MAHAGENCO

Maharashtra State Power Generation Co. Ltd.

Annual Report 2018-2019

Generating for Generations

MAHARASHTRA STATE POWER GENERATION COMPANY LIMITED

ANNUAL REPORT
2018-2019

Annual Report 2018-2019

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Maharashtra State Power Generation Co. Ltd.

Board of Directors (from 01.04.2018 upto AGM Date 24.12.2019)

Chairman & Managing Director	Shri Bipin Shrimali (w.e.f. 05.01.2015 to 24.12.2018)
	Shri Arvind Singh (Addl. Charge w.e.f. 24.12.18 to 5.11.2019)
	Shri Sanjeev Kumar (w.e.f. 5.11.2019 to 24.12.2019)
Director (O)	Shri C.S. Thotwe (w.e.f. 19.09.2016)
Director (F)	Shri S.J. Amberkar (w.e.f. 11.08.2017)
Director (Mining)	Shri Shyam Wardhane (w.e.f. 14.09.2016 to 12.11.2018)
	Shri P.V. Jadhav (Addl. Charge w.e.f. 14.11.2018 to 31.05.2019)
	Shri P.V. Jadhav Director (w.e.f. 01.06.2019)
Director (P)	Shri V.M. Jaideo (w.e.f. 19.09.2016 to 31.03.2019)
	Shri V. Thangapandian (w.e.f. 10.04.2019)
Director	Shri Arvind Singh (w.e.f. 22.02.2017 to 05.11.2019)
	Shri Sanjeev Kumar (w.e.f. 05.11.2019 to 24.12.2019)
Director	Smt. Juelee Wagh (w.e.f. 15.06.2018)
Director	Shri Vishwas Pathak (w.e.f. 21.07.2015 to 08.01.2020)

DIRECTORS' REPORT

Dear Members

Your Directors are pleased to present the 14th Annual Report and the audited annual accounts for the year ended 31st March 2019.

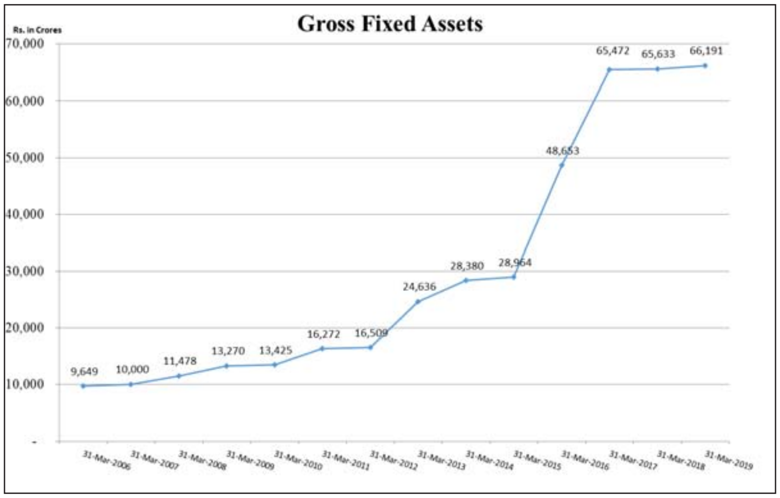
Financial Results (Stand alone)

(₹ in Crores)

Particulars	2018-19	2017-18
Income		
Revenue from Sale of Power(net)	21416	21062
Other Income	1164	256
Gross Income	**22580**	**21318**
Expenditure		
Cost of Material consumed	12995	11561
Other Expenses	2299	2291
Employee Cost	1284	1408
Depreciation/ amortization	3158	2656
Finance Cost	3170	3321
Profit before Tax	**(326)**	**81**
Tax (net) (Current tax including of deferred tax expense)	(7)	642
Net Profit after tax	**(333)**	**723**
Items that will not be reclassified to Profit & Loss (Other comprehensive income)		
Remeasurements of the defined benefit plans	(1)	(35)
Tax expense on OCI items	0	12
Total Comprehensive Income for the period, net of tax	**(334)**	**700**

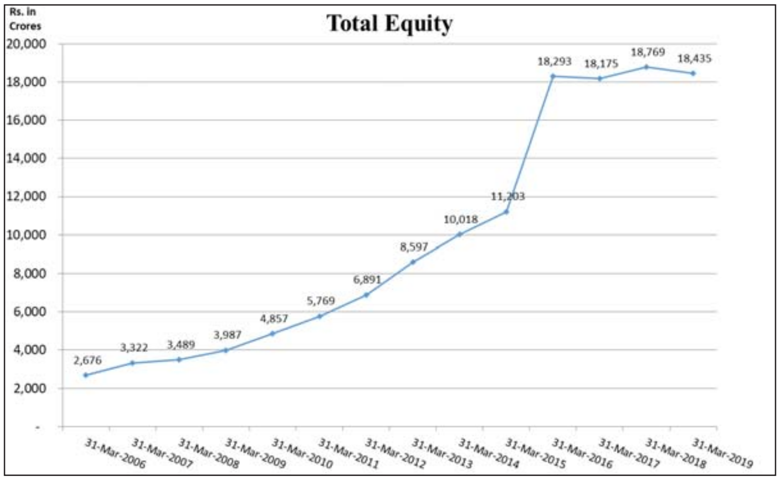
(A) Financial Performance

During the year under review, the income from sale of power and other operating revenues marginally increased by 1.68 % from ₹ 21062 crores to ₹ 21416 crores. Increase in revenue is due to applicability of new tariff and increase in surcharge Bills. Other income during this period increased by 354.69 % by ₹ 908 crores due to writing back of expected credit loss provision. Thus the total income increase by 5.91 %. The cost of material consumed increased by 12.40 % from ₹ 11561 crores to ₹ 12995 crores due to increase in coal cost (indigenous as well as imported coal), power purchased from IPPs. Employee cost is reduced from ₹ 1408 crores to ₹ 1284 crores (8.80%) due to increased provision for gratuity in previous year on account of enhancement of gratuity ceiling limit which is normal in this year. The Finance cost decreased by 4.55% from ₹ 3321 crores to ₹ 3170 crores mainly on account of reduction in interest on long term loans due to repayments in respect of commissioned projects. Depreciation /amortization have increased by 18.90 % due to charging of depreciation on assets of old Units which have expired their life / nearing expiry. Consequently, there is overall loss before tax ₹ 326 Crs as against the profit of ₹ 81 Crs previous year. Further, during FY 2017-18, Company has posted net gain in Deferred tax amounting to ₹ 642 Crs. and Other Comprehensive expenses ₹ 23 Crs., thereby resulting in Net profit after tax of ₹ 700 Crs. After Provision of Income tax overall net loss was ₹ 334 crores as against net profit of ₹ 700 Crs.



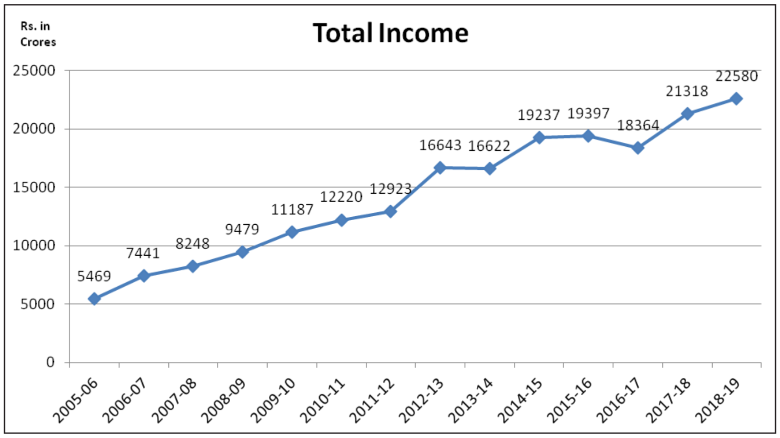
Note: (1) Main reason for increase in assets in FY 2015-16 is revaluation impact of ₹ 15111 Crs. vide Maharashtra Electricity Reforms transfer (First amendment) Scheme 2016 notified by Government of Maharashtra on 31-03-2016 & other capacity additions.

(2) Due to adoption of Ind-AS Net Block as on 31.03.2015 was considered as Gross Block on 01.04.2015 & This impact was considered first time in 2016-17 Accounts.



Note: (1) Net increase in Total Equity in FY 2015-16 includes net impact of ₹ 4591 Crores on account of Maharashtra Electricity Reforms transfer (First amendment) Scheme 2016 notified by Government of Maharashtra on 31-03-2016.

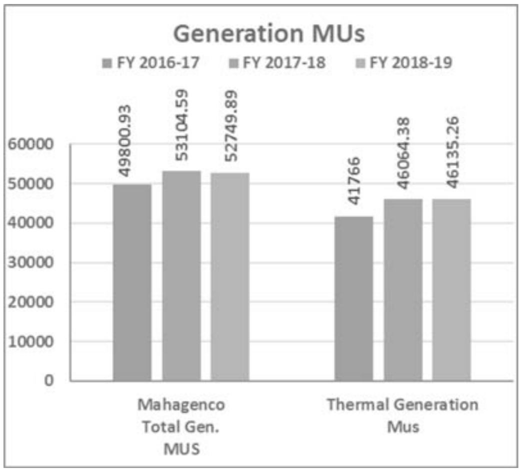
(2) Total Equity includes Share capital, Share application money pending allotment & free reserves.



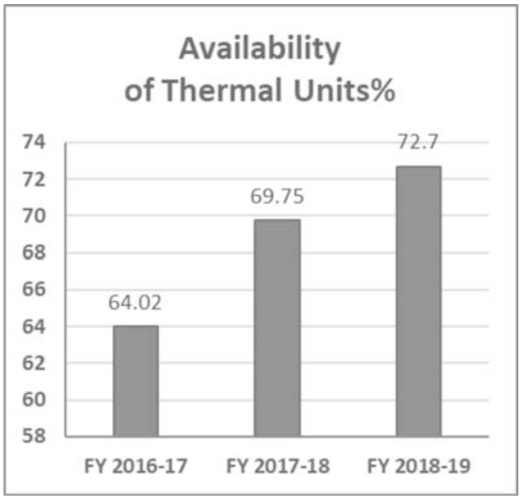
(B) Operational Performance

The total Installed Capacity of Mahagenco was 13602 MW as on 31st March 2019. During the year 2018-19, for coal-fired plants, the average availability factor was 72.70% as against 69.75% of last year. The plant load factor was 54.02% as against 53.93% of last year. For gas based plants, average availability was 65.05% and PLF was 43.74% due to prolonged outages of Uran units. The Realization of Coal for the current year was 64% as against 57% of previous year. Specific coal consumption for the current year was 0.765 Kg/ Kwh as against 0.752 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 3162 Kcal/Kg as against 3243 kcal/kg of last year. The Boiler tube leakage (%) decreased for the current year to 1.71% from 2.22% last year. Specific oil consumption for the current year was 1.53 ml/Kwh as against 1.48 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 (PCQ). The auxiliary consumption was 8.33% as against 8.09% of last year due to partial loading of units on account of LD backing down, coal shortage and PCQ. The heat rate for the current year was 2434 Kcal/kwh as against 2453 Kcal/Kwh last year.

Total Power Generation



Availability Factor



Mahagenco has implemented following programs for improvement in performance

Implementation of Director Five Point Programme (DFPP)

Director's Five point programme was implemented at all TPS as under. This included Specific coal consumption reduction, Auxiliary Power Consumption reduction, Zero Coal Demurrage, Ambience improvement & Innovations. By implementation of Director's Five Point Programme, MSPGCL have achieved reduction in APC and demurrage hours. Ambience improvement programme has encouraged and created awareness from environment perspective. Tree plantation drive undertaken at all power stations and Zero water discharge policy is strictly adopted at plant premises.

Innovations

Encouraging Technicians and Engineers to present innovative ideas and valuable suggestions through Quality circle Awards at TPS level. माझी महानिर्मिती - माझे योगदान - Motivating ground level staff (Technicians etc) to give their best performance. POLE - Purpose Of Life of Engineers & MDP –Management Development Program- for lower and middle level managers for enhancing techno-commercial skills. 3R – Regulatory Review Report – to monitor the performance of plants in comparison to regulatory norms.

Dividend

Your company has incurred a loss of ₹ 326/- Crores before tax during the current year. Hence your directors have not recommended dividend for the year under review.

Capacity Replacement Program:

1. **Thermal projects:**
   For meeting the power demand in the state of Maharashtra, and in view of retired/retiring capacities, Mahagenco has undertaken/proposed installation of following Coal based power projects based on efficient super critical technology. These projects are replacement of MW against retired / retiring capacities of Mahagenco.

(A) Ongoing Projects (660 MW)

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

The project is taken up as a replacement of MWs against retired/retiring units viz. 210 MW Bhusawal Unit- 2 & 3, 210 MW Nashik Unit-3. The construction work has commenced from 31.12.2018 and the scheduled date of commissioning is June 2021.

(B) Proposed Projects (1320 MW)

Koradi Thermal Power Project (2x 660 MW):

Mahagenco has proposed 2 x 660 MW coal based supercritical technology power project along with FGD & SCR system against retiring old units of Mahagenco in the premises of existing Koradi TPS in place of closed units. The proposed project shall be as a replacement of MWs against retired/retiring units of 200MW/ 210 MW viz. Koradi Unit-5, Nasik Unit-4 &5, Parli unit-4&5 and Chandrapur Unit-3.

(C) Renovation and Modernization projects:

In view of energy efficient operation & further life extension by 15 to 20 years, Mahagenco had taken up the work of R&M of 210 MW Koradi Unit-6 and completed on January 2019.

(D) Other Small Projects:

In view of environment protection and reduction in pollution due to thermal power, Mahagenco is implementing following projects:

1. **Installation of Pipe Conveyor for coal transportation:**
   Mahagenco has taken up the projects of installation of pipe conveyor for transportation of coal from nearby coal mines to Chandrapur, Koradi-Khaperkheda TPS. The benefits of the projects are reduction in pollution due to coal dust and fleet of heavy trucks, prevention of road accidents due to heavy trucks, saving in transit loss of coal, assured quality and quantity of coal. Mahagenco has undertaken the pipe conveyor scheme for coal transportation from Bhatadi Coal mine to Padmapur existing Wagon Loading station for Chandrapur STPS and from Gondegaon, Bhanegaon & Singori coal mines to Khaparkheda & Koradi TPS. The pipe conveyor work is in progress and expected to be commissioned till March 2021.

2. **Ozonisation scheme at Koradi TPS:**
   As per directives given by MPCB regarding adoption of Ozonisation treatment in water and waste water instead of chlorination system Mahagenco has taken up the work of installation of Ozonisation system at 3x660MW Koradi TPS. The work has commenced and it is scheduled to commission by May 2020.

3. **AHP Augmentation at Paras TPS:**
   As the capacity of existing ash bund is exhausted, Mahagenco has taken up the work of augmentation of ash handling plant at Paras Unit- 3&4. The work is in progress and expected to be commissioned by June 2020.

4. **FGD Installation at 3x660 MW Koradi TPS.**
   In view of modification of new enviormental norms, Mahagenco is going to install FGD system to its coal based thermal installation in phased manner. In first phase Mahagenco is going to install FGD system at the 660 MW units. In the second phase of implementation of new environmental norms, it is proposed to install FGD at 13 nos. of units of 250 MW & 500 MW units. There are total 14 nos. of old 210 MW units of Mahagenco. However in view of Mahagenco's phasing out plan & considering balance life of some units, it is proposed to install FGD at total 6 nos. of old 210 MW as a third phase of installation.

5. **ESP Retrofitting.**
   To meet the emission level as per norms, Mahagenco has proposed for ESP retrofitting work at 3 nos. of 210 MW units and 2 nos. of 500 MW units.

Solar Power Generation:

(A) Existing Capacity

Mahagenco has total installed solar capacity of 180 MW which is based at Chandrapur 5 MW, Shivajinagar Taluka Sakri , Dist Dhule (125MW) and Shirsuphal Taluka Baramati Dist Pune (50MW). During the year FY 2018-19,Mahagenco has generated 286 MUs from above projects as compared to 283 MU's during FY 2017-18. In FY 2019-20 ,173 MU's generated upto Nov 2019.

(B) Future Projects:

Mahagenco is implementing following solar power projects with different modalities/capacities:

(a) Chief Minister Solar Agriculture Feeder Scheme:

CM Solar Agriculture feeder Scheme" dated 14.06.2017 envisages, Low cost Power to Agri-consumers, availability of electricity in day time ,reduction in cross subsidy on Industrial & Commercial consumers. Mahagenco has developed projects of 2 MW each at Kolambi Dist Yavatmal and Ralegansiddhi Dist Ahmadnagar. Mahagenco is in process of development of total Capacity of 659 MW in phases under the above scheme.

(b) EPC mode:

Mahagenco is developing 50 MW solar project at Kaudgaon, Dist- Osmanabad for the same LOA has been issued to M/s BHEL. The expected date of commission is March 2020. The Board have accorded approval to develop Solar power project of 552 MW on EPC basis and tender for same is in process.

(c) INNOVATIVE Mode:

It is proposed to develop 30 MW solar power project in innovative mode on Paras land owned by MSPGCL. The Board had accorded approval for setting up of 3X10 MW Horticulture solar project, Operation, and Maintenance of the same for 25 years, for utilizing the power against the auxiliary consumption of Paras TPS and placement of LoA of 10 MW each for all 3 bidders, after seeking approval from MERC.

(d) SOLAR PARK mode:

Ministry of New & Renewable Energy (MNRE) Govt. of India has given in principle approval for development of 500 MW Solar Park at Dondaicha on dtd. 17.12.2015. Mahagenco is developing this solar park in two phases. M/s SECI has tendered out and bids have been opened for 250 MW of Phase I.

Fuel Security:

A. Fuel Supply Agreement:

Mahagenco has signed FSA's with coal companies. Mahagenco has tied up coal totaling to 40.742 MMT coal supply from different coal companies for its thermal power stations. In addition Mahagenco has bridge linkage MOU from WCL and SCCL for 10.298 MMT for Koradi (3X660MW), Chandrapur (2X500MW) and Parli (1X250MW) Thermal power stations. The overall coal materialization was 64 %.

B. Import Coal:

In order to mitigate the shortfall in domestic coal i.e. for bridging the supply and demand gap, Mahagenco has procured 2.0 MMT non-coking steam coal of foreign origin for Koradi, Chandrapur and Bhusawal TPS's for FY 2018-19. Further, in order to mitigate the shortfall in domestic coal, Mahagenco has utilized 50% extension provision of ongoing contracts to supply imported coal to Koradi, Khaperkheda, Chandrapur and Bhusawal TPS's.

C. Gas Supply for Gas based Uran Plant:

Mahagenco has total installed capacity of 672MW. The total fuel requirement for the plant is 3.5MMSCMD. During the year 2018-19 Mahagenco has received 1.75 MMSCMD gas from M/s GAIL for GTPS, Uran. Due to less receipt of APM gas Mahagenco has started procuring non APM gas to bridge the demand supply gap. 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 Liquefied 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 technical & financial feasibility.

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 2018-19, 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.

Particular of Loan, 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.

Particular of Contract with related party

The Company sells almost whole 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 position of company occurred between end of the 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.

Industrial Relations

Employee relations in the Company continued to be cordial and harmonious during the year. The Company has entered into a pay revision agreement with employee unions which was due from 01.04.2018 on 11.9.2019.

Changes in Directorship

During the year Smt. Juelee M. Wagh was appointed as a Director w.e.f 15.06.2018. Further Shri Shyamsunder Wardhane resigned as a Director w.e.f 12.11.2018. Shri V. M. Jaideo ceased to be director w.e.f 31.3.2019. Shri V. Thangapandian was appointed as Director (P) w.e.f. 10.4.2019 and Shri Purushottam Jadhav was appointed as Director (Mining) w.e.f. 01.06.2019. Shri Sanjeev Kumar has taken over as CMD, MSPGCL w.e.f. 05.11.2019 in place of Shri Arvind Singh.

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 2018-19.

Corporate Social Responsibility committee

The company has constituted Committee. The members of the committee (as on 31.3.2019) are Shri Arvind Singh, Chairman, Shri C. S. Thotwe, Member, Shri V. Thangapandian, Member, Shri. S. J. Amberkar, Member and Shri Purushottam Jadhav, 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.

During FY 2018-19, expenditure done on CSR was ₹ 3.11 crores.

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

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 31.3.19
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.
4. That the annual accounts were prepared on a 'going concern basis'.
5. 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 earnings and outgo

The information relating to conservation of energy, technology absorption and foreign exchange earning and outgo as required under section 134 (m) of the Companies Act 2013 read with rule 8(3) of the Companies (Account) Rules 2014 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 M/s ABK & Associates. Cost Accountants as Cost Auditors for the year ending 31.3.2019 with approval of Ministry of Corporate Affairs, Govt. of India.

Statutory Auditors

The Statutory Auditors of the Company are appointed by the Comptroller and Auditor General of India. M/s K S Aiyar & Co, Mumbai, M/s R S V A & Co., Mumbai and M/s S C Bapna & Associates, Mumbai were appointed as Joint Statutory Auditors for the Financial Year 2018-19.

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 2018-19. The Secretarial Audit Report is enclosed in **Annexure-V.**

Reply to the observations in Secretarial Audit Report

Observation regarding the appointment of women Director between 01.4.2018 to 14.6.2018, the power of appointment of Directors on the Board of Directors of the Company rest with MSEB Holding Co Ltd as per article 75 and 77 of articles of association of the Company. Smt. Juelee Wagh has been appointed as women Director on the Board w.e.f. 15.6.2018.

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

(Chairman & Managing Director)

Date : 24.12.2019
Place : Mumbai

ANNEXURE – I TO THE DIRECTOR'S REPORT

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31.03.2019

[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:

Sr. 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	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	25247126126	25247126126	100	0	25284126226	25284126226	100	
e) Banks / FI	0	0	0	0	0	0	0	0	
f) Any Other….	0	0	0	0	0	0	0	0	
Sub-total (A) (1)	**0**	**25247126126**	**25247126126**	**100**	**0**	**25284126226**	**25284126226**	**100**	**0.15**
(2) Foreign									
a) NRIs - Individuals	0	0	0	0	0	0	0	0	
b) Other - Individuals	0	0	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)									
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	**0**	**25247126126**	**25247126126**	**100**	**0**	**25284126226**	**25284126226**	**100**	**0.15**
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) Sub-total (B)(1):	0	0	0	0	0	0	0	0	
2. Non-Institutions	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	
a) Bodies Corp.	0	0	0	0	0	0	0	0	
i) Indian	0	0	0	0	0	0	0	0	
ii) Overseas	0	0	0	0	0	0	0	0	
b) Individuals	0	0	0	0	0	0	0	0	
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) Sub-total (B)(2):	0	0	0	0	0	0	0	0	
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**	**25247126126**	**25247126126**	**100**	**0**	**25284126226**	**25284126226**	**100**	**0.15**

(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 Pledges / encumbered to total shares	
1	MSEB Holding Co. Ltd. (State Govt. Co.)	25247126126	100	0	25284126226	100	0	0.15
	Total	**25247126126**	**100**	**0**	**25284126226**	**100**	**0**	**0.15**

(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	25247126126	100		
Allotment of shares (15.06.2018)	MSEBHCL	37000100	0.15	25284126226	0.15
At the End of the year	MSEBHCL	25284126226	100	25284126226	100

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

For Each of the Top 10 Shareholders	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	MSEB Holding Co Ltd	25247126126	100		
Allotment of shares (15.06.2018)	MSEB Holding Co Ltd	37000100	0.15	25284126226	0.15
At the End of the year (or on the date of separation, if separated during the year)	MSEB Holding Co Ltd	25284126226	100	25284126226	100

(v) Shareholding of Directors and Key Managerial Personnel:

For Each of the Directors and KMP	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	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	0.000000039 0.000000039 0.000000039 0.000000039 0.000000039	10 10 10 10 10	0.000000039 0.000000039 0.000000039 0.000000039 0.000000039
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	0.000000039 0.000000039 0.000000039 0.000000039 0.000000039	10 10 10 10 10	0.000000039 0.000000039 0.000000039 0.000000039 0.000000039

(V) INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(₹ in Crores)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtness
Indebtness at the beginning of the Financial Year (1/4/2018)				
i) Principal Amount	30395.69	4341.32	0.00	34737.01
ii) Interest due but not paid	0.00	0.00	0.00	0.00
iii) Interest accrued but not due	231.44	15.85	0.00	247.29
Total (i+ii+iii)	**30627.13**	**4357.17**	**0.00**	**34984.31**
Change in indebtness during the Financial year				
* Addition in Principal	1498.13	94.35	0.00	1592.48
* Reduction Principal	2402.35	577.32	0.00	2979.67
Net Changes	(904.22)	(482.96)	0.00	1387.18
Indebtness at the end of the Financial Year				
i) Principal Amount	29491.46	3858.35	0.00	33349.82
ii) Interest due but not paid	0.00	0.00	0.00	0.00
iii) Interest accrued but not due	220.13	8.83	0.00	228.97
Total (i+ii+iii)	**29711.60**	**3867.19**	**0.00**	**33578.79**

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	2939724	3115956	3369039	3520156	1054888	13999763
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	NIL	NIL	NIL	NIL	NIL	NIL
	(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)	**2939724**	**3115956**	**3369039**	**3520156**	**1054888**	**13999763**
	Ceiling as per the Act	NA	NA	NA	NA	NA	NA

B. Remuneration to other directors:

Particulars of Remuneration	Name of Directors			Total Amount
1. Independent Directors	NIL	NIL	NA	NA
• Fee for attending board / committee meetings	NIL	NIL	NA	NIL
• Commission	NIL	NIL	NA	NIL
• Others, please specify	NIL	NIL	NA	NIL
Total (1)	**NIL**	**NIL**	**NA**	**NIL**
2. Other Non-Executive Directors	Shri Vishwas Pathak	Smt. Juelee Wagh	NA	
• Fee for attending board / committee meetings	80000	45000	NA	125000
• Commission				
• Others, please specify				
Total (2)	**NIL**	**NIL**	**NIL**	**NIL**
Total (B)=(1+2)	**80000**	**45000**	**NIL**	**125000**
Total Managerial Remuneration	80000	45000	NIL	125000
Overall Ceiling as per the Act	NA	NA	NA	NA

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

Sr. 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	2508569	2508569
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	NIL	NIL
	(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	NIL	NIL
	- as % of profit		
	- others, specify…		
5	Others, please specify	NIL	NIL
	Total (A)	**2508569**	**2508569**

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

Chairman & Managing Director

Date : 24.12.2019
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 2019:
   Mr. Arvind Singh, CMD I/c — Mr. C. S. Thotwe, Director (Op.)
   Mr V.M. Jaideo, Director (Proj) — Mr. S. J. Amberkar, Director (F)

3. Average net profit/(Loss) of the company for last three financial years: ₹ (9683.99 Crores)(9683.99*1/3= 3227.99) Loss

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.

