 years	4
More than 5 years	5
Total	**9**

We are informed that the reasons for pendency of the above cases differ from case to case. We are informed that the expenditure on legal cases is as per the approved fee structure of the advocate/ Counsel engaged for the above cases. Due to unavailability of relevant information from the Group, we are not able to comment upon the reasons for pendency and the effectiveness of the existing mechanism. for expenditure on all legal cases.

4) **If the company has been selected for disinvestment, a complete status report in terms of valuation of assets (including intangible assets and land) and liabilities (including Committed & General Reserves) may be examined, including the mode and present stage of disinvestment process.**

None of the Company in the Group has been selected for 'Disinvestment' purpose. Hence, the information sought is not applicable to the Group.

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

5) **Does the company have a proper system for reconciliation of quantity/quality of coal ordered and received and whether grade of coal/moisture and demurrage etc., are properly recorded in the books of accounts?**

The Holding Company has a system for reconciliation of bills raised by the Coal Companies and Bills received by MSPGCL. However, in respect of the quantity/quality of coal ordered and received, the current process of reconciliation needs to be strengthened. The Holding Company has appointed a recognized coal Analyst Company i.e. Central Institute of Mining and Fuel Research (CIMFR). CIMFR does technical analysis of Coal Grade from the loading points of the coal companies. On the basis of the analysis report submitted by CIMFR, Coal office, Nagpur of the Holding Company reconciles grade mentioned in invoice with grade mentioned in said report and raises grade slippage claims to coal companies.

The coal suppliers have claimed an amount of ₹ 1522.12 Crores from the Company for short lifting of material, performance incentive and interest which are disputed by MSPGCL. Due to non-availability of proper documentary evidence, it is difficult to reach a conclusion on correctness of claims by either party. The Company has disclosed these claims by coal suppliers as 'contingent liability' as at 31st March, 2018.

Claims of MSPGCL against coal suppliers, on account of short delivery claims, moisture claims, under-loading claims and interest claims as per terms of agreement amounted to ₹ 1363.03 Crores as at 31st March, 2018. These are not accounted for by MSPGCL as the same are in dispute with coal companies. These are disclosed as 'contingent assets' as at 31st March, 2018.

The said clause is not applicable to any of the three subsidiaries and one associate Company.

6) **How much share of free power was due to the State Govt. and whether the same was calculated as per the agreed terms and depicted in accounts as per accepted accounting norms?**

As informed by the Holding Company and its three subsidiaries, there is no share of free power to the State Govt., under any agreement.

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

Scrap and obsolete material are identified by the Company, however the same are not accounted at the time of their identification. Scrap is not valued in the Books of Accounts and its realization is accounted for as and when the auction takes place. Obsolete materials are valued at historical cost and simultaneously 100% provision for obsolescence is made in the Books of Accounts. The provision so created is adjusted upon the auction of the said obsolete item. The Company identifies inventory items as obsolete based on the technological evaluation. Based on the audit procedures conducted by us, the Company has appropriate system of classification of inventory, except for those deficiencies listed above.

This clause is not applicable to any of the three subsidiaries.

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

The Audit Report as prescribed under the Companies Act, 2013, does not require stating the figure of profit / loss for the year. However, we state that the profit for the year reported by the Group is ₹ 697.53 Crores on which we have issued our qualified Audit Report dated September 28, 2018.

9) **In the case of Hydroelectric Projects, the water discharge is as per policy /guidelines issued by state govt. to maintain biodiversity. For not maintaining it penalty paid/ payable may be reported.**

Water discharge is governed by Water Resource Department (WRD) of State Govt., and as informed that none of the Group companies has any role in the same. No penalty has been paid/payable by the Group towards water discharge.

10) **Whether the Company has an effective system for recovery of revenue as per contractual terms and the revenue is properly accounted for in the books of account in compliance with the applicable accounting Standard.**

This question does not form part of the Holding Company and Mahaguj Collieries Limited questionnaire.

For Dhopave Coastal Power Limited: Yes.

For Mahagenco Ash Management Services Limited: Yes. It has only interest on small investments as revenue.

11) **Where land acquisition is involved in setting up new projects, report whether settlement of dues done expeditiously and in a transparent manner in all cases. Also additionally, the cases of deviation may please be detailed.**

This question does not form part of any of the Group companies questionnaire except Dhopave Coastal Power Limited questionnaire.

For Dhopave Coastal Power Limited: Not applicable as the Company is not in operation.

12) **Whether the Company's Financial Statements had properly accounted for the effect of Rehabilitation Activity and Mine Closure Plan?**

The Hon'ble Supreme Court had cancelled the coal block allocation to one of the subsidiary company i.e. Mahaguj Collieries Limited in August, 2014 and since the subsidiary company does not have any coal block as on March 31st, 2018, it has not accounted for the effect of rehabilitation activity and Mine Closure plan in its Ind AS financial statements as on March 31st, 2018.

13) **Whether the Company had obtained the requisite statutory compliances that was required under mining and environmental rules and regulations?**

The subsidiary company i.e. Mahaguj Collieries Limited is not holding any coal block as on March 31st, 2018, hence the statutory compliance which are required under Mining and Environmental Rules and Regulations were not obtained by it.

14) Whether the Company has disbanded and discontinued mines, if so, the payment of corresponding dead rent there against may be verified.

The subsidiary company i.e. Mahaguj Collieries Limited does not have disbanded and discontinued mines as on March 31st, 2018, hence there is no payment of corresponding dead rent there against by it as on March 31st, 2018.

For K.S. Aiyar & Co.	**For S.C. Bapna & Associates**	**For RSVA & Co**
Chartered Accountants	Chartered Accountants	Chartered Accountants
FRN: 100186W	**FRN: 115649W**	**FRN: 110504W**
CA Rajesh Joshi	**CA Priyanka D. Jakhotia**	**CA Shekhar Kulkarni**
Partner	Partner	Partner
ICAI M No. 38526	**ICAI M.No. 157426**	**ICAI M No. 046285**

Place: Mumbai

Date: 28th September, 2018

ANNEXURE II - TO THE INDEPENDENT AUDITORS' REPORT ON THE CONSOLIDATED IND AS FINANCIAL STATEMENTS OF MAHARASHTRA STATE POWER GENERATION COMPANY LIMITED FOR THE YEAR ENDED ON MARCH 31, 2018.

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

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31st March, 2018, we have audited the internal financial controls over financial reporting of MAHARASHTRA STATE POWER GENERATION COMPANY LIMITED (hereinafter referred to as "the Holding Company") and its subsidiary companies and its associate company, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors of the subsidiary companies, which are companies incorporated in India, in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting of the Holding Company and its subsidiary companies, which are companies incorporated in India.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that:

1. pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
2. provide reasonable assurance that transactions are recorded as necessary to permit preparation of the consolidated Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
3. provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the consolidated Ind AS financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Basis for Qualified Opinion

According to the information and explanations given to us and based on our audit, the following material weakness has been identified in case of holding company, Maharashtra State power Generation Co Ltd. as at March 31, 2018.

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

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

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

(4) The Company's internal financial control over computation of Current Tax and Deferred Tax are not operating effectively and tax computation changes materially at the time of filing income tax return. This material weakness could potentially result in misstatement of Current Tax and Deferred Tax in financial statements.

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

In case of a subsidiary company i.e. Mahaguj Collieries Limited, not audited by us, the other auditors have reported as under:

“Disclaimer of Opinion

According to the information and explanations given to us, the Company has not established internal financial controls over financial reporting on criteria based on or considering the essential components of internal controls stated in the Guidance Note on Audit of internal financial controls over financial reporting issued by the Institute of Chartered Accountants of India. Because of this reason, we are unable to obtain sufficient appropriate audit evidence to provide a basis for our opinion whether the Company had adequate internal financial controls over financial reporting and whether such internal financial controls were operating effectively as at March 31, 2018.

We have considered the disclaimer reported above in determining the nature, timing and extent of audit tests applied in our audit of the Ind AS financial statements of the Company and the disclaimer, subject to the “Emphasis of matters” paragraph in our main audit report, does not affect our opinion on the Ind AS financial statements of the Company.”

Qualified Opinion

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

Except for the effects/possible effects of the material weaknesses described in "Basis for Qualified Opinion" above on the achievement of the objectives of the control criteria, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of other auditors referred to in the ‘Other Matter’ paragraph below the Company has maintained, in all material respects, adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as of March 31, 2018.

We have considered the material weaknesses identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the March 31, 2018 standalone Ind AS financial statements of the Company.

The material weakness stated at paragraph (4) of the Basis for qualified opinion above with respect to the internal controls over Current Tax and Deferred Tax has affected our opinion on the financial statements of the Company and we have issued a qualified opinion in our main audit report.

The other material weaknesses stated in the paragraph (1, 2 and 3) of the Basis for qualified opinion above, do not affect our opinion on the Ind AS financial statements of the Company.

Other Matters

Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting in so far as it relates to three subsidiary companies, and one associate company, which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India.

Our opinion is not qualified in respect of the above matter.

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

CA Rajesh Joshi
Partner
ICAI M No. 38526

For S.C. Bapna & Associates
Chartered Accountants
FRN: 115649W

CA Priyanka D. Jakhotia
Partner
ICAI M.No. 157426

For RSVA & Co
Chartered Accountants
FRN: 110504W

CA Shekhar Kulkarni
Partner
ICAI M No. 046285

Place: Mumbai
Date: 28th September, 2018

BALANCE SHEET AS AT 31st MARCH, 2018 (CONSOLIDATED)

(₹ Crores)

Particulars	Notes.	31-03-2018	31-03-2017(Restated)
ASSETS			
Non-Current Assets			
Property, plant &equipment	1	40818.10	42877.97
Capital work in progress	2	1324.66	1209.39
Less:- Provision for obsloescence		(32.48)	(32.25)
Net Capital work in progress		1292.19	1177.14
Intangible Assets	1A	5.63	12.22
Intangible assets under development	2	132.55	129.77
Financial Assets			
Investment in Subsidiaries, Joint Ventures and Associates	3	(41.30)	(40.33)
Trade receivables	4	4265.27	3044.34
Other non-current assets	5	1143.38	1076.79
Total Non Current Assets		**47615.82**	**48277.90**
Current Assets			
Inventories	6	933.42	1413.70
Financial Assets			
Investments			
Trade receivables	7	8715.63	7627.60
Cash and cash equivalents	8	0.20	34.08
Loans	9	13.09	54.48
Other financial assets	10	2736.24	2403.89
Other current assets	11	1701.71	1969.29
Assets classified as held for sale / disposal	1B	207.31	290.50
Total Current Assets		**14,307.60**	**13,793.54**
Total Assets		**61,923.42**	**62,071.44**
Equity and Liabilities			
Equity			
Equity Share Capital	12	25247.15	24854.36
Other Equity	13	(6487.65)	(6830.04)
Equity attributable to owners of the parent		**18759.50**	**18024.31**
Non-controlling interest		21.67	21.69
Total Equity		**18,781.17**	**18,046.01**
LIABILITIES			
Non Current Liabilities			
Financial Liabilities			
Borrowings	14	24,250.69	24,497.95
Provisions	15	865.01	797.69
Deferred Tax Liabilities (Net)	15A	853.03	1,507.34
Other Non-Current Liabilities	16	61.89	53.63
Total Non Current Liabilities		**26030.62**	**26856.60**
Current Liabilities			
Financial Liabilities			
Borrowings	17	8169.81	8819.26
Trade Payables	18	1438.50	1706.40
Other Financial Liabilities	19	7203.73	6393.44
Other Current Liabilities	20	23.00	11.52
Provisions	21	276.59	238.22
Total Current Liabilities		**17,111.63**	**17,168.83**
Total Equity And Liabilities		**61,923.42**	**62,071.44**

As per our report attached
For K. S. Aiyar & Co.
Chartered Accountants
(FRN - 100186W)

(CA Rajesh Joshi)
Partner (ICAI M No. 38526)

For S. C. Bapna & Associates
Chartered Accountants
(FRN - 115649W)

(CA Priyanka Jakhotia)
Partner (ICAI M No. - 157426)

For RSVA & Co.
Chartered Accountants
(FRN - 110504W)

(CA Shekhar Kulkarni)
Partner (ICAI M No. 046285)
Mumbai, 28th September, 2018

Santosh Amberkar
Director (Finance) & CFO
DIN No. 05173607

Bipin Shrimali
Chairman & Managing Director
DIN No. 03272135

Pankaj Sharma
Chief General Manager (A/c)

Rahul Dubey
Company Secretary
M No. A14213

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2018 (CONSOLIDATED)

(₹ Crores)

Particulars	Notes	2017-2018	2016-2017 (Restated)
Revenue			
Revenue from operations			
Sale of power	22	19011.03	16623.77
Other operating revenues	23	2050.45	1731.15
Other income	24	256.21	199.92
Total Revenue		**21317.69**	**18554.84**
Expenses			
Cost of materials consumed	25	11560.85	11022.66
Employee benefits expense	26	1408.58	1239.68
Finance costs	27	3321.11	2906.61
Depreciation & amortization expense	1&1A	2655.85	2107.23
Other expenses	28	2292.53	2018.32
Total Expenses		**21,238.93**	**19,294.51**
Profit before share of profit of associates and joint ventures, exceptional item and tax		**78.76**	**(739.67)**
Share of profit in associates and a joint ventures	24A	(0.17)	(0.06)
Profit before exceptional item and tax			
Exceptional item			
Profit/(loss) Before Tax		**78.59**	**(739.73)**
Tax expense:			
Current tax		12.24	20.11
Deferred tax	15A	(654.31)	(25.97)
Provision for tax for earlier years written back (net)		0.00	0.00
Total Tax Expenses		**(642.06)**	**(5.86)**
Profit/(loss) for the period		**720.66**	**(733.87)**
Other Comprehensive Income			
Items that will not be reclassified to profit or loss:			
I) Remeasurements of the defined benefit plans;		(35.38)	(58.11)
Tax expense on OCI items		12.24	20.11
II) Share of other comprehensive income of associates and joint ventures		0.00	0.00
Other Comprehensive Income for the period (net of tax)		**(23.14)**	**(38.00)**
Total Comprehensive Income for the period, net of tax		**697.52**	**(771.87)**
Attributable to:			
Owners of the Company		**721.33**	**(733.52)**
Non-controlling interests		**(0.67)**	**(0.35)**
Profit for the year		**720.66**	**(733.87)**
Other comprehensive income Attributable to:			
Owners of the Company		**(23.14)**	**(38.00)**
Non-controlling interests		**-**	**-**
Other comprehensive income		**(23.14)**	**(38.00)**
Total comprehensive income Attributable to:			
Owners of the Company		**698.19**	**(771.52)**
Non-controlling interests		**(0.67)**	**(0.35)**
Total comprehensive income		**697.52**	**(771.87)**
Earning per share [Basic]	44	0.29	(0.30)
Earning per share [Diluted earnings per share]		0.29	(0.30)

As per our report attached
For K. S. Aiyar & Co.
Chartered Accountants
(FRN - 100186W)

(CA Rajesh Joshi)
Partner (ICAI M No. 38526)

For S. C. Bapna & Associates
Chartered Accountants
(FRN - 115649W)

(CA Priyanka Jakhotia)
Partner (ICAI M No. - 157426)

For RSVA & Co.
Chartered Accountants
(FRN - 110504W)

(CA Shekhar Kulkarni)
Partner (ICAI M No. 046285)
Mumbai, 28th September, 2018

Santosh Amberkar
Director (Finance) & CFO
DIN No. 05173607

Bipin Shrimali
Chairman & Managing Director
DIN No. 03272135

Pankaj Sharma
Chief General Manager (A/c)

Rahul Dubey
Company Secretary
M No. A14213

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2018

(₹ Crores)