Sr. 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 Crores)	Amount spent on the projects or programs Sub-heads: (1) Direct expenditure on projects or programs. (2) Overheads (₹ in Crores)	Cumulative expenditure up to the reporting period (₹ in Crores)	Amount spent: Direct or through implementing agency
1	Construction of Cement Concrete Road	Infrastructural Development	CSTPS Chandrapur (B110)	0.07856	Direct Expenditure: 0.07856	0.07856	Direct
2	Construction of Cement Concrete Road	Infrastructural Development	Chandrapur (B250)	0.07755	Direct Expenditure: 0.07755	0.07755	Direct
3	Construction of Cement Concrete Road & Graveyard	Infrastructural Development	TPS Parli (B135)	0.02686	Direct Expenditure: 0.02686	0.02686	Direct
4	Stipend payment to security guard	Rural up - liftment	TPS Koradi (B120)	2.42983	Direct Expenditure: 2.42983	2.42983	Direct
5	Providing potable water through drinking water ATM (2 No)	Safe drinking water	Chandrapur (B250)	0.21663	Direct Expenditure: 0.21663	0.21663	Direct

6	Death compensation paid to Labour G. S. Mankar	Healthcare	CSTPS Chandrapur (B110)	0.02000	Direct Expenditure: 0.02000	0.02000	Direct
7	Construction of Society Temple at Vichoda under CSR activities	Infrastructural Development	Chandrapur (B250)	0.04679	Direct Expenditure: 0.04679	0.04679	Direct
8	Construction of Society Temple at Chicholi under CSR activities	Infrastructural Development	Chandrapur (B250)	0.04315	Direct Expenditure: 0.04315	0.04315	Direct
9	Donation to Chakradhar Samaroh 2018 at Raigarh, Chattisgarh		Garepalma	0.01000	Direct Expenditure: 0.01000	0.01000	Direct
10	For the work of Construction of one cement Nallah embankment (Bandhara) and deepening on the Nallah between the fields of survey No. 67 at Mouza Mudholi tal. Bhadravti under CSR activities of 2X500 MW expansion project MSPGCL	Infrastructural Development	Chandrapur (B250)	0.08132	Direct Expenditure: 0.08132	0.08132	Direct
11	For the work of Construction of one cement Nallah embankment (Bandhara) and deepening on the Nallah between the fields of survey No. 18/2 at Mouza Kodegaon tal. Bhadravti under CSR activities of 2X500 MW expansion project MSPGCL	Infrastructural Development	Chandrapur (B250)	0.08618	Direct Expenditure: 0.08618	0.08618	Direct
12	Work of construction of Rangmanch at mouza Gudgaon (Mal) under CSR activities of 2X500 MW Expn. Project, MSPGCL	Infrastructural Development	Chandrapur (B250)	(0.0072)	Direct Expenditure: (0.00723)	(0.00723)	Direct
	TOTAL			**3.10967**	**3.10967**	**3.10967**	

*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: Not applicable as company do not have average profits in previous 3 years.
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.

Chairman& Managing Director
Chairman of CSR Committee

Date : 24.12.2019
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 2018-19

- 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.
- 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, Khaperkheda, 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 municipal waste water from Nagpur city for Koradi 660 MW units.
- Koradi Unit-6 Enery Efficient Renovation & Modernisation (EE R&M) carried out.
- Implementation of 'E' tendering concept for material procurement at Mahagenco H.O. & Power Stations.
- DVR System installed in Khaperkheda Unit-2
- Low NOx burners are installed in Koradi 660 and Khaperkheda 500 MW units.

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	7150877
2.	Foreign Exchange earned	Nil

ANNEXURE – IV TO THE DIRECTOR'S REPORT

Replies to Statutory Auditors Observations:

<table>
<tr><th>Sr. No.</th><th>Major Observations</th><th>Company replies</th></tr>
<tr><td>1</td><td>
The balances of trade receivables, 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 on-going 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 loss for the year of the Company.
Attention is invited, in particular, to balance recoverable from Maharashtra State Electricity Distribution Company Limited (MSEDCL) of ₹ 13442.89 Crores, balance recoverable from Maharashtra State Electricity Transmission Company Limited (MSETCL) of ₹ 122.23 Crores are subject to confirmation and reconciliation. However, we are informed that the Company has sent letters asking for confirmation but replies are not received by 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 loss for the year of the Company.
The balances of Coal Companies are subject to confirmation from respective coal companies and reconciliation. Majority of the balance pertains to old outstanding unadjusted balances since past few years. In our opinion, the company does not have a reconciliation based on General Ledger balances. In absence of the same we are unable to comment on consequential impact on the financial statements of the Company. The details of Coal Company-wise outstanding advances are as under.
(₹ in Crs.)
<table>
<tr><th>Name of Supplier</th><th>Balance as per MSPGCL books as at 31st March, 2019</th></tr>
<tr><td>Singareni Collieries Co Ltd</td><td>15.66 Cr.</td></tr>
<tr><td>South Eastern Coalfield Ltd (SECL)</td><td>271.66 Dr.</td></tr>
<tr><td>Western Coalfields Limited – WCL</td><td>397.31 Dr.</td></tr>
<tr><td>Mahanadi Coalfields Limited</td><td>18.04 Dr.</td></tr>
<tr><td>Total</td><td>671.35 Dr.</td></tr>
</table>
Pending such confirmation and completion of reconciliation and proper posting of debit notes issued by the coal companies, no provision has been made for the performance incentive bills / short lifting of coal. Impact is unascertained since the Company has disputed these claims and also has lodged certain counter claims against coal companies. In view of the same, we are unable to comment on consequential impact on the financial statements of the Company.
</td><td>
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.
Reconciliation with MSEDCL is in progress & their books are yet to be closed. As regards the MSETCL, company has issued balance confirmation letter, however, the same is awaited on account of Reactive power billing.
Bill to bill reconciliation with coal company has already taken place & reconciliation of book balance will be attempted in ensuing year. Company proposes to improve further in the reconciliation activities of vendor balances in the ensuing year.
</td></tr>
</table>

<table>
<tr>
<td></td>
<td>The balances of Railway companies are subject to confirmation. Majority of the balance pertains to old outstanding unadjusted balances since past few years, which is highlighted as under:
(₹ in Crs.)
<table>
<tr><td>Name of Supplier</td><td>Balance as per MSPGCL as at 31st March, 2019</td></tr>
<tr><td>South Central Railways (Account 30000)</td><td>9.12 Dr.</td></tr>
<tr><td>South East Central Railways (Account 30001)</td><td>193.18 Dr.</td></tr>
<tr><td>Central Railways (Account 43000)</td><td>65.70 Dr.</td></tr>
<tr><td>Total</td><td>268.00 Dr.</td></tr>
</table>
Pending such confirmation and completion of reconciliation, the consequential adjustments in financial books could not be made. In view of the same, we are unable to comment on the consequential impact on Financial Statements of the Company.</td>
<td>Review of the Railway balance will be conducted in the ensuing year & necessary accounting entries will be posted thereof.</td>
</tr>
<tr>
<td>2</td>
<td>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 ₹ 88.60 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 carrying value of ₹ 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.</td>
<td>While, certain title deeds are in the name of erstwhile Maharashtra State Electricity Board or Mahanirmiti (Marathi version of MAHAGENCO) etc., Company have already undertaken the exercise of transfer of all title deeds in respect of immovable properties, in the registered name of company & the same is in progress.</td>
</tr>
<tr>
<td>3</td>
<td>According to the information and explanations given to us and based on our audit, the following material weaknesses have been identified as at March 31, 2019 wherein the internal controls were not operating effectively.

(1) The Company's internal financial control over timely adjustments of advances to suppliers and provision for liabilities made there against;

(2) The Company's internal financial control/policy over timely finalization and levying of liquidated damages;</td>
<td>1. 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.

2. 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</td>
</tr>
</table>

		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.
	(3) The Company's internal financial control over maintenance of subsidiary records pertaining to employees	3. Company has commenced the centralised salary processing during the year. Company uses relevant SAP module for employee related transaction. This would be augmented further in the ensuing year.
	(4) Interest payments to MSME vendors are not operating effectively.	4. Company has disclosed and provided for interest on the delayed payment to MSME vendors and action for the payment would be initiated in the ensuing year.

ANNEXURE – V TO THE DIRECTOR'S REPORT
Form No. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2019

[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, 2019 ('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, 2019 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 with effect from 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:

- There was no appointment of woman Directors in the Company during the period from 1st April, 2018 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 M/s. MSEB Holding Company Limited and it has allotted 3,70,00,100 Equity Shares of ₹ 10 each for Cash on 15/06/2018 on the basis of G.R. No. ELA-1003/prk8588/energy-5 to its Holding Company M/s. MSEB Holding Company Limited, a Company owned by Government of Maharashtra.

I further report that during the audit period the Company has passed Special Resolutions at the Annual General Meeting of the Company held on 28th September, 2018, in pursuance to Section 180(1)(c) of the Companies Act, 2013 for increasing borrowing limits from ₹ 50,000 Crore to ₹ 52,000 Crore.

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) Merger / amalgamation / reconstruction, etc.

iv) Foreign technical collaborations.

For A. Y. Sathe & Co.
Company Secretaries

CS Ajit Sathe
Proprietor
FCS No.2899 COP No. 738
UDIN : F002899A0003-01791

Place: Mumbai
Date : 25.11.2019

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
UDIN : F002899A0003-01791

Place: Mumbai
Date : 25.11.2019

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENT OF MAHARASHTRA STATE POWER GENERATION COMPANY LIMITED FOR THE YEAR ENDED 31 MARCH 2019.

The preparation of financial statements of **Maharashtra State Power Generation Company Limited, Mumbai** for the year ended **31 March 2019** in accordance with the financial reporting framework prescribed under the Companies Act, 2013 is the responsibility of the management of the company. The statutory auditors appointed by the Comptroller and Auditor General of India under section 139(5) of the Act, are responsible for expressing opinion on the standalone financial statements under 143 of the Act, 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 **7 September 2019**.

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 **31 March 2019** under section 143(6)(a) of the Act. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records.

Based on my supplementary audit, I would like to highlight the following significant matters under section 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 report.

A. COMMENTS ON PROFITABILITY

EXPENSES

Employee benefit Expenses (Note 26): ₹ 1284.18 crore.

1 This does not include ₹ 1.20 crore being establishment charges on Unit-8 & 9 (Chandrapur TPS) commissioned in 2016 which should have been charged to P&L as per para 7(b) of significant accounting policies on capital work-in-progress which stated that the Admin & General expenditure on newly commissioned projects are capitalised up to one year after commissioning and subsequently charged to Profit and loss account.

However, same was capitalised by the company instead of accounting it as revenue expenditure.

This resulted in understatement of Expenses and Loss for the year by ₹ 1.20 crore and corresponding overstatement of Fixed Assets (Property Plant & Equipment) to that extent.

Depreciation & amortisation expenses (Note 1& 1A): ₹ 3158.39 crore

2 This does not include ₹ 12.94 crore being accelerated depreciation on five capital spares commissioned on main unit-7 (Chandrapur) between 2013 and 2015. The useful life of the main unit was upto March 2022 that required the company to account accelerated depreciation on the capital spares in seven to nine years in accordance with the company's policy as disclosed in Note No. 5 (x).

This resulted in understatement of Depreciation and Loss for the year by ₹ 12.94 crore and corresponding overstatement of Plant & Machinery (Fixed Assets) to that extent

B. COMMENTS ON FINANCIAL POSITION

ASSETS

Current Assets, Financial Assets

Trade Receivables (Note 7) - ₹ 13564.91 crore

3 This includes ₹ 122.23 crore being reactive energy charges for April 2013 to March 2019 receivable from Maharashtra State Electricity Transmission Company Limited (MSETCL) which are uncertain in view of long pendency, disputes on the incidence of liability and non confirmation from MSETCL.

The company had now decided to approach MERC for alternative method of recovery since their efforts of recovery had failed.

As per Ind AS 18 (Revenue), when an uncertainty arises about the collectability of an amount already included in revenue, the uncollectible amount should be recognised as an expense, rather than as an adjustment of the amount of revenue originally recognised.

As a result, there was overstatement of Trade Receivables, understatement of Expenses and understatement of Loss for the year by ₹ 122.23 crore.

Equity & Liabilities

Liabilities

Current Liabilities

Other financial liabilities (Note 19): ₹ 7635.74 crore

4 This includes ₹ 90.53 crore being provision for fly ash utilization fund in accordance with the Notification of the Ministry of Environment and Forests (MOEF) dated 03/11/2009 that required creation of a separate account head out of entire revenue collected from sale of fly ash. This fund was to be utilized for development of infrastructure, facilities, promotion and facilitation for use of fly ash until 100 per cent fly ash utilization level is achieved. The creation of such reserve from the revenues and the restrictions in its usage required the company to classify this as "Reserves". This reserve was not available for appropriation/application to other business activities.

Creation of provision instead of a reserve resulted in overstatement of current liabilities and understatement of Reserves by ₹ 90.53 crore and was in violation of the format prescribed by Schedule-III[1] of the Companies Act, 2013.

Other Current Liabilities (Note no 20): ₹ 53.18 crore

5 This does not include ₹ 155.92 crore[2] being labour cess on cost of construction of new projects (Koradi, Chandrapur and Parli) payable to GoM for which no provision was created.

This resulted in understatement of Current Liabilities (Statutory dues), Expenses and Loss for the year by ₹ 155.92 crore.

C. COMMENTS ON DISCLOSURE

Related Party Disclosures (Note 37)

6 A reference in invited to the paragraph 'C' of the Note No.37 on Related Party Disclosures detailing the remuneration paid to the Key Management Personnel KMP. The said note also mentioned that the disclosures excluded the value of post-employment benefits and other long term benefits paid to KMP.

As per paragraph 17 of Ind AS 24, an entity shall disclose key management personnel compensation in total and for each of the following categories: (a) short-term employee benefits; (b) post-employment benefits; (c) other long-term benefits; (d) termination benefits; and (e) share-based payment.

As such, the disclosure is incomplete and not in accordance to the requirements of Ind AS 24.

D. COMMENTS ON STATUTORY AUDITORS REPORT

7 The amount receivable from MSETCL was incorrectly mentioned as ₹ 108.85 crore in the 2nd para on "basis for qualified opinion" of the Independent Auditors as against the correct amount of ₹ 122.23 crore. The Auditors' report was, thus incorrect/ deficient to that extent.

8 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 deficient to that extent.

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

(A K Behera)
Accountant General
(Audit)-III

Place: Mumbai
Date : 05.12.2019

1 As prescribed in paragraph B(i) of General instructions for preparation of balance Sheet in Sch-III u/s 129 of the Companies Act, 2013

2 Equal to one per cent of the total payments of ₹ 15,592.42 crore made to BTG and BoP Contractors at Koradi, Chandrapur and Parli

REPLIES TO FINAL COMMENTS OF GOVERNMENT AUDIT FOR FY 2018-2019

Sr. No.	Government Audit Paras	Management Replies	Statutory Auditors Comments
	I. COMMENTS ON PROFITABILITY		
1	**Employee benefit Expenses: ₹ 1284.18 crore. (Note 26)** This does not include ₹ 1.20 crore being establishment charges on Unit-8 & 9 (Chandrapur TPS) commissioned in 2016 which should have been charged to P&L as per para 7(b) of significant accounting policies on capital work-in-progress which stated that the Admin & General expenditure on newly commissioned projects are capitalised up to one year after commissioning and subsequently charged to Profit and loss account. However, same was capitalised by the company instead of accounting it as revenue expenditure. This resulted in understatement of Expenses and Loss for the year by ₹ 1.20 crore and corresponding overstatement of Fixed Assets (Property Plant & Equipment) to that extent.	While capitalising general assets like office equipments, Computers and related equipments and furniture & fixtures etc., certain other Administration expenses amounting to ₹ 1.20 Crores also inadvertently got capitalised. While the capitalisation of the general assets has been done correctly, the capitalisation of administration expenses will be rectified in the ensuing year.	We concur with the reply of management.
2	**Depreciation & amortisation expenses: ₹ 3158.39 crore (Note 1& 1A)** This does not include ₹ 12.94 crore being accelerated depreciation on five capital spares commissioned on main unit-7 (Chandrapur) between 2013 and 2015. The useful life of the main unit was upto March 2022 that required the company to account accelerated depreciation on the capital spares in seven to nine years in accordance with the company's policy as disclosed in Note No. 5 (x). This resulted in understatement of Depreciation and Loss for the year by ₹ 12.94 crore and corresponding overstatement of Plant & Machinery (Fixed Assets) to that extent.	Company capitalises the assets on their commissioning dates and charges the appropriate depreciation on the same on regular basis. During the current year Company has charged depreciation of ₹ 3158.39 Crores. However, some of the spares at Chandrapur have been depreciated at given rate though the depreciation of parent asset was on life based system. The same would be rectified in the ensuing year.	We concur with the reply of management.

	II. COMMENTS ON FINANCIAL POSITION		
3	**Current Assets, Financial Assets** **Trade Receivables (Note 7) - 13564.91 crore** This includes ₹ 122.23 crore being reactive energy charges for April 2013 to March 2019 receivable from Maharashtra State Electricity Transmission Company Limited (MSETCL) which are uncertain in view of long pendency, disputes on the incidence of liability and non confirmation from MSETCL. The company had now decided to approach MERC for alternative method of recovery since their efforts of recovery had failed. As per Ind AS 18 (Revenue), when an uncertainty arises about the collectability of an amount already included in revenue, the uncollectible amount should be recognised as an expense, rather than as an adjustment of the amount of revenue originally recognised. As a result, there was overstatement of Trade Receivables, understatement of Expenses and understatement of Loss for the year by ₹ 122.23 crore.	In terms of clause 67.1 of MYT Regulations, a Generating Station shall inject/absorb the reactive energy in to the grid and clause 67.2 provides that Reactive energy exchange for the applicable duration (injection or absorption) shall be compensated by the MSLDC to the Generating Station. Further, in terms of clause 92 of the Regulations, MERC has also recognized Reactive Energy Charges paid to Generators as part of cost of Distribution Company as an element of tariff. For this purpose, a modality for the reactive power billing has been finalised and State Load Dispatch Centre has been entrusted to recover the said dues from Distribution Licensees and release the payments to the Generating company. Consequently, since the Regulation clearly provides for compensation towards reactive energy by Distribution Company to power Generators and also allows recovery of the same by Distribution Companies as pass through item in its tariff from their end consumers, there is no uncertainty for recognition and doubtfulness in respect of the collectability of the dues from the power network users. Hence, any further accounting treatment towards lack of recovery of the amount, is not required being good debts.	We concur with the reply of management.

4	**Equity & Liabilities, Liabilities, Current Liabilities,** **Other financial liabilities (Note 19): ₹ 7635.74 crore** This includes ₹ 90.53 crore being provision for fly ash utilization fund in accordance with the Notification of the Ministry of Environment and Forests (MOEF) dated 03/11/2009 that required creation of a separate account head out of entire revenue collected from sale of fly ash. This fund was to be utilized for development of infrastructure, facilities, promotion and facilitation for use of fly ash until 100 per cent fly ash utilization level is achieved. The creation of such reserve from the revenues and the restrictions in its usage required the company to classify this as " Reserves". This reserve was not available for appropriation/application to other business activities. Creation of provision instead of a reserve resulted in overstatement of current liabilities and understatement of Reserves by ₹ 90.53 crore and was in violation of the format prescribed by Schedule-III[1] of the Companies Act, 2013.	The notification of MOEF dated 03-11-2009 stipulates that "the amount collected from sale of fly ash and fly ash based products by coal and or lignite based thermal power stations, as applicable, should be kept in a separate Account Head and shall be utilized only for development of infrastructure or facilities, promotion and facilitation activities for use of fly ash until 100% fly ash utilization level is achieved". In accordance with above guidelines, Company has created a separate Account Head No. 46433 named "Provision for Fly ash utilisation" in the Books of Accounts of the Company and the amount collected in the context of fly ash sale has been getting accounted to this designated account head. Further, this amount has not been utilized for any other purposes since it has to utilized in relation to fly ash utilization only. Creation of separate account head is from the angle of not making available the revenue for appropriation but for the purpose of fly ash utilization. The intent of Fly Ash Utilization Reserve Fund is not meant to create a reserve or other equity for shareholders. Therefore, it is more of a liability in nature and with a mandate to be utilized for a specific purpose only. Accordingly, proper compliance has been carried out by the Company.	We concur with the reply of management.
5	**Other Current Liabilities (Note no 20)** **Statutory dues: ₹ 53.18 crore** This does not include ₹ 155.92[2] crore being labour cess on cost of construction of new projects (Koradi, Chandrapur and Parli) payable to GoM for which no provision was created. This resulted in understatement of Current Liabilities (Statutory dues), Expenses and Loss for the year by ₹ 155.92 crore.	In respect of Building & Other Construction Workers Cess (BOCW), further to state that in all the contracts the price quoted for the subject work is inclusive of all taxes and duties applicable as on record date. The contractor shall be solely responsible for the payment of all taxes and duties applicable to the contract with the appropriate authorities. Further, the contractor shall indemnify the owner from any law, suits and litigations whatsoever that arise due to non compliance of payment of taxes and duties with the appropriate authorities by the contractor. Company has initiated the process and written to the concerned contractors to make the necessary payments in this regards. Therefore, in the books of accounts of MAHAGENCO, the amount is not considered as statutory dues payable which is outstanding.	We concur with the reply of management.

1. As prescribed in paragraph B(i) of General instructions for preparation of balance Sheet in Sch-III u/s 129 of the Companies Act, 2013.
2. Equal to one per cent of the total payments of ₹ 15,592.42 crore made to BTG and BoP Contractors at Koradi, Chandrapur and Parli.

	III. COMMENTS ON DISCLOSURE		
6	**Related Party Disclosures (Note 37)** A reference in invited to the paragraph 'C' of the Note No.37 on Related Party Disclosures detailing the remuneration paid to the Key Management Personnel KMP. The said note also mentioned that the disclosures excluded the value of post-employment benefits and other long term benefits paid to KMP. As per paragraph 17 of Ind AS 24, an entity shall disclose key management personnel compensation in total and for each of the following categories: (a) short-term employee benefits; (b) post-employment benefits; (c) other long-term benefits; (d) termination benefits; and (e) share-based payment. As such, the disclosure is incomplete and not in accordance to the requirements of Ind AS 24.	Paragraph 17 of Ind AS 24 prescribed the disclosure of a) short term employee benefits, b) post employment benefits, c) other long term benefits, d) termination benefits & e) Share based payments. Company pays short term employee benefits in terms of salary & allowances and company pays long term benefits in the form of Gratuity & Leave encashment at the time of retirement, death & termination. Further, company doesn't pay share based payments to any employee. In note no. 37 (C), Company has disclosed employee-wise short term benefits along with the note for long term benefits. The said note reads as follows. *"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."Since these long term employee benefits are provided on actuarial valuation basis the person-wise details could not be determined and therefore the above note has been provided. Hence, the disclosure made is adequate in terms of requirement of Ind AS 24.*	We concur with the reply of management.
	IV. COMMENTS ON STATUTORY AUDITORS REPORT		
7	The amount receivable from MSETCL was incorrectly mentioned as ₹ 108.85 crore in the 2nd para on "basis for qualified opinion" of the Independent Auditors as against the correct amount of ₹ 122.23 crore. The Auditors' report was, thus incorrect/ deficient to that extent.	Receivables from MSETCL are ₹ 122.23 Crores, however, while reporting, the amounts receivable as appearing in two ledger accounts of reactive power billing were considered and the third account was inadvertently remained to be considered.	We concur with the reply of management.
8	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 deficient to that extent.	The company does not have any statutory dues payable in this regard in its books of accounts. In view of the reply mentioned in comment number 5 above, Company considers the same as project liability and is to be discharged by the Contractor concerned.	We concur with the reply of management.

COMMENT OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) READ WITH SECTION 129 (4) OF THE COMPANIES ACT, 2013 ON THE CONSOLIDATED FINANCIAL STATEMENTS OF MAHARASHTRA STATE POWER GENERATION COMPANY LIMITED, MUMBAI FOR THE YEAR ENDED 31st MARCH 2019

The preparation of consolidated financial statements of **Maharashtra State Power Generation Company Limited, Mumbai** for the year ended **31st March 2019** in accordance with the financial reporting framework prescribed under the Companies Act, 2013 is the responsibility of the management of the company. The statutory auditors appointed by the Comptroller and Auditor General of India under section 139(5) read with section 129 (4) of the Act are responsible for expressing opinion on the financial statements under section 143 read with section 129(4) of the Act 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 **7th September 2019**.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the consolidated financial statements of **Maharashtra State Power Generation Company Limited, Mumbai** for the year ended **31st March 2019** under section 143(6) (a) read with section 129 (4) of the Act. We conducted a supplementary audit of the financial statements of **Maharashtra State Power Generation Company Limited** but did not conduct supplementary audit of the financial statements of **Mahaguj Collieries Limited, Mahagenco Ash Management Services Limited** and **Dhopave Coastal Power Limited** (subsidiaries of the company) and **M/s UCM Coal Company Limited** and **M/s Chhattisgarh Katghoara Dongargarh Railway Limited** (associates of the company) for the year ended on that date. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records.

Based on my supplementary audit, I would like to highlight the following significant matters under section 143 (6) (b) read with section 129 (4) 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 report:

A. OTHER COMMMENTS

Non-disclosure of information pertaining to Operation Segments in Financial Statements

1. The Company generated power through three distinct methods viz., Thermal, Hydel and Solar. The infrastructure, production- process, maintenance, revenue–rates, subsidy – components etc., were totally different in each distinct method. Accordingly, it qualified as an operating segment within the definition provided in Ind AS 108, para -05. The revenue, expenditure and profitability of the three operating segments were as follows:-

Details of operating segments and its threshold fulfilment (₹ in Crores)						
Segment	**Revenue**	**Expenditure**	**Profit/loss**	**Threshold of 10 per cent**		
				Revenue[1]	**Profit/loss**[2]	**Assets**[3]
Thermal Power (including GTPS)	19,050.81	18,182.44	868.37	Yes	Yes	NA
Hydel Power	728.47	758.49	(30.02)	No	No	NA
Solar Power	383.04	162.42	220.62	No	Yes	NA
Total	**20,162.31**	**19,103.35**	**1,058.96**			

[1]Para 13(a), reported revenue, being 10 per cent or more of the combined revenue.
[2]Para 13(b), the absolute profit/loss being 10 per cent or more, in absolute amount, of the combined reported profit of all operating segments that did not report a loss.
[3]Para 13(c), its assets are 10 per cent or more of the combined assets of all operating segments.

It is evident that the company had to disclose financial information of all reportable segments to enable users to evaluate the nature and financial effects of its business activities. The company had not worked out asset values to ascertain the applicability of hydel power as a reportable operating segment.

Thus, the company was not in compliance with the requirements of Ind AS 108 in its financial statements for the year under audit. The disclosures made in Note No. 42 (a) were insufficient to that extent.

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

(Sandip Roy)
ACCOUNTANT GENERAL
(AUDIT)-III

Place: Mumbai
Date : 09.12.2019

B Comments on the Consolidated Financial Statements of the company

<table>
<tr><th>Sr. No.</th><th>Government Audit Paras</th><th>Management Replies</th><th>Statutory Auditors Comments</th></tr>
<tr><td></td><td colspan="3">I. OTHER COMMENTS</td></tr>
<tr><td>1.</td><td>Non-disclosure of information pertaining to Operational Segments in Financial Statements

The Company generated power through three distinct methods viz., Thermal, Hydel and Solar. The infrastructure, production-process, maintenance, revenue-rates, subsidy-components etc., were totally different in each distinct method. Accordingly, it qualified as an operating segment within the definition provided in Ind AS 108, para-05. The revenue, expenditure and profitability of the three operating segments were as follows:-

<table>
<tr><th colspan="7">Details of operating segments and its threshold fulfilment (₹ in Crores)</th></tr>
<tr><th>Segment</th><th>Revenue</th><th>Expenditure</th><th>Profit/loss</th><th colspan="3">Threshold of 10 per cent</th></tr>
<tr><th></th><th></th><th></th><th></th><th>Revenue[1]</th><th>Profit/loss[2]</th><th>Assets[3]</th></tr>
<tr><td>Thermal Power (including GTPS)</td><td>19,050.81</td><td>18,182.44</td><td>868.37</td><td>Yes</td><td>Yes</td><td>NA</td></tr>
<tr><td>Hydel Power</td><td>728.47</td><td>758.49</td><td>(30.02)</td><td>No</td><td>No</td><td>NA</td></tr>
<tr><td>Solar Power</td><td>383.04</td><td>162.42</td><td>220.62</td><td>No</td><td>Yes</td><td>NA</td></tr>
<tr><td>Total</td><td>20,162.31</td><td>19,103.35</td><td>1,058.96</td><td></td><td></td><td></td></tr>
</table>

It is evident from the above that the company had to disclose financial information of all reportable segments to enable users to evaluate the nature and financial effects of its business activities. The company had not worked out asset values for each operating segment to ascertain the applicability of hydel power as a reportable operating segment.

Thus, the company was not in compliance with the requirements of Ind AS 108 in its financial statements for the year under audit. The disclosures made in Note No. 42 (a) were insufficient.</td><td>In terms of Ind AS 108 (and also previous AS 17), Company has to report different business activities as reportable segment. In case of MAHAGENCO, Company has only one business activity viz generation and sale of power. Segment are normally defined to be in line with MIS and how management perceives and reviews it. In case of MSPGCL, business segment is the primary segment which consist of producing and selling electricity. The manufacturing process can be different but the risk and rewards associated with them can not be different as the sale price remains the same for end consumer and moreover company is operating in a rate regulated product line. Other companies among the power industry, treat power generation and sale as a single segment. Further, operation of the Company are domestic in India. Consequently, since Company has only one business activity and no further reportable segments, Company is not required to disclose anything on this account. The said aspect has been disclosed under note no. 42(A) and Note no. 42 of stand alone and consolidated financial statements respectively. This view of the Company, has never been disagreed by any of the statutory auditors and previous CAG Auditors since FY 2007-08.</td><td>We concur with the reply of management.</td></tr>
</table>

[1]Para 13(a), reported revenue, being 10 per cent or more of the combined revenue.
[2]Para 13(b), the absolute profit/loss being 10 per cent or more, in absolute amount, of the combined reported profit of all operating segments that did not report a loss.
[3]Para 13(c), its assets are 10 per cent or more of the combined assets of all operating segments.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF MAHARASHTRA STATE POWER GENERATION CO. LTD

Report on the Audit of the Standalone Financial Statements for the year ended on 31st March, 2019

Qualified Opinion

We have audited the accompanying standalone financial statements of **MAHARASHTRA STATE POWER GENERATION CO. LTD ('MSPGCL" / "the Company"),** which comprise the balance sheet as at 31st March, 2019, and the statement of profit and loss (including other comprehensive income), statement of changes in equity and statement of cash flows for the year then ended, and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information (herein after referred to as "Standalone financial statements")

In our opinion and to the best of our information and according to the explanations given to us, *except for the possible effect of the matters described in the 'Basis for Qualified opinion' section of our report,* the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ('the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2019, and its Loss for the year (including other comprehensive income), changes in equity and its cash flows for the year ended on that date.

Basis for Qualified Opinion:

1. *The balances of trade receivables, 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 on-going 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 loss for the year of the Company.*

2. *Attention is invited, in particular, to balance recoverable from Maharashtra State Electricity Distribution Company Limited (MSEDCL) of ₹ 13442.89 Crores, balance recoverable from Maharashtra State Electricity Transmission Company Limited (MSETCL) of ₹ 108.85 Crores are subject to confirmation and reconciliation. However, we are informed that the Company has sent letters asking for confirmation but replies are not received by 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 loss for the year of the Company.*

3. *The balances of Coal Companies are subject to confirmation from respective coal companies and reconciliation. Majority of the balance pertains to old outstanding unadjusted balances since past few years. In our opinion, the company does not have a reconciliation based on General Ledger balances. In absence of the same we are unable to comment on consequential impact on the financial statements of the Company. The details of Coal Company-wise outstanding advances are as under:*

(₹ in Crores)

Name of Supplier	*Balance as per MSPGCL books as at 31st March, 2019*
Singareni Collieries Co Ltd	*15.66 Cr.*
South Eastern Coalfield Ltd (SECL)	*271.66 Dr.*
Western Coalfields Limited – WCL	*397.31 Dr.*
Mahanadi Coalfields Limited	*18.04 Dr.*
Total	*671.35 Dr.*

Pending such confirmation and completion of reconciliation and proper posting of debit notes issued by the coal companies, no provision has been made for the performance incentive bills / short lifting of coal. Impact is unascertained since the Company has disputed these claims and also has lodged certain counter claims against coal companies. In view of the same, we are unable to comment on consequential impact on the financial statements of the Company.

4. *The balances of Railway companies are subject to confirmation. Majority of the balance pertains to old outstanding unadjusted balances since past few years, which is highlighted as under:*

(₹ in Crores)

Name of Supplier	*Balance as per MSPGCL as at 31st March, 2019*
South Central Railways (Account 30000)	*9.12 Dr.*
South East Central Railways (Account 30001)	*193.18 Dr.*
Central Railways (Account 43000)	*65.70 Dr.*
Total	*268.00 Dr.*

Pending such confirmation and completion of reconciliation, the consequential adjustments in financial books could not be made. In view of the same, we are unable to comment on the consequential impact on Financial Statements of the Company.

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matters:

Attention is invited to Note No.43(A) regarding write back of Expected Credit Loss provision of ₹ 982.28 Crores made in earlier years in respect of Delayed Payment Surcharge bills raised on MSEDCL,for the reasons and management perception stated therein.

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

Attention is invited to Note No. 45(A-a) 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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the following matters as Key Audit Matter/s for the year.

Contingent Liability/ Contingent Assets

There are a number of litigations pending before various forums against the Company and the management's judgment is required for estimating the amount to be disclosed as contingent liability. Coal companies have made various claims on the Company and management has made counter claims on these coal companies based on its perception.

We identified this as a key audit matter because the estimates on which these amounts are based involve a significant degree of management judgment in interpreting the cases and it may be subject to management bias. These said claims and counter claims require management estimates and interpretation of various matters, issues involved and are subjective in nature.

(Refer Note No. 42 to the Standalone Financial Statements, read with the Accounting Policy No. 21)

We have obtained an understanding of the Company's internal instructions and procedures in respect of estimation and disclosure of contingent liabilities and contingent assets and adopted the following audit procedures:

- understood and tested the design and operating effectiveness of controls as established by the management for obtaining all relevant information for pending litigation cases;

- discussed with the management any material developments and latest status of legal matters;

- read various correspondences and related documents pertaining to litigation cases and relevant external legal opinions, if any, obtained by the management and performed substantive procedures on calculations supporting the disclosure of contingent liabilities and contingent assets;

- examined management's judgments and assessments whether provisions are required;

- reviewed the adequacy and completeness of disclosures;

Based on the above procedures performed, the estimation and disclosures of contingent liabilities and contingent assets are considered to be adequate and reasonable.

Revenue Recognition on account of Surcharge Recoverable from MSEDCL and Provision for Expected Credit Loss made there against in earlier year

The company records revenue from sale of power as per the principles enunciated under Ind AS 115, based on tariff rates approved by the Maharashtra Electricity Regulatory Commission (MERC) as modified by the orders of Appellate Authorities.

The company recognizes Delayed Payment Surcharge i.e. interest on delayed payments from MSEDCL in terms of PPA and MERC Regulations.

This is considered as key audit matter due to the nature and the fact that MSEDCL did not pay the bills over last many years and MSEDCL was requesting for a waiver. Finally, MSEDCL recognized Company's bills as liability on 31st March, 2018 and management's perception regarding Expected Credit Loss in this regard involves significant judgment which is subject to bias and that makes recognition and measurement of revenue from sale of power and surcharge being complex and significant.

(Refer Note No. 43A to the Standalone Financial Statements, read with the Significant Accounting Policy No. 14 & 23)

We have obtained an understanding of the MERC Tariff Regulations, orders, circulars, guidelines and the Company's internal circulars and procedures in respect of recognition and measurement of revenue from sale of power and adopted the following audit procedures:

- Evaluated and tested the effectiveness of the Company's design of internal controls relating to recognition and measurement of revenue from sale of power and delayed payment surcharge.

- Verified the accounting of revenue from sale of power based on tariff rates approved by the MERC as modified by the orders of Appellate Authorities.

- We have been explained and understood the risk assessment and reassessment done by management and its perception regarding provisioning for Expected Credit Loss and its subsequent addition/reversal on such reassessment as may be applicable.

Based on the above procedure performed, the recognition and measurement of revenue from sale of power and provisioning for ECL are considered to be adequate and reasonable.

"Information Other than the Standalone Financial Statements and Auditor's Report Thereon"

The Company's Board of Directors is responsible for the other information. The other information for the Company comprise the information included in the Directors' Report and Annexures thereto but does not include the standalone financial statements and our auditor's report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

We are informed that the Directors' Report and related annexures will get finalized and adopted in the subsequent Board meeting and therefore the same could not be commented upon by us as on today.

Responsibilities of Management and Those Charged with Governance for the Standalone Financial Statements

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 financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations or has no realistic alternative but to do so.

The Board of Directors is also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has internal financial controls system with reference to financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

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

2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the Annexure I, a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

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

(a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit, *except for the third parties balance confirmations, reconciliation and adjustments that may be required as described in the 'Basis for Qualified Opinion' paragraph above. The consequential effect of which, if any, on financial statements is unascertained.*

(b) *In our opinion, except for the possible effect of the matters as 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 (including other comprehensive income), the Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

(d) *Subject to the possible effect of the matters described in the 'Basis for Qualified Opinion' paragraph above,* in our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act read with relevant applicable Rules.

(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 II".

(h) 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 197of the Act are not applicable to the Company.

(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 financial statements – Refer Note 42 to the standalone financial statements;

ii. The Company did not have any long-term contracts including derivative contracts, for which there were any material foreseeable losses;

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For K.S. Aiyar & Co.
Chartered Accountants
FRN: 100186W
UDIN: 19038526AAAABW6632

CA Rajesh Joshi
Partner
ICAI M No. 38526

For S.C. Bapna & Associates
Chartered Accountants
FRN: 115649W
UDIN:19157426AAAAAD5285

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

For RSVA & Co
Chartered Accountants
FRN: 110504W
UDIN:19134685AAAALY3987

CA Abhijit Mundada
Partner
ICAI M No. 134685

Place : Mumbai
Date : 7th September, 2019

ANNEXURE I – AS REFERRED TO IN THE INDEPENDENT AUDITORS' REPORT ON THE STANDALONE FINANCIAL STATEMENTS OF MAHARASHTRA STATE POWER GENERATION COMPANY LIMITED FOR THE YEAR ENDED ON MARCH 31, 2019.

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.2018-19.

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 298 pending legal/arbitration cases given below:

Particulars	No. of Cases
Less than one year	11
1 to 2 years	95
2 to 3 years	59
3 to 5 years	43
More than 5 years	90
Total	**298**

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 ₹ 1975.61 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, 2019.

Claims of MSPGCL against coal suppliers, on account of grade slippages, short delivery claims, moisture claims, under-loading claims and interest claims as per terms of agreement amounted to ₹ 4892.92 Crores as at 31st March, 2019. 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, 2019.

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.

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 loss for the year after OCI reported by the Company is ₹ 326.55 Crores, on which we have issued our Qualified Audit Report dated 7th September, 2019.

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**
UDIN: 19038526AAAABW6632	**UDIN:19157426AAAAAD5285**	**UDIN:19134685AAAALY3987**
CA Rajesh Joshi	**CA Priyanka D. Jakhotia**	**CA Abhijit Mundada**
Partner	**Partner**	**Partner**
ICAI M No. 38526	**ICAI M.No. 157426**	**ICAI M No. 134685**

Place : Mumbai
Date : 7th September, 2019

ANNEXURE II - AS REFERRED TO IN THE INDEPENDENT AUDITORS' REPORT ON THE STANDALONE FINANCIAL STATEMENTS OF MAHARASHTRA STATE POWER GENERATION COMPANY LIMITED FOR THE YEAR ENDED ON MARCH 31, 2019.

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.

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 ₹ 88.60 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 carrying value of ₹ 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 31st March, 2019 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:

Amount (₹ in Crores)

Name of the Statue	Nature of the dues	Amount payable (₹ in Crores)	Period to which amount relates	Forum at which dispute is pending
Income Tax Act	Penalty (Disputed Amount ₹ 7.64 Crs) U/s 271(1)(c)	7.64	AY 2006-07	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	4.94	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)	0.11	AY 2011-12	AO Mumbai
Income Tax Act	Penalty (Disputed Amount ₹ 0.28 Crs) U/s 143(3)	0.12	AY 2010-11	AO Mumbai
Income Tax Act	TDS on Service Tax	0.09	2006-07 & 2007-08	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)	0.004	AY 2012-13	AO Mumbai
		31.56		

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 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.	**For S.C. Bapna & Associates**	**For RSVA & Co**
Chartered Accountants	**Chartered Accountants**	**Chartered Accountants**
FRN: 100186W	**FRN: 115649W**	**FRN: 110504W**
UDIN: 19038526AAAABW6632	**UDIN:19157426AAAAAD5285**	**UDIN:19134685AAAALY3987**
CA Rajesh Joshi	**CA Priyanka D. Jakhotia**	**CA Abhijit Mundada**
Partner	**Partner**	**Partner**
ICAI M No. 38526	**ICAI M.No. 157426**	**ICAI M No. 134685**

Place : Mumbai
Date : 7th September, 2019

ANNEXURE III - AS REFERRED TO IN THE INDEPENDENT AUDITORS' REPORT ON THE STANDALONE FINANCIAL STATEMENTS OF MAHARASHTRA STATE POWER GENERATION COMPANY LIMITED FOR THE YEAR ENDED ON MARCH 31, 2019.

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, 2019 in conjunction with our audit of the standalone 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 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 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 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 weaknesses have been identified as at March 31, 2019 wherein the internal controls were not operating effectively.

(1) The Company's internal financial control over timely adjustments of advances to suppliers and provision for liabilities made there against;
(2) The Company's internal financial control/policy over timely finalization and levying of liquidated damages;
(3) The Company's internal financial control over maintenance of subsidiary records pertaining to employees
(4) Interest payments to MSME vendors are not operating effectively. This material weakness may result in incorrect valuation of liabilities and assets of the Company.

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 weakness stated at paragraph (1) on "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, 2019.

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, 2019 standalone financial statements of the Company.

The material weakness stated at paragraph (1)on 'Basis for qualified opinion' above with respect to timely adjustments of advances to suppliers and provision for liabilities made there against 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 (2, 3, and 4) of the “Basis for qualified opinion” above, do not affect our opinion on the standalone financial statements of 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**
UDIN: 19038526AAAABW6632	**UDIN:19157426AAAAAD5285**	**UDIN:19134685AAAALY3987**
CA Rajesh Joshi	**CA Priyanka D. Jakhotia**	**CA Abhijit Mundada**
Partner	**Partner**	**Partner**
ICAI M No. 38526	**ICAI M.No. 157426**	**ICAI M No. 134685**

Place : Mumbai
Date : 7th September, 2019

BALANCE SHEET AS AT 31ST MARCH, 2019 (Standalone)

(₹ in Crores)

Particulars	Notes	31.03.2019	31.03.2018
ASSETS			
Non-Current Assets			
Property, plant & equipment	1	38,521.37	40,818.09
Capital work in progress	2	1,034.89	1,316.43
Less:- Provision for obsloescence		(25.74)	(24.24)
Net Capital work in progress	2	1,009.15	1,292.19
Intangible Assets	1A	7.12	5.63
Intangible assets under development	2	133.76	132.55
Financial Assets			
Investment in Subsidiaries and Associates	3	2.03	1.08
Trade receivables	4	-	4,265.27
Other non-current assets	5	1,374.49	1,088.98
Total Non Current Assets		**41,047.91**	**47,603.79**
Current Assets			
Inventories	6	1,417.89	933.42
Financial Assets			
Trade receivables	7	13,564.91	8,715.62
Cash and cash equivalents	8	0.07	0.03
Loans	9	10.64	13.09
Other financial assets	10	2,906.79	2,736.14
Other current assets	11	1,270.97	1,701.71
Assets classified as held for sale / disposal	1B	242.94	207.31
Total Current Assets		**19,414.20**	**14,307.32**
TOTAL ASSETS		**60,462.11**	**61,911.11**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	12	25,284.13	25,247.13
Other equity	13	(6,848.93)	(6,477.96)
Total Equity		**18,435.20**	**18,769.17**
Liabilities			
Non Current Liabilities			
Financial liabilities			
Borrowings	14	23,012.11	24,250.69
Provisions	15	827.92	865.01
Deferred tax liabilities (Net)	15A	860.46	853.03
Other non-current liabilities	16	13.37	61.43
Total Non Current Liabilities		**24,713.87**	**26,030.15**
Current Liabilities			
Financial liabilities			
Borrowings	17	8,060.62	8,169.81
Trade payables - MSME	18	0.12	0.48
Trade payables - Other than MSME	18	1,328.20	1,437.97
Other financial liabilities	19	7,635.74	7,203.47
Other current liabilities	20	53.18	23.47
Provisions	21	235.18	276.59
Current tax liabilities (Net)		-	-
Total Current Liabilities		**17,313.05**	**17,111.79**
TOTAL EQUITY AND LIABILITIES		**60,462.11**	**61,911.11**

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
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For RSVA & Co.
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(FRN - 110504W)

(CA Abhijit Mundada)
Partner (ICAI M No. 134685)
Mumbai, 7th September, 2019

For Maharashtra State Power Generation Co. Ltd.

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

Arvind Singh
Chairman & Managing Director
DIN No.02780573

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, 2019 (Standalone)

(₹ in Crores)

Particulars	Notes	2018-2019	2017-2018
Revenue			
Revenue from operations			
Sale of power	22	18985.11	19011.03
Other operating revenues	23	2430.71	2050.45
Other income	24	1164.12	256.20
Total Revenue		**22579.94**	**21317.68**
Expenses			
Cost of materials consumed	25	12995.33	11560.85
Employee benefits expense	26	1284.18	1407.84
Finance costs	27	3169.73	3321.11
Depreciation & amortization expense	1&1A	3158.39	2655.85
Other expenses	28	2298.12	2290.78
Total Expenses		**22905.75**	**21236.43**
Profit Before exceptional items and Tax		**(325.81)**	**81.25**
Profit/(loss) Before Tax		**(325.81)**	**81.25**
Tax expense:			
Current tax (on P&L Items)		0.00	0.00
Current tax (on OCI Items)		0.26	12.24
Deferred tax Expense/(Gain)	15A	7.43	(654.31)
Total Tax Expenses		**7.69**	**(642.07)**
Profit/(loss) for the period		**(333.50)**	**723.32**
Other Comprehensive Income			
Items that will not be reclassified to profit or loss:			
Remeasurements of the defined benefit plans	26A	(0.74)	(35.38)
Current Tax expense on OCI items Gain/(Expense)		0.26	12.24
Other Comprehensive Income for the period (net of tax)		**(0.48)**	**(23.14)**
Total Comprehensive Income for the period, net of tax		**(333.98)**	**700.18**
Earning per share [Basic]		(0.13)	0.29
Earning per share [Diluted earnings per share]		(0.13)	0.29

As per our report attached
For K. S. Aiyar & Co.
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STATEMENT OF CHANGES IN EQUITY

I. Equity Share Capital

Particulars	Amount (₹ in Crores)
As at 31.03.2017	**24,854.34**
Changes in Equity share capital	392.79
As at 31.03.2018	**25,247.13**
Changes in Equity share capital	37.00
As at 31.03.2019	**25,284.13**

II. Other Equity

(₹ in Crores)

Particulars	Share Application Money Pending Allotment	Retained earnings	Other Comprehensive Income	Total Other Equity
As at 31.03.2017	**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)**	**(96.98)**	**(6,477.95)**
Profit or Loss for the year		(333.50)		(333.50)
Other Comprehensive income for the year			(0.48)	(0.48)
Addition to share application money				-
Shares Alotted during the year	(37.00)			(37.00)
As at 31.03.2019	**0.00**	**(6,751.47)**	**(97.46)**	**(6,848.93)**

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

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Mumbai, 7th September, 2019

For Maharashtra State Power Generation Co. Ltd.

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DIN No.02780573

Pankaj Sharma
Chief General Manager (A/c)

Rahul Dubey
Company Secretary
M No. A14213

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2019

Particulars	2018-2019 (₹ in Crores)	2017-2018 (₹ in Crores)
A. Cash Flow From Operating Activities		
Profit/(Loss) after Tax	**(333.98)**	**700.18**
Adjustments to reconcile profit before tax to net cash used in operating activities:		
Depreciation/ impairment on property, plant and equipment & Intangible Assets	3,158.39	2,655.85
Interest income from Preference Shares		
(Gain)/loss on sale of property, plant and equipment		
Remeasurement of Defined benefit plans Gain / (Loss)		
Amortisation of Foreign Currency Monetary Item Translation Difference		
Spares Written off		
Impairment in Value of Investments		
Fair value gain on Current Investments carried at FVTPL		
(Profit)/Loss on Sale of Current Investment		
Finance Costs	3,169.73	3,321.11
Un realised Exchange Rate Difference	16.02	40.82
Allowance for ECL	84.55	9.03
Bad Debts written off		
Interest Income	(0.28)	(0.40)
Provision for obsolescence of inventory	(47.88)	20.15
Operating Profit before Changes in Working Capital {Sub Total - (i)}	**6,046.55**	**6,746.73**
Movements in working capital		
(Increase) / Decrease in Trade Receivables	(668.57)	(2,317.99)
(Increase) / Decrease in Loans and Advances and Other Assets	(58.60)	(6.85)
(Increase) /Decrease in Inventories	(436.59)	460.12
Increase / (Decrease) in Liabilites and Other Payables	4.77	(568.09)
Sub Total - (ii)	**(1,158.98)**	**(2,432.81)**
Cash Generated from Operations (i) + (ii)	**4,887.57**	**4,313.91**
Less : Direct Taxes / FBT refund / (paid) - Net		
Net Cash from Operating Activities (A)	**4,887.57**	**4,313.91**
B. Cash Flow From Investing Activities		
Purchase of Property, Plant & Equipment (incl. Capital Work in Progress/excluding interest capitalised)	(581.32)	(707.22)
Sale of Property, Plant & Equipment		
Purchase of Investments (Including share application money pending allotment/Advance towards Equity)		
Investment in Subsidiary	(0.95)	(0.82)
Sale Proceeds of current investments		
Loan Given to Subsidiary		
Interest received	0.28	0.40

(₹ in Crores)

Particulars		2018-2019	2017-2018
Dividend Received			
Net Cash Flow generated from / (used in) Investing Activities	**(B)**	**(581.98)**	**(707.64)**
C. Cash Flow From Financing Activities			
Proceeds from Long Term Borrowings		1,249.26	2,198.72
Long term Loans repaid		(2,533.97)	(2,161.47)
Proceeds from issue of shares		0.00	37.00
Short term Loans raised / (repaid)		(89.84)	(664.77)
Capital Grant Received		29.25	8.72
Finance Cost paid		(2,940.90)	(3,073.82)
Net Cash Flow generated from / (used in) Financing Activities	**(C)**	**(4,286.20)**	**(3,655.62)**
Net Increase / (Decrease) in Cash and Cash Equivalents	**(A+B+C)**	**19.39**	**(49.35)**
Cash and cash equivalents at the beginning of the year		0.03	34.06
Cash and cash equivalents at the end of the year		**19.42**	**(15.29)**
Details of cash and cash equivalents at the end of the year:			
Cash and cash equivalents as on			
Balances with Banks:			
- on current accounts		-	-
- on non-operative current accounts			
Overdraft		19.34	(15.31)
Cash on hand		0.07	0.03
Cash and cash equivalents at the end of the year		**19.42**	**(15.29)**

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

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Mumbai, 7th September, 2019

For Maharashtra State Power Generation Co. Ltd.