Particulars	2017-2018	2016-2017 (Restated)
A. Cash Flow From Operating Activities		
Net Profit/(Loss) before Tax & Extraordinary Items	697.70	(771.82)
Adjustments to reconcile profit before tax to net cash used in operating activities:		
Depreciation/ impairment on property, plant and equipment & Intangible Assets	2,655.85	2,107.23
Impairment in Value of Investments	-	-
Finance Costs	3,321.11	2,906.61
Un realised Exchange Rate Difference	40.82	(47.19)
Provision for Doubtful Debts & Receivables	9.03	204.52
Interest Income	(0.41)	(0.52)
Provision for obsolescence of inventory	20.15	(71.15)
Operating Profit before Changes in Assets & Liabilities {Sub Total - (i)}	**6,744.24**	**4,327.69**
Movements in working capital	**-**	**-**
(Increase) / Decrease inTrade Receivables	(2,317.99)	14.05
(Increase) / Decrease in Loans and Advances and Other Assets	(6.86)	(1,353.41)
(Increase) /Decrease in Inventories	460.12	559.97
Increase / (Decrease) in Liabilites and Other Payables	(559.09)	(380.97)
Sub Total - (ii)	**(2,423.83)**	**(1,160.37)**
Cash Generated from Operations (i) + (ii)	**4,320.42**	**3,167.32**
Less : Direct Taxes / FBT refund / (paid) - Net	0.00	0.00
Net Cash from Operating Activities (A)	**4,320.42**	**3,167.32**
B. Cash Flow From Investing Activities		
Purchase of Property, Plant & Equipment (incl. Capital Work in Progress /excluding interest capitalised)	(707.22)	(1,190.66)
Sale of Property, Plant & Equipment	0.09	0.00
Investment in Subsidiary	(0.82)	33.45
Interest received	0.41	0.51
Net Cash Flow generated from / (used in) Investing Activities (B)	**(707.54)**	**(1,156.70)**
C. Cash Flow From Financing Activities		
Long term Loans raised	2,200.99	6,217.21
Long term Loans repaid	(2,161.47)	(5,449.47)
Equity received	37.00	392.79
Short term Loans raised / (repaid)	(664.77)	(650.69)
Finance Cost paid	(3,073.82)	(2,660.73)
Net Cash Flow generated from / (used in) Financing Activities (C)	**(3,662.06)**	**(2,150.88)**
Net Increase / (Decrease) in Cash and Cash Equivalents (A + B + C)	**(49.19)**	**(140.26)**
Cash and cash equivalents at the beginning of the year	34.08	144.35
Cash and cash equivalents at the end of the year	(15.11)	4.09

(₹ Crores)

Particulars	2017-2018	2016-2017 (Restated)
Details of cash and cash equivalents at the end of the year:		
Cash and cash equivalents as on		
Balances with Banks:		
- on current accounts	0.17	34.01
- on non-operative current accounts		
Overdraft	(15.31)	(29.98)
Cash on hand	0.03	0.07
Cash and cash equivalents at the end of the year	**(15.11)**	**4.09**

As per our report attached
For K. S. Aiyar & Co.
Chartered Accountants
(FRN - 100186W)

(CA Rajesh Joshi)
Partner (ICAI M No. 38526)

Santosh Amberkar
Director (Finance) & CFO
DIN No. 05173607

Bipin Shrimali
Chairman & Managing Director
DIN No. 03272135

For S. C. Bapna & Associates
Chartered Accountants
(FRN - 115649W)

(CA Priyanka Jakhotia)
Partner (ICAI M No. - 157426)

Pankaj Sharma
Chief General Manager (A/c)

Rahul Dubey
Company Secretary
M No. A14213

For RSVA & Co.
Chartered Accountants
(FRN - 110504W)

(CA Shekhar Kulkarni)
Partner (ICAI M No. 046285)
Mumbai, 28th September, 2018

STATEMENT OF CHANGES IN EQUITY

I. Equity Share Capital

Particulars	(₹ Crores)
As at 01.04.2016	**24,098.38**
Changes in Equity share capital	755.98
As at 01.04.2017	**24,854.36**
Changes in Equity share capital	392.79
As at 31.03.2018	**25,247.15**

II. Other Equity

Particulars	Share Application Money Pending Allotment	Retained earnings	Other Comprehensive Income	Other equity	Total Other Equity	Total Attributable to Owners of the Company	Attributable to Noncontrolling Interest	Total Other Equity
As at 01.04.2016	**755.98**	**(6,418.01)**	**(35.84)**	**62.85**	**(5,635.02)**	**(5,656.29)**	**21.28**	**(5,635.02)**
Profit or Loss for the year	-	(733.87)	-	-	(733.87)	(733.52)	(0.35)	(733.87)
Other Comprehensive income for the year	-	-	(38.00)	-	(38.00)	(38.00)	-	(38.00)
Addition to share application money	392.79	-	-	(38.28)	354.51	353.75	0.76	354.51
Shares Alotted during the year	(755.98)	-	-	-	(755.98)	(755.98)	-	(755.98)
As at 01.04.2017	**392.79**	**(7,151.88)**	**(73.84)**	**24.57**	**(6,808.35)**	**(6,830.04)**	**21.69**	**(6,808.35)**
Profit or Loss for the year	-	720.66	-	-	720.66	721.33	(0.67)	720.66
Other Comprehensive income for the year	-	-	(23.14)	-	(23.14)	(23.14)	-	(23.14)
Addition to share application money	37.00	-	-	0.63	37.63	37.06	0.58	37.63
Shares Alotted during the year	(392.79)	-	-	-	(392.79)	(392.79)	-	(392.79)
As at 31.03.2018	**37.00**	**(6,431.21)**	**(96.97)**	**25.21**	**(6,465.98)**	**(6,487.65)**	**21.67**	**(6,465.98)**

As per our report attached

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

(CA Rajesh Joshi)
Partner (ICAI M No. 38526)

Santosh Amberkar
Director (Finance) & CFO
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Bipin Shrimali
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For S. C. Bapna & Associates
Chartered Accountants
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(CA Priyanka Jakhotia)
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Pankaj Sharma
Chief General Manager (A/c)

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M No. A14213

For RSVA & Co.
Chartered Accountants
(FRN - 110504W)

(CA Shekhar Kulkarni)
Partner (ICAI M No. 046285)
Mumbai, 28th September, 2018

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31STMARCH, 2018

Company Overview and significant accounting policies

a) Corporate Information

Maharashtra State Power Generation Company Limited ("the Holding Company") is a Public Limited Company incorporated under the Companies Act, 1956 and domiciled in India. The Holding Company and its subsidiaries are not listed Companies and its shares are 100% held by MSEB Holding Company Limited.

The Holding Company is engaged in electricity generation through Thermal, Hydel, Gas based and solar power plants across Maharashtra and supplies it principally to Maharashtra State Electricity Distribution Company Limited (a fellow subsidiary) at tariff rate determined by the regulator i.e. Maharashtra Electricity Regulatory Commission.

These consolidated financial statements comprise the financial statements of the Company and its subsidiaries (referred to collectively as the 'Group') and the Group's interest in its joint ventures.

Companies included in consolidation

No.	Name	Country of Incorporation	Nature	Proportion of ownership interest As on 31.03.2018
1.	Dhopave Costal Power Limited	India	Subsidiary	100%
2.	Mahagenco Ash Management Service Limited	India	Subsidiary	100%
3.	Mahaguj Collieries limited	India	Subsidiary	60%
4.	UCM	India	Associates	18.75%

Significant Accounting Policies

Following are the significant accounting policies adopted in the preparation and presentation of these Consolidated financial statements.

b) Basis of preparation of financial statements

1. Statement of Compliance with Ind AS

The consolidated financial statements have been prepared to comply, in all material aspects, with the Indian Accounting Standards (herein after referred to as Ind AS) as notified under Section 133 of the Companies Act, 2013(The Act), read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016 and in accordance with the relevant provisions of the Companies Act, 2013.

The Group Company's presentation currency and functional currency is Indian Rupees (₹). All figures appearing in the consolidated Financial Statements are rounded to the nearest Crore (₹ Crores), except where otherwise indicated.

These consolidated financial statements were approved for issue in accordance with the Resolution of the Board of Directors on 28-09-2018.

Principles of Consolidation:

Subsidiaries

Subsidiaries are all entities (including special purpose entities) that are controlled by the Company. Control exists when the Company is exposed to or has rights, to variable returns from its involvement with the entity, and has the ability to affect those returns through power over the entity. In assessing control, potential voting rights are considered only if the rights are substantive. The financial statements of subsidiaries are included in these consolidated financial statements from the date that control commences until the date that control ceases. The financial statements of the Company and its subsidiaries and a jointly controlled entity have been consolidated using uniform accounting policies for like transactions and other events in similar circumstances as mentioned in those policies.The consolidated financial statements of the Group companies are consolidated on a line-by-line basis.

Associate / Joint ventures (equity accounted investees)

A joint venture is an arrangement in which the Company has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions. Investments in jointly controlled entity is accounted for using the equity method (equity accounted investees) and are initially recognized at cost. The Company does not consolidate entities where the non-controlling interest ("NCI") holders have certain significant participating rights that provide for effective involvement in significant decisions in the ordinary course of business of such entities. Investments in such entities are accounted by the equity method of accounting.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated in full while preparing these consolidated financial statements. Unrealized gains or losses arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Company's interest in the investee.

Non-controlling interests ("NCI")

NCI are measured at their proportionate share of the acquiree's net identifiable assets at the date of acquisition. Changes in the Group's equity interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Classification of Current / Non-Current Assets and liabilities

The Group presents assets and liabilities as current or non-current based on the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. Deferred tax assets and liabilities are classified as non-current on net basis.

For the above purposes, the Group Company has determined the operating cycle as twelve months based on the nature of products and the time between the acquisition of inputs for manufacturing and their realisation in cash and cash equivalents

The Holding 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 Companies Act 2013 to the extent applicable, in terms of section 174 of the Electricity Act, 2003.

2. Note on Historical cost convention

The consolidated financial statements have been prepared as a going concern under the historical cost convention and on accrual basis except:

(a) certain financial instruments which are on fair value basis

(b) employees defined benefit plans which are on fair value basis,

(c) Assets held for sale are measured at lower of its carrying amount and fair value less cost to sale which are measured at fair value at the end of each reporting period, as explained in the accounting policies below.

3. Use of Judgment and Estimates

The preparation of Financial Statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenue, expenses, assets, liabilities and the accompanying disclosures along with contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require material adjustments to the carrying amount of assets or liabilities affected in future periods. The Group Company continually evaluates these estimates and assumptions based on the most recently available information.

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

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

Revisions to accounting estimates are recognized prospectively in the consolidated Financial Statements in the period in which the estimates are revised and in any future periods affected unless they are required to be treated retrospectively under relevant Accounting Standards.

4. Property, Plant and Equipment

(i) Freehold lands are carried at cost. All other items of Property, Plant and Equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any.

(ii) The initial cost of an asset comprises its purchase price or construction cost (including import duties, freight and non-refundable taxes); any incidental costs directly attributable to bring the asset into the location and condition necessary for it to be capable of operating in the manner intended by management; and borrowing cost for qualifying assets (i.e. assets that necessarily take a substantial period of time to get ready for their intended use).

The purchase price is the aggregate amount paid and the fair value of any other consideration given to acquire the asset. The cost also includes trial run cost (after deducting the proceeds from selling any items produced during the trial run period) and other operating expenses such as freight, installation charges etc. net of other income during the construction period. The projects under construction are carried at costs comprising of direct costs, related pre-operational incidental expenses and attributable interest.

Subsequent expenditures are included in assets carrying amount or recognized as separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

(iii) Capital Expenditure incurred by the Company, resulting in creation of Property Plant and Equipment for which Company does not have ownership rights and control over it, is reflected as a part of capital work in progress till the assets are under construction and an equivalent amount is provided for by way of debiting obsolescence of assets expense which is charged off to the Statement of Profit and Loss in the year in which it is incurred. Upon completion of construction the aforesaid capital expenditure will be capitalized and adjusted against the provision created for assets not owned by the company. Contribution towards the cost of assets not owned by the company and corporate social responsibility activities are charged off to Statement of Profit and Loss when incurred.

(iv) Enabling Asset Policy (CASE TO CASE BASIS) - Items of property, plant and equipment acquired by the Company, (although not directly increasing the future economic benefits from such assets), may be necessary for the Company to obtain the future economic benefits from its other assets. Such items of property, plant and equipment qualify for recognition as assets because they enable the Company to derive future economic benefits from related assets in excess of what could be derived had those items not been acquired. However, capitalization of assets is done by the Company only after verifying the nature of assets on case to case basis.

(v) In case of Capital Work in Progress where the final settlement of bills with the contractor is yet to be effected, capitalization is done on provisional basis subject to necessary adjustment in the year of final settlement.

(vi) Claims for price variation in case of capital contracts are accounted for, on acceptance thereof by the Company.

(vii) An item of Property, Plant and Equipment and any significant part initially recognised separately as part of Property, Plant and Equipment is derecognised upon disposal; or when no future economic benefits are expected from its use. Any gain or loss arising on de-recognition of the asset is included in the Statement of Profit and Loss when the asset is derecognized and disposed off.

(viii) Lease arrangements for land is classified at the inception date as finance lease as, it transfers substantially all the risk and rewards incidental to ownership to the Company during the lease period.

(ix) Spare parts which are meeting the requirement of Property, Plant and Equipment are capitalized as Property, Plant and Equipment in case the unit value of the spare part is above the threshold limit. In other cases, the spare parts are inventorised on procurement and charged to Statement of Profit and Loss on consumption.

(x) Written Down Value of old Machinery Spares is charged to the Statement of Profit and Loss in the year in which such spares are replaced and the old relevant spares are found to be of no further use. However, if the old relevant spares can be repaired and reused, then both are continued to be depreciated over the remaining useful life of the relevant asset. The repair charges of the old relevant spares are charged to Statement of Profit and Loss.

(xi) In case of replacement of part of asset / replacement of capital spare where Written Down value of such original part of asset / capital spare is not known, the cost/ net book value of the new part of asset / new capital spare shall be written off.

(xii) The Company had chosen the carrying value of Property, Plant and Equipment existing as per previous GAAP as on date of transition to Ind AS as deemed cost.

5. Intangible Assets

Intangible assets are carried at cost net of accumulated amortization and accumulated impairment losses, if any. Intangible assets (other than software) are amortised on straight line basis over their useful life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. Software are amortised as per the life prescribed by MERC. The amortisation expense on intangible assets and impairment loss is recognised in the statement of Profit & Loss.

The Company has chosen the carrying value of Intangible Assets existing as per previous GAAP as on date of transition to Ind AS as deemed cost.

6. Capital Work-in-progress

(i) In case of Property Plant and Equipment, for new projects / expansion, the related expenses and interest cost up to the date of commissioning attributable to such project / expansion are capitalized.

(ii) The total cost including all office expenses incurred by the Company at project and planning offices for the period, are apportioned to respective Capital Work-in-Progress accounts in respect of projects under implementation, on the basis of cumulative balances of expenditure in respect of assets under construction.

7. **The Liquidated Damages are adjusted to the Cost of Property Plant and Equipment during the year it is crystallized.**

8. **Borrowing Cost**

Borrowing cost consists of interest and other costs incurred in connection with the borrowing of funds. Borrowing costs directly attributable to the acquisition or construction of an asset that necessarily takes a substantial period of time to get ready for its intended use are capitalised as part of the cost of the asset till the month in which the asset is ready for intended use. Other borrowing costs not attributable to the acquisition or construction of any capital asset are recognized as expenses in the period in which they are incurred.

9. **Impairment of Non-Financial Assets**

Non-financial assets other than inventories, deferred tax assets and non-current assets classified as held for sale are reviewed at each Balance Sheet date to determine whether there is any indication of impairment.

If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

10. **Depreciation /Amortization**

A) **Leasehold land is amortized at the rate of 3.34% p.a. on straight line basis as prescribed under MERC Regulation.**

B) **Property, Plant and Equipment**

(i) The Hoding Company being rate regulated entity has followed the depreciation rates and methodology and life of assets as prescribed by Maharashtra Electricity Regulatory Commission. Accordingly, the Company provides depreciation on straight line method to the extent of 90% of the cost of asset.

(ii) Depreciation on the Property Plant and Equipment added/ disposed off / discarded during the year is provided on pro-rata basis with reference to the month of addition / disposal / discarding and in case of capitalization of green field / brown field projects, depreciation is charged from the date of commencement of commercial operation to the Statement of Profit and Loss

(iii) In case of Assets (other than assets mentioned in (iv) below) whose depreciation has not been charged upto 70% of the asset valueafter its commissioning, company charges the depreciation rates as prescribed below, on the Gross Cost of assets for calculating depreciation till the end of such year in which the accumulated depreciation reaches upto 70% of the asset value in respect of such asset. After attainment of 70% depreciation, the company charges depreciation on the basis of balance useful life upto 90% of the value of asset, in terms of the estimated useful life forThermal and Gas based power generating Stations as 25 years and in case of Hydro Generating Stations as 35 years as prescribed by MERC.