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Director (Finance) & CFO
DIN No. 05173607

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DIN No.02780573

Pankaj Sharma
Chief General Manager (A/c)

Rahul Dubey
Company Secretary
M No. A14213

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31stMARCH, 2019

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 07/09/2019.

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 / capacity expansion, the related expenses and borrowing cost up to the date of commissioning attributable to such project / expansion are capitalized.

Further, the expenditure in respect of new projects / capacity expansion would commence getting capitalized upon approval of the Board of Directors of the Company to implement the respective project upon completion of exploration and technical and financial feasibility studies of the project. The expenditure incurred in relation to exploration activities and project feasibility studies are charged to Statement of Profit and Loss as and when incurred.

a) The expenditure on the salaries directly attributable to project will form the part of the project cost till completuion of Boiler-Turbine-Generator related activities and Balance Of Plants related activities.

b) Admin & General expenditure that are directly attributable to construction of the project will be capitalised as a part of project cost upto one year after commissioning of the said project in view of completion of balance project related activities and subsequently it will be charged to Statement of Profit and Loss.

c) None of the expenditure of Generation Construction Office Koradi & Head Office will be allocated to small capital scheme. The small capital scheme are the schemes which entails less than twelve months time for its construction.

d) In the event, the company is executing more than one project,/ capital scheme (other than small schemes) the common cost incurred at Generation Construction Office Koradi & Head Office will be to allocated on the basis of the addition to the work-in-progress during the year.

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. <u>Property, Plant and Equipment</u>

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 for Thermal 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 project as 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 may be.

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.

Loss allowances on trade receivables are measured following the 'simplified approach' at an amount equal to the lifetime ECL at each reporting date. Based on the assessment of the risk as on the reporting date in comparison with the risk assessment on initial recognition date, Company recognises an impairment loss or gain in expected credit loss provision in the Profit & Loss statement.

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

Company classified Trade Receivable as the financial instruments at amortised cost. Trade receivables are carried at original invoice amount less provisions for Expected Credit Loss. For recognition of impairment loss on these financial assets, the Company assesses whether there has been a significant increase in the credit risk since initial recognition.

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

(₹ in Crores)

TANGIBLE ASSETS																
Cost	ASSETS															
	Land (including development)		Buildings			Other Civil Works		Plant, Machi-nery & Equip-ments	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
	Free hold	Lease hold	Factory Buildings	Others	Hydraulic Works	Railway Sidings	Roads and Others									
As at 31.03.2017	1,595.25	106.11	902.43	991.17	2,490.64	1,354.46	415.86	37,381.81	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		
As at 31.03.2018	1,597.79	106.11	883.48	1010.08	2487.86	1458.94	425.71	37406.17	490.39	18.11	25.66	23.41	57.49	45991.20		
Addition	40.41	-	8.99	90.57	43.33	16.85	16.69	664.97	0.09	1.75	3.15	22.90	-	909.71		
Deduction	-	-	1.94	1.06	3.33	0.00	-	347.92	0.03	0.80	0.04	1.11	-	356.24		
As at 31.03.2019	1,638.20	106.11	890.53	1,099.59	2,527.86	1,475.79	442.40	37,723.22	490.45	19.06	28.77	45.20	57.49	46544.67		
Accumulated Depreciation and impairment																
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	2924.37		
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	-	-	23.04	0.95	19.70	65.32	0.01	313.42	3.71	1.56	0.71	1.85	0.46	430.73		
As at 31.03.2018	-	13.13	41.23	160.25	340.98	123.88	39.72	4,334.66	65.05	0.30	3.82	6.37	12.78	5142.17		
Addition	-	4.38	22.18	82.48	225.12	83.52	48.14	2,630.28	46.43	1.84	2.52	3.53	4.54	3154.97	0.11	3154.86
Deduction/ Adjustments	-	-	1.75	0.64	3.00	0.00	-	315.16	0.03	0.72	(0.20)	(5.17)	-	315.93		
As at 31.03.2019	-	17.50	61.66	242.10	563.10	207.40	87.86	6649.78	111.45	1.42	6.54	15.07	17.32	7981.21		
Provision for obsolescence 31.03.2016	-	-	0.40	-	0.30	-	0.28	22.65	6.79	0.11	0.00	0.01	0.05	30.59		
As at 31.03.2017	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 31-03-2017	-	-	0.40	-	0.30	-	0.28	23.00	6.79	0.11	0.00	0.01	0.05	30.94		
As at 31.03.2018	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		
Provision for obsolescence 31-03-2018	-	-	0.40	-	0.30	-	0.28	34.16	6.79	0.11	0.00	0.01	0.05	42.09		
As at 31.03.2019	1,638.20	88.60	828.48	857.49	1964.45	1268.39	354.26	31039.28	372.21	17.52	22.23	30.12	40.12	38521.37	-	

Note No. 1A - Intangible Assets

(₹ in Crores)

Cost	Software Licences
Gross Amount	
As at 31.03.2017	**25.36**
Addition	2.51
Deduction	-
As at 31.03.2018	**27.87**
Addition	5.02
Deduction	-
As at 31.03.2019	**32.88**
Accumulated Amortisation	
As at 31.03.2017	**13.14**
Addition	9.09
Deduction	-
As at 31.03.2018	**22.22**
Addition	3.53
Deduction/Adjustments	-
As at 31.03.2019	**25.76**
Net Carrying Amount	
As at 31.03.2017	**12.23**
As at 31.03.2018	**5.65**
As at 31.03.2019	**7.13**

Note No. 1B - Assets classifies as held for sale

(₹ in Crores)

Particulars	31.03.2019	31.03.2018
Non-current assets held for sale		
Plant & Machinery	188.23	153.24
Factory Buildings & Others	9.53	9.34
Hydraulic Works	8.51	8.18
Railway Sidings, Roads & Others	26.25	26.25
Lines & Cable Networks	8.84	8.84
Vehicles	0.35	0.32
Furniture & Fixtures	0.37	0.36
Office Equipments	0.78	0.71
Other Miscellaneous Assets	0.07	0.07
Total	**242.94**	**207.31**

Note :

Operations of the power generating unit no. 5 at Koradi TPS & unit no. 3 at Parali TPS, Chandrapur 1 & 2 , Bhusawal unit no. 2 have been discontinued. The company is in the process of disposing of these assets. 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, 2019.

Note No. 2 - Capital Work in Progress

(₹ in Crores)

Particulars	TOTAL Tangible CWIP	Freehold Land	Leasehold Land	Factory Buildings	Other Buildings	Hydraulic works	Railway Sidings	Roads & Others	Plant & Machinary	Line cabels & network	Vehicles	Furniture & Fixtures	Office Equip-ment	CWLP Intangible Assets
As at 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 at 31.03.2018	**1,316.43**	**14.49**	**-**	**532.11**	**0.21**	**-**	**-**	**28.30**	**739.72**	**-**	**0.06**	**0.00**	**1.55**	**132.55**
Addition	318.20	-		96.79	2.86			48.70	169.29		-0.00	-0.01	0.56	1.21
Deletion	599.74	-		99.51	0.12			3.18	495.72		0.06	-0.01	1.16	-
As at 31.03.2019	**1,034.89**	**14.49**	**-**	**529.38**	**2.96**	**-**	**-**	**73.82**	**413.30**	**-**	**0.00**	**0.00**	**0.95**	**133.76**
Net Capital Work in Progress														
Less: Provision for obsloescence	24.24								24.24					
As at 31.03.2018	**1,292.19**	**14.49**	**-**	**532.11**	**0.21**	**-**	**-**	**28.30**	**715.48**	**-**	**0.06**	**0.00**	**1.55**	**132.55**
Less: Provision for obsloescence	25.74								25.74					
As at 31.03.2019	**1,009.15**	**14.49**	**-**	**529.38**	**2.96**	**-**	**-**	**73.82**	**387.55**	**-**	**0.00**	**0.00**	**0.95**	**133.76**

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

NOTES TO THE FINANCIAL STATEMENTS AS AT 31ST MARCH, 2019

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

(₹ in Crores)

Particulars	31.03.2019	31.03.2018
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
Chhattisgarh Katghoara Dongargarh Railway Limited 5,20,000 Equity shares of ₹ 10 each fully paid up	0.52	
Quasi Equity investment in subsidiaries (In the nature of advances)	49.36	47.15
Total	**50.04**	**47.31**
Less : Allowance for Expected Credit Loss & impairment in the value of investment	**(48.01)**	**(46.23)**
TOTAL	**2.03**	**1.08**

Note No. 4 - Non-Current : Trade Receivables

(₹ in Crores)

Particulars	31.03.2019	31.03.2018
Unsecured considered good;	0.00	5247.55
Less: Allowance for Expected Credit Loss	0.00	(982.28)
TOTAL	**0.00**	**4265.27**

Note No. 5 - Other Non-Current Assets

(₹ in Crores)

Particulars	31.03.2019	31.03.2018
Advances for O&M Supplies/ recoverables	265.84	252.00
Less:- Allowance for Expected Credit Loss	(265.84)	(252.00)
	0.00	0.00
Advance to Irrigation Department Government of Maharashtra	76.21	142.00
Less:- Allowance for Expected Credit Loss	(76.21)	(39.10)
	0.00	102.90
Income Tax Refundable (net of provisions)	313.99	227.86
Staff Advance	1.95	1.83
Capital advances	307.39	56.33
Deferred Lease Rent (Hydro Plants)	751.16	700.06
TOTAL	**1374.49**	**1088.98**

Note No. 6 - Current Assets-Inventories

(₹ in Crores)

Particulars	31.03.2019	31.03.2018
Raw materials (Coal)	665.36	193.02
Fuel Oil, LDO etc	218.67	182.24
Stock-in-transit (Coal & Oil)	36.09	42.88
Stores and spares	887.41	867.87
Less : Provision for Obsolescence of stores and spares	(350.60)	(302.72)
Less : Provision for material shortage pending investigation	(39.05)	(49.87)
TOTAL	**1417.89**	**933.42**

Note No. 7 - Current Assets - Trade Receivables

(₹ in Crores)

Particulars	31.03.2019	31.03.2018
Unsecured considered good;	13564.91	8715.62
Doubtful	26.60	26.60
Less: Allowance for Expected Credit Loss	(26.60)	(26.60)
TOTAL	**13564.91**	**8715.62**

Note No. 8 - Current Assets-Cash and Cash Equivalents

(₹ in Crores)

Particulars	31.03.2019	31.03.2018
Balances with Scheduled Banks:		
- on Current Accounts	0.00	0.00
Cash on Hand	0.07	0.03
TOTAL	**0.07**	**0.03**

Note No. 9 - Current Assets-Current Loans

(₹ in Crores)

Particulars	31.03.2019	31.03.2018
Unsecured, considered good		
- Employee loans and advances	10.64	11.27
- Receivable from CPF Trust	0.00	1.82
TOTAL	**10.64**	**13.09**

Note No. 10 - Other Current Financial Assets

(₹ in Crores)

Particulars	31.03.2019	31.03.2018
Unsecured, considered good		
Recoverables from Employees	4.38	17.31
Unbilled Receivables	2617.19	2209.22
Tax claims including MVAT set-off	114.30	328.85
Rent Receivable	0.13	0.14
Claims receivable	123.07	136.49
Deposit paid by Mahagenco to Related Party	4.28	0.37
Recoverable from Contractors, Deposits paid by Mahagenco	43.43	43.76
TOTAL	**2906.79**	**2736.14**

Note No. 11 - Current Assets-Other Assets

(₹ in Crores)

Particulars	31.03.2019	31.03.2018
Prepaid Expenses	38.09	47.72
Advances for O & M supplies / works	576.06	838.27
Advances for fuel supplies/Others	787.57	905.75
Less:- Allowance for Expected Credit Loss	(130.75)	(90.03)
TOTAL	**1270.97**	**1701.71**

Note No. 12 - SHARE CAPITAL

i) Authorised Capital

Class of Share	Par value	As at 31.03.2019		As at 31.03.2018	
		No. of Shares	(Amount in ₹ Crores)	No. of Shares	(Amount in ₹ Crores)
Equity Shares	10	40,00,00,00,000	40,000.00	40,00,00,00,000	40,000.00

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

Class of Share	Par value	As at 31.03.2019		As at 31.03.2018	
		No. of Shares	(Amount in ₹ Crores)	No. of Shares	(Amount in ₹ Crores)
Equity Shares	10	25,28,41,26,226	25,284.13	25,24,71,26,126	25,247.13

iii) Reconciliation of Number of Shares Outstanding

Class of Share	As at 31.03.2019		As at 31.03.2018	
	Equity Shares		Equity Shares	
	No. of Shares	(Amount in ₹ Crores)	No. of Shares	(Amount in ₹ Crores)
Outstanding at the beginning of the year	25,24,71,26,126	25,247.13	24,85,43,36,788	24,854.34
Addition during the period	3,70,00,100	37.00	39,27,89,338	392.79
Outstanding at the end of the year	25,28,41,26,226	25,284.13	25,24,71,26,126	25,247.13

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 31.03.2019	As at 31.03.2018
	Equity Shares	Equity Shares
MSEB Holding Company Ltd. (Nos.)	25,28,41,26,226	25,24,71,26,126
MSEB Holding Company Ltd. (Amount in ₹ Crores)	25,284.13	25,247.13

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

Class of Share	As at 31.03.2019		As at 31.03.2018	
	No. of Shares	% of Shares	No. of Shares	% of Shares
MSEB Holding Company Ltd.	25,28,41,26,226	100.00	25,24,71,26,126	100.00

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

(₹ in Crores)

Particulars	31.03.2019	31.03.2018
- Retained Earnings		
- As per last Balance Sheet	(6,514.95)	(7215.14)
Add : Profit/(loss) for the year	(333.98)	700.18
	(6,848.93)	**(6514.96)**
General Reserve & Capital Reserve	-	
Other Equity-(b): Other Reserves		
Share Application Money Pending Allotment	0.00	37.00
Grand Total	**(6848.93)**	**(6477.96)**

Note No. 14 Non Current Borrowings

(₹ in Crores)

Particulars	31.03.2019	31.03.2018
Term loans		
Secured		
Term Loan From Financial Institutions	20547.10	21557.61
Term Loan From Banks	1625.82	1813.28
Un - secured		
Term Loan From Financial Institutions	0.00	0.00
Loan from World Bank	266.62	187.88
Loan from CSSEPL (Baramati Project)	191.39	196.72
Loan from KFW	381.18	495.20
Total	**23012.11**	**24250.69**

Note No. 15 Non Current Provisions

(₹ in Crores)

Particulars	31.03.2019	31.03.2018
Provision for Gratuity	425.41	446.05
Provision for Leave Encashment	402.52	418.96
Total	**827.92**	**865.01**

Note : 15A - Deferred tax liabilities (Net)

(a) Tax Expense recognised in profit and loss

(₹ in Crores)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Current tax expense		
Current year	(0.26)	12.24
Changes in estimates relating to prior years	-	-
	(0.26)	**12.24**
Deferred tax expense		
Origination and reversal of temporary differences	(0.85)	(654.32)
Change in tax rate	8.28	-
Changes in estimates relating to prior years	-	-
	7.43	**(654.32)**
Tax expense recognised in the income statement	**7.17**	**(642.07)**

(b) Tax expense recognised in other comprehensive income

Particulars	For the year ended March 31, 2019		
	Before tax	Tax expense/ (benefit)	Net of tax
Items that will not be reclassified to profit or loss Remeasurements of the defined benefit plans	(0.74)	0.26	(0.48)
Total	**(0.74)**	**0.26**	**(0.48)**

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)**

(c) Reconciliation of effective tax rate

(₹ in Crores)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Profit before tax	**(325.81)**	**81.25**
Applicable tax rate	**34.94%**	**34.61%**
Tax using the Company's domestic tax rate	**(113.85)**	**28.12**
Change in tax rate	8	
Tax effect of:		
Non-deductible expenses	7.45	11.53
Timing Difference on account of		
- For Depreciation and other items	187.84	699.37
- Impairment of financial assets	(13.59)	105.35
- Expenditure allowable on actual payment basis	10.35	9.40
Deferrred Tax adjustment for earlier years	(80.13)	(1,511.61)
CSR Expenditure not deductible	1.09	3.53
OCI Items	0.26	12.24
Tax expense	**7.69**	**(642.07)**
Effective tax rate	**-2.36%**	**-790.26%**

(d) Movement in deferred tax balances

(₹ in Crores)

Particulars	March 31, 2019					
	Net balance April 1, 2018	Recognised in profit or loss	Recognised in OCI	Net	Deferred tax asset	Deferred tax liability
Deferred tax asset						
Property, plant and equipment	(5,266.90)	(268.25)	-	(5,535.14)	-	(5,535.14)
Investments	16.00	0.78	-	16.78	16.78	-
Inventories	-	-	-	-	-	-
Trade receivables	339.95	(339.95)	-	-	-	-
Provisions	395.09	(23.85)	0.26	371.49	371.49	-
Unabsorbed Depreciation	3,764.01	610.38	-	4,374.40	4,374.40	-
Loans and Advances	(101.17)	13.20	-	(87.97)	(87.97)	-
Tax assets (Liabilities)	**(853.02)**	**(7.69)**	**0.26**	**(860.45)**	**4,674.69**	**(5,535.14)**

(₹ in Crores)

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)**

Note No. 16 Other Non-Current Liabilities

(₹ in Crores)

Particulars	31.03.2019	31.03.2018
Capital Grant	13.37	61.42
Total	**13.37**	**61.42**

Note No. 17 Current Borrowings

(₹ in Crores)

Particulars	31.03.2019	31.03.2019
Loans repayable on demand		
Secured		
from banks		
Cash Credit	4960.62	4619.81
Unsecured		
from banks		
Working Capital	2350.00	2300.00
Other Short Term Loans	750.00	1250.00
Total	**8060.62**	**8169.81**

Note No. 18 Current Trade Payables

(₹ in Crores)

Particulars	31.03.2019	31.03.2018
Micro, Small and Medium Enterprises (MSME)	0.12	0.48
Other than MSME	1328.20	1437.97
Total	**1328.32**	**1438.45**

Note No. 19 Other Current Financial Liabilities

(₹ in Crores)

Particular	31.03.2019	31.032019
Current maturities of Long Term Borrowings	2466.85	2513.00
Retentions & Payables	3514.43	3175.11
Other Deposits	106.85	96.76
Interest accrued but not due	228.97	247.29
Payables for Capital goods	79.29	109.13
Related Party Payables	716.80	689.89
Others	445.29	326.26
Payable to employees	77.26	46.03
Total	**7635.74**	**7203.47**

Note No. 20 Other Current Liabilities

(₹ in Crores)

Particulars	31.03.2019	31.03.2018
Current maturities of Capital Grant	0.48	0.47
Statutory Dues		
Income tax deducted at source	23.41	18.09
Income tax collected at source	0.01	0.06
Service Tax liability & Electricity Duty Payable	0.05	0.09
GST Liabilities	29.13	4.73
Professional Tax Liability	0.11	0.03
Total	53.18	23.47

Note No. 21 Current Provisions

(₹ in Crores)

Particulars	31.03.2019	31.03.2018
Provision for Gratuity	111.29	135.04
Provision for Leave Encashment	123.89	141.55
Total	235.18	276.59

Note No. 22 Sale of Products

(₹ in Crores)

Particulars	31.03.2019	31.03.2018
Sale of Power	18985.11	19011.03
Recovery under Subsidy Schemes		
Total	18985.11	19011.03

Note No. 23 Other Operating Revenues

(₹ in Crores)

Particulars	31.03.2019	31.03.2018
Delayed payment surcharge	2320.69	2047.31
Miscellaneous Operating Income	13.85	3.14
IPP Sale of Coal	96.18	
Sale of Fly Ash	34.00	29.75
Less:- Transferred to Fly Ash Liability	(34.00)	(29.75)
Total	2430.71	2050.45

Note No. 24 Other Income

(₹ in Crores)

Particulars	31.03.2019	31.03.218
Interest Income on Financial Assets carried at amortized cost:		
Interest income	0.28	0.40
	0.28	**0.40**
Income from rent, hire charges etc.	6.76	6.62
Profit on sale of assets/stores/scrap	63.80	76.97
Sale of tender forms	1.14	1.26
Sundry Credit balance write Back	1024.93	105.91
Other receipts	66.73	64.57
Govt Grant Amortization	0.48	0.47
	1163.83	**255.80**
Total Other Income	1164.12	256.20

Note No. 25 Cost of Materials Consumed

(₹ in Crores)

Particulars	31.03.2019	31.03.2018
Coal	11607.98	10548.78
IPP Purchase of coal	105.62	
IPP Purchase of Power	251.08	
Gas	554.11	574.78
Oil	292.37	243.80
Water	184.18	193.49
Total	**12995.33**	**11560.85**

Note No. 26 Employee Benefits Expense

(₹ in Crores)

Particulars	31.03.2019	31.03.2018
Salaries, Wages, Bonus, etc.	964.04	961.76
Contribution to Provident Fund	91.69	90.73
Gratuity, Leave Encashment and Other Employee Benefits	142.93	279.62
Employee Welfare Expenses	85.52	75.73
Total	**1284.18**	**1407.84**

Note No. 26A Employee Benefits Expense under OCI

(₹ in Crores)

Particulars	31.03.2019	31.03.2018
Remeasurements of the defined benefit plans	0.74	35.38
Total	**0.74**	**35.38**

Note No. 27 Finance costs

(₹ in Crores)

Particulars	31.03.2019	31.03.2018
Interest	3193.62	3289.37
Exchange difference regarded as an adjustment to borrowing cost	2.75	44.28
Other borrowing costs	1.94	2.45
Less:- Interest Capitalised	(28.58)	(14.99)
Total	**3169.73**	**3321.11**

Note No. 28 Other Expenses

(₹ in Crores)

Particulars	31.03.2019	31.03.2018
Rent	32.27	18.26
Hydro Lease rent	565.83	452.09
Repairs and Maintenance on:-		
- Plant & machinery & Building	1183.26	1162.92
- Repair & Maintenance - Others	1.04	0.70
Insurance charges	28.11	26.68
Rates and taxes	20.81	15.48
Others		
Lubricants, consumables & stores	9.76	3.89
Obsolescence of Stores	47.88	-
Domestic Water	0.08	6.92
Legal and professional charges	17.21	16.95
Commission to agents	0.01	0.02
Other Bank Charges	1.04	0.26
Contribution towards assets not owned by Company / CSR expenditure	3.11	10.20
Provision for doubtful advances	84.55	9.03
Allowance for Expected Credit Loss	37.12	296.98
Other general expenses	228.32	225.63
Ash utilisation expenditure	0.00	3.16
Loss on obsolescence of Fixed Assets	20.78	40.82
Loss on foreign exchange variance (Net)	16.02	0.00
Payments to the auditors for:		
- Audit Fees	0.76	0.61
- other Services	0.00	0.00
- Reimbursement of expenses	0.03	0.06
- Reimbursement of tax	0.14	0.12
Total	**2298.12**	**2290.78**

Note No. 28A Deferred Tax Expenses

(₹ in Crores)

Particulars	31.03.2019	31.03.2018
Non OCI Defered Tax gain /(Expenditure)	7.69	(642.06)
OCI Items Defered Tax gain /(Expenditure)	(0.26)	(12.24)
Total	**7.43**	**(654.30)**

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 (₹ in Crores)

Particulars	31st March, 2019	31st March, 2018
Opening balance	581.09	470.70
Interest Cost Included in profit or loss	45.21	34.22
Current service cost	24.31	16.67
Past service cost	-	146.03
Interest cost (income)		
	650.61	**667.62**
Included in OCI		
Remeasurement loss (gain):		
Actuarial loss (gain) arising from:		
Demographic assumptions		
Financial assumptions	0.55	(14.43)
Experience adjustment	0.18	49.81
Return on plan assets excluding interest income		
	0.74	**35.38**
Other		
Contributions paid by the employer		
Benefits paid	(114.65)	(121.91)
Closing balance	536.70	581.09
Represented by		
Net defined benefit asset		
Net defined benefit liability	536.70	581.09
	536.70	**581.09**

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:

(₹ in Crores)

Particulars	31st March, 2019	31st March, 2018
Discount rate	7.76%	7.78%
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.