Type of asset	Depreciation (%)
Plant & Machinery in generating station of Hydro – electric, Steam Electric, & Gas based power generation Plant, Cooling Tower, Hydraulic Works, Transformers & other fixed apparatus, Transmission lines, Cable Network etc.	5.28%
Buildings & Other Civil Works	3.34%

(iv) In case of following assets depreciation is charged on straight line method upto 90% of asset value at rates mentioned below:

Type of asset	Depreciation (%)
Furniture, Fixtures and Office Equipment	6.33%
Vehicles	9.50%
IT Equipment	15.00%

(v) Items of Property, Plant and Equipment costing not more than the threshold limit are depreciated at 100 percent in the year of acquisition. Cost of all Mobile Phones is capitalized and depreciated at 100% during the year of purchase irrespective of thresh hold limit.

C) Intangible Assets:

Expenses capitalized on account of purchase of new application software, implementation of the said software by external third party consultants and purchase of licenses are amortized as prescribed by MERC at the rate mentioned below

Type of asset	Depreciation (%)
Software	30%

Depreciation on the assets of subsidaries is charged on straight line method following the useful life specified in Schedule II of the Companies Act, 2013

11. Non-currents assets held for sale

Non-current assets are classified as held for sale if their carrying amounts will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met, only when the sale is highly probable and the asset is available for immediate sale in its present condition. Non-current assets classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell.

Property, plant and equipment and intangible assets classified as held for sale are not depreciated or amortized.

12. Inventories

Stock of materials including stores, spare parts is valued at lower of cost and net realizable value, and cost is determined on weighted average cost method. However, materials and other items held for generation of electricity are not written down below cost since the sale of electricity will be made at or above the cost of generation. Cost comprises of cost of purchase (net of input tax credit 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.

13. Revenue Recognition

(i) Revenue from Sale of electricity is accounted for based on predefined tariff rates at the beginning of the year as approved by the Maharashtra Electricity Regulatory Commission (MERC), inclusive of Fuel Adjustment Charges and includes unbilled revenues accrued up to the end of the accounting period which is subject to true up process by MERC in the subsequent years.

(ii) In terms of Power Purchase Agreement with MSEDCL, Company recognizes Delayed Payment Surcharge @ 1.25% per month towards delay in receipt of energy bills beyond the credit period, on accrual basis.

(iii) Interest income is recognised taking into account the amount outstanding and the applicable interest rate.

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

(v) Other income is recognized on accrual basis. Sale of scrap, reject coal etc. is accounted for when such scrap is actually lifted by the buyer from Company's premises and company prepares invoice towards the said sale transaction. Recoveries on account of Liquidated Damages are adjusted against the cost of project when they are directly identifiable with the project and for mitigating the additional cost of the project in the year it is crystallized. Interest on advance to contractors for projects are adjusted to cost of projectas and when accrued.. In all other cases, liquidated damages are credited to Other Income.

(vi) Company recognizes the value of unsold Energy Saving Certificates as at the end of the financial year by crediting to revenue on accrual basis. Upon sale of the said certificates, the adjustment between the accrued value and actual sale value is effected to Profit and Loss Statement in the year of their actual sale.

14. Accounting/classification of expenditure and income

Income / expenditure in aggregate pertaining to prior year(s) above the threshold limit, if any, are corrected retrospectively.

Insurance claims are accounted on acceptance basis.

All other claims/entitlements are accounted on the merits of each case.

15. Investments in subsidiaries, Associates and Joint Ventures

Investments in equity shares of Subsidiaries, Joint Ventures & Associates are recorded at cost less accumulated impairment if any and reviewed for impairment at each reporting date.

The Group had elected to recognise its investments in Subsidiaries, associates and joint ventures at the carrying value existing as per previous GAAP as on date of transition to Ind AS as deemed cost.

16. Foreign Currency transactions

Transactions in foreign currencies are initially recorded at the respective exchange rates prevailing at the date of transaction.

Monetary assets and monetary liabilities denominated in foreign currencies are translated at spot rates of exchange at the reporting date.

Exchange differences arising on settlement or restatement at the year end of monetary items are recognised in Statement of Profit and Loss either as 'Exchange Rate Variation' or as 'finance costs' (to the extent regarded as an adjustment to borrowing costs), as the case maybe.

17. Employee Benefits

Short Term Employee Benefits

Short term employee benefits are recognized as an expense at undiscounted amount in the Statement of Profit & Loss of the year in which related services are rendered by the employees.

Post-employment benefits

a) **Defined Contribution Plan**

Company pays fixed contribution to Provident Fund at predetermined rates along with employee's contribution to a separate trust which also manages funds of other group companies. The funds are then invested in permitted securities. The contribution to the fund for the period is recognized as expense and is charged to the Statement of Profit and Loss

b) Defined Benefit Plans

Post-employment benefits

Liability towards defined employee benefits like gratuity are determined on actuarial valuation by independent actuaries at the year-end by using Projected Unit Credit method.

Re-measurements of the net defined benefit liability, which comprises of actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised in Other Comprehensive Income.

Other long-term employee benefits

Liability towards other long term employee benefits i.e. leave encashment are determined on actuarial valuation by independent actuaries using Projected Unit Credit method.

Ex-gratia

Company accrues for the ex-gratia expenditure in the books of accounts as and when the same is declared by the company for its employees.

18. Leases

Finance Lease

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

Operating Lease

Lease arrangements which are not classified as finance leases are considered as operating lease.

Payments made under Operating Leases are generally recognised in Statement of Profit and Loss on a straight-line basis over the term of the lease, unless such payments are structured to increase in line with expected general inflation. The lease agreement in respect of hydro power generation facilities has not been entered into with Government of Maharashtra.

19. Government Grant

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with.

When the grant which is of revenue nature and relates to an expense item, it is recognized in Statement of Profit and Loss on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed.

When the grant relates to property, plant and equipment, the cost of property, plant and equipment is shown at gross value and grant thereon is treated as liability (deferred income) and are credited to statement of profit and loss on a systematic basis over the useful life of the asset.

20. Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognized when there is a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are discounted using an appropriate discount rate.

Contingent liabilities are possible obligations whose existence will only be confirmed by future events not wholly within the control of the Company, or present obligations where it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities are not recognized in the financial statements but are disclosed unless the possibility of an outflow of economic resources is considered remote.

Contingent liabilities and Capital Commitments disclosed are in respect of items which in each case are above the threshold limit.

Contingent assets are not recognised but disclosed if they are above threshold limit in the financial statements when an inflow of economic benefits is probable

21. Fair value measurement

Fair value is the price that would be received/ paid to sell an asset or to transfer a liability, as the case may be, in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Company has access at that date.

While measuring the fair value of an asset or liability, the Company uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation technique as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)

Level 3: inputs for the assets or liability that are not based on observable market data (unobservable inputs)

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

22. Financial Instruments

Financial assets and financial liabilities are recognised when the Groupbecomes a party to the contractual provisions of the instruments. The Groups's financial asset comprise the following

(i) Current Financial assets mainly consisting of trade receivables, cash and bank balances, short term deposits

(ii) Non-Current financial assets mainly consisting of equity investment in subsidiaries, loans and advances to subsidiaries, long term receivables etc.

Financial Assets

A) Initial recognition and measurement

All financial assets are recognised initially at fair value plus transaction costs that are attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in the Statement of Profit or loss.

B) Subsequent measurement

Subsequent measurement is determined with reference to the classification of the respective financial assets.

The Company classifies financial assets as under;

(a) subsequently measured at amortised cost;

(b) A financial asset is measured

(c) fair value through other comprehensive income; or

(d) fair value through profit or loss

On the basis of its business model for managing the financial assets and the contractual cash flow characteristics of the financial asset

Amortized cost

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

The asset is held within a business model whose objective is

- To hold assets for collecting contractual cash flows, and
- Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial recognition, such financial assets are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method and such amortization is recognised in the Statement of Profit and Loss.

Debt instruments at Fair value through profit and loss (FVTPL)

Fair value through profit and loss is a residual category for measurement of debt instruments.

After initial measurement, any fair value changes including any interest income, impairment loss and other net gains and losses are recognised in the Statement of Profit and Loss.

Equity investments

All equity investments in scope of Ind-AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. For all other equity instruments, the Company decides to classify the same either as at FVOCI or FVTPL. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

For equity instruments classified as FVOCI, all fair value changes on the instrument, excluding dividends, are recognized in other comprehensive income (OCI). There is no recycling of the amounts from OCI to Statement of Profit and Loss, even on sale of such investments

Equity instruments included within the FVTPL category are measured at fair value with all fair value changes being recognized in the Statement of Profit and Loss.

Investments in equity instruments of subsidiaries, associates and joint venture entities are carried at cost less impairment.

Impairment of financial assets

In accordance with Ind-AS 109, the Company applies Expected Credit Loss (“ECL”) model for measurement and recognition of impairment loss on the financial assets measured at amortised cost and those carried at FVOCI.

Loss allowances on trade receivables are measured following the ‘simplified approach’ at an amount equal to the lifetime ECL at each reporting date.

Derecognition of financial asset

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Company’s financial statements) when:

l The rights to receive cash flows from the asset have expired, or

l The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a ‘pass-through’ arrangement; and either

(a) the Company has transferred substantially all the risks and rewards of the asset, or

(b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

On Derecognition of a financial asset, the difference between the carrying amount and the consideration received is recognised in the Statement of Profit and Loss.

Financial Liabilities

Financial liabilities and equity instruments

Classification as debt or equity

An instruments issued by a company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received.

Financial liabilities

The Company’s current financial liabilities mainly comprise (a) Borrowings, (b) trade payables, (c) liability for capital expenditure, (d) security deposit and (e) other payables

Initial recognition and measurement

All financial liabilities (not measured subsequently at fair value through profit or loss) are recognised initially at fair value net of transaction costs that are directly attributable to the respective financial liabilities. The Company's financial liabilities include trade and other payables, loans and borrowings.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

(i) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the Statement of Profit and Loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs.

Borrowings are removed from the Balance Sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished and the consideration paid is recognised in the Statement of Profit and Loss as other gains / (losses).

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Where there is a breach of a material provision of a long-term loan arrangement on or before the end of the reporting period with the effect that the liability becomes payable on demand on the reporting date, the entity does not classify the liability as current, if the lender has agreed, after the reporting period and before the approval of the financial statements for issue, not to demand payment as a consequence of the breach.

(ii) Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial period which are unpaid. The amounts are unsecured and are usually paid within twelve months of recognition. Trade and other payables are presented as current liabilities unless payment is not due within twelve months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

Derecognition

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

Offsetting of financial instruments

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

23. Cash and Cash equivalents

Cash and cash equivalents includes cash on hand, balances with banks, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

24. Cash flow statement

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

25. Earning Per Share

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

For the purpose of calculating Earning Per Share, the share application money pending allotment, in terms of the commitment from Government of Maharashtra through the Holding company, has been considered as confirmed allotment.

26. Taxation

Income tax expense comprises of current tax expense and the net change in the deferred tax asset or liability during the year. Current and deferred tax are recognised in the statement of profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively.

(a) Current 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. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the time of reporting. Current tax when provided under the MAT provisions of section 115JB of the Income Tax 1961, the benefit of credit against such payments is available over a period of 15 subsequent assessment years and will be recognized when actually realized.

(b) Deferred Tax

Deferred tax is recognised using the balance sheet approach. Deferred income tax assets and liabilities are recognised for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount.

Deferred tax liabilities are recognised for all taxable temporary differences.

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

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

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

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

27. Recent Accounting Pronouncements in Ind AS 115

Company being Rate Regulated Entity, the aforesaid standard does not have any significant impact in the Company's financial statements.

28. Trade Receivable

Trade receivables are carried at original invoice amount less provisions for Expected Credit Loss. For recognition of impairment loss on other financial assets, the Company assesses whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12 month ECL is used to provide for impairment loss.

29. Minimum alternate tax

Company has been depositing current tax in the form of MAT and yet to enter in current tax regime. Company recognises MAT credit in the year in which company would exhaust all the accumulated tax losses/ unabsorbed depreciation and the current tax still remains payable. In such event current tax liability would get adjusted to the extent of availability of MAT Credit. Residual Mat Credit if any would get adjusted in such event in subsequent years.

NOTE NO. 1: PROPERTY, PLANT AND EQUIPMENT

(₹ Crores)

Cost	TANGIBLE ASSET															
	Land (including development)		Buildings		Hydraulic Works (10301)	Other Civil Works		Plant, Machinery & Equipments (10501)	Lines & Cable Networks (10601)	Vehicles (10701)	Furniture & Fixtures (10801)	Office Equipments (10901)	Capital Expenditure resulting in Assets not belonging to the Company (10902)	TOTAL TANGIBLE ASSETS	Less: Capitalised	Depreciation charged to Statement of Profit & Loss
	Freehold (10101)	Leasehold (10102)	Factory Buildings (10201)	Others (10202)		Railway Sidings (10401)	Roads and Others (10402)									
As per Annual accounts as at 31.03.2016	1,569	106	695	838	1,653	1,204	441	22,180	244	5	22	16	59	29,032	-	
Addition	26	-	239	155	859	169	18	15,776	249	4	3	5	-	17,503	-	
Deduction	-	-	31	2	21	18	44	574	7	1	2	1	0	702	-	
Balance as at 31.03.2017	1595.25	106.11	902.43	991.17	2490.64	1354.46	415.86	37381.81	485.20	8.09	23.34	20.23	58.38	45832.96	0.00	
Addition	2.68	0.00	6.65	19.90	21.39	179.16	9.85	259.72	9.31	11.77	3.14	5.32	0.00	528.89	0.00	
Deduction	0.13	0.00	25.60	0.99	24.17	74.68	0.01	235.36	4.12	1.74	0.81	2.11	0.90	370.61	0.00	
Balance as at 31.03.2018	1597.79	106.11	883.48	1010.08	2487.86	1458.94	425.71	37406.17	490.39	18.12	25.66	23.44	57.49	45991.23	0.00	
Accumulated Depreciation and impairment																
As per Annual accounts as at 31.03.2016	0.00	4.38	22.20	34.28	71.51	93.36	16.42	1068.81	18.08	0.32	2.00	2.70	4.54	1338.60	0.00	
Addition	0.00	4.38	32.67	83.81	154.04	78.20	19.74	1691.30	24.86	0.67	1.84	2.39	4.54	2098.45	1.54	2096.90
Deduction	0.00	0.00	27.31	1.03	13.59	40.21	16.88	407.14	3.92	0.42	1.55	0.21	0.38	512.65	0.00	
As per annual Accounts Balance as at 31.03.2017	-	8.75	27.56	117.06	211.95	131.35	19.28	2,352.97	39.02	0.57	2.30	4.87	8.70	2924.40	0.00	
Addition	0.00	4.38	36.70	44.15	148.73	57.86	20.45	2295.11	29.74	1.29	2.24	3.36	4.54	2648.52	1.77	2646.76
Deduction/ Adjustments	0.00	0.00	23.04	0.95	19.70	65.32	0.01	313.42	3.71	1.56	0.71	1.85	0.46	430.73	0.00	
Balance as at 31.03.2018	0.00	13.13	41.23	160.25	340.98	123.88	39.72	4334.66	65.05	0.31	3.82	6.38	12.78	5142.20	0.00	
Provision for obsolescence 31.03.2016	0.00	0.00	0.40	0.00	0.30	0.00	0.28	22.66	6.79	0.11	0.00	0.01	0.05	30.60	0.00	
As at 31 March 2016	1569.07	101.73	672.36	804.21	1580.75	1110.68	424.46	21088.76	218.84	4.59	20.18	12.93	54.24	27662.81	0.00	
Provision for obsolescence 31-03-2017	0.00	0.00	0.40	0.00	0.30	0.00	0.28	22.65	6.79	0.11	0.00	0.01	0.05	30.59	0.00	
As at 31 March 2017	1595.25	97.35	874.47	874.11	2278.38	1223.11	396.30	35006.18	439.40	7.40	21.04	15.34	49.64	42877.97	0.00	
Provision for obsolescence 31-03-2018	0.00	0.00	0.40	0.00	0.30	0.00	0.28	23.00	6.79	0.11	0.00	0.01	0.05	30.94	0.00	
As at 31 March 2018	1597.79	92.98	841.86	849.83	2146.58	1335.06	385.71	33048.51	418.55	17.70	21.83	17.04	44.66	40818.10	0.00	

Note No. 1A Intangible Assets

(₹ Crores)

Cost	Software Licences
As per Annual accounts as at 31.03.2016	**18.84**
Addition	6.52
Deduction	-
Balance as at 31.03.2017	25.36
Addition	2.51
Deduction	-
Balance as at 31.03.2018	**27.87**
Accumulated Amortisation	
As per Annual accounts as at 31.03.2016	2.66
Addition	10.47
Deduction	-
As per annual Accounts Balance as at 31.03.2017	13.13
Addition	9.09
Deduction/Adjustments	-
Balance as at 31.03.2018	**22.22**
Net Carrying Amount	
As at 31 March 2016	**16.18**
As at 31 March 2017	**12.23**
As at 31 March 2018	**5.65**

Note no. 1B Assets classified as held for sale

(₹ Crores)

Particulars	31.03.18	31.03.17 (Restated)
Non-current assets held for sale		
Plant & Machinery	153.24	250.05
Factory Buildings & Others	9.34	7.17
Hydraulic Works	8.18	6.94
Railway Sidings, Roads & Others	26.25	16.89
Lines & Cable Networks	8.84	8.43
Vehicles	0.32	0.22
Furniture & Fixtures	0.36	0.27
Office Equipments	0.71	0.46
Other Miscellaneous Assets	0.07	0.07
Total	**207.31**	**290.50**

Notes:

Operations of the power generating unit no. 5 at Koradi TPS & unit no. 3 at Parali TPS have been discontinued during FY 2016-2017. The company is in the process of disposing of these assets. During the year ended 31st March, 2018, the Company has reclassified the said assets as assets held for sale. No impairment loss has been recognised on reclassification as the Company expects that the fair value (estimated based on the recent market prices of similar properties) less costs to sell is higher than it's carrying amount as on 31st March, 2018.