(₹ in Crores)

Particulars	31st March, 2019		31st March, 2018	
	Increase	Decrease	Increase	Decrease
Discount rate (0.5% movement)	(13.38)	14.26	(13.30)	14.14
Future salary growth (0.5% movement)	14.58	(13.79)	14.46	(13.70)
Employee Turnover (0.5% movement)	2.99	(3.16)	2.90	(3.06)

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

(₹ in Crores)

Particulars	31st March, 2019	31st March, 2018
1st Following Year	111.29	135.04
2nd Following Year	57.36	59.79
3rd Following Year	74.06	81.74
4th Following Year	62.01	71.11
5th Following Year	52.86	58.42
Sum of Years 6 To 10	187.02	197.06
Sum of Years 11 and above	391.91	368.16

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

(₹ in Crores)

Particulars	Defined benefit obligation	
	31st March, 2019	31st March, 2018
Opening balance	560.51	565.20
Included in profit or loss (Interest Cost)	43.61	41.09
Current service cost	11.91	12.36
Past service cost		
Interest cost (income)		
	616.03	618.65

Remeasurement loss (gain):		
Actuarial loss (gain) arising from:		
Demographic assumptions		
Financial assumptions	0.62	(16.42)
Experience adjustment	17.29	45.65
Return on plan assets excluding interest income		
	17.90	**29.24**
Other		
Contributions paid by the employer		
Benefits paid	(107.53)	(87.38)
Closing balance	526.41	560.51
Represented by		
Net defined benefit asset		
Net defined benefit liability	526.41	560.51
TOTAL	**526.41**	**560.51**

B. Defined benefit obligations

i. Actuarial assumptions

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

Particulars	31st March, 2019	31st March, 2018
Discount rate	7.76%	7.78%
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 "MSEB 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)

Description of Plan Assets

Particulars	31st March, 2019	31st March, 2018
Category -I (a)- GOI	8.37%	14.78%
Category -I (a)-SDL	27.89%	19.81%
Category - I(b)	4.81%	5.27%
Category - II(a)	30.37%	31.21%
Category - II(b)	1.90%	0.96%
Category - IV(c)	1.66%	1.43%
Special Deposit Scheme	24.99%	26.53%

Note No. 30

(₹ in Crores)

Capital / Government grants	
As at 31.03.2017	**53.64**
Received during FY 2017-2018	8.72
Less: Government Grant amortised during FY 2017-2018	0.47
As at 31.03.2018	**61.89**
Received during FY 2018-2019	29.25
Less: Grant adjusted against Asset & Expenditure	76.81
Less: Government Grant amortised during FY 2018-2019	0.48
As at 31.03.2019	**13.85**

	As at 31.03.2019	As at 31.03.2018
Current	0.48	0.47
Non-current	13.37	61.42
Total	**13.85**	**61.89**

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 conditions or contingencies attached to this grant. Further during the year Company has received Grant of ₹ 29.25 Crs (PY ₹ 8.72 Crs.)

Note No. 31 - Intangible assets under development

(₹ in Crores)

Particulars	As at 31.03.2019	As at 31.03.2018
Opening balance	132.55	129.77
Additions for the year	1.21	2.78
Specify the nature of expenses		
Impairment reversal/(charge)		
Foreign exchange difference		
Closing balance	**133.76**	**132.55**

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:

(₹ in Crores)

Details of Transactions	MAHAGUJ	DHOPAVE	MAHAGAMS	UCM	Aurangabad	CKDRL
As at 31.03.2017						
-Equity investement	0.03	0.05	0.05	0.03	0	
-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**	
As at 31.03.2018						
-Equity investement	0.03	0.05	0.05	0.03	-	0.52
-Quasi Equity investment	34.72	6.27	1.03	0.28	4.85	
Quasi Equity investment during the year	**1.68**	**(0.09)**	**0.43**	**0.19**		
As at 31.03.2019						
-Equity investement	0.03	0.05	0.05	0.03	-	0.52
-Quasi Equity investment	36.40	6.18	1.46	0.46	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:

(₹ in Crores)

Particulars	As at 31.03.2019	As at 31.03.2018
Security created in respect of Non-current Borrowings		
Property, plant and equipment excluding leasehold land	37,276.28	38,399.19
Security created in respect of Current Borrowings		
i) Inventories	1,417.89	933.43
ii) Trade receivables	13,564.91	12,980.89
Total assets as security	**14,982.80**	**13,914.32**

Note No. 34

During the current financial year 2018-19, Revenue Subsidy towards Solar power sales from Central Government amounting to ₹ 1.47 Crores (2017-18: ₹ 1.78 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:

(₹ in Crores)

Sr. No.	Particulars	2018-19	2017-18
1	Amounts payable to "suppliers" under MSMED Act, as on 31/03/19 :		
	- Principal	0.12	0.48
	- Interest	0.00	0.00
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
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	0.43	0.29
5	Amount of interest which is due and payable, which is carried forward from last year	1.47	1.18

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

ii. M/s. Chhattisgarh Katghora Dongargarh Railway 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
ii. M/s. Chhattisgarh Katghora Dongargarh Railway 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	Chairman & Managing Director	Shri. Arvind Singh	10.10.2018
3	Director (Mining)	Shri. Shyam Wardhane	14.09.2016 to 12.11.2018
4	Director (Mining)	Shri. P.V.Jadhav	14.11.2018 to 31.05.2019
5	Director (O)	Shri. Chandrakant Thotwe	19.09.2016
6	Director (F)	Shri. S. J. Amberkar	11.08.2017
7	Director (P)	Shri. Vikas Jaideo	19.09.2016 to 31.03.2019
8	Director (P)	Shri. V. Thangapandian	10.04.2019
9	Company Secretary	Shri Rahul Dubey	17.01.2006

5. Non Executive Directors

Sr No	Designation	Key Management Personnel Name	With effect from
1	Director	Shri. Vishwas Pathak	21.07.2015
2	Director	Smt.Juelee Wagh	15.06.2018

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

Sr No	Name of Related Party	Nature of Relationship	2018-19	2017-18
1	Shri. Bipin Shrimali	Chairman & Managing Director	0.29	0.31
2	Shri. Chandrakant Thotwe	Director (Operation)	0.35	0.35
3	Shri. Vikas Jaideo	Director (Projects)	0.34	0.36
4	Shri. Shyam Wardhane	Director (Mining)	0.11	0.19
5	Shri. J. K. Srinivasan	Director (Finance)	0.00	0.21
6	Shri. Santosh Amberkar	Director (Finance)	0.31	0.21
Remuneration to Key Managerial Persons				
1	Shri. A.R. Nandanwar	Executive Director	0.01	0.69
2	Shri. Vinod Bondre	Executive Director(HR)	0.18	0.20
3	Shri. Raju Burde	Executive Director	0.28	0.27
4	Shri. Kailash Chirutkar	Executive Director	0.28	0.27
5	Shri. Satish Chaware	Executive Director	0.27	0.29
6	Shri. Nitin Chandurkar	Executive Director	0.26	0.00
7	Shri. Rahul Dubey	Company Secretary	0.25	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: (₹ in Crores)

Details of Meeting	Smt. Juelee Wagh	Shri. Vishwas Pathak
Board	0.0053	0.0065
Audit Committee	-	0.0030
Total Sitting Fees Paid	**0.0053**	**0.0094**

Note No. 38

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

Particulars	Country of Company	Nature of Investments	Percentage of ownership interest as on	
			As at 31.03.19	As at 31.03.18
M/s. Mahaguj Collieries Ltd	India	Subsidiary	60.00%	60.00%
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%
M/s. UCM Coal Company Ltd	India	Associates	18.75%	18.75%
M/s. Chhattisgarh Katghora Dongargarh Railway Limited	India	Associates	26.00%	0.00%

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.

(₹ in Crores)

Particulars	Investment including advance	Provision for Impairment
M/s. Mahaguj Collieries Limited	36.43	36.43
M/s. UCM Coal Company Limited	0.49	0.49
M/s. Dhopave Coastal Power Limited	6.23	6.23

Note No. 40

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

Particulars	As at 31.03.19	As at 31.03.18
Payable to MSEDCL	505.97	500.52
Receivable from MSETCL	2.21	2.72

Note No. 40A

Trade Receivable from Related Party (₹ in Crores)

Particulars	As at 31.03.19	As at 31.03.18
MSEDCL	13,443.07	13,887.36
MSETCL	122.23	70.88

Note No. 41

Corporate Social Responsibilities

During the year, Company has spent ₹ 3.11 Crores (PY: ₹ 10.20 Crores) towards Corporate Social Responsibility (CSR). (₹ in Crores)

Sr.No.	Head of Expenses	2018-19	2017-18
1	Community development and welfare expenses	0.08	2.30
2	Death Compensation & Stipend to security guards	2.45	0.16
3	Drinking water supply & construction, repairs of tubewells, hand pumps etc	0.22	5.20
4	Construction / repair of road, compound wall, RCC drain, etc	0.35	2.11
5	Donation for Chakradhar Samaroh 2018 at Raigarh, Chattisgarh.	0.01	
6	Education expenses		0.07
7	Tree Plantation		0.36
	Total	**3.11**	**10.20**

Note No. 42

Contingent Liabilities & Commitments (₹ in Crores)

I	Contingent Liabilities	As at 31.03.19	As at 31.03.18
1	MSPGCL may be contingently liable for interest claim of SECL,WCL and SCCL amounting to ₹ 704.25 Crs (P.Y. ₹ 461.59 Crs).plus performance incentive ₹ 681.90 Crores (P.Y. ₹ 602.65 Crores) and short lifting ₹ 559.84 Crores (P.Y. ₹ 392.77 crs.) plus Penalty claim of WCL ₹ 29.62 crores. Total Contingent Liability ₹ 1975.61 Crs. (P.Y. ₹ 1457.01 crs.)	1975.61	1457.01
2	MSPGCL may be contingently liable for Counter claims lodged by Washery Operator Amounting ₹ 95.18 crores(P. Y. ₹ 40.81 crores)	95.18	40.81
3	Contingent liability for demand from Irrigation Department for excess water charges and establishment charges amounted to ₹ 267.41 crores (P.Y. ₹ 215.28 crores)(Excess water charges bill ₹ 82.97 crores + Establishment Charges ₹ 184.45 crores) (Parli TPS)"	267.42	215.29
4	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.	103.2	103.2

5	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 - ₹ 467.90 crores Total Amount claimed - ₹ 118.12 crores Total Interest claimed - ₹ 79.33 crores (₹ 118.12 crores + ₹ 79.34 crores = ₹ 197.46 crores)	197.46	197.46
6	Contingent liability of approximately estimated to 210.43 Crores plus 37.88 crores int total ₹ 248.31 Crs (PY ₹ 178.33 Crores/-plus 32.10 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.	248.31	210.43
7	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 Crs 2. Nashik Thermal Power Station : ₹ 50.20 Crs 3. Bhusawal Thermal Power Station : ₹ 40.09 Crs 4. Khaperkheda Thermal Power Station : ₹ 2.54 Crs 5. Koradi Thermal Power Station : ₹ 0.30 Crs 6. Paras Thermal Power Station : ₹ 2.03 Crs Total Amount : ₹ 123.68 Crs (P.Y. ₹ 123.68 Crores)	123.68	123.68
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. M/s. Asian Natural Resources Ltd. has invoked the arbitration clause with restpect to the pending disputes and delayed payment on various accounts for the contracts for supply of non-cooking (Steam) coal of foreign origin for year 2010-11 to Nasik, Bhusawal, Khaperkheda and Chandrapur TPS. 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 ₹ 127.48 crores (P.Y. ₹ 102.63 crores) (FMC)	127.48	102.63

9	Other miscellaneous claims lodged against the company but not acknowledged as debt	314.23	287.15
	Total Claims	**3,452.57**	**2,737.66**
	Tax Demands Outstanding and disputed by the company	31.56	273.75
	Guarantees extended by the company	874.28	814.66
	Total Contingent Liabilities	**4,358.41**	**3,826.07**

(₹ in Crores)

II	**Capital Commitments**		
A	Estimated amount of contracts remaining to be executed on Capital Account not provided for	1,107.36	685.84

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 52.537 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

In pursance to Power Purchase Agreement, MSPGCL levied delayed payment Surcharge on MSEDCL. Such Surcharge Income of ₹ 3725 crores was treated as Non-tariff income by MERC and accordingly reduced from the Annual Revenue Requirement of MSPGCL for the period FY 2010-11 to FY 2015-16. The company filed appeal against this methodology in the Appellate Tribunal for Electricity. The Tribunal, however, rejected the appeal of the company. The matter is now pending with Supreme court.

1 Recently in the similar case of another Transmission Licensee (Tribunal order on Appeal no. 250 of 2016 & IA no. 899 of 2017 dated 29-05-2019), the Tribunal decided that the Delayed payment surcharge are not to be considered as Non-tariff Income and thus will not be deducted from Annual Revenue Requirement.

The said judgement has significantly increased the chances of favourable decision in case of MSPGCL seeking restoration of ₹ 3725 crores in the revenue. If the favourable decision is received, the company will be able to increase its earnings to the tune of ₹ 3725 crores.

2 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 against 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 M/s Dirk India with Court. The amount deposited with court is disclosed as contingent asset.

3 Excise duty on Royalty and other levies are paid under protest.

4 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	Amount ₹ in Crores
1.	Stone Claims	28.01
2.	SRN claims	43.28
3.	Interest claims	484.35
4.	Grade slippage	2,187.62
5.	Moisture Claims	34.18
6.	Short Delivery	2,115.38
	Total	**4,892.82**

5 Mahagenco has filed compensation application amounting to ₹ 409 crores against the three liasioning contractors M/s. Nair, M.s Naresh Kumar, M/s Karam Chand Thapar at NCLAT New Delhi, Advocate K. K. Sharma case no. AT 02/2018.

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		
Loans and advances & cost of raising finance		

Note No. 43(A) Note on Expected Credit Loss provision

During the year, the company has reassessed the credit risk associated with the surcharge receivable from MSEDCL in terms of Ind AS 109 - Financial Instruments. Considering the fact that MSEDCL has recorded an equivalent liability in their books as at 31-03-2018, the management does not foresee any difference between the contractual cash flows which are receivable from MSEDCL and the cash flows that the Company expects to receive (i.e. no cash shortfalls). As Company expects to realize the receivables in full, there will be no cash shortfall which warrants Expected Credit Loss provision. Consequently, Company has written back the Expected Credit Loss provision amounting to ₹ 982.28 Crores as on 31-03-2019.

Note No. 44 Classification of Financial Assets and Financial Liabilities:

The following table shows the carrying amount (₹ in Crores)

Particulars	31.03.2019			31.03.2018		
	FVTPL	FVTOCI	Amortised Cost	FVTPL	FVTOCI	Amortised Cost
Financial assets						
(i) Trade Receivables			13,564.91			12,980.89
(ii) Cash and Cash Equivalents			0.07			0.03
(iii) Bank Balances other than (ii) above						-
(iv) Loans			10.64			13.09
(v) Other Financial Assets			2,906.79			2,736.14
Total	-	-	**16,482.40**	-	-	**15,730.14**
Financial liabilities						
(i) Borrowings			31,072.73			32,420.49
(ii) Trade Payables			1,328.32			1,438.45
(iii) Other Financial Liabilities			7,635.74			7,203.47
TOTAL	-	-	**40,036.80**	-	-	**41,062.42**

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:

44A. 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.

44B. 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:

44B.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:

(₹ in Crores)

Particulars	31.03.2019		31.03.2018	
	Gross carrying amount	Loss allowance	Gross carrying amount	Loss allowance
Past due 0-180 days	13,564.91		8,742.23	
Past due 180-360 days				
More than 360 days	26.60	26.60	5,247.55	1,008.88
TOTAL	**13,591.51**	**26.60**	**13,989.77**	**1,008.88**

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:

(₹ in Crores)

Balance as at 01.04.2017	**793.81**
Add : Expected Credit loss recognised	285.96
Less : Amounts written off	70.88
Balance as at 31.03.2018	**1,008.88**
Add : Expected Credit loss recognised	(982.28)
Less : Amounts written off	-
Balance as at 31.03.2019	**26.60**

Cash and cash equivalents: (₹ in Crores)

Particulars	As at 31.03.2019	As at 31.03.2018
Cash and cash equivalents	0.07	0.03

44B.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. (₹ in Crores)

Particulars	Contractual Cash Flows					
	31.03.2019			31.03.2018		
	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	2,466.85	5,369.33	17,642.78	2,513.00	4,856.32	19,394.37
Borrowings for working capital	8,060.62			8,169.81		
Trade payables	1,328.32			1,438.45		
Other financial liabilities	7,635.74			7,203.47		
Total	**19,491.54**	**5,369.33**	**17,642.78**	**19,324.73**	**4,856.32**	**19,394.37**

44C. Market Risk - Market Risk is further categorised in (i) Currecy risk , (ii) Interest rate risk & (iii) Commodity risk:

44C.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.

44C.2. Interest rate risk

Interest rate risk exposure:

Particulars	Carrying amount in ₹ crores	
	31.03.2019	31.03.2018
Fixed-rate instruments		
Financial assets	-	-
Financial liabilities	478.26	594.24
Variable-rate instruments		
Financial assets	-	-
Financial liabilities	33,061.33	34,339.25

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
	31.03.2019		31.03.2018	
Floating rate borrowings	82.65	(82.65)	85.85	(85.85)
Interest rate swaps (notional principal amount)	-	-	-	-
Cash flow sensitivity (net)	**82.65**	**(82.65)**	**85.85**	**(85.85)**

44C.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. 45 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:

(₹ in Crores)

Particulars	31.03.2019	31.03.2018
Less than one year	452.84	452.08
Between one and five years	1,812.26	1,813.32
More than five years	6,422.15	6,873.92
TOTAL	**8,687.25**	**9,139.33**

ii. Amounts recognised in profit or loss

(₹ in Crores)

Particulars	31.03.2019	31.03.2018
Lease expense	565.83	452.09

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 46 : 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	31.03.2019	31.03.2018
Profit attributable to equity holders for basic earnings per share (Rupees)	(333.50)	723.32
Profit attributable to equity holders for diluted earnings per share (Rupees)	(333.50)	723.32

ii. Weighted average number of ordinary shares

Particulars	31.03.2019	31.03.2018
Number of Equity shares as at	25,28,41,26,226	25,24,72,31,500
Weighted average number of shares for basic and diluted earnings per shares	25,28,41,26,226	25,24,72,31,500
Basic and Diluted earnings per share (₹)	**(0.13)**	**0.29**

Note 47 : 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, 2019 is as follows.

Particulars	31.03.2019	31.03.2018
Long term borrowings (₹ Crores)	23,012.11	24,250.69
Equity share Capital (₹ Crores)	25,284.13	25,247.13
Debt to Equity ratio	0.91	0.96

Note 48 : Dividends

The Company has not declared dividend so far.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF MAHARASHTRA STATE POWER GENERATION CO. LTD

Report on the Consolidated Financial Statements for the year ended on 31st March, 2019.

Qualified Opinion

We have audited the accompanying consolidated financial statements of **MAHARASHTRA STATE POWER GENERATION CO. LTD** (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 2 associates company which comprise the consolidated Balance Sheet as at 31 March 2019, 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 financial statements").

In our opinion and to the best of our information and according to the explanations given to us, *except for the possible effect of the matters described in the 'Basis for Qualified opinion' section of our report,* the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ('the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group and its associates as at 31st March, 2019, of consolidated loss (including other comprehensive income), consolidated changes in equity and its consolidated cash flows for the year then ended.

Basis for Qualified Opinion:

1. *The balances of trade receivables, 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 on-going 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 loss for the year of the Company.*

2. *Attention is invited, in particular, to balance recoverable from Maharashtra State Electricity Distribution Company Limited (MSEDCL) of ₹ 13442.89 Crores, balance recoverable from Maharashtra State Electricity Transmission Company Limited (MSETCL) of ₹ 108.85 Crores are subject to confirmation and reconciliation. However, we are informed that the Company has sent letters asking for confirmation but replies are not received by 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 loss for the year of the Company.*

3. *The balances of Coal Companies are subject to confirmation from respective coal companies and reconciliation. Majority of the balance pertains to old outstanding unadjusted balances since past few years. In our opinion, the company does not have a reconciliation based on General Ledger balances. In absence of the same we are unable to comment on consequential impact on the financial statements of the Company. The details of Coal Company-wise outstanding advances are as under:*

(₹ in Crores)

Name of Supplier	*Balance as per MSPGCL books as at 31st March, 2019*
Singareni Collieries Co Ltd	*15.66 Cr.*
South Eastern Coalfield Ltd (SECL)	*271.66 Dr.*
Western Coalfields Limited – WCL	*397.31 Dr.*
Mahanadi Coalfields Limited	*18.04 Dr.*
Total	*671.35 Dr.*

Pending such confirmation and completion of reconciliation and proper posting of debit notes issued by the coal companies, no provision has been made for the performance incentive bills / short lifting of coal. Impact is unascertained since the Company has disputed these claims and also has lodged certain counter claims against coal companies. In view of the same, we are unable to comment on consequential impact on the financial statements of the Company.

4. *The balances of Railway companies are subject to confirmation. Majority of the balance pertains to old outstanding unadjusted balances since past few years, which is highlighted as under:*

(₹ in Crores)

Name of Supplier	*Balance as per MSPGCL as at 31st March, 2019*
South Central Railways (Account 30000)	*9.12 Dr.*
South East Central Railways (Account 30001)	*193.18 Dr.*
Central Railways (Account 43000)	*65.70 Dr.*
Total	*268.00 Dr.*

Pending such confirmation and completion of reconciliation, the consequential adjustments in financial books could not be made. In view of the same, we are unable to comment on the consequential impact on Financial Statements of the Company.

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group and its associates in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in India in terms of the Code of Ethics issued by Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 2013, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matters:

We draw attention to following notes:

Holding Company: Maharashtra State Power Generation Company Limited.

a) Attention is invited to Note No. 43 regarding write back of Expected Credit Loss provision of ₹ 982.28 Crores made in earlier years in respect of Delayed Payment Surcharge bills raised on MSEDCL, for the reasons and management perception stated therein.

b) Note no. 29(B) 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.

c) 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

   i) Note No.1.1 of Significant Accounting Policies in Notes to Accounts which indicates that the Company has accumulated losses and it's net worth excluding borrowings from its parent companies has been fully eroded, the Company has incurred net loss during the current and previous year(s) and the Company's current liabilities exceeded its current assets as at the balance sheet date. These conditions indicate the existence of material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. However, the financial statements of the Company have been prepared on a going concern basis for the reasons stated in Note 1.1 of Significant Accounting Policies forming part of financial statements.

   ii) Note No. 2.2 forming part of financial statements regarding non provision for the expenses amounting to ₹ 54,40,70,111/- incurred in previous financial years for various operative expenses for development of Machhakata-Mahanadi Coal Block, which had been cancelled by Hon'ble Supreme Court in 2014 and the reimbursement of which has not yet been considered by

Ministry of Coal, Government of India as the same has not been allotted to any new allottee as on date. The management is of the opinion that the adjustment / provision will be made in books of accounts only after the finalization of valuation process and on allotment of the above coal block to the new allottee is approved by Ministry of Coal, Government of India.

iii) Note No. 2.4 to the financial statements which, describes the uncertainty related to the outcome of the lawsuit filed against the Company by M/s Adani Enterprises Limited.

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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. **In case of Holding Company,** we have determined the following matters as Key Audit Matter/s for the year.

(i) Contingent Liability/ Contingent Assets

There are a number of litigations pending before various forums against the Company and the management's judgment is required for estimating the amount to be disclosed as contingent liability. Coal companies have made various claims on the Company and management has made counter claims on these coal companies based on its perception.

We identified this as a key audit matter because the estimates on which these amounts are based involve a significant degree of management judgment in interpreting the cases and it may be subject to management bias. These said claims and counter claims require management estimates and interpretation of various matters, issues involved and are subjective in nature.

(Refer Note No. 41 to the Consolidated Financial Statements, read with the Accounting Policy No. 21)

We have obtained an understanding of the Company's internal instructions and procedures in respect of estimation and disclosure of contingent liabilities and contingent assets and adopted the following audit procedures:

- understood and tested the design and operating effectiveness of controls as established by the management for obtaining all relevant information for pending litigation cases;

- discussed with the management any material developments and latest status of legal matters;

- read various correspondences and related documents pertaining to litigation cases and relevant external legal opinions, if any, obtained by the management and performed substantive procedures on calculations supporting the disclosure of contingent liabilities and contingent assets;

- examined management's judgments and assessments whether provisions are required;

- reviewed the adequacy and completeness of disclosures;

Based on the above procedures performed, the estimation and disclosures of contingent liabilities and contingent assets are considered to be adequate and reasonable.

(ii) Revenue Recognition on account of Surcharge Recoverable from MSEDCL and Provision for Expected Credit Loss made there against in earlier year.

The company records revenue from sale of power as per the principles enunciated under Ind AS 115, based on tariff rates approved by the Maharashtra Electricity Regulatory Commission (MERC) as modified by the orders of Appellate Authorities.

The company recognizes Delayed Payment Surcharge i.e. interest on delayed payments from MSEDCL in terms of PPA and MERC Regulations.

This is considered as key audit matter due to the nature and the fact that MSEDCL did not pay the bills over last many years and was requesting for a waiver. Finally MSEDCL recognized Company's bills as liability on 31st March, 2018 and management's perception regarding Expected Credit Loss in this regard involves significant judgment which is subject to bias and that makes recognition and measurement of revenue from sale of power and surcharge being complex and significant.

(Refer Note No. 43 to the Consolidated Financial Statements, read with the Significant Accounting Policy No. 14 and 23)

We have obtained an understanding of the MERC Tariff Regulations, orders, circulars, guidelines and the Company's internal circulars and procedures in respect of recognition and measurement of revenue from sale of power and adopted the following audit procedures:

- Evaluated and tested the effectiveness of the Company's design of internal controls relating to recognition and measurement of revenue from sale of power and delayed payment surcharge.

- Verified the accounting of revenue from sale of power based on tariff rates approved by the MERC as modified by the orders of Appellate Authorities.

- We have been explained and understood the risk assessment and reassessment done by management and its perception regarding provisioning for Expected Credit Loss and its subsequent addition/reversal on such reassessment as may be applicable.

Based on the above procedure performed, the recognition and measurement of revenue from sale of power and provisioning for ECL are considered to be adequate and reasonable.

"Information Other than the Consolidated Financial Statements and Auditor's Report Thereon"

The Company's Board of Directors is responsible for the other information. The other information for the Company comprise the information included in the Directors' Report and Annexures thereto but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

We are informed that the Directors' Report and related annexures will get finalized and adopted in the subsequent Board meeting and therefore the same could not be commented upon by us as on today.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (the Act) that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group including its associates and jointly controlled entities in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. The respective Board of Directors of the companies included in the Group and of its associates are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets 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 the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group and of its associates are responsible for assessing the ability of the Group and of its associates to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group and of its associates is responsible for overseeing the financial reporting process of the Group and of its associates.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its associates to continue as a going concern.

If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its associates to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and its associates and jointly controlled entities to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

(a) We did not audit the financial statements / financial information of 3 subsidiaries whose financial statements / financial information reflect total assets of ₹ 54.76 Crores as at 31st March, 2019, total revenues of ₹ 0.01 Crores and net cash in-flows amounting to ₹ 0.07 Crores for the year ended on that date, as considered in the consolidated financial statements.

(b) The consolidated financial statements also include the Group's share of net loss of ₹ 0.22 Crores for the year ended 31st March, 2019 based on the unaudited financial statements/ unaudited financial information received by management of the Company.

(c) We state that the financial statements / financial information of three subsidiaries have not been audited by us. These financial statements / financial information of subsidiaries have been audited by other auditors whose reports have been furnished to us by the Management. In respect of two associates the financial statements/financial information is based on the unaudited provisional financial statements / financial information as received the management of the Company.

(d) Our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and associates, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries is based solely on the reports of the other auditors.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements / financial information certified by the Management.

Report on Other Legal and Regulatory Requirements

(i) 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.

(ii) 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 and obtained all the information and explanations, *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 financial statements is unascertained,* which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.

(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 relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.

(c) In our opinion, the aforesaid The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including other comprehensive income), the Consolidated Statement of Changes in Equity and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

(d) *Subject to our observations in para on "Basis for Qualified Opinion" above,* in our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act read with relevant applicable Rules.

(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 Holding Company;

(g) With respect to the adequacy of internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate report in Annexure II.

(h) 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 197 of the Act are not applicable to the Company.

(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 Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group and its associates– Refer Note 41 to the consolidated financial statements.

ii. The Group and its associates did not have any long-term contracts including derivative contracts, for which there were any material foreseeable losses;

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies and associate companies incorporated in India.

For K.S. Aiyar & Co. **Chartered Accountants** **FRN: 100186W** **UDIN: 19038526AAAABX8590**	**For S.C. Bapna & Associates** **Chartered Accountants** **FRN: 115649W** **UDIN:19157426AAAAAE2966**	**For RSVA & Co** **Chartered Accountants** **FRN: 110504W** **UDIN:19134685AAAALZ9575**
CA Rajesh Joshi **Partner** **ICAI M No. 38526**	**CA Priyanka D. Jakhotia** **Partner** **ICAI M.No. 157426**	**CA Abhijit Mundada** **Partner** **ICAI M No. 134685**

Place : Mumbai
Date : 7th September, 2019

ANNEXURE I TO THE INDEPENDENT AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS OF MAHARASHTRA STATE POWER GENERATION COMPANY LIMITED FOR THE YEAR ENDED ON MARCH 31, 2019.

In case of Holding Company:

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 Holding Company during F.Y.2018-19.

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 the company. The age wise analysis of 298 pending legal/arbitration cases given below:

Particulars	No. of Cases
Less than one year	11
1 to 2 years	95
2 to 3 years	59
3 to 5 years	43
More than 5 years	90
Total	**298**

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 Holding Company is not selected for 'Disinvestment' purpose. Hence, the information sought is not applicable to the Holding 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 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. 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 ₹ 1975.61 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, 2019.

Claims of MSPGCL against coal suppliers, on account of grade slippages, short delivery claims, moisture claims, under-loading claims and interest claims as per terms of agreement amounted to ₹ 4892.92 Crores as at 31st March, 2019. 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, 2019.

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, 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 account 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 account. 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.

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 loss for the year after OCI reported by the Group is ₹ 337.32 Crores, on which we have issued our Qualified Audit Report dated 7th September, 2019.

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.

In case of Subsidiary Companies:

(A) Mahaguj Collieries Limited:

i) Whether the company has system in place to process all the accounting transactions through IT system? If yes, the implications of processing of accounting transactions outside IT system on the integrity of the accounts along with the financial implications, if any, may be stated.

In our opinion, the Company has a system in place to process all the accounting transactions through IT system. Based on the information and explanations given to us, and based on procedures performed by us, we are of the opinion that the company has an adequate internal control system to prevent and detect processing of accounting transactions outside the IT system. As per information provided to us, there has been no such instance reported during the year.

ii) Whether there is any restructuring of an existing loan or cases of waiver / write off of debts / loans / interest etc. made by a lender to the company due to the company's inability to repay the loan? If yes, the financial impact may be stated.

There is no restructuring of existing loan or case of waiver / write off of debts / loans / interest etc. made by the lender to the company due to the company's inability to repay the loan, however there are unsecured loans outstanding amounting to ₹ 60,68,27,930/- outstanding as on March 31, 2019 from its parent companies for which there is no repayment has been done by the Company. As per board resolutions of the meetings and as per explanation and information provided to us by the management, the Company will start the repayment of such unsecured loans from its parent companies (shown under "other equity" head as per requirements of Indian Accounting Standards), which are state owned government companies, only after completion of one year from the commencement of commercial production; however since all the coal blocks allotted to the Company has been cancelled by the Hon'ble Supreme Court in 2014, there has been no commercial production by the Company as on March 31, 2019, hence there is no repayment of such loans as on March 31, 2019.

iii) Whether funds received / receivable for specific schemes from central / state agencies were properly accounted for / utilized as per its term and conditions? List the cases of deviation.

According to the information and explanation given to us and based on our examination of the records of the Company, the Company has not received any funds for specific schemes from central / state agencies.

(B) Dhopave Coastal Power Limited

Directions U/s 143(5) of Companies Act, 2013

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

   During the course of audit and as per information and explanations given to us, there were no cases of waiver/ write off of debts/loans/interest etc. by the company during FY 2018 – 2019.

2. Whether the company has system in place to process all the accounting transactions through IT system?

   Yes

3. Whether funds received/receivable for specific schemes from central/ state agencies were properly accounted for/ utilized as per its term and conditions?

   Not Applicable.

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

4. 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 accounts in compliance with the Applicable Accounting Standards?

   Yes

5. 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? The cases of deviation may please be detailed.

   Not Applicable as the Company is not in operation.

6. Whether profit/loss mentioned in Audit Report is as per Profit & Loss Accounts of the Company?

   Yes

(C) MAHAGENCO ASH MANAGEMENT SERVICES LIMITED

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.**

   There are no cases of waiver/write off of loans/interest etc. observed during the Year.

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

   Not Applicable, there is No Inventory.

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.**

   Not Applicable.

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.**

   No, Company has not been selected for disinvestment.

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

5. **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 accounts in compliance with the Applicable Accounting Standards?**

   Yes. It has only Interest on small Investments as Revenue.

6. **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? The cases of deviation may please be detailed.**

   Not Applicable

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

   Yes

8. **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?**

   Not Applicable as no coal is either ordered or received.

9. **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?**

   Not Applicable

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

    Not Applicable

11. **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.**

    Not Applicable

For K.S. Aiyar & Co.
Chartered Accountants
FRN: 100186W
UDIN: 19038526AAAABX8590

CA Rajesh Joshi
Partner
ICAI M No. 38526

For S.C. Bapna & Associates
Chartered Accountants
FRN: 115649W
UDIN:19157426AAAAAE2966

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

For RSVA & Co
Chartered Accountants
FRN: 110504W
UDIN:19134685AAAALZ9575

CA Abhijit Mundada
Partner
ICAI M No. 134685

Place : Mumbai
Date : 7th September, 2019

ANNEXURE II TO THE INDEPENDENT AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS OF MAHARASHTRA STATE POWER GENERATION COMPANY LIMITED FOR THE YEAR ENDED ON MARCH 31, 2019.

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, 2019, 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 three subsidiary companies and two associate companies, 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 companies, 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.

Auditor's 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 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 weaknesses have been identified, in case of holding company, as at March 31, 2019 wherein the internal controls were not operating effectively.

(1) The Company's internal financial control over timely adjustments of advances to suppliers and provision for liabilities made there against;

(2) The Company's internal financial control/policy over timely finalization and levying of liquidated damages;

(3) The Company's internal financial control over maintenance of subsidiary records pertaining to employees

(4) Interest payments to MSME vendors are not operating effectively. This material weakness may result in incorrect valuation of liabilities and assets of the Company.

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 information and explanation 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, 2019.

We have considered the disclaimer reported above in determining the nature, timing and extent of audit tests applied in our audit of the 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 financial statements of the Company."

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 weakness stated at paragraph (1) on "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, 2019.

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, 2019 consolidated financial statements of the Company.

The material weakness stated at paragraph (1) on 'Basis for qualified opinion' above with respect to timely adjustments of advances to suppliers and provision for liabilities made there against has affected our opinion on the consolidated 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 (2, 3, and 4) of the “Basis for qualified opinion” above, do not affect our opinion on the consolidated financial statements of the Company.

Other Matters

Our aforesaid report 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 which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India. We state that such reports have not been received from two associates of the Company.

Our opinion is not qualified in respect of the above matter.

For K.S. Aiyar & Co.
Chartered Accountants
FRN: 100186W
UDIN: 19038526AAAABX8590

CA Rajesh Joshi
Partner
ICAI M No. 38526

For S.C. Bapna & Associates
Chartered Accountants
FRN: 115649W
UDIN:19157426AAAAAE2966

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

For RSVA & Co
Chartered Accountants
FRN: 110504W
UDIN:19134685AAAALZ9575

CA Abhijit Mundada
Partner
ICAI M No. 134685

Place : Mumbai
Date : 7th September, 2019

BALANCE SHEET AS AT 31ST MARCH 2019 (CONSOLIDATED)

(₹ in Crores)

Particulars	Notes	31.03.2019	31.03.2018
ASSETS			
Non-Current Assets			
Property, plant & equipment	1	38521.37	40818.10
Capital work in progress	2	1043.12	1324.66
Less:- Provision for obsloescence		(33.98)	(32.48)
Net Capital work in progress		1009.15	1292.19
Intangible Assets	1A	7.12	5.63
Intangible assets under development	2	133.76	132.55
Financial Assets			
Investment in Subsidiaries and Associates	3	(42.60)	(41.30)
Trade receivables	4	0.00	4265.27
Other non-current assets	5	1428.90	1143.38
Total Non Current Assets		**41057.70**	**47615.82**
Current Assets			
Inventories	6	1417.89	933.42
Financial Assets			
Trade receivables	7	13564.91	8715.63
Cash and cash equivalents	8	0.32	0.20
Loans	9	10.64	13.09
Other financial assets	10	2906.89	2736.24
Other current assets	11	1270.97	1701.71
Assets classified as held for sale / disposal	1B	242.94	207.31
Total Current Assets		**19,414.55**	**14,307.60**
TOTAL ASSETS		**60,472.25**	**61,923.42**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	12	25284.15	25247.15
Other equity attributable to Mahagenco	13	(6860.87)	(6487.65)
Total Equity attributable to Mahagenco		**18423.27**	**18759.50**
Controlling interest other than Mahagenco		21.71	21.67
Total Equity		**18,444.98**	**18,781.17**
Liabilities			
Non Current Liabilities			
Financial liabilities			
Borrowings	14	23,012.11	24,250.69
Provisions	15	827.92	865.01
Deferred tax liabilities (Net)	15A	860.46	853.03
Other non-current liabilities	16	13.37	61.42
Total Non Current Liabilities		**24713.87**	**26030.15**
Current Liabilities			
Financial liabilities			
Borrowings	17	8060.62	8169.81
Trade payables - MSME	18	0.12	0.48
Trade payables - Other than MSME	18	1328.22	1438.02
Other financial liabilities	19	7636.08	7203.73
Other current liabilities	20	53.18	23.47
Provisions	21	235.18	276.59
Total Current Liabilities		**17,313.40**	**17,112.10**
TOTAL EQUITY AND LIABILITIES		**60,472.25**	**61,923.42**

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 Abhijit Mundada)
Partner (ICAI M No. 134685)
Mumbai, 7th September, 2019

For Maharashtra State Power Generation Co. Ltd.

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

Arvind Singh
Chairman & Managing Director
DIN No.02780573

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, 2019 (CONSOLIDATED)

(₹ in Crores)

Particulars	Notes	2018-2019	2017-2018
Revenue			
Revenue from operations			
Sale of power	22	18985.11	19011.03
Other Operating Revenues	23	2430.71	2050.45
Other Income	24	1164.13	256.21
Total Revenue		**22579.95**	**21317.69**
Expenses			
Cost of Materials Consumed	25	12995.33	11560.85
Employee Benefits Expense	26	1284.85	1408.58
Finance Costs	27	3169.73	3321.11
Depreciation & Amortization Expense	1&1A	3158.39	2655.85
Other Expenses	28	2300.57	2292.53
Total Expenses		**22,908.87**	**21,238.93**
Profit before share of profit of associates, exceptional item and tax		**(328.92)**	**78.76**
Share of profit in associates	24A	(0.22)	(0.17)
Profit before exceptional item and tax			
Exceptional item			
Profit Before Tax		**(329.15)**	**78.59**
Tax expense:			
Current tax		0.26	12.24
Deferred tax	15A	7.43	(654.31)
Provision for tax for earlier years written back (net)		0.00	0.00
Total Tax Expenses		**7.69**	**(642.06)**
Profit/(loss) for the period		**(336.83)**	**720.66**
Other Comprehensive Income			
Items that will not be reclassified to profit or loss:			
I) Remeasurements of the defined benefit plans;		(0.74)	(35.38)
Tax expense on OCI items		0.26	12.24
II) Share of other comprehensive income of associates		0.00	0.00
Other Comprehensive Income for the period (net of tax)		**(0.48)**	**(23.14)**
Total Comprehensive Income for the period, net of tax		**(337.31)**	**697.52**
Attributable to:			
Owners of the Company		**(335.76)**	**721.33**
Non-controlling interests		**(1.08)**	**(0.67)**
Profit for the year		**(336.83)**	**720.66**
Other comprehensive income Attributable to:			
Owners of the Company		**(0.48)**	**(23.14)**
Non-controlling interests		-	-
Other comprehensive income		**(0.48)**	**(23.14)**
Total comprehensive income Attributable to:			
Owners of the Company		**(336.23)**	**698.19**
Non-controlling interests		**(1.08)**	**(0.67)**
Total comprehensive income		**(337.31)**	**697.52**
Earning per share [Basic]	44	(0.13)	0.29
Earning per share [Diluted earnings per share]		(0.13)	0.29
Significant Accounting policies and notes forming part of Accounts are integral part of the financial statement.			

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 Abhijit Mundada)
Partner (ICAI M No. 134685)
Mumbai, 7th September, 2019

For Maharashtra State Power Generation Co. Ltd.

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

Arvind Singh
Chairman & Managing Director
DIN No.02780573

Pankaj Sharma
Chief General Manager (A/c)

Rahul Dubey
Company Secretary
M No. A14213

STATEMENT OF CHANGES IN EQUITY

I. Equity Share Capital

Particulars	Amount (₹ in Crores)
As at 31.03.2017	**24,854.36**
Changes in Equity share capital	392.79
As at 31.03.2018	**25,247.15**
Changes in Equity share capital	37.00
As at 31.03.2019	**25,284.15**

II. Other Equity

(₹ in Crores)

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 Non controlling Interest	Total Other Equity
As at 31.03.2017	**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)**
Profit or Loss for the year		(336.83)			(336.83)	(335.76)	(1.08)	(336.83)
Other Comprehensive income for the year			(0.48)		(0.48)	(0.48)	-	(0.48)
Addition to share application money				1.12	1.12	0.01	1.11	1.12
Shares Alotted during the year	(37.00)				(37.00)	(37.00)	-	(37.00)
As at 31.03.2019	**0.00**	**(6,768.05)**	**(97.45)**	**26.32**	**(6,839.16)**	**(6,860.87)**	**21.71**	**(6,839.16)**

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 Abhijit Mundada)
Partner (ICAI M No. 134685)
Mumbai, 7th September, 2019

For Maharashtra State Power Generation Co. Ltd.

Santosh Amberkar
Director (Finance) & CFO
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Arvind Singh
Chairman & Managing Director
DIN No.02780573

Pankaj Sharma
Chief General Manager (A/c)

Rahul Dubey
Company Secretary
M No. A14213

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2019 (CONSOLIDATED)

(₹ in Crores)

Particulars	2018-2019	2017-2018
A. Cash Flow From Operating Activities		
Net Profit/(Loss) before Tax & Extraordinary Items	(337.09)	697.69
Adjustments to reconcile profit before tax to net cash used in operating activities:		
Depreciation/ impairment on property, plant and equipment & Intangible Assets	3,158.39	2,655.85
Interest income from Preference Shares	-	-
(Gain)/loss on sale of property, plant and equipment	-	-
Remeasurement of Defined benefit plans Gain / (Loss)	-	-
Amortisation of Foreign Currency Monetary Item Translation Difference	-	-
Spares Written off	-	-
Impairment in Value of Investments	-	-
Fair value gain on Current Investments carried at FVTPL	-	-
(Profit)/Loss on Sale of Current Investment	-	-
Finance Costs	3,169.73	3,321.11
Unrealised Exchange Rate Difference	16.02	40.82
Provision for Doubtful Debts & Receivables	84.55	9.03
Bad Debts written off	-	-
Interest Income	(0.28)	(0.41)
Provision for obsolescence of inventory	(47.88)	20.15
Operating Profit before Changes in Assets & Liabilities {Sub Total - (i)}	**6,043.44**	**6,744.24**
Movement in working capital		
(Increase) / Decrease inTrade Receivables	(668.57)	(2,317.99)
(Increase) / Decrease in Loans and Advances and Other Assets	(58.60)	(6.86)
(Increase) /Decrease in Inventories	(436.59)	460.12
Increase / (Decrease) in Liabilites and Other Payables	4.83	(567.80)
Sub Total - (ii)	**(1,158.93)**	**(2,432.53)**
Cash Generated from Operations (i) + (ii)	**4,884.51**	**4,311.71**
Less : Direct Taxes / FBT refund / (paid) - Net	0.00	0.00
Net Cash from Operating Activities (A)	**4,884.51**	**4,311.71**
B. Cash Flow From Investing Activities		
Purchase of Property, Plant & Equipment (incl. Capital Work in Progress/ excluding interest capitalised)	(581.32)	(707.22)
Sale of Property, Plant & Equipment	-	0.09
Purchase of Investments (Including share application money pending allotment/ Advance towards Equity)	-	-
Investment in Subsidiary	(0.95)	(0.82)
Sale Proceeds of current investments	-	-
Loan Given to Subsidiary	-	-
Interest received	0.28	0.41
Dividend Received	-	-
Net Cash Flow generated from / (used in) Investing Activities (B)	**(581.98)**	**(707.54)**

(₹ in Crores)

Particulars	2018-2019	2017-2018
C. Cash Flow From Financing Activities		
Long term Loans raised	1,252.48	2,200.99
Long term Loans repaid	(2,534.06)	(2,161.47)
Equity received	0.00	37.00
Short term Loans raised / (repaid)	(89.84)	(664.77)
Capital Grant Received	29.25	8.72
Finance Cost paid	(2,940.90)	(3,073.82)
Dividend paid (including dividend distribution tax)	-	-
Net Cash Flow generated from / (used in) Financing Activities (C)	**(4,283.06)**	**(3,653.35)**
Net Increase / (Decrease) in Cash and Cash Equivalents (A+B+C)	**19.46**	**(49.18)**
Cash and cash equivalents at the beginning of the year	0.20	34.08
Cash and cash equivalents at the end of the year	**19.66**	**(15.11)**
Details of cash and cash equivalents at the end of the year:		
Cash and cash equivalents as on		
Balances with Banks:		
- on current accounts	0.24	0.17
- on non-operative current accounts		
Overdraft	19.34	(15.31)
Cash on hand	0.07	0.03
Cash and cash equivalents at the end of the year	**19.66**	**(15.11)**

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 Abhijit Mundada)
Partner (ICAI M No. 134685)
Mumbai, 7th September, 2019

For Maharashtra State Power Generation Co. Ltd.

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

Arvind Singh
Chairman & Managing Director
DIN No.02780573

Pankaj Sharma
Chief General Manager (A/c)

Rahul Dubey
Company Secretary
M No. A14213

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2019

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 31.03.2019
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%
5.	Chhattisgarh Katghoara Dongargarh Railway Limited	India	Associates	26%

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 07-09-2019.

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.

2. 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.

3. 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.

In case of M/s. Mahaguj, The Hon'ble Supreme Court had vide its order dated 25.08.2014 read with Order dated 24.09.2014 cancelled the allocation of all the coal block made by Ministry of Coal, Govt. of India between the period 1993 to 2010 which includes the Machhakata-Mahanadi coal blocks allotted to the Promoters of the Company. The Govt. of India had issued The Coal Mines (Special Provision) Act, 2015 (no. 11 of 2015) with retrospective effect from 21.10.2014 for reallocation process of cancelled coal blocks. Accordingly, after the reallocation of the said blocks to new allottee by the Ministry of Coal, Govt. of India, the process for transfer of documents and rights namely the Geological Report, Mining Plan, Mine Closure Plan etc. shall be undertaken as per directives of the Ministry of Coal, Govt. of India. In view of the above, the financial statements of the Company, are continued to be prepared on a going concern basis.

In case of M/s. DCPL, the accounts have not been prepared on a Going Concern basis as holding company Board accorded approval for closure of subsidiary company namely Dhopave Coastal Power Ltd (DCPL) and approached Govt. of Maharashtra (GOM) for approval of closure of DCPL.

4. 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.

5. 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.

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

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

Further, the expenditure in respect of new projects / capacity expansion would commence getting capitalized upon approval of the Board of Directors of the Company to implement the respective project upon completion of exploration and technical and financial feasibility studies of the project. The expenditure incurred in relation to exploration activities and project feasibility studies are charged to Statement of Profit and Loss as and when incurred.

a) The expenditure on the salaries directly attributable to project will form the part of the project cost till completion of Boiler-Turbine-Generator related activities and Balance of Plants related activities.

b) Admin & General expenditure that are directly attributable to construction of the project will be capitalised as a part of project cost upto one year after commissioning of the said project in view of completion of balance project related activities and subsequently it will be charged to Statement of Profit and Loss.

c) None of the expenditure of Generation Construction Office Koradi & Head Office will be allocated to small capital scheme. The small capital scheme are the schemes which entails less than twelve months time for its construction.

d) In the event, the company is executing more than one project,/ capital scheme (other than small schemes) the common cost incurred at Generation Construction Office Koradi & Head Office will be to allocated on the basis of the addition to the work-in-progress during the year.

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 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.

In case of M/s. Mahaguj, The Hon'ble Supreme Court vide its Judgment dated 25.08.2014 and order dated 24.09.2014 in W.P. (Criminal) No. 120 of 2012 and other connected matters, has declared all allocations of the Coal blocks made through Screening Committee and through Government Dispensation route since 1993 as illegal and has quashed the allocations of 204 coal blocks. The same has been informed by the Ministry of Coal vide its letter dated 01.10.2014 put up on its website which also included Machhakata-Mahanadi Coal Block.

Thereafter, the Ministry of Coal had invited details of valuation from prior allottee of Coal Block and subsequently, the valuation details were also required to be submitted on affidavit. The said information regarding the development of the Coal Block was submitted on affidavit. This information was sought by the MOC as there is mechanism to transfer of documents & rights namely the Geological Report, Mining Plan, Mine Closure Plan etc. from the prior allottee to successful bidder. The Ministry of Coal has undertaken the process of valuation of the expenditure incurred by prior allottee in those cases where the Ministry of Coal has reallocated Coal Block through Competitive Bidding since March, 2015.

The Machhakata - Mahanadi Coal Block has not been re-allotted to any bidder as on 31st March, 2019 and the Company has not received any communication from the Ministry of Coal regarding the valuation of expenditure incurred by the Company. In view of this, the management is of the opinion that none of the Company's Assets are to be impaired.

The expenses incurred up to F.Y. 2014-15 amounting to ₹ 54,40,70,111/-were shown under other non-current assets in the Balance Sheet. These expenses mainly comprises of Company formation expenses, payment to CMPDIL for purchase of Geological Report, Washability test report, consultancy, Legal & professional charges and various operative expenses incurred for development of the Coal Mine. The Company is of the view that expenses incurred for purchase of Geological report in previous years can be construed as Mine Infrastructure expenses which has been claimed with Ministry of Coal. Government of India.

After cancellation of Coal Block allocation by Hon'ble Supreme Court, MoC had initiated the valuation of the compensation to the prior allottees as per the Coal Mines (Special Provision) Ordinance, 2014. In reply, MGCL informed the expenditure incurred by the Company. Further, MoC has started the valuation process of expenditure of prior allottees wherein re-allocation/vesting order has been issued to the successful bidders. As the Machhakata Coal Block is not yet allocated to any bidder, the MoC has not considered the same for valuation.

The reimbursement of expenditure to the Company may be on the merits as per valuation process and provisions in the Coal Mines (Special Provisions) Ordinance, 2014. Presently, no provision is made in the account for the expenditure which will not be considered by MoC for reimbursement. However, after finalization of valuation process by MoC, the necessary adjustment/provision will be made in the accounts.

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 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 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 for Thermal 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/Tablet 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

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 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 project as 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 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.

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.

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.

19. 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.

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 Group becomes 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. Based on the assessment of the risk as on the reporting date in comparison with the risk assessment on initial recognition date, Company recognises an impairment loss or gain in expected credit loss provision in the Profit & Loss statement.

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

b) 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

Company classified Trade Receivable as the financial instruments at amortised cost. Trade receivables are carried at original invoice amount less provisions for Expected Credit Loss. For recognition of impairment loss on these financial assets, the Company assesses whether there has been a significant increase in the credit risk since initial recognition.