Note No. 2 Capital Work in Progress (₹Crores)

Particulars	TOTAL Tangible CWIP	CWIP - Freehold Land	CWIP - Factory Buildings	CWIP - Other Buildings	CWIP - Roads & Others	CWIP - Plant & Machinary	CWIP - Vehicles	CWIP - Furniture & Fixtures	CWIP - Office equipment	CWIP - Intangible Assets
As on 31.03.2016	**17,336.46**	**14.81**	**2,655.55**	**0.85**	**3.16**	**14,650.74**	**0.00**	**-**	**11.35**	**120.78**
Addition	8,060.32	2.70	2,068.34	2.04	2.04	5,942.91	0.77	0.34	41.17	10.34
Deletion	24,187.39	3.12	4,169.25	2.89	0.10	19,973.04	0.77	0.34	37.88	1.35
As on 31.03.2017	**1,209.39**	**14.39**	**554.64**	**-**	**5.10**	**620.60**	**0.00**	**0.01**	**14.64**	**129.77**
Addition	344.65	0.09	80.16	0.21	28.27	235.87	0.06	0.00	0.00	2.78
Deletion	229.38		102.69		5.07	108.51		0.01	13.09	
As on 31.03.2018	**1,324.66**	**14.49**	**532.11**	**0.21**	**28.30**	**747.96**	**0.06**	**0.00**	**1.55**	**132.55**
Net Capital Work in Progess										
Less:- Provision for obsloescence	32.25					32.25				
As on 31.03.2017	**1,177.14**	**14.39**	**554.64**	**-**	**5.10**	**588.36**	**0.00**	**0.01**	**14.64**	**129.77**
Less:- Provision for obsloescence	32.48					32.48				
As on 31.03.2018	**1,292.19**	**14.49**	**532.11**	**0.21**	**28.30**	**715.48**	**0.06**	**0.00**	**1.55**	**132.55**

Note: Capital Work In Progress in respect of Intangible Assets comprise of licence aquired for development of Gare-Palma Mine.

Note No. 3 Non-Current, Long Term, Investment in Subsidiaries, Joint Ventures and Associates (₹ Crores)

Particulars	31.03.18	31.03.17 (Restated)
Investments in equity instruments at cost less impairment		
Un - Quoted		
UCM coal company limited 30,000 (P.Y. 30,000) Equity shares of ₹ 10 each fully paid up	(0.20)	(0.03)
Quasi Equity investment in subsidiaries (In the nature of advances)	5.13	4.80
Total	**4.93**	**4.77**
Less: Allowance for Expected Credit Loss & impairment in the value of investment	**(46.23)**	**(45.10)**
Total	**(41.30)**	**(40.33)**

Note No. 4 Non-Current - Trade Receivables (₹ Crores)

Particulars	31.03.18	31.03.17 (Restated)
Unsecured considered good;	5247.55	3740.66
Less: Allowance for Expected Credit Loss	(982.28)	(696.32)
Tota;	**4265.27**	**3044.34**

Note No. 5 Other Non-Current Assets (₹ Crores)

Particulars	31.03.18	31.03.17 (Restated)
Advances for O&M Supplies/fuel / recoverables	252.06	243.90
Less:- Allowance for Expected Credit Loss	(252.06)	(243.90)
	0.00	0.00
Balance recoverable from statutory authorities	0.00	0.16
Less:- Allowance for Expected Credit Loss	0.00	(0.16)
	0.00	0.00
Advance to Irrigation Department Government of Maharashtra	142.00	138.21
Less:- Allowance for Expected Credit Loss	(39.10)	(28.08)
-	102.90	110.13
Income Tax Refundable (net of provisions)	227.86	211.64
Staff Advance	1.83	2.74
Capital advances	56.33	60.22
Deferred Lease Rent (Hydro Plants)	700.06	637.65
Tax claims	54.41	54.41
Total	**1143.38**	**1076.79**

Note No. 6 Current Assets-Inventories (₹ Crores)

Particulars	31.03.18	31.03.17 (Restated)
Raw materials (Coal)	193.02	638.01
Fuel Oil, LDO etc	182.24	171.51
Stock-in-transit (Coal)	42.88	49.00
Stores and spares	867.87	914.05
Less : Provision for Obsolescence of stores and spares	(302.72)	(322.87)
Less : Provision for material shortage pending investigation	(49.87)	(36.01)
Total	**933.42**	**1413.69**

Note No. 7 Current Assets - Trade Receivables (₹ Crores)

Particulars	31.03.18	31.03.17 (Restated)
Unsecured considered good;	8715.62	7627.60
Doubtful	26.60	97.49
Less: Allowance for Expected Credit Loss	(26.60)	(97.49)
Total	**8715.62**	**7627.60**

Note No. 8 Current Assets-Cash and Cash Equivalents (₹ Crores)

Particulars	31.03.18	31.03.17 (Restated)
Balances with Scheduled Banks:		
- on Current Accounts	0.17	34.01
Cash on Hand	0.03	0.07
Total	**0.20**	**34.08**

Note No. 9 Current Assets-Current Loans (₹ Crores)

Particulars	31.03.18	31.03.17 (Restated)
Unsecured, considered good		
Employee loans and advances	11.27	12.49
Receivable from CPF Trust	1.82	40.73
Other Advances	0.00	1.26
Total	**13.09**	**54.48**

Note No. 10 Other Current Financial Assets

(₹ Crores)

Particulars	31.03.18	31.03.17 (Restated)
Unsecured, considered good		
Recoverables from Employees	17.41	2.21
Unbilled Receivables	2209.22	1710.79
Tax claims including MVAT set-off	328.85	584.34
Rent Receivable	0.14	0.63
Claims receivable	136.49	18.48
Recoverable from Contractors, Deposits paid by Mahagenco	44.13	87.44
Total	**2736.24**	**2403.89**

Note No. 11 Current Assets-Other Assets

(₹ Crores)

Particulars	31.03.18	31.03.17 (Restated)
Prepaid Expenses	47.72	38.69
Advances for O & M supplies / works	838.27	1481.10
Advances for coal / fuel supplies	905.75	539.53
Less:- Allowance for Expected Credit Loss	(90.03)	(90.03)
Total	**1701.71**	**1969.29**

Note No. 12 Share Capital

i) Authorised Capital

Class of Share	Par value ₹	As at 31-03-2018		As at 31-3-2017	
		No. of Shares	(Amount in ₹ Crores)	No. of Shares	(Amount in ₹ Crores)
M.S.P.G.C. Ltd. Equity Shares	10	25,000,000,000	25,000.00	25,000,000,000	25,000.00

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

Class of Share	Par value ₹	As at 31-03-2018		As at 31-3-2017	
		No. of Shares	(Amount in ₹ Crores)	No. of Shares	(Amount in ₹ Crores)
Equity Shares	10	25,247,146,126	25,247.15	24,854,356,788	24,854.36

iii) Reconciliation of Number of Shares Outstanding

Class of Share	As at 31-03-2018		As at 31-3-2017	
	Equity Shares		Equity Shares	
	No. of Shares	(Amount in ₹ Crores)	No. of Shares	(Amount in ₹ Crores)
Outstanding at the beginning of the year	24,854,356,788	24,854.36	24,098,376,788	24,098.38
Addition during the period	392,789,338	392.79	755,980,000	755.98
Outstanding at the end of the year	25,247,146,126	25,247.15	24,854,356,788	24,854.36

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

(1) The Company is having only one class of shares i.e Equity carrying a nominal value of ₹ 10/- per share.

(2) Every holder of the equity share of the Company is entitled to one vote per share held. The dividend, (except interim dividend) proposed by Board of Directors is subject to approval of the shareholders in the Annual General Meeting.

(3) Every shareholder has a right to receive dividend in proportion to shares held by them whenever such dividend is approved.

(4) In the event of liquidation of the Company, the equity shareholders will be entitled to receive remaining assets of the Company after the distribution / repayment of all creditors. The distribution to the equity shareholders will be in proportion of the number of shares held by each shareholder.

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

Name of Shareholder	As at 31-03-2018 Equity Shares	As at 31-3-2017 Equity Shares
MSEB Holding Company Ltd. (Nos.)	25,247,126,126	24,854,336,788
MSEB Holding Company Ltd. (Amount in ₹ Crores)	25,247.08	24,854.29

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

Name of Shareholder	Name of company	As at 31-03-2018		As at 31-3-2017	
		Equity Shares	% of Shares	Equity Shares	% of Shares
MSEB Holding Company Ltd.	Mahagenco & subsidiaries	25,247,126,126	100.00	24,854,336,788	100.00

Note No. 13 Other Equity- (a): Reserves and Surplus

(₹ Crores)

Particulars	31.03.18	31.03.17 (Restated)
Retained Earnings		
As per last Balance Sheet	**(7224.90)**	**(6453.38)**
As per last Balance Sheet attributable to Non-controlling Interest	(0.83)	(0.48)
Add : Profit/(loss) for the year attributable to Parent owner	698.19	(771.52)
Add : Profit/(loss) for the year attributable to Non-controlling Interest	(0.67)	(0.35)
-	**(6528.21)**	**(7225.73)**
General Reserve & Capital Reserve	-	
Other Equity-(b): Other Reserves		
Equity Instruments through Other Comprehensive Income (i)		
Other Equity Attributable to Parent Owner	**39.06**	**394.86**
Other Equity Attributable to Non-controlling Interest	**23.17**	**22.52**
Grand Total	**(6465.98)**	**(6808.35)**

Note No. 14 Non Current Borrowings

(₹ Crores)

Particulars	31.03.18	31.03.17 (Restated)
Term loans		
Secured		
Term Loan From Financial Institutions	21557.61	21573.89
Term Loan From Banks	1813.28	2003.03
Un - secured		
Term Loan From Financial Institutions	0.00	46.48
Loan from World Bank	187.88	159.20
Loan from CSSEPL (Baramati Project)	196.72	201.05
Loan from KFW	495.20	514.30
Total	**24250.69**	**24497.95**

Note No. 15 Non Current Provisions

(₹ Crores)

Particulars	31.03.18	31.03.17 (Restated)
Provision for Gratuity	**446.05**	**375.21**
Provision for Leave Encashment	418.96	422.48
Total	**865.01**	**797.69**

Note No. 15A Deferred tax liabilities (Net)

(a) Tax Expense recognised in profit and loss

(₹ Crores)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Current tax expense		
Current year	12.24	20.11

Changes in estimates relating to prior years	-	-
	12.24	**20.11**
Deferred tax expense		
Origination and reversal of temporary differences	(654.32)	(53.85)
Change in tax rate	-	27.88
Changes in estimates relating to prior years	-	-
	(654.32)	**(25.97)**
Tax expense recognised in the income statement	**(642.07)**	**(5.86)**

(b) Tax expense recognised in other comprehensive income

Particulars	For the year ended March 31, 2018		
	Before tax	Tax expense/ (benefit)	Net of tax
Items that will not be reclassified to profit or loss			
Remeasurements of the defined benefit plans	(35.38)	12.24	(23.14)
Total	**(35.38)**	**12.24**	**(23.14)**

Particulars	For the year ended March 31, 2017		
	Before tax	Tax expense/ (benefit)	Net of tax
Items that will not be reclassified to profit or loss			
Remeasurements of the defined benefit plans	(58.11)	20.11	(38.00)
Total	**(58.11)**	**20.11**	**(38.00)**

(c) Reconciliation of effective tax rate

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Profit before tax	**81.25**	**(738.74)**
Applicable tax rate	**34.61%**	**34.61%**
Tax using the Company's domestic tax rate	**28.12**	**(256)**
Change in tax rate		27.88
Tax effect of:		
Non-deductible expenses	11.53	14.63
Timing Difference on account of		
-For Depreciation and other items	699.37	150.80
- Impairment of financial assets	105.35	(40.32)
- Expenditure allowable on actual payment basis	9.40	(1.31)
Deferrred Tax adjustment for earlier years	(1,511.61)	74.74
CSR Expenditure not deductible	3.53	3.27
OCI Items	12.24	20.11
Tax expense	**(642.07)**	**(5.86)**
Effective tax rate	**-790.26%**	**0.79%**

(e) Movement in deferred tax balances

Particulars	March 31, 2018					
	Net balance April 1, 2017	Recognised in profit or loss	Recognised in OCI	Net	Deferred tax asset	Deferred tax liability
Deferred tax asset						
Property, plant and equipment	(4,154.17)	(1,112.72)	-	(5,266.90)	-	(5,266.90)

Investments	13.42	2.57	-	16.00	16.00	-
Inventories	111.74	(111.74)	-	-	-	-
Trade receivables	240.98	98.96	-	339.95	339.95	-
Provisions	358.51	24.34	12.24	395.09	395.09	-
Unabsorbed Depreciation	1,981.51	1,782.50	-	3,764.01	3,764.01	-
Loans and Advances	(59.32)	(41.85)	-	(101.17)	(101.17)	-
Tax assets (Liabilities)	**(1,507.34)**	**642.07**	**12.24**	**(853.02)**	**4,413.88**	**(5,266.90)**

Particulars	March 31, 2017					
	Net balance April 1, 2016	Recognised in profit or loss	Recognised in OCI	Net	Deferred tax asset	Deferred tax liability
Deferred tax asset						
Property, plant and equipment	(2,944.47)	(1,209.71)	-	(4,154.17)	-	(4,154.17)
Investments	-	13.42	-	13.42	13.42	-
Inventories	85.56	26.18	-	111.74	111.74	-
Trade receivables	175.27	65.71	-	240.98	240.98	-
Provisions	359.81	(21.42)	20.11	358.51	358.51	-
Unabsorbed Depreciation	898.93	1,082.58	-	1,981.51	1,981.51	-
Loans and Advances	(108.41)	49.09	-	(59.32)	(59.32)	-
Tax assets (Liabilities)	**(1,533.31)**	**5.86**	**20.11**	**(1,507.34)**	**2,646.84**	**(4,154.17)**

Note No. 16 Other Non-Current Liabilities

(₹ Crores)

Particulars	31.03.18	31.03.17 (Restated)
Capital Grant	61.89	53.63
Total	**61.89**	**53.63**

Note No. 17 Current Borrowings

(₹ Crores)