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 EQUIPMEN

(₹ in Crores)

TANGIBLE ASSETS																
Cost	ASSETS															
	Land (including development)		Buildings			Other Civil Works		Plant, Machi-nery & Equip-ments	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
	Free hold	Lease hold	Factory Buildings	Others	Hydraulic Works	Railway Sidings	Roads and Others									
As at 31.03.2017	**1,595.25**	**106.11**	**902.43**	**991.17**	**2,490.64**	**1,354.46**	**415.86**	**37,381.81**	**485.20**	**8.13**	**23.34**	**20.26**	**58.38**	**45,833.04**		
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		
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**	**18.17**	**25.66**	**23.47**	**57.49**	**45,991.31**		
Addition	40.41	-	8.99	90.57	43.33	16.85	16.69	664.97	0.09	1.75	3.15	22.90	-	909.71		
Deduction	-	-	1.94	1.06	3.33	0.00	-	347.92	0.03	0.80	0.04	1.11	-	356.24		
As at 31.03.2019	**1,638.20**	**106.11**	**890.53**	**1,099.59**	**2,527.86**	**1,475.79**	**442.40**	**37,723.22**	**490.45**	**19.12**	**28.77**	**45.26**	**57.49**	**46,544.78**		
Accumulated Depreciation and impairment																
As at 31.03.2017	**-**	**8.75**	**27.56**	**117.06**	**211.95**	**131.35**	**19.28**	**2,352.97**	**39.02**	**0.62**	**2.30**	**4.91**	**8.70**	**2,924.48**		
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	2,648.52	1.77	2,646.76
Deduction	-	-	23.04	0.95	19.70	65.32	0.01	313.42	3.71	1.56	0.71	1.85	0.46	430.73		
As at 31.03.2018	**-**	**13.13**	**41.23**	**160.25**	**340.98**	**123.88**	**39.72**	**4,334.66**	**65.05**	**0.35**	**3.82**	**6.42**	**12.78**	**5,142.28**		
Addition	-	4.38	22.18	82.48	225.12	83.52	48.14	2,630.28	46.43	1.84	2.52	3.53	4.54	3,154.97	0.11	3,154.86
Deduction/ Adjustments	-	-	1.75	0.64	3.00	0.00	-	315.16	0.03	0.72	(0.20)	(5.17)	-	315.93		
As at 31.03.2019	**-**	**17.50**	**61.66**	**242.10**	**563.10**	**207.40**	**87.86**	**6,649.78**	**111.45**	**1.48**	**6.54**	**15.12**	**17.32**	**7,981.32**		
Provision for obsolescence 31.03.2016	-	-	0.40	-	0.30	-	0.28	22.65	6.79	0.11	0.00	0.01	0.05	30.59		
As at 31.03.2017	**1,595.25**	**97.35**	**874.47**	**874.11**	**2,278.38**	**1,223.11**	**396.30**	**35,006.18**	**439.40**	**7.40**	**21.04**	**15.34**	**49.64**	**42,877.97**		
Provision for obsolescence 31-03-2017	-	-	0.40	-	0.30	-	0.28	23.00	6.79	0.11	0.00	0.01	0.05	30.94		
As at 31.03.2018	**1,597.79**	**92.98**	**841.86**	**849.83**	**2,146.58**	**1,335.06**	**385.71**	**33,048.51**	**418.55**	**17.70**	**21.83**	**17.04**	**44.66**	**40,818.10**		
Provision for obsolescence 31-03-2018	-	-	0.40	-	0.30	-	0.28	34.16	6.79	0.11	0.00	0.01	0.05	42.09		
As at31.03.2019	**1,638.20**	**88.60**	**828.48**	**857.49**	**1,964.45**	**1,268.39**	**354.26**	**31,039.28**	**372.21**	**17.53**	**22.23**	**30.13**	**40.12**	**38,521.37**		

Note No. 1A - Intangible Assets

(₹ in Crores)

Cost	Software Licences
Gross Amount	
As at 31.03.2017	**25.36**
Addition	2.51
Deduction	-
As at 31.03.2018	**27.87**
Addition	5.02
Deduction	-
As at 31.03.2019	32.88
Accumulated Amortisation	
As at 31.03.2017	**13.14**
Addition	9.09
Deduction	-
As at 31.03.2018	**22.22**
Addition	3.53
Deduction/Adjustments	-
As at 31.03.2019	25.76
Net Carrying Amount	
As at 31.03.2017	**12.22**
As at 31.03.2018	**5.64**
As at 31.03.2019	**7.13**

Note no. 1B - Assets classifies as held for sale

(₹ in Crores)

Particulars	31.03.2019	31.03.2018
Non-current assets held for sale		
Plant & Machinery	188.23	153.24
Factory Buildings & Others	9.53	9.34
Hydraulic Works	8.51	8.18
Railway Sidings, Roads & Others	26.25	26.25
Lines & Cable Networks	8.84	8.84
Vehicles	0.35	0.32
Furniture & Fixtures	0.37	0.36
Office Equipments	0.78	0.71
Other Miscellaneous Assets	0.07	0.07
	-	-
Total	242.94	207.31

Note:

Operations of the power generating unit no. 5 at Koradi TPS & unit no. 3 at Parali TPS Chandrapur 1 & 2 , Bhusawal unit no. 2 have been discontinued. The company is in the process of disposing of these assets. 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, 2019.

Note No. 2 - Capital Work in Progress

(₹ in Crores)

Particulars	TOTAL Tangible CWIP	Freehold Land	Leasehold Land	Factory Buildings	Other Buildings	Hydraulic works	Railway Sidings	Roads & Others	Plant & Machinary	Line cabels & network	Vehicles	Furniture & Fixtures	Office Equip-ment	CWLP Intangible Assets
As at 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 at 31.03.2018	**1,324.66**	**14.49**	**-**	**532.11**	**0.21**	**-**	**-**	**28.30**	**747.96**	**-**	**0.06**	**0.00**	**1.55**	**132.55**
Addition	318.20	-	-	96.79	2.86	-	-	48.70	169.29	-	-0.00	-0.01	0.56	1.21
Deletion	599.74	-	-	99.51	0.12	-	-	3.18	495.72	-	0.06	-0.01	1.16	-
As at 31.03.2019	**1,043.12**	**14.49**	**-**	**529.38**	**2.96**	**-**	**-**	**73.82**	**421.53**	**-**	**0.00**	**0.00**	**0.95**	**133.76**
Net Capital Work in Progress														
Less: Provision for obsloescence	32.48	-	-	-	-	-	-	-	32.48				-	-
As at 31.03.2018	**1,292.19**	**14.49**	**-**	**532.11**	**0.21**	**-**	**-**	**28.30**	**715.48**	**-**	**0.06**	**0.00**	**1.55**	**132.55**
Less: Provision for obsloescence	33.98	-	-	-	-	-	-	-	33.98	-	-	-	-	-
As at 31.03.2019	**1,009.15**	**14.49**	**-**	**529.38**	**2.96**	**-**	**-**	**73.82**	**387.55**	**-**	**0.00**	**0.00**	**0.95**	**133.76**

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

(₹ in Crores)

Particulars	31.03.2019	31.03.2018
Investments in equity instruments at cost less impairment		
Un - Quoted		
UCM coal company limited 30,000 (P.Y. 30,000) Equity shares of Rs 10 each fully paid up	(0.42)	(0.20)
Chhattisgarh Katghoara Dongargarh Railway Limited 520000 Equity shares of Rs 10 each fully paid up	0.52	0.00
Quasi Equity investment in subsidiaries (In the nature of advances)	5.32	5.13
Total	**5.41**	**4.93**
Less : Allowance for Expected Credit Loss & impairment in the value of investment	**(48.01)**	**(46.23)**
TOTAL	**(42.60)**	**(41.30)**

Note No. 4 - Non-Current : Trade Receivables

(₹ in Crores)

Particulars	31.03.2019	31.03.2018
Unsecured considered good;	0.00	5247.55
Less: Allowance for Expected Credit Loss	0.00	(982.28)
TOTAL	**0.00**	**4265.27**

Note No. 5 - Other Non-Current Assets

(₹ in Crores)

Particulars	31.03.2019	31.03.2018
Advances for O&M Supplies/ recoverables	265.90	252.06
Less:- Allowance for Expected Credit Loss	(265.90)	(252.06)
	0.00	0.00
Advance to Irrigation Department Government of Maharashtra	76.21	142.00
Less:- Allowance for Expected Credit Loss	(76.21)	(39.10)
	0.00	102.90
Income Tax Refundable (net of provisions)	313.99	227.86
Staff Advance	1.95	1.83
Capital advances	307.39	56.33
Deferred Lease Rent (Hydro Plants)	751.16	700.06
Tax claims	54.41	54.41
TOTAL	**1428.90**	**1143.38**

Note No. 6 - Current Assets-Inventories

(₹ in Crores)

Particulars	1.03.2019	31.03.2018
Raw materials (Coal)	665.36	193.02
Fuel Oil, LDO etc	218.67	182.24
Stock-in-transit (Coal & Oil)	36.09	42.88
Stores and spares	887.41	867.87
Less : Provision for Obsolescence of stores and spares	(350.60)	(302.72)
Less : Provision for material shortage pending investigation	(39.05)	(49.87)
TOTAL	**1417.89**	**933.42**

Note No. 7 - Current Assets - Trade Receivables

(₹ in Crores)

Particulars	31.03.2019	31.03.2018
Unsecured considered good;	13564.91	8715.62
Doubtful	26.60	26.60
Less: Allowance for Expected Credit Loss	(26.60)	(26.60)
TOTAL	**13564.91**	**8715.62**

Note No. 8 - Current Assets-Cash and Cash Equivalents

(₹ in Crores)

Particulars	31.03.2019	31.03.2018
Balances with Scheduled Banks:		
- on Current Accounts	0.24	0.17
Cash on Hand	0.07	0.03
TOTAL	**0.32**	**0.20**

Note No. 9 - Current Assets-Current Loans

(₹ in Crores)

Particulars	31.03.2019	31.03.2018
Unsecured, considered good		
Employee loans and advances	10.64	11.27
Receivable from CPF Trust	0.00	1.82
TOTAL	**10.64**	**13.09**

Note No. 10 - Other Current Financial Assets

(₹ in Crores)

Particulars	31.03.2019	31.03.2018
Unsecured, considered good		
Recoverables from Employees	4.48	17.41
Unbilled Receivables	2617.19	2209.22
Tax claims including MVAT set-off	114.30	328.85
Rent Receivable	0.13	0.14
Claims receivable	123.07	136.49
Deposit paid by Mahagenco to Related Party	4.28	0.37
Recoverable from Contractors, Deposits paid by Mahagenco	43.43	43.76
TOTAL	**2906.89**	**2736.24**

Note No. 11 - Current Assets-Other Assets

(₹ in Crores)

Particulars	31.03.2019	31.03.2018
Prepaid Expenses	38.09	47.72
Balances with Statutory Authorities	0.00	0.00
Advances for O & M supplies / works	576.06	838.27
Advances for fuel supplies/Others	787.57	905.75
Less:- Allowance for Expected Credit Loss	(130.75)	(90.03)
TOTAL	**1270.97**	**1701.71**

Note No. 12 - SHARE CAPITAL

i) Authorised Capital

Class of Share	Par value	As at 31.03.2019		As at 31.03.2018	
	₹	No. of Shares	(Amount in ₹ Crores)	No. of Shares	(Amount in ₹ Crores)
Equity Shares	10	40,00,00,00,000	40,000.00	40,00,00,00,000	40,000.00

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

Class of Share	Par value	As at 31.03.2019		As at 31.03.2018	
	₹	No. of Shares	(Amount in ₹ Crores)	No. of Shares	(Amount in ₹ Crores)
Equity Shares	10	25,28,41,26,226	25,284.13	25,24,71,26,126	25,247.13

iii) Reconciliation of Number of Shares Outstanding

Class of Share	As at 31.03.2019		As at 31.03.2018	
	Equity Shares		Equity Shares	
	No. of Shares	(Amount in ₹ Crores)	No. of Shares	(Amount in ₹ Crores)
Outstanding at the beginning of the year	25,24,71,26,126	25,247.13	24,85,43,36,788	24,854.34
Addition during the period	3,70,00,100	37.00	39,27,89,338	392.79
Outstanding at the end of the year	25,28,41,26,226	25,284.13	25,24,71,26,126	25,247.13

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 31.03.2019	As at 31.03.2018
	Equity Shares	Equity Shares
MSEB Holding Company Ltd. (Nos.)	25,28,41,26,226	25,24,71,26,126
MSEB Holding Company Ltd. (Amount in ₹ Crores)	25,284.13	25,247.13

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

Class of Share	As at 31.03.2019		As at 31.03.2018	
	Equity Shares	% of Shares	Equity Shares	% of Shares
MSEB Holding Company Ltd.	25,28,41,26,226	100.00	25,24,71,26,126	100.00

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

(₹ in Crores)

Particulars	31.03.2019	31.03.2018
Retained Earnings		
As per last Balance Sheet	(6526.70)	(7224.90)
As per last Balance Sheet attributable to Non-controlling Interest	(1.50)	0.83)
Add : Profit/(loss) for the year attributable to Parent owner	(336.24)	698.19
Add : Profit/(loss) for the year attributable to Non-controlling Interest	(1.08)	(0.67)
	(6865.51)	**(6528.21)**
General Reserve & Capital Reserve	-	-
Other Equity-(b): Other Reserves		
Other Equity Attributable to Parent Owner	2.07	39.06
Other Equity Attributable to Non-controlling Interest	24.28	23.17
Grand Total	**(6839.16)**	**(6465.98)**

Note No. 14 - Non Current Borrowings

(₹ in Crores)

Particulars	31.03.2019	31.03.2018
Term loans		
Secured		
Term Loan From Financial Institutions	20547.10	21557.61
Term Loan From Banks	1625.82	1813.28
Un - secured		
Term Loan From Financial Institutions	0.00	0.00
Loan from World Bank	266.62	187.88
Loan from CSSEPL (Baramati Project)	191.39	196.72
Loan from KFW	381.18	495.20
TOTAL	**23012.11**	**24250.69**

Note No. 15 - Non Current Provisions

(₹ in Crores)

Particulars	31.03.2019	31.03.2018
Provision for Gratuity	425.41	446.05
Provision for Leave Encashment	402.52	418.96
TOTAL	**827.92**	**865.01**

Note No. 15A - Deferred tax liabilities (Net)

(a) Tax Expense recognised in profit and loss

(₹ in Crores)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Current tax expense		
Current year	(0.26)	12.24
Changes in estimates relating to prior years	-	-
	(0.26)	**12.24**
Deferred tax expense		
Origination and reversal of temporary differences	(0.85)	(654.32)
Change in tax rate	8.28	-
Changes in estimates relating to prior years	-	-
	7.43	**(654.32)**
Tax expense recognised in the income statement	**7.17**	**(642.08)**

(b) Tax expense recognised in other comprehensive income

(₹ in Crores)

Particulars	For the year ended March 31, 2019		
	Before tax	Tax expense/ (benefit)	Net of tax
Items that will not be reclassified to profit or loss			
Remeasurements of the defined benefit plans	(0.74)	0.26	(0.48)
TOTAL	**(0.74)**	**0.26**	**(0.48)**

(₹ in 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)**

(c) Reconciliation of effective tax rate

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Profit before tax	**(325.81)**	**81.25**
Applicable tax rate	**34.94%**	**34.61%**
Tax using the Company's domestic tax rate	**(113.85)**	**28.12**
Change in tax rate	8.00	0.00
Tax effect of:		
Non-deductible expenses	7.45	11.53
Timing Difference on account of		
- For Depreciation and other items	187.84	699.37
- Impairment of financial assets	(13.59)	105.35
- Expenditure allowable on actual payment basis	10.35	9.40
Deferrred Tax adjustment for earlier years	(80.13)	(1,511.61)
CSR Expenditure not deductible	1.09	3.53
OCI Items	0.26	12.24
Tax expense	**7.69**	**(642.07)**
Effective tax rate	**-2.36%**	**-790.26%**

(d) Movement in deferred tax balances

(₹ in Crores)

Particulars	March 31, 2019					
	Net balance April 1, 2018	Recognised in profit or loss	Recognisedin OCI	Net	Deferred tax asset	Deferred tax liability
Deferred tax asset						
Property, plant and equipment	(5,266.90)	(268.25)	-	(5,535.14)	-	(5,535.14)
Investments	16.00	0.78	-	16.78	16.78	-
Inventories	-	-	-	-	-	-
Trade receivables	339.95	(339.95)	-	-	-	-
Provisions	395.09	(23.85)	0.26	371.49	371.49	-
Unabsorbed Depreciation	3,764.01	610.38	-	4,374.40	4,374.40	-
Loans and Advances	(101.17)	13.20	-	(87.97)	(87.97)	-
Tax assets (Liabilities)	**(853.02)**	**(7.69)**	**0.26**	**(860.45)**	**4,674.69**	**(5,535.14)**

(₹ in Crores)

Particulars	March 31, 2018					
	Net balance April 1, 2017	Recognised in profit or loss	Recognisedin 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)**

Note No. 16 - Other Non-Current Liabilities

(₹ in Crores)

Particulars	31.03.2019	31.03.2018
Capital Grant	13.37	61.42
TOTAL	**13.37**	**61.42**

Note No. 17 - Current Borrowings

(₹ in Crores)

Particulars	31.03.2019	31.03.2018
Loans repayable on demand		
Secured		
from banks		
Cash Credit	4960.62	4619.81
Loans repayable on demand		
Unsecured		
from banks		
Working Capital	2350.00	2300.00
Other Short Term Loans	750.00	1250.00
TOTAL	**8060.62**	**8169.81**

Note No. 18 - Current Trade Payables

(₹ in Crores)

Particulars	31.03.2019	31.03.2018
Micro, Small and Medium Enterprises (MSME)	0.12	0.48
Other than MSME	1328.22	1438.02
TOTAL	**1328.34**	**1438.50**

Note No. 19 - Other Current Financial Liabilities

(₹ in Crores)

Particulars	31.03.2019	31.03.2018
Current maturities of Long Term Borrowings	2466.85	2513.00
Retentions & Payables	3514.43	3175.11
Other Deposits	106.85	96.76
Interest accrued but not due	228.97	247.29
Payables for Capital goods	79.29	109.13
Related Party Payables	716.80	689.89
Others	445.29	326.26
Payable to employees	77.60	46.28
TOTAL	**7636.08**	**7203.73**

Note No. 20 - Other Current Liabilities

(₹ in Crores)

Particulars	31.03.2019	31.03.2018
Current maturities of Capital Grant	0.48	0.47
Statutory Dues		
Income tax deducted at source	23.41	18.09
Income tax collected at source	0.01	0.06
Service Tax liability & Electricity Duty Payable	0.05	0.09
GST Liabilities	29.13	4.73
Professional Tax Liability	0.11	0.03
TOTAL	**53.18**	**23.47**

Note No. 21 - Current Provisions

(₹ in Crores)

Particulars	31.03.2019	31.03.2018
Provision for Gratuity	111.29	135.04
Provision for Leave Encashment	123.89	141.55
TOTAL	**235.18**	**276.59**

Note No. 22 - Sale of Products

(₹ in Crores)

Particulars	31.03.2019	31.03.2018
Sale of Power	18985.11	19011.03
TOTAL	**18985.11**	**19011.03**

Note No. 23 - Other Operating Revenues

(₹ in Crores)

Particulars	31.03.2019	31.03.2018
Delayed payment surcharge	2320.69	2047.31
Miscellaneous Operating Income	13.85	3.14
IPP Sale of Coal	96.18	0.00
Sale of Fly Ash	34.00	29.75
Less:- Transferred to Fly Ash Liability	(34.00)	(29.75)
TOTAL	**2430.71**	**2050.45**

Note No. 24 - Other Income

(₹ in Crores)

Particulars	31.03.2019	31.03.2018
Interest Income on Financial Assets carried at amortized cost:		
Interest income	0.28	0.41
	0.28	**0.41**
Income from rent, hire charges etc.	6.76	6.62
Profit on sale of assets/stores/scrap	63.80	76.97
Sale of tender forms	1.14	1.26
Sundry Credit balance write Back	1024.93	105.91
Other receipts	66.75	64.58
Govt Grant Amortization	0.48	0.47
	1163.85	**255.80**
Total Other Income	**1164.13**	**256.21**

Note No. 24A - Share of Profit in Associates & Joint Ventures

(₹ in Crores)

Particulars	31.03.2019	31.03.2018
Share of Profit in Associates & Joint Ventures	(0.22)	(0.17)
TOTAL	**(0.22)**	**(0.17)**

Note No. 25 - Cost of Materials Consumed

(₹ in Crores)

Particulars	31.03.2019	31.03.2018
Coal	11607.98	10548.77
IPP Purchase of coal	105.62	0.00
IPP Purchase of Power	251.08	0.00
Gas	554.11	574.78
Oil	292.37	243.80
Water	184.18	193.49
TOTAL	**12995.33**	**11560.85**

Note No. 26 - Employee Benefits Expense

(₹ in Crores)

Particulars	31.03.2019	31.03.2018
Salaries, Wages, Bonus, etc.	964.66	962.47
Contribution to Provident Fund	91.75	90.76
Gratuity, Leave Encashment and Other Employee Benefits	142.93	279.62
Employee Welfare Expenses	85.52	75.73
TOTAL	**1284.85**	**1408.58**

Note No. 26A - Employee Benefits Expense under OCI

(₹ in Crores)

Particulars	31.03.2019	31.03.2018
Remeasurements of the defined benefit plans	0.74	35.38
TOTAL	**0.74**	**35.38**

Note No. 27 - Finance costs

(₹ in Crores)

Particulars	31.03.2019	31.03.2018
Interest	3193.62	3289.37
Exchange difference regarded as an adjustment to borrowing cost	2.75	44.28
Other borrowing costs	1.94	2.46
Less:- Interest Capitalised	(28.58)	(14.99)
TOTAL	**3169.73**	**3321.11**

Note No. 28 - Other Expenses

(₹ in Crores)

Particulars	31.03.2019	31.03.2018
Rent	32.27	18.26
Hydro Lease rent	565.83	452.09
Repairs and Maintenance on:		
Plant & Machinery & Building	1183.26	1162.92
Repair & Maintenance - Others	1.04	0.70
Insurance charges	28.11	26.68
Rates and taxes	20.81	15.48
Others		
Lubricants, consumables & stores	9.76	3.89
Obsolescence of Stores	47.88	0.00
Domestic Water	0.08	6.92
Legal and professional charges	19.14	17.80
Commission to agents	0.01	0.02
Other Bank Charges	1.04	0.26
Contribution towards assets not owned by Company / CSR expenditure	3.11	10.20
Provision for doubtful advances	84.55	9.03
Allowance for Expected Credit Loss	37.12	296.98
Other general expenses	228.83	226.53
Ash utilisation expenditure	0.00	3.16
Loss on obsolescence of Fixed Assets	20.78	40.82
Loss on foreign exchange variance (Net)	16.02	0.00
Payments to the auditors for:		
- Audit Fees	0.76	0.62
- other Services	0.00	0.00
- Reimbursement of expenses	0.03	0.06
- Reimbursement of tax	0.14	0.12
TOTAL	**2300.57**	**2292.53**

Note No. 28A - Deferred Tax Expenses

(₹ in Crores)

Particulars	31.03.2019	31.03.2018
Non OCI Defered Tax gain /(Expenditure)	7.69	(642.06)
OCI Items Defered Tax gain /(Expenditure)	(0.26)	(12.24)
TOTAL	**7.43**	**(654.30)**

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 (₹ in Crores)

Particulars	31st March, 2019	31st March, 2018
Opening balance	581.09	470.70
Interest Cost Included in profit or loss	45.21	34.22
Current service cost	24.31	16.67
Past service cost	-	146.03
Interest cost (income)		
	650.61	**667.62**
Included in OCI		
Remeasurement loss (gain):		
Actuarial loss (gain) arising from:		
Demographic assumptions		
Financial assumptions	0.55	(14.43)
Experience adjustment	0.18	49.81
Return on plan assets excluding interest income		
	0.74	**35.38**
Other		
Contributions paid by the employer		
Benefits paid	(114.65)	(121.91)
Closing balance	**536.70**	**581.09**
Represented by		
Net defined benefit asset		
Net defined benefit liability	536.70	581.09
TOTAL	**536.70**	**581.09**

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:

(₹ in Crores)

Particulars	31st March, 2019	31st March, 2018
Discount rate	7.76%	7.78%
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.

(₹ in Crores)

Particulars	31st March, 2019		31st March, 2018	
	Increase	Decrease	Increase	Decrease
Discount rate (0.5% movement)	(13.38)	14.26	(13.30)	14.14
Future salary growth (0.5% movement)	14.58	(13.79)	14.46	(13.70)
Employee Turnover (0.5% movement)	2.99	(3.16)	2.90	(3.06)

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

(₹ in Crores)

Particulars	31st March, 2019	31st March, 2018
1st Following Year	111.29	135.04
2nd Following Year	57.36	59.79
3rd Following Year	74.06	81.74
4th Following Year	62.01	71.11
5th Following Year	52.86	58.42
Sum of Years 6 To 10	187.02	197.06
Sum of Years 11 and above	391.91	368.16

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

(₹ in Crores)

Particulars	Defined benefit obligation	
	31st March, 2019	31st March, 2018
Opening balance	560.51	565.20
Included in profit or loss (Interest Cost)	43.61	41.09
Current service cost	11.91	12.36
Past service cost		
Interest cost (income)		
	616.03	**618.65**

Remeasurement loss (gain):		
Actuarial loss (gain) arising from:		
Demographic assumptions		
Financial assumptions	0.62	(16.42)
Experience adjustment	17.29	45.65
Return on plan assets excluding interest income		
	17.90	**29.24**
Other		
Contributions paid by the employer		
Benefits paid	(107.53)	(87.38)
Closing balance	**526.41**	**560.51**
Represented by		
Net defined benefit asset		
Net defined benefit liability	526.41	560.51
	526.41	**560.51**

B. Defined benefit obligations

i. Actuarial assumptions

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

Particulars	31st March, 2019	31st March, 2018
Discount rate	7.76%	7.78%
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 "MSEB 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)

Description of Plan Assets (₹ in Crores)

Particulars	31st March, 2019	31st March, 2018
Category -I (a)- GOI	8.37%	14.78%
Category -I (a)-SDL	27.89%	19.81%
Category - I(b)	4.81%	5.27%
Category - II(a)	30.37%	31.21%
Category - II(b)	1.90%	0.96%
Category - IV(c)	1.66%	1.43%
Special Deposit Scheme	24.99%	26.53%

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 - Capital / Government grants

(₹ in Crores)

As at 31.03.2017		**53.64**
Received during FY 2017-2018		8.72
Less: Government Grant amortised during FY 2017-2018		0.47
As at 31.03.2018		**61.89**
Received during FY 2018-2019		29.25
Less: Grant adjusted against Asset & Expenditure		76.81
Less: Government Grant amortised during FY 2018-2019		0.48
As at 31.03.2019		**13.85**
	As at 31.03.2019	**As at 31.03.2018**
Current	0.48	0.47
Non-current	13.37	61.42
Total	**13.85**	**61.89**

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 conditions or contingencies attached to this grant. Further during the year Company has received Grant of ₹ 29.25 Crs (PY ₹ 8.72 Crs.)