Particulars	31.03.18	31.03.17 (Restated)
Loans repayable on demand		
Secured		
from banks		
Cash Credit	4619.81	3432.91
Unsecured		
from banks		
Working Capital	2300.00	1962.91
Other Short Term Loans	1250.00	3423.44
Total	**8169.81**	**8819.26**

Note No. 18 Current Trade Payables

(₹ Crores)

Particulars	31.03.18	31.03.17 (Restated)
Micro, Small and Medium Enterprises (MSME)	0.48	2.40
Other than MSME	1438.02	1703.99
Total	**1438.50**	**1706.39**

Note No. 19 Other Current Financial Liabilities

(₹ Crores)

Particulars	31.03.18	31.03.17 (Restated)
Current maturities of Long Term Borrowings	2513.00	2228.49
Retentions & Payables	3175.11	2850.91
Other Deposits	96.76	94.68
Interest accrued but not due	247.29	242.36

Payables for Capital goods	109.13	110.59
Related Party Payables	689.89	687.03
Others	326.26	170.93
Payable to employees	46.28	8.45
Total	**7203.73**	**6393.44**

Note No. 20 Other Current Liabilities (₹ Crores)

Particulars	**31.03.18**	**31.03.17 (Restated)**
Statutory Dues		
Income tax deducted at source	18.09	9.21
Income tax collected at source	0.06	2.27
Service Tax liability & Electricity Duty Payable	0.09	0.04
GST Liabilities	4.73	0.00
Professional Tax Liability	0.03	0.00
Total	**23.00**	**11.52**

Note No. 21 Current Provisions (₹ Crores)

Particulars	**31.03.18**	**31.03.17 (Restated)**
Provision for Gratuity	135.04	95.49
Provision for Leave Encashment	141.55	142.73
Total	**276.59**	**238.22**

Note No. 22 Sale of Products (₹ Crores)

Particulars	**2017-2018**	**2016-2017 (Restated)**
Sale of Power	19011.03	16623.77
Total	**19011.03**	**16623.77**

Note No. 23 Other Operating Revenues (₹ Crores)

Particulars	**2017-2018**	**2016-2017 (Restated)**
Delayed payment surcharge	2047.31	1697.64
Miscellaneous Operating Income	3.14	33.51
Sale of Fly Ash	26.79	26.82
Less:- Transferred to Fly Ash Liability	(26.79)	(26.82)
Total	**2050.45**	**1731.15**

Note No. 24 Other Income (₹ Crores)

Particulars	**2017-2018**	**2016-2017 (Restated)**
Interest Income on Financial Assets carried at amortized cost:		
Interest on Deposits	0.41	0.51
	0.41	**0.51**
Income from rent, hire charges etc.	6.62	6.01
Profit on sale of assets/stores/scrap	76.97	16.16
Sale of tender forms	1.26	2.59
Sundry Credit balance write Back	105.91	95.45
Other receipts	64.58	78.74
Govt Grant Amortization	0.47	0.46
	255.80	**199.41**
Total Other Income	**256.21**	**199.92**

Note No. 24A Share of Profit in Associates & joint Ventures (₹ Crores)

Particulars	**2017-2018**	**2016-2017 (Restated)**
Share of Profit in Associates & joint Ventures	**(0.17)**	**(0.06)**
Total	**(0.17)**	**(0.06)**

Note No. 25 Cost of Materials Consumed (₹ Crores)

Particulars	2017-2018	2016-2017 (Restated)
Coal	10548.78	10269.37
Gas	574.78	502.62
Oil	243.80	178.60
Water	193.49	72.07
Total	**11560.85**	**11022.66**

Note No. 26 Employee Benefits Expense (₹ Crores)

Particulars	2017-2018	2016-2017 (Restated)
Salaries, Wages, Bonus, etc.	962.47	918.50
Contribution to Provident Fund	90.76	88.92
Gratuity, Leave Encashment and Other Employee Benefits	279.62	166.40
Employee Welfare Expenses	75.73	65.86
Total	**1408.58**	**1239.68**

Note No. 26A Employee Benefits Expense under OCI (₹ Crores)

Particulars	2017-2018	2016-2017 (Restated)
Remeasurements of the defined benefit plans	35.38	58.11
Total	**35.38**	**58.11**

Note No. 27 Finance costs (₹ Crores)

Particulars	2017-2018	2016-2017 (Restated)
Interest	3289.37	3744.68
Exchange difference regarded as an adjustment to borrowing cost	44.28	0.00
Other borrowing costs	2.46	76.29
Less:- Interest Capitalised	(14.99)	(914.35)
Total	**3321.11**	**2906.61**

Note No. 28 Other Expenses (₹ Crores)

Particulars	2017-2018	2016-2017 (Restated)
Rent	18.26	15.73
Hydro Lease rent	452.09	452.10
Repairs and Maintenance on:-		
Plant & machinery & Building	1162.92	813.24
Repair & Maintenance - Others	0.70	0.53
Insurance charges	26.68	16.58
Rates and taxes	15.48	20.47
Others		
Lubricants, consumables & stores	3.89	(0.71)
Obsolescence of Stores	0.00	71.15
Domestic Water	6.92	0.49
Legal and professional charges	17.80	12.07
Commission to agents	0.02	2.27
Other Bank Charges	0.26	0.52
Contribution towards assets not owned by Company / CSR expenditure	10.20	9.46
Provision for doubtful advances	9.03	204.52
Allowance for Expected Credit Loss	296.98	187.25
Other general expenses	226.53	211.91

Loss on obsolescence of Fixed Assets	3.16	0.00
Loss on foreign exchange variance (Net)	40.82	0.00
Payments to the auditors for:		
- Audit Fees	0.62	0.53
- other Services	0.00	0.05
- Reimbursement of expenses	0.06	0.06
- Reimbursement of tax	0.12	0.09
Total	**2292.53**	**2018.32**

Note No. 28A Tax Expenses (₹ Crores)

Particulars	2017-2018	2016-2017 (Restated)
Non OCI Deferred Tax gain /(Expenditure)	(642.06)	(5.86)
OCI Items Deferred Tax gain /(Expenditure)	(12.24)	(20.11)
Total	**(654.31)**	**(25.97)**

Note No. 29 Notes to the financial statements

The Company contributes to the following post-employment defined benefit plans in India.

Defined Benefit Plans

(i) Provident Fund:

The Company's contribution to the Provident Fund is remitted to a separate trust established for all the Group companies based on a fixed percentage of the eligible employee's salary and charged to Statement of Profit and Loss. Shortfall, if any, in the fund assets, based on the Government specified minimum rate of return, will be made good by the Company and charged to Statement of Profit and Loss.

The Company has recognised ₹ Nil Crores towards the above stated shortfall (previous year ₹ Nil Crores) in the Statement of Profit and Loss.

The contributions payable to these plans by the Company are at rates specified in the rules of the schemes.

(ii) Gratuity & Leave encashment:

Liability towards long term defined employee benefits - leave encashment and gratuity are determined on actuarial valuation by independent actuaries at the year-end by using Projected Unit Credit method. Liability so determined is unfunded.

GRATUITY

A. Movement in net defined benefit (asset) liability

The following table shows a reconciliation from the opening balances to the closing balances for net defined benefit (asset) liability and its components.

Defined benefit obligation (₹ Crores)

Particulars	31st March, 2018	31st March, 2017
Opening balance	470.70	490.31
Interest Cost Included in profit or loss	34.22	39.18
Current service cost	16.67	14.65
Past service cost	146.03	
Interest cost (income)		
	667.62	**544.14**
Included in OCI		
Remeasurement loss (gain):		
Actuarial loss (gain) arising from:		
Demographic assumptions		
Financial assumptions	(14.43)	17.30
Experience adjustment	49.81	40.81
Return on plan assets excluding interest income		
	35.38	**58.11**

Other		
Contributions paid by the employer		
Benefits paid	(121.91)	(131.54)
Closing balance	581.09	470.71
Represented by		
Net defined benefit asset		
Net defined benefit liability	581.09	470.71
Total	**581.09**	**470.71**

B. Defined benefit obligations

i. Actuarial assumptions

Further, assumptions regarding future mortality have been based on published statistics and mortality tables. The current longevities underlying the values of the defined benefit obligation at the reporting date were as follows:

(₹ Crores)

Particulars	31.03.18	31.03.17
Discount rate	7.78%	7.27%
Salary escalation rate	5.00%	5.00%
Mortality rate During Employment	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)

ii. Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

(₹ Crores)

Particulars	31.03.18		31.03.17	
	Increase	Decrease	Increase	Decrease
Discount rate (0.5% movement)	(13.30)	14.14	(12.18)	12.99
Future salary growth (0.5% movement)	14.46	(13.70)	13.21	(12.49)
Employee Turnover (0.5% movement)	2.90	(3.06)	2.21	(2.34)

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

iii. Maturity Analysis of Defined Benefit Obligation

Defined Benefits Payable in Future Years From the Date of Reporting.

(₹ Crores)

Particulars	31.03.18	31.03.17
1st Following Year	135.04	95.49
2nd Following Year	59.79	47.28
3rd Following Year	81.74	58.97
4th Following Year	71.11	51.92
5th Following Year	58.42	45.82
Sum of Years 6 To 10	197.06	169.33
Sum of Years 11 and above	368.16	329.80

LEAVE ENCASHMENT

A. Movement in net defined benefit (asset) liability

The following table shows a reconciliation from the opening balances to the closing balances for net defined benefit (asset) liability and its components.

Defined benefit obligation (₹ Crores)

Particulars	31.03.18	31.03.17
Opening balance	565.20	568.27
Included in profit or loss (Interest Cost)	41.09	45.40

Current service cost	12.36	11.15
Past service cost		
Interest cost (income)		
	618.65	**624.83**
Remeasurement loss (gain):		
Actuarial loss (gain) arising from:		
Demographic assumptions		
Financial assumptions	(16.42)	20.87
Experience adjustment	45.65	35.15
Return on plan assets excluding interest income		
	29.24	**56.02**
Other		
Contributions paid by the employer		
Benefits paid	(87.38)	(115.64)
Closing balance	**560.51**	**565.21**
Represented by		
Net defined benefit asset		
Net defined benefit liability	560.51	565.21
	560.51	**565.21**

B. Defined benefit obligations

i. Actuarial assumptions

The following were the principal actuarial assumptions at the reporting date (expressed as weighted averages).

(₹ Crores)

Particulars	**31.03.18**	**31.03.17**
Discount rate	7.78%	7.27%
Salary escalation rate	5.00%	5.00%
Mortality rate During Employment	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)

B) The provident fund plan of the Company is operated by the "Maharashtra State Power Generation Company Limited Employees Provident Fund Trust" (the "Trust"). Eligible employees receive benefits from the said Provident Fund. Both the employees and the Company make monthly contributions to the Provident Fund Plans equal to a specified percentage of the covered employee's salary. The minimum interest rate payable by the Trust to the beneficiaries every year is being notified by the Government. The Company has an obligation to make good the shortfall, if any, between the return from the investments of the Trust and the notified interest rate. During the year, since the market value of investment is more than subscription liability of the Trust, the liability on this account recognised in Profit & Loss account is ₹ Nil (P.Y. ₹ Nil)

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

(₹ Crores)

Particulars	**31.03.18**	**31.03.17**
Liability for subscriptions and interest payable to employees at the end of year	9201.71	8667.51
Fair Value of Plan Assets at the end of year	9232.83	8911.02
Net Liability whether Payable	Nil	Nil

Description of Plan Assets (₹ Crores)

Particulars	**31.03.18**	**31.03.17**
Category -I (a)- GOI	14.78%	16%

Category -I (a)-SDL	19.81%	15%
Category - I(b)	5.27%	6%
Category - II(a)	31.21%	34%
Category - II(b)	0.96%	
Category - IV(c)	1.43%	1%
Special Deposit Scheme	26.53%	28%

Mahaguj Collieries Limited

Retirement Benefits

Provident & other Fund Rules and Payment of Gratuity Act are not applicable to the Company. However, employees on deputation from M/s MSPGCL and M/s GSECL are covered under the said benefit as per policy of the respective Companies.

MAMSL

No Provision for Gratuity is required; Since the Company did not have any employee during the year.

Note No. 30 (₹ Crores)

Capital / Government grants		
As at 31.03.2016		**34.05**
Add: Received during FY 2016-2017		20.04
Less: Government Grant amortised during FY 2016-2017		0.46
As at 31.03.2017		**53.63**
Add: Received during FY 2017-2018		8.72
Less: Government Grant amortised during FY 2017-18		0.46
As at 31.03.2018		**61.89**
	31.03.18	**31.03.17**
Current	0.46	0.46
Non-current	61.44	53.17
Total	**61.89**	**53.63**

Government grant have been received for the purchase of certain item of Property, Plant and Equipment at Pophali Hydro Power Station. The same have been accounted for as government grant and being amortised over the useful life of such assets.There are no other unfulfilled contions or contingencies attached to this grant. Further during the year Company has received ₹ 8.72 Crs (PY ₹ 20.04 Crs.) from World Bank towards Koradi U-6 Renovation & Modernisation. The asset under the scheme of Renovation & Modernisation is part of Asset under construction.

Note No. 31 Intangible assets under development (₹ Crores)

Particulars	As at 31.03.18	As at 31.03.17
Opening balance	129.77	120.78
Additions for the year	2.78	8.98
Specify the nature of exp		
Impairment reversal/(charge)		
Foreign exchange difference		
Closing balance	**132.55**	**129.77**

Company has acquired the right to develop the coal block at Gare Palma, Chattishgarh and it is in the process of appointing the mine developer for this purpose.

Note No. 32 Investment in Related Party (₹ Crores)

Details of Transactions	Aurangabad
Opening Balance as on 01-04-2016	
-Quasi Equity investment	4.71
Quasi Equity investment during the year	-

Balances outstanding as on 31-03-2017	
-Quasi Equity investment	4.71
Quasi Equity investment during the year	**0.14**
Balances outstanding as on 31-03-2018	
-Quasi Equity investment	4.85

Note No. 33 Assets hypothecated / pledged as security

The carrying amount of assets hypothecated / mortgaged as security for current and non-current borrowings are: (₹ Crores)

Particulars	As at 31.03.18	As at 31.03.17
Security created in respect of Non-current Borrowings		
Property, plant and equipment excluding leasehold land	38,399.19	40,569.78
Security created in respect of Current Borrowings		
i) Inventories	933.43	1,413.70
ii) Trade receivables	12,980.89	0.00
Total assets as security	**13,914.32**	**1,413.70**

Note No. 34

During the current financial year 2017-18, Revenue Subsidy towards Solar power sales from Central Government amounting to ₹ 1.78 Crores (2016-17: ₹ 1.08 Crores) has been accounted.

Note No. 35

Inter- group company transactions are reconciled on a continuous basis. However, year end balances are subject to confirmation/ reconciliation which is not likely to have a material impact.

Note No. 36 Related Party Disclosure

A. Names of and Relationship with Related Parties

1. **Associate entities**
   i. M/s. UCM Coal Company Limited
2. **Fellow subsidiaries:**
   i. M/s Maharashtra State Electricity Distribution Company Ltd.
   ii. M/s Maharashtra State Electricity Transmission Company Ltd.

B. The Company has not included disclosure in respect of following related parties which are

1. **Associate entities**
   i. M/s. UCM Coal Company Limited
2. **Fellow subsidiaries:**
   i. M/s Maharashtra State Electricity Distribution Company Ltd.
   ii. M/s Maharashtra State Electricity Transmission Company Ltd.
3. **Key Management Personnel**

Sr. No	Designation	Key Management Personnel Name	With effect from
1	Chairman & Managing Director	Shri. Bipin Shrimali	05.01.2015
2	Director (Mining)	Shri. Shyam Wardhane	14.09.2016
3	Director (O)	Shri. Chandrakant Thotwe	19.09.2016
4	Director (F)	Shri. J. K. Srinivasan	26.05.2014 to 11.08.2017
5	Director (F)	Shri. S. J. Amberkar	11.08.2017
6	Director (P)	Shri. Vikas Jaideo	19.09.2016
7	Company Secretary	Shri Rahul Dubey	17-01-2006

4. **Non Executive Directors in Mahagenco**

Sr. No	Designation	Key Management Personnel Name	With effect from
1	Director	Smt. Irawati Dani	26.06.2014 to 31.05.2017
2	Director	Shri. Vishwas Pathak	21.07.2015
3	Director	Shri. Arvind Singh	22.02.2017

C. Remuneration paid to Key Management Personnel (₹ Crores)

Sr. No	Name of Related Party	Nature of Relationship	2017-18	2016-17
1	Shri. Bipin Shrimali	Chairman & Managing Director	0.31	0.25
2	Shri. Chandrakant Thotwe	Director (Operation)	0.35	0.32
3	Shri. Vikas Jaideo	Director (Projects)	0.36	0.29
4	Shri. Shyam Wardhane	Director (Mining)	0.19	0.08
5	Shri. J. K. Srinivasan	Director (Finance)	0.21	0.33
6	Shri. Santosh Amberkar	Director (Finance)	0.21	-
Remuneration to Key Managerial Persons				
1	Shri. A.R. Nandanwar	Executive Director	0.69	0.26
2	Shri. Vinod Bondre	Executive Director(HR)	0.20	0.10
3	Shri. Raju Burde	Executive Director	0.27	0.24
4	Shri. Kailash Chirutkar	Executive Director	0.27	0.24
5	Shri. Satish Chaware	Executive Director	0.29	0.24
6	Shri. Rahul Dubey	Company Secretary	0.18	0.18

* Remuneration to KMP has been considered from / to the date from which they became KMP.

D. Sitting Fee paid to Non-Executive Directors: (₹ Crores)

Details of Meeting	Smt. Irawati Dani	Shri. Vishwas Pathak
Board	0.0012	0.0077
Audit Committee	0.0006	0.0006
Total Sitting Fees Paid	**0.0018**	**0.0083**

Note No. 37

In compliance of Ind AS-27 'separate Financial Statements', the required information is as under:

Particulars	Country of In Company	Nature of Investments	Percentage of ownership interest as on	
			31.03.18	31.03.17
M/s. Mahaguj Collieries Ltd	India	Subsidiary	60.00%	60.00%
M/s. UCM Coal Company Ltd	India	Associates	18.75%	18.75%
M/s. Dhopave Coastal Power Ltd	India	Subsidiary	100.00%	100.00%
M/s. Mahagenco Ash Management Services Ltd.	India	Subsidiary	100.00%	100.00%

Note No. 38

The net worth of following associate/subsidiaries is eroded. Hence, Management has considered following impairment in the value of Investment and accordingly, a provision has been made in the books of accounts.

Particulars	Investment including advance	Provision for Impairment
M/s. Mahaguj Collieries Limited	34.75	34.75
M/s. UCM Coal Company Limited	0.31	0.31
M/s. Dhopave Coastal Power Limited	6.32	6.32

Note No. 39

Outstanding balances of fellow subsidiaries at the end of financial year.

Particulars	As at 31-03-2018	As at 31-03-2017
Payable to MSEDCL	500.52	49.84
Receivable from MSETCL	2.72	6.83

Note No. 39A

Trade Receivable from Related Party

Particulars	As at 31-03-2018	As at 31-03-2017
MSEDCL	13,887.36	11,382.69
MSETCL	70.88	70.88

Note No. 40

Corporate Social Responsibilities

During the year 2017 – 18, Company has spent ₹ 10.20 Crores (2016-17: ₹ 9.45 Crores) towards Corporate Social Responsibility (CSR).

(₹ Crores)

Sr No.	Head of Expenses	2017-18	2016-17
1	Community development and welfare expenses	2.30	3.23
2	Education expenses	0.07	0.51
3	Tree Plantation	0.36	0.00
4	Death Compensation & Stipend to security guards	0.16	1.06
5	Drinking water supply & construction, repairs of tubewells, hand pumps etc	5.20	0.79
6	Construction / repair of road, compound wall, RCC drain, etc	2.11	3.86
	Total	**10.20**	**9.45**

Note No. 41

Contingent Liabilities & Commitments

(₹ Crores)

I	Contingent Liabilities	31.03.2018	31.03.2017
1	MSPGCL may be contingently liable for interest claim of SECL,WCL and SCCL amounting to ₹ 461.59 Crs (P.Y. ₹ 109.00 Crs).plus performance incentive ₹ 602.65 Crores and short lifting ₹ 392.77 Crs. Total Contingent Liability ₹ 1457.01 Crs. (P.Y. ₹ 849.00 Crs.)	1,457.01	849.00
2	Contingent liability for demand from Irrigation Department for excess water charges and establishment charges amounted to ₹ 2,15,28,63,437/-(Excess water charges bill ₹ 31,28,63,437 + Establishment Charges ₹ 1,84,45,00,000/-)	215.29	-
3	Contingent liability of approximately estimated to ₹ 178.33 Crores plus ₹ 32.10 crores int total ₹ 210.43 Crs (PY ₹ 151.13 Crores/-plus ₹ 27.20 Crores int). This is related to work of construction of RCC lower Mum with associated works including manufacturing, providing, erection, testing and commissioning of radial gates , stoplog gates, goliath crane and rope drum hoist etc. claimed by M/s Mahalaxmi Infra Project Ltd., Kolhapur. Agency has been requested to submit claim amount based on which the members in arbitration tribunal would be decided, as provided in tender conditions. Arbitration award is declared on 20-11-2014. The sole Arbitrator Shri. S.P. Kurdukar, Mumbai directed to pay ₹ 56 crores. Award is challenged at High Court on vide OSARBP/466/2015. The claimants have filed petition vide no. 5260/2015. New advocate Shri. S.R. Nargolkar is appointed to represent MSPGCL in this matter. Bombay High Court appointment Shri Thakkar as Sole Arbitrator for further proceedings.	210.43	178.33

4	Arbitation between M/s. TATA Projects Ltd., and MAHAGENCO for Bhusawal 2x500 MW project. M/s. TATA claimed for prolongation cost, Bank Guarantee charges for BG submitted, payment against performance Guarantee tests & extra BG charges incurred towards furnished BG, wrongful recoveries made by MAHAGENCO from contractual payments, additional work and return of contract performance Bank Guarantee: Total Bank Guarantee to be returned - ₹ 467,89,50,000/- Total Amount claimed - ₹ 118,12,08,976/- Total Interest claimed - ₹ 79,33,54,185/- (118,12,08,976 + 79,33,54,185 = ₹ 197,45,63,161)	197.46	197.46
5	MSPGCL may be contingently liable for Counter claims lodged by Washery Operator Amounting ₹ 40.81 crores (P. Y. ₹ 169.01 crores)	40.81	169.01
6	Contingent liabilities of approx ₹ 443.73 Crores demanded by Irrigation Dept. for water supplied Due to non-renewal of water use agreement penal charges, interest rate, rate of water sewage etc. Details as follows: 1. Chandrapur Super Thermal Power Station : ₹ 28.52 Crores 2. Nashik Thermal Power Station : ₹ 50.20 Crores 3. Bhusawal Thermal Power Station : ₹ 40.09 Crores 4. Khaperkheda Thermal Power Station : ₹ 2.54 Crores 5. Koradi Thermal Power Station : ₹ 0.30 Crores 6. Paras Thermal Power Station : ₹ 2.03 Crores **Total Amount : ₹ 123.68 Crores**	123.68	-
7	Contingent liabilities of approx ₹ 103.20 Crores (P.Y. ₹ 103.20 crores) demand of Irrigation Dept.for water supplied at Shiral Pump House and given to Ratnagiri Power & Gas Ltd.	103.20	103.20
8	Arbitration before Justice Shri. V. G. Palshikar Mumbai. ABN/C/No.63/2014 – Sole Arbitrator - Adv. Rathod – Asian Natural Resources Ltd. (erstwhile M/s. Bhatia International Ltd. Indore) vs Mahagenco. Major pending issue is change in railway freight and 16 refree sample and subsequent other claims on various accounts for contract of import coal for the year 2010-11. Sole Arbitrator justice V.G. Palshikar (Retd). Appointed with mutual consent on 17.04.2014. Claim and counterclaim filed. Hearing is in process. The claim amount is ₹ 102.63 crores (P.Y. ₹ 127.45 crores) (FMC)	102.63	127.45
9	Other miscellaneous claims lodged against the company but not acknowledged as debt	287.15	223.11
10	M/s AMPL has claimed compensation of ₹ 399.79 Crores (PY ₹ 317.39 Crs.) towards expenditure made in development of Machhakata coal blocks due to cancellation of coal block by Supreme Court of India which has been disputed by the company. Consequently, company has recognised contingent liability to this extent.	399.79	317.39
	Total Claims	**3,137.45**	**2,164.95**
	Tax Demands Outstanding and disputed by the company	273.75	68.64
	Guarantees extended by the company	814.66	803.77
	Total Contingent Liabilities	**4,225.86**	**3,037.36**
			(₹ Crores)
II	**Commitments**		
A	Estimated amount of contracts remaining to be executed on Capital Account not provided for	685.84	344.14

III Other Significant Commitments

(a) Company has entered into Power Purchase Agreement with MSEDCL for Sale of power generated by the company & this agreement remains operative for the period of twenty-five years unless extended or terminated earlier.

(b) Agreement / Order has been made / placed with M/s. Ultra Tech cement Ltd. for Sale/ Disposal of fly ash on long term for 15 years basis ending in FY 2023-24.

(c) Coal linkage (including Bridge Linkage and MOU) of 57.42 Million MT has been allocated to company, consequently company is committed to purchase coal from allocated coal companies at the relevant market price.

(d) Company has gas purchase and transportation agreement with Gas Authority of India Ltd. towards 3.5 MMSCMD upto 05.07.2021.

IV. Contingent Assets

(a) Mahagenco has entered into contract with M/s. Dirk India for the sale of fly ash contract. As per interim court verdict on the case filed by M/s. Dirk gainst Mahagenco, the Sale of fly ash to M/s. Dirk India is effected at the rate of 350 per Metric Tonne, out of this the ₹ 6.44 crores (225 per Metric Tonne) is paid to Mahagenco & ₹ 3.58 crores (125 per Metric Tonne) is deposited by Ms/ Dirk India with Court. The amount deposited with court is disclosed as contingent asset.

(b) Mahagenco has lodged counter claims with coal companies and washery operators which that companies has not considered as debt. The details of the same is as follows:

No.	Particulars	(₹ Crores)
1)	SRN Claims	100.81
2)	Interest Claims	32.10
3)	Moisture Claims	27.47
4)	Short Delivery	1,202.65

Note No. 42A Segment reporting

A. Geographic information

The geographic information analysis the Company's revenue and non-current assets by the Company's country of domicile and other countries. In presenting the geographical information, segment revenue has been based on the geographic location of customers and segments assets were based on the geographic location of the respective non-current assets.

Geography	For the year ended March 31, 2018	For the year ended March 31, 2017
I Revenue		
In India	21,061.48	18,354.91
Outside India	Nil	Nil
II. Information about major customers		
Consolidated Revenue - exceeding 10% from each single external customer		
India		
Maharashter State Electricity Distribution Company Limited.	21012.77	18099.88
Outside India	**Nil**	**Nil**

Note No. 43

Classification of Financial Assets and Financial Liabilities:

The following table shows the carrying amounts of Financial Assets and Financial Liabilities which are classified at Amortised Cost.

(₹ Crores)

Particulars	31.03.2018			31.03.2017		
	FVTPL	FVTOCI	Amortised Cost	FVTPL	FVTOCI	Amortised Cost
Financial assets						
(i) Trade Receivables			12,980.90			10,671.94
(ii) Cash and Cash Equivalents			0.20			34.08
(iii) Bank Balances other than (ii) above						-
(iv) Loans			13.09			54.48

(v) Other Financial Assets			2,736.24			2,403.89
Total	-	-	**15,730.42**	-	-	**13,164.39**
Financial liabilities						
(i) Borrowings			32,420.49			33,317.21
(ii) Trade Payables			1,438.50			1,706.40
(iii) Other Financial Liabilities			7,203.73			6,393.44
Total	-	-	**41,062.72**	-	-	**41,417.05**

Financial risk management

Risk management framework

In its ordinary operations, the Company's activities expose it to the various types of risks, which are associated with the financial instruments and markets in which it operates. The Company has its risk management process which has been carried out at regular interval. In acse of Mahaguj Colieries Limited, Mahagams Limited & Dhopave Costal Power Limited there are no borrowings from Banks or finincial Institutions.

Note No. 43A Regulatory risk

Mahagenco: The company submits the annual revenue requirement to Maharashtra Electricity Regulatory Commission, based on these approved tariffs the company raises monthly energy bills to its customers. The tariff so determined by MERC are based on the MERC (Mutly Year Tariff) regulations which get revised periodically. These tariff are determined based on normative parameters as set out in the said regulations. Any change in the normative parameters or guiding regulatory provisions will have impact on the income from sale of the power of the company.

Note No. 43B Company has identified financial risk and categorised them in three parts Viz. (i) Credit Risk, (ii) Liquidity Risk & (iii) Market Risk. Details regarding sources of risk in each such category and how Company manages the risk is explained in following notes.

Note No. 43B.1 - Credit risk

Mahagenco: Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customer and investment securities. The Company establishes an allowance for doubtful debts and impairment that represents its estimate of incurred losses in respect of trade and other receivables and investments.

The maximum exposure to credit risk in case of all the financial instuments covered below is resticted to their respective carrying amount.

Trade receivables

Mahagenco: The Company works out the expected credit losses of trade receivables (which are considered good) using the Government Bond yield as discounting factor for the respective years to assess the time value risk associated with such trade receivables. The trade receivables refer to receivables against supply of power to MSEDCL, being fellow subsidiary and soverign entity, no credit risk has been envisaged. The following table provides information about the exposure to credit risk and loss allowance (including expected credit loss provision) for trade receivables:

(₹ Crores)

Particulars	31.03.2018		31.03.2017	
	Gross carrying amount	Loss allowance	Gross carrying amount	Loss allowance
Past due 0-180 days	8,742.23		7,725.08	
Past due 180-360 days	-		1,039.26	
More than 360 days	5,247.55	1,008.88	2,701.39	793.81
Total	**13,989.77**	**1,008.88**	**11,465.74**	**793.81**

The movement in the allowance for expected credit loss in respect of trade receivables during the year was as follows:

Balance as at 01.04.2016	**515.65**
Add : Expected Credit loss recognised	278.16
Less : Amounts written off	-
Balance as at 31.03.2017	**793.81**

Add : Expected Credit loss recognised	285.96
Less : Amounts written off	70.88
Balance as at 31.03.2018	**1,008.88**

Cash and cash equivalents:

Particulars	As at 31.03.2018	As at 31.03.2017
Cash and cash equivalents	0.20	34.08

Note No. 43B.2 Liquidity risk

Mahagenco: Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. Company has a strong focus on effective management of its liquidity to ensure that all business and financial commitments are met on time. The Company has adequate borrowing limits in place duly approved by its shareholders and board. Company sources of liquidity includes operating cash flows, cash and cash equivalents, fund and non-fund based lines from banks. Cash and fund flow management is monitored daily in order to have smooth and continuous business operations.

(i) Financing arrangements

Mahagenco: has an adequate fund and non-fund based limits from various banks. The Company has sufficient borrowing limits in place duly, approved by its shareholders and board. Domestic credit rating from reputed credit rating agencies enables access of funds from domestic market. It's diversified source of funds and strong operating cash flow enables it to maintain requisite capital structure discipline. Mahagenco diversifies its capital structure with a mix of financing products across varying maturities and currencies. The financing products include, buyer's credit loan, clean & secured domestic Term loan (and Foreign Currency Loans on back to back arrangement basis through Government of India and Government of Maharashtra etc.). Mahagenco taps domestic as well as foreign financial institutions like IBRD & KFW from time-to-time to ensure appropriate funding mix and diversification of geographies.

(ii) Maturities of financial liabilities

The amounts disclosed in the table are the contractual undiscounted cash flows. (₹ Crores)

Particulars	Contractual cash flows					
	31.03.2018			31.03.2017		
	Upto 1 year	1-3 years	more than 3 years	Upto 1 year	1-3 years	more than 3 years
Non-derivative financial liabilities						
Long Term Borrowings	2,513.00	4,856.32	19,394.37	2,228.49	7,060.01	17,437.94
Borrowings for working capital	8,169.81			8,819.26		
Trade payables	-			1,706.39		
Other financial liabilities	7,203.47			6,393.42		
Total	**17,886.28**	**4,856.32**	**19,394.37**	**19,147.56**	**7,060.01**	**17,437.94**

Note No. 43C Market Risk

Market Risk is further categorised in (i) Currecy risk , (ii) Interest rate risk & (iii) Commodity risk:

Note No. 43C.1 Currency risk

The Mahagenco is exposed to currency risk mainly on account of its borrowings from KfW Germany and IBRD (World Bank) in foreign currency. Our exposures are 7.39 Crores Euro and 3.04 Crores U.S. dollars. However, Company operates in rate regulatory environment. Consequently, any variation in the foreign exchange rate is allowed to be recovered from consumers at actuals. Hence, company doesn't have significant risk on account of variation in foreign currencies.

Note No. 43C.2 Interest rate risk

Interest rate risk exposure.

Particulars	Carrying amount in ₹ crores	
	31.03.2018	31.03.2017
Fixed-rate instruments		
Financial assets	-	-
Financial liabilities	594.24	658.71

Variable-rate instruments		
Financial assets	-	-
Financial liabilities	34,339.25	34,886.99

Cash flow sensitivity analysis for variable-rate instruments

A reasonably possible change of 25 basis points in interest rates at the reporting date would have increased / (decreased) profit or loss by the amounts shown below. The indicative 25 basis point (0.25%) movement is directional and does not reflect management forecast on interest rate movement.

This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

Particulars	Profit or loss			
	25 bp increase	25 bp decrease	25 bp increase	25 bp decrease
	31.03.2018		31.03.2017	
Floating rate borrowings	85.85	(85.85)	87.22	(87.22)
Interest rate swaps (notional principal amount)	-	-	-	-
Cash flow sensitivity (net)	**85.85**	**(85.85)**	**87.22**	**(87.22)**

Note No. 43C.3 Commodity Risk

Company operates in rate regulatory environment. Company's cost comprises mainly of coal cost. Any variation in the coal cost is allowed to be recovered from consumers at actuals subject to performance parameters to be achieved. Hence, company doesn't have significant risk on account of variation in coal price.

Note No. 43D

The company has restated the financial statements of the previous year in case of the following prior period items which are more than the threshold limit fixed by the management.

Particulars	Amount Restated for FY 2016-17	Amount as was originally stated in FY 2016-17	Impact on brought forward other Equity as at the beginning of the year i.e. 01-04-2017
Other operating revenues - Delayed Payment Surcharge	1,731.15	1,540.18	190.97
Deferred Tax Liability (Net) - Due to Restatement Rate of tax, Revision in un-absorbed losses Due to certain changes in computation of income	1,507.34	1173.61	(333.73)

Note No. 44 Leases

Operating Lease

A. Leases as lessee

"a) The Company enters into cancellable/non-cancellable operating lease arrangements for land, office premises, staff quarters and others. Payments made under operating leases are generally recognised in statement of Profit and Loss based on corresponding periods contractual terms of the lease, since the Company considers it to be more representative of time pattern of benefits flowing to it.The lease rentals paid for the same are charged to the Statement of Profit and Loss. The future minimum lease payments and payment profile of non-cancellable (Hydro Plant Leases) operating leases are as under:"

i. Future minimum lease payments

At March 31, the future minimum lease payments under non-cancellable leases were payable as follows: (₹ Crores)

Particulars	31.03.2018	31.03.2017
Less than one year	452.08	452.08
Between one and five years	1,812.73	1,809.84
More than five years	7,326.60	7,781.57
Total	**9,591.41**	**10,043.50**

ii. Amounts recognised in profit or loss

At March 31, the future minimum lease payments under non-cancellable leases were payable as follows: (₹ Crores)

Particulars	31.03.2018	31.03.2017
Lease expense	452.09	452.10

Ascertainment of Lease in the Power Purchase Arrangement:

The company has entered into the power purchase agreement with MSEDCL. The significant output of power generated from the Company's plants is sold to MSEDCL. Hence company tested the said power purchase arrangement in terms of Appendix C to Ind AS 17 so as to determine whether the arrangement contains element of lease. It is revealed that the arrangement conveys the right to use the assets to MSEDCL, however, the losses arising out of non-maintenance of availability of power plant for power generation are borne by Mahagenco. Accordingly, there is no transfer of risks & rewards to MSEDCL to this extent. Consequently, the arrangement does not satisfy the criteria of financial lease.

Note 45 : Earnings per share (EPS)

Basic EPS amounts are calculated by dividing the profit for the year attributable to equity holders by the weighted average number of Equity shares outstanding during the year.

Diluted earnings per equity share is computed by dividing the net profit or loss attributable to equity shareholders of the Group by the weighted average number of equity shares considered for deriving basic earnings per equity share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares.

i) Profit attributable to equity share holders.

Particulars	31.03.2018	31.03.2017
Profit attributable to equity holders for basic earnings per share	720.66	(733.87)
Profit attributable to equity holders for diluted earnings per share	720.66	(733.87)

ii. Weighted average number of ordinary shares

Particulars	31.03.2018	31.03.2017
Number of Equity shares as at	25,247,251,500	24,855,432,926
Weighted average number of shares for basic and diluted earnings per shares	25,247,251,500	24,855,432,926
Basic and Diluted earnings per share (Rupees)	**0.29**	(0.30)

Note 46 : Capital management

The Company's policy is to maintain a strong capital base so as to maintain shareholder's confidence and to sustain future development of the business. Management monitors the return on capital.

The Company monitors capital using debt equity ratio. The Company's debt to equity ratio at March 31, 2018 is as follows.

Particulars	31.03.2018	31.03.2017
Long term borrowings (₹ Crores)	24,250.69	24,497.95
Equity share Capital (₹ Crores)	25,247.15	24,854.36
Debt to Equity ratio	**0.96**	**0.99**

Note 47 : Dividends

The Mahagenco & it's subsidiary has not declared dividend so far.

LONG TERM BORROWING (ANNEXURE A)

Sr. No	Particulars of Lender	Nature of Loan	Loan to be repaid within 1 year treated as current liability (₹ in crores)	Net long term borrowings (₹ in crores)	Mode of Repayment	Rate of Interest	Nature of security
1	PFC	Paras TPS Extension 1X250 M.W.coal Based Power Project at Paras	88.20	0.00	48 equal quarterly installments : commenced from April 2007	10.22%	Mortgage/ Hypothecation of Future assets to be created for project together with Land
2	PFC	New Parli Expansion Project Unit 2	71.27	498.87	60 equal quarterly installments : commenced from April 2011	10.22%	Mortgage/ Hypothecation of Future assets to be created for project together with Land
3	PFC	Paras Expansion Project Unit 2	88.92	622.32	60 equal quarterly installments :- commenced from April 2011	10.22%	Mortgage/ Hypothecation of Future assets to be created for project together with Land
4	PFC	Koradi TPS Expansion Project (3X660 Mw)	635.60	8421.58	60 equal quarterly installments : Commenced from July 2017	9.45% and 9.98%	A first pari-passu charge on all the movable & immovable assets of 3x660 MW Koradi Expn TPS including movable machinery, machinery spares, tools & accessories & material at project site, both present & future with a coverage of 1.25 times.
5	PFC	Installation of Ammonia Flue Gas Conditioning System of 210 MW Units	0.36	0.00	40 equal quarterly installments : commenced from January 2009	10.22%	Hypothecation of movable assets of SG & TG and other BHEL Package amounting to RS 380 Crores of Parli TPS unit I (1x250 MW)
6	PFC	R&M Works of Koradi TPS	1.30	3.25	48 equal quarterly installments : commenced from October 2008	10.22%	Hypothecation of movable assets of SG & TG and other BHEL Package amounting to RS 380 Crores of Parli TPS unit I (1x250 MW)
7	PFC	R&M Works of Bhusawal, Parli & Paras	0.32	0.84	48 equal quarterly installments : commenced from October 2009	10.22%	Hypothecation of movable assets of SG & TG and other BHEL Package amounting to RS 380 Crores of Parli TPS unit I (1x250 MW)
8	PFC	R&M Works of Nasik TPS U - 1 & 2	1.44	3.53	48 equal quarterly installments : commenced from October 2009	10.22%	Hypothecation of movable assets of SG & TG and other BHEL Package amounting to RS 380 Crores of Parli TPS unit I (1x250 MW)
9	PFC	Upgradation of Rly Siding System at Nasik TPS	2.08	5.21	48 equal quarterly installments : commenced from October 2009	10.22%	Hypothecation of movable assets of SG & TG and other BHEL Package amounting to RS 380 Crores of Parli TPS unit I (1x250 MW)

Sr. No	Particulars of Lender	Nature of Loan	Loan to be repaid within 1 year treated as current liability (₹ in crores)	Net long term borrowings (₹ in crores)	Mode of Repayment	Rate of Interest	Nature of security
10	PFC	Procurement of 250 MVA Generator Transformer For Koyna	0.32	0.29	48 equal quarterly installments : commenced from April 2008	10.22%	Hypothecation of movable assets of SG & TG and other BHEL Package amounting to RS 380 Crores of Parli TPS unit I (1x250 MW)
11	PFC	Ash Bund For Koradi TPS	1.80	4.43	48 equal quarterly installments : commenced from October 2009	10.22%	Hypothecation of movable assets of SG & TG and other BHEL Package amounting to RS 380 Crores of Parli TPS unit I (1x250 MW)
12	PFC	R&M Scheme of Replacement of Boiler Economizer / Ltsh Coils And Water Wall Panels Required For Various TPS of MSPGCL	3.36	11.80	48 equal quarterly installments : commenced from October 2010	10.22%	Hypothecation of movable assets of SG & TG and other BHEL Package amounting to RS 380 Crores of Parli TPS unit I (1x250 MW)
13	PFC	Procurement of LP Rotor As A Common Spare For Unit 5,6 & 7 of Chandrapur STPS	2.39	14.31	48 equal quarterly installments : commenced from April 2013	10.22%	Hypothecation of movable assets of SG & TG and other BHEL Package amounting to RS 380 Crores of Parli TPS unit I (1x250 MW)
14	PFC	Buyers Line of Credit - Capex Schemes For Existing Power Plants	31.58	153.97	40 equal quarterly installments : commenced from October 2013	10.22%	Assets of Parli TPS Unit 3,4 & 5 together with land
15	PFC	1 MW Solar Chandrapur	1.05	0.00	32 equal quarterly installments : commenced from January 2011	9.43%	Hypothecation of Present & Future assets created / to be created for subject project.
16	PFC	R&M of Unit 5,6 & 7 of Koradi TPS	0.47	5.83	60 equal quarterly installments : commenced from October 2016	10.22%	Assets of Parli TPS Unit 3,4 & 5 together with land
17	PFC	R&M of Water Supply System of Parli TPS From Majalgaon Lift Irrigation Scheme.	7.10	134.90	40 equal quarterly installments : commenced from October 2018	10.22%	Assets of Parli TPS Unit 3,4 & 5 together with land
18	PFC	R&M of Boiler & Turbine Improvement Scheme of Chandrapur STPS	2.28	66.28	60 equal quarterly installments : commencing from October 2018	10.22%	Assets of Parli TPS Unit 3,4 & 5 together with land
19	PFC	R&M of Ash Handling System of Unit 5&6 of CSTPS	0.39	4.44	60 equal quarterly installments : commenced from October 2015	10.22%	Assets of Parli TPS Unit 3,4 & 5 together with land
20	PFC	R&M of Condenser Cooling System of Unit 5&6 of CSTPS	1.63	18.71	60 equal quarterly installments : commenced from October 2015	10.22%	Assets of Parli TPS Unit 3,4 & 5 together with land
21	PFC	R&M For Process Improvement at Unit 3,4 & 5 of Nashik TPS Stage-II (3X210 MW).	0.00	1.47	40 equal quarterly installments : commencing from July 2019	10.22%	Assets of Parli TPS Unit 3,4 & 5 together with land

Sr. No	Particulars of Lender	Nature of Loan	Loan to be repaid within 1 year treated as current liability (₹ in crores)	Net long term borrowings (₹ in crores)	Mode of Repayment	Rate of Interest	Nature of security
22	PFC	R&M For Measuring & Monitoring of Coal Consumption of Bhusawal TPS	0.03	0.35	60 equal quarterly installments : commenced from October 2016	10.22%	Assets of Parli TPS Unit 3,4 & 5 together with land
23	PFC	R&M For Boiler & Turbine Improvement (Station Heat Rate Improvement) Scheme of Bhusawal TPS	0.51	6.38	60 equal quarterly installments : commenced from October 2016	10.22%	Assets of Parli TPS Unit 3,4 & 5 together with land
24	PFC	R&M For Turbine Auxiliary Performance Improvement Scheme of Bhusawal TPS.	0.52	6.50	60 equal quarterly installments : commenced from October 2016	10.22%	Assets of Parli TPS Unit 3,4 & 5 together with land
25	PFC	R&M For Replacement of BFP (200 KHI) Cartridge with Energy Efficient Cartridge for Unit 3,4 & 5 of Parli TPS	0.50	5.74	60 equal quarterly installments : commencing from October 2015	10.22%	Assets of Parli TPS Unit 3,4 & 5 together with land
26	PFC	Renovation and Upgradation of GT Automation System, Starting Frequency Converter & Static Excitation System of Unit 7 & 8, Stage -II of Uran GTPS	1.19	12.77	60 equal quarterly installments : commenced from Jan 2015	10.22%	Assets of Parli TPS Unit 3,4 & 5 together with land
27	PFC	Procurement of High Pressure Turbine (HPT) Module For Khaperkheda TPS Unit 1 & 2.	1.84	25.73	60 equal quarterly installments : commencing from April 2018	10.22%	Movable assets of Nashik TPS Unit 3,4 & 5.
28	PFC	R & M for Turbine Auxiliary Consumption Improvement at Stage II (Unit 3,4 & 5 3X210 MW), Nashik TPS.	1.17	12.30	60 equal quarterly installments : commenced on October 2014	10.22%	Movable assets of Nashik TPS Unit 3,4 & 5.
29	PFC	Construction of Concrete Road from Nashik-Pune Highway to Booster Pump House at Nashik TPS	0.73	9.25	60 equal quarterly installments : commenced from Jan 2017	10.22%	Movable assets of Nashik TPS Unit 3,4 & 5.
30	PFC	Expediting Unloading of Coal Wagons By Up-Grading The Existing System In Maharashtra. (DPR of Nashik TPS)	0.11	1.28	60 equal quarterly installments : commenced from October 2015	10.22%	Movable assets of Nashik TPS Unit 3,4 & 5.
31	PFC	Various Schemes of KGSC, Phophali in Maharashtra	0.47	5.36	60 equal quarterly installments : commenced from October 2015	10.22%	Movable assets of Nashik TPS Unit 3,4 & 5.
32	PFC	Power Supply Arrangement at Colony, Separate 25 KV OHE Supply Feeding Arrangement To BESG Siding & Providing of Passenger Elevators at Paras TPS	0.13	1.54	60 equal quarterly installments : commenced from October 2015	10.22%	Movable assets of Nashik TPS Unit 3,4 & 5.

Sr. No	Particulars of Lender	Nature of Loan	Loan to be repaid within 1 year treated as current liability (₹ in crores)	Net long term borrowings (₹ in crores)	Mode of Repayment	Rate of Interest	Nature of security
33	PFC	Various Schemes of Small Hydro Stations in Maharashtra. (Pune SHPC and Nashik SHPC	0.34	3.95	60 equal quarterly installments : commenced from October 2015	10.22%	Movable assets of Nashik TPS Unit 3,4 & 5.
34	REC	Bhusawal Expansion Project	431.00	3447.92	48 equal quarterly installments : commenced from March 2016	10.22%	Mortgage/ Hypothecation of Present & Future assets created / to be created for subject project together with Land
35	REC	Chandrapur Expansion Project	467.08	4787.67	48 equal quarterly installments : commenced from September 2017	10.00%	Mortgage/ Hypothecation of Present & Future assets created / to be created for subject project together with Land
36	REC	Parli Replacement Project	136.96	1369.41	48 equal quarterly installments : commenced from September 2017	10.00%	Mortgage/ Hypothecation of Present & Future assets created / to be created for subject project together with Land
37	REC	Koradi Project (3X660 MW)- Debt Refinancing	210.52	1578.95	38 equal quarterly installments : commenced from June 2017	9.75%	Mortgage/ Hypothecation of Present & Future assets created / to be created for subject project together with Land
38	REC	130 MLD Sewage Treatment Plant at Koradi Project (3X660 MW)	9.33	100.35	48 equal quarterly installments : commenced from March 2018	9.50%	Hypothecation of movable assets of Bhusawal TPS Unit No. 2 and 3 (210 MW each).
39	REC	Combustion Optimization & Process Improvement Scheme at Nashik TPS	0.23	1.39	7 equal annual installments commencing from 15-January 2021	11.15%	Hypothecation of Future assets to be created from the R&M Scheme
40	REC	Procurement of Spare HPT Module For Khaperkheda TPS	2.92	14.60	7 equal annual installments commenced from 15-January 2018	10.00%	Hypothecation of Future assets to be created from the R&M Scheme
41	REC	R&M - T, I&C Up-Gradation Through Burner Management System, Excitation System, HT Motor Protection Etc. for Parli TPS Unit 3,4 & 5	0.59	2.93	7 equal annual installments commenced from 15-February 2018	10.00%	Hypothecation of Future assets to be created from the R&M Scheme
42	REC	ESP Restoration/ Refurbishment (Improvement in Stack Emmission Control) Unit 5,6 &7. Chandrapur STPS	0.75	3.77	7 equal annual installments commenced from 15-March 2018	11.15%	Hypothecation of Future assets to be created from the R&M Scheme
43	REC	Measurement & Monitoring of Coal Consumption. at Nashik TPS	1.04	5.21	7 equal annual installments commenced from 15-March 2018	11.15% to 11.40%	Hypothecation of Future assets to be created from the R&M Scheme
44	REC	Input Source Measurement Scheme (Fuel Oil, Water, Auxiliary Power & Coal Flow) - Chandrapur STPS	0.25	1.25	7 equal annual installments commenced from 15-January 2018	10.00%	Hypothecation of Future assets to be created from the R&M Scheme

Sr. No	Particulars of Lender	Nature of Loan	Loan to be repaid within 1 year treated as current liability (₹ in crores)	Net long term borrowings (₹ in crores)	Mode of Repayment	Rate of Interest	Nature of security
45	REC	Stack Management by Procurement of Bulldozer & Loco and CHP Area Schemes for Performance & Unloading Improvement at Bhusawal TPS.	0.00	4.20	40 equal quarterly installments commencing from 31-Dec. 2019	9.75%	Hypothecation of Future assets to be created from the R&M Scheme
46	REC	Supply of Spares For Gear Box of XRP-1043 Coal Mill of Unit-5&6, Supply & Application of Wear Resistance Liners inside the Mill Body of XRP 1043 Coal Mill of Unit-5&6, Supply of Main Reducer of Coal Mill Gear Box with Allied Spares for Coal Mill of Unit-7 at Chandrapur TPS.	0.00	2.97	40 equal quarterly installments commencing from 31-Mar. 2020	9.75%	Hypothecation of Future assets to be created from the R&M Scheme
47	REC	Replacement of Heating Elements (Baskets) of Primary and Secondary Air Pre-Heaters of Unit# 5 & 6 at Chandrapur TPS.	0.00	0.46	40 equal quarterly installments commencing from 31-Dec. 2019	9.75%	Hypothecation of Future assets to be created from the R&M Scheme
48	REC	Replacement of Platten Superheater & Eco Coil Additional of Unit# 5 & 6 and Upper & Lower Low Temperature Superheater (LTSH) & Eco Bottom Assemblies of Unit# 7 at Chandrapur TPS.	0.00	12.66	40 equal quarterly installments commencing from 31-Dec. 2020	9.75%	Hypothecation of Future assets to be created from the R&M Scheme
49	REC	Procurement & Replacement of Condenser Tubes and Boiler Feeder Pump (BFP) Cartridges at Chandrapur TPS.	0.00	6.61	40 equal quarterly installments commencing from 30-June 2020	9.75%	Hypothecation of Future assets to be created from the R&M Scheme
50	REC	210/500 MW Coal Handling Plant (CHP) Performance Improvement at Chandrapur TPS.	0.00	13.01	40 equal quarterly installments commencing from 30-Sept. 2021	9.75%	Hypothecation of Future assets to be created from the R&M Scheme
51	REC	Electro-Static Precipitator Performance Improvement Unit#3&4 at Chandrapur TPS.	0.00	1.00	40 equal quarterly installments commencing from 30-June 2020	9.75%	Hypothecation of Future assets to be created from the R&M Scheme
52	REC	Construction of Quarter Guard, Bachelor Accommodation and Allied Structures in Phase I & II for Induction of CISF Security at Chandrapur TPS.	0.00	1.28	40 equal quarterly installments commencing from 31-Dec. 2019	9.75%	Hypothecation of Future assets to be created from the R&M Scheme

Sr. No	Particulars of Lender	Nature of Loan	Loan to be repaid within 1 year treated as current liability (₹ in crores)	Net long term borrowings (₹ in crores)	Mode of Repayment	Rate of Interest	Nature of security
53	REC	Development of Ash Bund Area at Waregaon, Khaperkheda TPS.	0.00	15.90	40 equal quarterly installments commencing from 31-Dec. 2019	9.75%	Hypothecation of Future assets to be created from the R&M Scheme
54	REC	Procurement & Replacement of Complete Set of LTSH Coils for Unit# 3, 4 at Khaperkheda TPS.	0.00	5.08	40 equal quarterly installments commencing from 30-June 2020	9.75%	Hypothecation of Future assets to be created from the R&M Scheme
55	REC	Works for Ash Disposal from Khaperkheda 1X500 MW Unit to Nandgaon Ash Bund.	0.00	32.79	40 equal quarterly installments commencing from 31-Mar. 2020	9.75%	Hypothecation of Future assets to be created from the R&M Scheme
56	REC	ESP Upgradation for Unit#1 at Khaperkheda TPS.	0.00	0.03	40 equal quarterly installments commencing from 31-Mar. 2020	9.75%	Hypothecation of Future assets to be created from the R&M Scheme
57	REC	Restoration of Pond No.3 by Desilting and Providing Peripheral Earthen Bund with Desilted Soil and Other Related Appratant Works of Nallah Training, Approach Road, C.D. Works, Pipe Culverts etc. at Koradi TPS.	0.00	9.95	40 equal quarterly installments commencing from 30-June 2019	9.75%	Hypothecation of Future assets to be created from the R&M Scheme
58	REC	Improvement in Electrical System at Chandrapur TPS.	0.00	1.03	40 equal quarterly installments commencing from 31-Dec. 2020	9.75%	Hypothecation of Future assets to be created from the R&M Scheme
59	REC	Third Raising of Ash Bund From T.B.L. 581.50 to 586.50 M of Valley No. 4A at Nashik TPS.	0.00	4.88	40 equal quarterly installments commencing from 30-Sept. 2019	9.75%	Hypothecation of Future assets to be created from the R&M Scheme
60	REC	Various Performance Improvement Schemes at KGSC, Pophali.	0.00	1.66	40 equal quarterly installments commencing from 31-Mar 2020	9.75%	Hypothecation of Future assets to be created from the R&M Scheme
61	REC	Enhance the Performance & Life of Coal Handling Plant at Nashik TPS.	0.00	14.71	40 equal quarterly installments commencing from 30-June 2020	9.75%	Hypothecation of Future assets to be created from the R&M Scheme
62	REC	Replacement of Complete LTSH Coils at Unit-3 Boiler and Complete Economizer Coils at Unit-5 Boiler at Nasik TPS 210 MW.	0.00	7.11	40 equal quarterly installments commencing from 31-Dec. 2020	9.75%	Hypothecation of Future assets to be created from the R&M Scheme
63	REC	Retrofitting of 6.6 KV Breakers, Battery Replacement, System Improvement & MPCB Related Schemes at Nashik TPS.	0.00	9.41	40 equal quarterly installments commencing from 30-Sept. 2020	9.75%	Hypothecation of Future assets to be created from the R&M Scheme

Sr. No	Particulars of Lender	Nature of Loan	Loan to be repaid within 1 year treated as current liability (₹ in crores)	Net long term borrowings (₹ in crores)	Mode of Repayment	Rate of Interest	Nature of security
64	REC	Various Schemes Related to CHP Improvement and Stack Management & Coal Mill Performance Improvement Schemes at 2 X 250 MW Units of Paras TPS.	0.00	2.10	40 equal quarterly installments commencing from 31-Dec. 2019	9.75%	Hypothecation of Future assets to be created from the R&M Scheme
65	REC	Augmentation of Bottom Ash & Fly Ash Pumping Scheme at Paras Thermal Power Station and Extension of Ash Pipe Lines from existing Ash Bund to New Ash Bund at Gazipur.	0.00	14.36	40 equal quarterly installments commencing from 30-Sept. 2020	9.75%	Hypothecation of Future assets to be created from the R&M Scheme
66	REC	Replacement of ESP Internals ESP for U#4, U#5 & HT Motor Protection Relays, Microprocessor Based Digital Trivector Energy Meters, and Measurement of SO2 - NOX for Unit – 4, 5, Continuous Ambient Air Quality Monitoring Station at Parli TPS.	0.00	0.26	40 equal quarterly installments commencing from 31-Dec. 2020	9.75%	Hypothecation of Future assets to be created from the R&M Scheme
67	REC	Procurement & Replacement of Complete Set of Economizer Coils of Unit No. 4, LTSH Coils for Unit No. 5 and Mill Base & Gear Housing with Complete Gear Box Assembly to achieve improvement in Coal Mill Availability & Performance at 210 MW Unit 4 & 5 Parli TPS.	0.00	6.47	40 equal quarterly installments commencing from 31-Dec. 2021	9.75%	Hypothecation of Future assets to be created from the R&M Scheme
68	REC	Civil Works of Providing Road Network at KGS Complex Pophali, Modernisation and Refurbishing of Residential Complex and Water Supply & Sanitary Works at Koyna Generating Station Complex (KGSC), Pophali.	0.00	4.10	40 equal quarterly installments commencing from 30-Sept. 2019	9.75%	Hypothecation of Future assets to be created from the R&M Scheme
69	REC	Construction of 3RD Raising of Existing Ash Bund from T.B.L. 273. 63 MTR To 276.63 MTR with Construction of Masonry Dam (Gabion Structure) at Paras TPS in the State of Maharashtra	0.00	1.52	40 equal quarterly installments commencing from 31-Dec. 2019	9.75%	Hypothecation of Future assets to be created from the R&M Scheme

Sr. No	Particulars of Lender	Nature of Loan	Loan to be repaid within 1 year treated as current liability (₹ in crores)	Net long term borrowings (₹ in crores)	Mode of Repayment	Rate of Interest	Nature of security
70	South Indian Bank	Capex (Long Term) for Funding of Capital Expenditure of Existing Power Stations	15.00	48.68	40 quarterly installments of Rs.3.75 crores commenced from Aug 2012	At 1 year MCLR + 0.40% spread (Fixed) (presently 9.40%)	Movable assets (BOP mechanical package) of Parli Unit -6
71	Housing & Urban Development Corporation Ltd. (HUDCO)	Construction of Staff Quarters at Koradi Project 3X660 MW	3.00	7.40	32 quarterly installments of Rs. 75.05 lacs commenced from 31.5.2015	Fixed for 1 year (presently 9.55%)	Mortgage/ Hypothecation of Future assets to be created for construction of staff quarters together with Land at Koradi Project site at Nagpur.
72	State Bank of India	Debt Refinancing Loan for Khaperkheda TPS Expn Unit-5 (500 MW)	172.40	1764.60	51 equal quarterly installments started from October 2016	1 year MCLR + 1.10% (presently 9.10%)	Mortgage & Hypothecation of all Movable & Immovable assets of Khaperkheda TPS Unit-5 (500 MW)
73	KFW - Germany	Establishment of 150 MW Solar Power Plant at Sakri-Dhule	99.05	495.20	21 semi annual installments commenced from 30.12.2013	Fixed rate (1.96%)	Unsecured - Back to back arrangement GoM & Govt of India.
74	KFW - Germany	Establishment of Solar Power Plant at Baramati & other Places	0.00	0.00	21 semi annual installments commenced from 30.12.2013	Fixed rate (1.96%)	Unsecured - Back to back arrangement GoM & Govt of India.
75	IBRD-World Bank	Funding for Koradi TPS Unit-6 EE R&M	9.20	187.88	50 semi annual Installments beginning from 15.12.2014 till 15.6.2039	Six month LIBOR + variable Spread (presently 1.15%)	Unsecured - Back to back arrangement GoM & Govt of India.
76	M/s Clean Sustainable Solar Energy Pvt.Ltd.	Construction Cost for 50Mw Solar Power Project at Shirsuphal	4.30	196.72	To be repaid in monthly installment over 20 years from FY 2015-16	18%	Unsecured
		Total	**2513.00**	**24250.69**			

SHORT TERM BORROWING (ANNEXURE B)

Sr. No.	Particulars of Lender	Outstanding balance as on 31.3.2018 (₹ in Crores)	Terms of Repayment	Rate of Interest	Nature of security
1	Bank of India	993.12	Sanctioned for a period of one year and renewal on yearly basis	Rate of interest is based on Bank's MCLR (presently 8.00%)	Book debts and stocks alongwith collateral security in the form of charge on movable assets of Khaperkheda TPS Unit 1,2,3 & 4
2	Bank of Maharashtra	0.00		Rate of interest is based on Bank's MCLR (presently 8.70%)	
3	Canara Bank	1808.24		Rate of interest is based on Bank's MCLR (presently 8.00%)	
4	Indian Bank	409.00		Rate of interest is based on Bank's MCLR (presently 7.85%)	
5	Central Bank of India	340.88		Rate of interest is based on Bank's MCLR (presently 7.70%)	
6	State Bank of India	1050.00		Rate of interest is based on Bank's MCLR (presently 7.65%)	
7	Canara Bank	18.57		Rate of interest is based on Bank's MCLR (presently 9.70%)	
8	Canara Bank	300.00	1 month from the date of availment	Rate of interest is based on Bank's MCLR for STL (Presently 8.00%)	Unsecured
9	Canara Bank	300.00	1 month from the date of availment	Rate of interest is based on Bank's MCLR for STL (Presently 8.00%)	Unsecured
10	Canara Bank	300.00	1 month from the date of availment	Rate of interest is based on Bank's MCLR for STL (Presently 8.00%)	Unsecured
11	Canara Bank	300.00	1 month from the date of availment	Rate of interest is based on Bank's MCLR for STL (Presently 8.00%)	Unsecured
12	Canara Bank	300.00	1 month from the date of availment	Rate of interest is based on Bank's MCLR for STL (Presently 8.00%)	Unsecured
13	Indian Bank	500.00	2 months from the date of availment	Rate of interest is as agreed as per Bank policy for FCDL (Presently 7.85%)	Unsecured
14	Syndicate Bank	300.00	3 months from the date of availment	Rate of interest is as agreed as per Bank policy for FCDL (Presently 7.95%)	Unsecured
15	Syndicate Bank	295.00	3 months from the date of availment	Rate of interest is as agreed as per Bank policy for FCDL (Presently 7.95%)	Unsecured
16	Syndicate Bank	200.00	3 months from the date of availment	Rate of interest is as agreed as per Bank policy for FCDL (Presently 7.95%)	Unsecured
17	Syndicate Bank	300.00	3 months from the date of availment	Rate of interest is as agreed as per Bank policy for FCDL (Presently 7.95%)	Unsecured
18	Syndicate Bank	155.00	3 months from the date of availment	Rate of interest is as agreed as per Bank policy for FCDL (Presently 7.95%)	Unsecured
19	Vijaya Bank	300.00	1 month from the date of availment	Rate of interest is based on Bank's MCLR for STL (Presently 7.90%)	Unsecured
	Total	**8169.81**			

Projects Features

Parali U#8 Stacker Reclaimer

Parali U#8 CW Pump House

Koradi U#8 in service

Nagpur Bhandewadi (Sewage treatment plant)

Koyna Dam

Nashik TPS

Sakhari Solar Power Station

Stage III Koyna

Our Vision....

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

MAHAGENCO
Maharashtra State Power Generation Co. Ltd.

Maharashtra State Power Generation Company Limited
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