Note No. 31 - Intangible assets under development

(₹ in rores)

Particulars	As at 31.03.2019	As at 31.03.2018
Opening balance	132.55	129.77
Additions for the year	1.21	2.78
Specify the nature of expenses		
Impairment reversal/(charge)		
Foreign exchange difference		
Closing balance	**133.76**	**132.55**

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:

(₹ in Crores)

Details of Transactions	Aurangabad
As at 31.03.2017	
- Quasi Equity investment	4.71
Quasi Equity investment during the year	**0.14**
As at 31.03.2018	
- Quasi Equity investment	4.85
Quasi Equity investment during the year	**0.00**
As at 31.03.2019	
- 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:

(₹ in Crores)

Particulars	As at 31.03.2019	As at 31.03.2018
Security created in respect of Non-current Borrowings		
Property, plant and equipment excluding leasehold land	37,276.28	38,399.19
Security created in respect of Current Borrowings		
i) Inventories	1,417.89	933.43
ii) Trade receivables	13,564.91	12,980.89
Total assets as security	**14,982.80**	**13,914.32**

Note No. 34

During the current financial year 2018-19, Revenue Subsidy towards Solar power sales from Central Government amounting to ₹ 1.47 Crores (2017-18: ₹ 1.78 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
ii. M/s. Chhattisgarh Katghora Dongargarh Railway 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 Govt. related entities as per Ind AS 24.

1. Associate entities

i. M/s. UCM Coal Company Limited
ii. M/s. Chhattisgarh Katghora Dongargarh Railway 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	Chairman & Managing Director	Shri. Arvind Singh	10.10.2018
3	Director (Mining)	Shri. Shyam Wardhane	14.09.2016 to 12.11.2018
4	Director (Mining)	Shri. P.V.Jadhav	14.11.2018 to 31.05.2019
5	Director (O)	Shri. Chandrakant Thotwe	19.09.2016
6	Director (F)	Shri. S. J. Amberkar	11.08.2017
7	Director (P)	Shri. Vikas Jaideo	19.09.2016 to 31.03.2019
8	Director (P)	Shri. V. Thangapandian	10.04.2019
9	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	Shri. Vishwas Pathak	21.07.2015
2	Director	Smt.Juelee Wagh	15.06.2018

C. Remuneration paid to Key Management Personnel*

(₹ in Crores)

Sr. No	Name of Related Party	Nature of Relationship	2018-19	2017-18
1	Shri. Bipin Shrimali	Chairman & Managing Director	0.29	0.31
2	Shri. Chandrakant Thotwe	Director (Operation)	0.35	0.35
3	Shri. Vikas Jaideo	Director (Projects)	0.34	0.36
4	Shri. Shyam Wardhane	Director (Mining)	0.11	0.19
5	Shri. J. K. Srinivasan	Director (Finance)		0.21
6	Shri. Santosh Amberkar	Director (Finance)	0.31	0.21
Remuneration to Key Managerial Persons				
1	Shri. A.R. Nandanwar	Executive Director	0.01	0.69
2	Shri. Vinod Bondre	Executive Director(HR)	0.18	0.20
3	Shri. Raju Burde	Executive Director	0.28	0.27
4	Shri. Kailash Chirutkar	Executive Director	0.28	0.27
5	Shri. Satish Chaware	Executive Director	0.27	0.29
6	Shri. Nitin Chandurkar	Executive Director	0.26	
7	Shri. Rahul Dubey	Company Secretary	0.25	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:

(₹ in Crores)

Details of Meeting	Smt. Juelee Wagh	Shri. Vishwas Pathak
Board	0.0053	0.0065
Audit Committee	-	0.0030
Total Sitting Fees Paid	**0.00503**	**0.0094**

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	
			As at 31.03.19	As at 31.03.18
M/s. Mahaguj Collieries Ltd	India	Subsidiary	60.00%	60.00%
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%
M/s. UCM Coal Company Ltd	India	Associates	18.75%	18.75%
M/s. Chhattisgarh Katghora Dongargarh Railway Limited	India	Associates	26.00%	

Note No. 38

Outstanding balances of fellow subsidiaries at the end of financial year.

(₹ in Crores)

Particulars	As at 31.03.19	As at 31.03.18
Payable to MSEDCL	505.97	500.52
Receivable from MSETCL	2.21	2.72

Note No. 39

Trade Receivable from Related Party

(₹ in Crores)

Particulars	As at 31.03.19	As at 31.03.18
MSEDCL	13,443.07	13,887.36
MSETCL	122.23	70.88

Note No. 40

Corporate Social Responsibilities

During the year 2018-19, Company has spent ₹ 3.11 Crores (PY: ₹ 10.20 Crores) towards Corporate Social Responsibility (CSR).

(₹ in Crores)

Sr.No.	Head of Expenses	2018-19	2017-18
1	Community development and welfare expenses	0.08	2.30
2	Death Compensation & Stipend to security guards	2.45	0.16
3	Drinking water supply & construction, repairs of tubewells, hand pumps etc	0.22	5.20
4	Construction / repair of road, compound wall, RCC drain, etc	0.35	2.11
5	Donation for Chakradhar Samaroh 2018 at Raigarh, Chattisgarh.	0.01	-
6	Education expenses	-	0.07
7	Tree Plantation	-	0.36
	Total	**3.11**	**10.20**

Note No. 41

Contingent Liabilities & Commitments (₹ in Crores)

I	Contingent Liabilities	As at 31.03.19	As at 31.03.18
1	MSPGCL may be contingently liable for interest claim of SECL,WCL and SCCL amounting to ₹ 704.25 Crs (P.Y. ₹ 461.59 Crs).plus performance incentive ₹ 681.90 Crores (P.Y. ₹ 602.65 Crores) and short lifting ₹ 559.84 Crores (P.Y. ₹ 392.77 crs.) plus Penalty claim of WCL ₹ 29.62 crores. Total Contingent Liability ₹ 1975.61 Crs. (P.Y. ₹ 1457.01 crs.)	1975.61	1457.01
2	MSPGCL may be contingently liable for Counter claims lodged by Washery Operator Amounting ₹ 95.18 crores(P. Y. ₹ 40.80 crores)	95.18	40.81
3	Contingent liability for demand from Irrigation Department for excess water charges and establishment charges amounted to ₹ 267.41 crores (P.Y. ₹ 215.28 crores) (Excess water charges bill ₹ 82.97 crores + Establishment Charges ₹ 184.45 crores)	267.42	215.29
4	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
5	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 - ₹ 467.90 Crs. Total Amount claimed - ₹ 118.12 Crs. Total Interest claimed - ₹ 79.33 Crs. (₹ 118.12 Crs. + ₹ 79.34 Crs. = ₹ 197.46 Crs.)	197.46	197.46
6	Contingent liability of approximately estimated to ₹ 210.43 Crores plus ₹ 37.88 crores interest total ₹ 248.31 Crs (PY ₹ 178.33 Crores/-plus ₹ 32.10 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.	248.31	210.43
7	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.	123.68	123.68

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. M/s. Asian Natural Resources Ltd. has invoked the arbitration clause with restpect to the pending disputes and delayed payment on various accounts for the contracts for supply of non-cooking (Steam) coal of foreign origin for year 2010-11 to Nasik, Bhusawal, Khaperkheda and Chandrapur TPS. 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 ₹ 127.48 crores (P.Y. ₹ 102.63 crores)	127.48	102.63
9	Other miscellaneous claims lodged against the company but not acknowledged as debt	314.23	287.15
10	In case of Mahaguj, due to cancellation of coal block allocation by the Hon'ble Supreme Court of India, the Claims of ₹ 399.79 Crs. is submitted by M/s. Adani Enterprises Ltd. during the F.Y. 2017-18 towards expenditure made for development of Machhakata Coal Block. Further, M/s. AEL has invoked the Arbitration proceedings for their Claims of ₹ 399.79 Crores along with Application U/s 17 for Interim relief of ₹ 44.70 Crores before the Arbitral Tribunal on 10.05.2017. For application U/s 17 for Interim Relief, the Arbitral Tribunal has passed the Interim Award dt. 01.02.2018 and directed MGCL to pay to M/s AEL a sum of ₹ 32.80 Crores. MGCL has filed an application U/s 34 before the Bombay High Court on 21.04.2018 challenging the said Interim Award dt. 01.02.2018 passed by the Arbitral Tribunal. The matter was listed for the hearing before the Bombay High Court on 18.03.2019 for admission. After hearing the matter, the Hon'ble Bombay High Court vide order dt. 18.03.2019 has admitted the MGCL's application u/s. 34 and the same is pending for final hearing. For Arbitration process the cross examination of witnesses is in progress. In view of this, the Management is of the opinion that no provision of ₹ 32.80 Crores is required to be made in the FY. 2018-19. Thus, claims against the Company not acknowledged as debt amounted to approximately ₹ 399.79 crores during the previous year. Due to the cancellation of Coal Block allocated to MGCL by Hon'ble Supreme Court, all the pending petitions in Orissa High Court opposing the Land Acquisition process initiated for Machhalata Coal Block have become in-fructuous. Therefore, MGCL is no more a necessary party to the following pending Writ Petitions / Litigations. 1. W.P. (C) 14924 dt. 13.08.2012 - Pending for fresh admission since 19.11.2012. 2. W.P.(C) 22392 dt. 23.11.2012 - Referred by High Court to Lok Adalat-1 on 09.12.2017.	399.79	399.79
	Total Claims	**3,852.36**	**3,137.45**
	Tax Demands Outstanding and disputed by the company	31.56	273.75
	Guarantees extended by the company	874.28	814.66
	Total Contingent Liabilities	**4,758.20**	**4,225.86**

(₹ in Crores)

II	**Commitments**		
	Estimated amount of contracts remaining to be executed on Capital Account not provided for	1,107.36	685.84

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 52.537 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

In pursance to Power Purchase Agreement, MSPGCL levied delayed payment Surcharge on MSEDCL. Such Surcharge Income of ₹ 3725 crores was treated as Non-tariff income by MERC and accordingly reduced from the Annual Revenue Requirement of MSPGCL for the period FY 2010-11 to FY 2015-16. The company filed appeal against this methodology in the Appellate Tribunal for Electricity. The Tribunal, however, rejected the appeal of the company. The matter is now pending with Supreme court.

1 Recently in the similar case of another Transmission Licensee (Tribunal order on Appeal no. 250 of 2016 & IA no. 899 of 2017 dated 29-05-2019), the Tribunal decided that the Delayed payment surcharge are not to be considered as Non-tariff Income and thus will not be deducted from Annual Revenue Requirement.

The said judgement has significantly increased the chances of favourable decision in case of MSPGCL seeking restoration of ₹ 3725 crores in the revenue. If the favourable decision is received, the company will be able to increase its earnings to the tune of ₹ 3725 crores."

2 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 against 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.

3 Excise duty on Royalty and other levies are paid under protest.

4 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	Amount ₹ in Crores
1.	Stone Claims	28.01
2.	SRN claims	43.28
3.	Interest claims	484.35
4.	Grade slippage	2,187.62
5.	Moisture Claims	34.18
6.	Short Delivery	2,115.38
	Total	**4,892.82**

5 Mahagenco has filed compensation application amounting to ₹ 409 crores against the three liasioning contractors M/s. Nair, M.s Naresh Kumar, M/s Karam Chand Thapar at NCLAT New Delhi, Advocate K. K. Sharma case no. AT 02/2018

Note No. 42 - Segment reporting

A. Geographic information

The geographic information analyses 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, 2019	For the year ended March 31, 2018
I Revenue		
In India	21,415.82	21,061.48
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.	21266.68	21012.77
Outside India	**Nil**	**Nil**

Note No. 43(A)

Note on Expected Credit Loss provision

During the year, the company has reassessed the credit risk associated with the surcharge receivable from MSEDCL in terms of Ind AS 109 - Financial Instruments. Considering the fact that MSEDCL has recorded an equivalent liability in their books as at 31-03-2018, the management does not foresee any difference between the contractual cash flows which are receivable from MSEDCL and the cash flows that the Company expects to receive (i.e. no cash shortfalls). As Company expects to realize the receivables in full, there will be no cash shortfall which warrants Expected Credit Loss provision. Consequently, Company has written back the Expected Credit Loss provision amounting to ₹ 982.28 Crores as on 31-03-2019.

Note No. 44

Classification of Financial Assets and Financial Liabilities:

The following table shows the carrying amount (₹ in Crores)

Particulars	31.03.2019			31.03.2018		
	FVTPL	FVTOCI	Amortised Cost	FVTPL	FVTOCI	Amortised Cost
Financial assets						
(i) Trade Receivables			13,564.91			12,980.90
(ii) Cash and Cash Equivalents			0.07			0.20
(iii) Bank Balances other than (ii) above						-
(iv) Loans			10.64			13.09
(v) Other Financial Assets			2,906.89			2,736.24
Total	**-**	**-**	**16,482.75**	**-**	**-**	**15,730.42**
Financial liabilities						
(i) Borrowings			31,072.73			32,420.49
(ii) Trade Payables			1,328.22			1,438.50
(iii) Other Financial Liabilities			7,636.08			7,203.73
Total	**-**	**-**	**40,037.03**	**-**	**-**	**41,062.72**

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 case of Mahaguj Colieries Limited, Mahagams Limited & Dhopave coastal power Limited there are no borrowings from Banks/ Financial Institutions.

Note No. 44A - 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. 44B - 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. 44B.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

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:

(₹ in Crores)

Particulars	31.03.2019		31.03.2018	
	Gross carrying amount	Loss allowance	Gross carrying amount	Loss allowance
Past due 0-90 days	13,564.91	-	8,742.23	-
Past due 91-360 days	-	-	-	-
More than 360 days	26.60	26.60	5,247.55	1,008.88
TOTAL	**13,591.51**	**26.60**	**13,989.77**	**1,008.88**

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

(₹ in Crores)

Balance as at 01.04.2017	**793.81**
Add : Expected Credit loss recognised	285.96
Less : Amounts written off	70.88
Balance as at 31.03.2018	**1,008.88**
Add : Expected Credit loss recognised	(982.28)
Less : Amounts written off	-
Balance as at 31.03.2019	**26.60**

Cash and cash equivalents: (₹ in Crores)

Particulars	As at 31.03.2019	As at 31.03.2018
Cash and cash equivalents	0.32	0.20

Investment in debt securities

In case of Magaenco, the investments are in the subsidiary/Joint Venture companies.

Note No. 44B.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.

(₹ in Crores)

Particulars	Contractual cash flows					
	31.03.2019			31.03.2018		
	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	2,466.85	5,369.33	17,642.78	2,513.00	4,856.32	19,394.37
Borrowings for working capital	8,060.62			8,169.81		
Trade payables	1,328.32			1,438.45		
Other financial liabilities	7,635.74			7,203.47		
TOTAL	**19,491.54**	**5,369.33**	**17,642.78**	**19,324.73**	**4,856.32**	**19,394.37**

Note No. 44C - Market Risk

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

Note No. 44C.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. 44C.2. Interest rate risk

Interest rate risk exposure:

Company's interest rate risk arises from borrowings. The interest rate profile of the Company's interest-bearing financial instruments as reported to the management of the Company is as follows.

Particulars	Carrying amount in ₹ crores	
	31.03.2019	31.03.2018
Fixed-rate instruments		
Financial assets	-	-
Financial liabilities	478.26	594.24
Variable-rate instruments		
Financial assets	-	-
Financial liabilities	33,061.33	34,339.25

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
	31.03.2019		31.03.2018	
Floating rate borrowings	82.65	(82.65)	85.85	(85.85)
Interest rate swaps (notional principal amount)	-	-	-	-
Cash flow sensitivity (net)	82.65	(82.65)	85.85	(85.85)

Note No. 44C.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. 45 - 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:

(₹ in Crores)

Particulars	31.03.2019	31.03.2018
Less than one year	452.84	452.08
Between one and five years	1,812.26	1,813.32
More than five years	6,422.15	6,873.92
Total	**8,687.25**	**9,139.33**

ii. Amounts recognised in profit or loss

(₹ in Crores)

Particulars	31.03.2019	31.03.2018
Lease expense	565.83	452.09

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 46 : 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 shareholdersof 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 holders (₹ in Crores)

Particulars	31.03.2019	31.03.2018
Profit attributable to equity holders for basic earnings per share (Rupees)	(336.83)	720.66
Profit attributable to equity holders for diluted earnings per share (Rupees)	(336.83)	720.66

ii. Weighted average number of ordinary shares

Particulars	31.03.2019	31.03.2018
Number of Equity shares as at	25,28,41,26,226	25,24,72,31,500
Weighted average number of shares for basic and diluted earnings per shares	25,28,41,26,226	25,24,72,31,500
Basic and Diluted earnings per share (₹)	**(0.13)**	**0.29**

Note No. 47 - 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, 2019 is as follows.

Particulars	31.03.2019	31.03.2018
Long term borrowings (₹ Crores)	23,012.11	24,250.69
Equity share Capital (₹ Crores)	25,284.15	25,247.15
Debt to Equity ratio	**0.91**	**0.96**

Note 48 : Dividends

Mahagenco & its subsidiaries companies have not declared dividend so far.

LONG TERM BORROWING (ANNEXURE A)

Sr. No	Particulars of Lender	Nature of loan	Outstanding balance as on 31.3.2019	Loan to be repaid within 1 year treated as current liability	Net long term borrowings	Mode of Repayment	Rate of Interest	Nature of security
1	PFC	NEW PARLI EXPANSION PROJECT UNIT 2	498.87	71.28	427.59	60 equal quarterly installments :- commenced from April 2011	10.22%	Mortgage/ Hypothecation of Future assets to be created for project together with Land
2	PFC	PARAS EXPANSION PROJECT UNIT 2	622.33	88.92	533.41	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	R&M WORKS OF KORADI TPS	3.25	1.30	1.95	48 equal quarterly installments : commenced from October 2008	10.22%	Hypothecation of movable assets of SG & TG and other BHEL Package amounting to ₹ 380 Crores of Parli TPS unit I (1x250 MW)
4	PFC	R&M WORKS OF BHUSAWAL, PARLI & PARAS	0.83	0.33	0.50	48 equal quarterly installments : commenced from October 2009	10.22%	Hypothecation of movable assets of SG & TG and other BHEL Package amounting to ₹ 380 Crores of Parli TPS unit I (1x250 MW)
5	PFC	R&M WORKS OF NASIK TPS U - 1 & 2	3.55	1.42	2.13	48 equal quarterly installments : commenced from October 2009	10.22%	Hypothecation of movable assets of SG & TG and other BHEL Package amounting to ₹ 380 Crores of Parli TPS unit I (1x250 MW)
6	PFC	UPGRADATION OF RLY SIDING SYSTEM AT NASIK TPS	5.21	2.08	3.13	48 equal quarterly installments : commenced from October 2009	10.22%	Hypothecation of movable assets of SG & TG and other BHEL Package amounting to ₹ 380 Crores of Parli TPS unit I (1x250 MW)
7	PFC	PROCUREMENT OF 250 MVA GENERATOR TRANSFORMER FOR KOYNA	0.31	0.31	0.00	48 equal quarterly installments : commenced from April 2008	10.22%	Hypothecation of movable assets of SG & TG and other BHEL Package amounting to ₹ 380 Crores of Parli TPS unit I (1x250 MW)

Sr. No	Parti-culars of Lender	Nature of loan	Outstand-ing balance as on 31.3.2019	Loan to be repaid within 1 year treated as current liability	Net long term borrow-ings	Mode of Repayment	Rate of Interest	Nature of security
8	PFC	ASH BUND FOR KORADI TPS	4.45	1.78	2.67	48 equal quarterly installments : commenced from October 2009	10.22%	Hypothecation of movable assets of SG & TG and other BHEL Package amounting to ₹ 380 Crores of Parli TPS unit I (1x250 MW)
9	PFC	R&M SCHEME OF REPLACEMENT OF BOILER ECONOMIZER / LTSH COILS AND WATER WALL PANELS REQUIRED FOR VARIOUS TPS OF MSPGCL	11.79	3.37	8.42	48 equal quarterly installments : commenced from October 2010	10.22%	Hypothecation of movable assets of SG & TG and other BHEL Package amounting to ₹ 380 Crores of Parli TPS unit I (1x250 MW)
10	PFC	Procurement of LP Rotor as a common spare for Unit 5,6 & 7 of Chandrapur STPS	14.32	2.39	11.93	48 equal quarterly installments : commenced from April 2013	10.22%	Hypothecation of movable assets of SG & TG and other BHEL Package amounting to ₹ 380 Crores of Parli TPS unit I (1x250 MW)
11	PFC	KORADI TPS EXPANSION PROJECT (3x660 MW)	8480.50	640.04	7840.46	60 equal quarterly installments : Commenced from July 2017	9.86%	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 overage of 1.25 times.
12	PFC	R&M of Unit 5,6 & 7 of Koradi TPS	5.83	0.48	5.35	60 equal quarterly installments : commenced from October 2016	10.22%	Assets of Parli TPS Unit 3,4 & 5 together with land
13	PFC	R&M of water supply system of Parli TPS from Majalgaon Lift Irrigation Scheme.	134.90	14.20	120.70	40 equal quarterly installments : commenced from October 2018	10.22%	Assets of Parli TPS Unit 3,4 & 5 together with land
14	PFC	R&M of Boiler & Turbine Improvement Scheme of Chandrapur STPS.	67.14	4.63	62.51	60 equal quarterly installments : commencing from October 2018	10.22%	Assets of Parli TPS Unit 3,4 & 5 together with land

Sr. No	Parti-culars of Lender	Nature of loan	Outstand-ing balance as on 31.3.2019	Loan to be repaid within 1 year treated as current liability	Net long term borrow-ings	Mode of Repayment	Rate of Interest	Nature of security
15	PFC	R&M of Ash Handling System of Unit 5&6 of CSTPS	5.41	0.47	4.94	60 equal quarterly installments : commenced from October 2015	10.27%	Assets of Parli TPS Unit 3,4 & 5 together with land
16	PFC	R&M of Condenser Cooling System of Unit 5&6 of CSTPS	18.71	1.63	17.08	60 equal quarterly installments : commenced from October 2015	10.22%	Assets of Parli TPS Unit 3,4 & 5 together with land
17	PFC	R&M for Process Improvement at Unit 3,4 & 5 of Nashik TPS Stage-II (3x210 MW).	1.94	0.14	1.80	40 equal quarterly installments : commencing from July 2019	10.24%	Assets of Parli TPS Unit 3,4 & 5 together with land
18	PFC	R&M for Measuring & Monitoring of Coal consumption of Bhusawal TPS	0.43	0.03	0.40	60 equal quarterly installments : commenced from October 2016	10.27%	Assets of Parli TPS Unit 3,4 & 5 together with land
19	PFC	R&M for Boiler & Turbine Improvement (Station heat improvement) Scheme of Bhusawal TPS.	6.38	0.51	5.87	60 equal quarterly installments : commenced from October 2016	10.22%	Assets of Parli TPS Unit 3,4 & 5 together with land
20	PFC	R&M for Turbine Auxiliary Performance Improvement Scheme of Bhusawal TPS.	6.50	0.52	5.98	60 equal quarterly installments : commenced from October 2016	10.22%	Assets of Parli TPS Unit 3,4 & 5 together with land
21	PFC	R&M for Replacement of BFP (200 KHI) cartridge with energy efficient cartridge for Unit 3,4 & 5 of Parli TPS.	5.74	0.50	5.24	60 equal quarterly : commencing installments from October 2015	10.22%	Assets of Parli TPS Unit 3,4 & 5 together with land
22	PFC	Renovation and Upgradation of GT Automation System, Starting Frequency converter & Static Excitation system of unit 7 & 8, Stage -II of Uran GTPS	12.77	1.19	11.58	60 equal quarterly installments : commenced from Jan 2015	10.22%	Assets of Parli TPS Unit 3, 4 & 5 together with land
23	PFC	Procurement of High Pressure Turbine (HPT Module for Khaperkheda TPS Unit 1 & 2.	25.73	1.84	23.89	60 equal quarterly installments : commencing from April 2018	10.22%	Movable assets of Nashik TPS Unit 3,4 & 5.

Sr. No	Particulars of Lender	Nature of loan	Outstanding balance as on 31.3.2019	Loan to be repaid within 1 year treated as current liability	Net long term borrowings	Mode of Repayment	Rate of Interest	Nature of security
24	PFC	R & M for Turbine Auxiliary Consumption Improvement at Stage II (Unit 3,4 & 5 3x210 MW), Nashik TPS.	12.80	1.22	11.58	60 equal quarterly installments : commenced on October 2014	10.23%	Movable assets of Nashik TPS Unit 3,4 & 5.
25	PFC	Construction of Concrete Road from Nashik-Pune Highway to Booster Pump House at Nashik TPS.	9.25	0.73	8.52	60 equal quarterly installments : commenced from Jan 2017	10.22%	Movable assets of Nashik TPS Unit 3,4 & 5.
26	PFC	Expediting unloading of Coal Wagons by Up-grading the existing system in Maharashtra. (DPR of Nashik TPS)	1.28	0.11	1.16	60 equal quarterly installments : commenced from October 2015	10.22%	Movable assets of Nashik TPS Unit 3,4 & 5.
27	PFC	Various Schemes of KGSC, Phophali in Maharashtra	5.36	0.47	4.89	60 equal quarterly installments : commenced from October 2015	10.22%	Movable assets of Nashik TPS Unit 3,4 & 5.
28	PFC	Power supply arrangement at Colony, separate 25 KV OHE supply feeding arrangement to BESG siding & providing of passenger elevators at Paras TPS	1.54	0.13	1.40	60 equal quarterly installments : commenced from October 2015	10.22%	Movable assets of Nashik TPS Unit 3,4 & 5.
29	PFC	Various Schemes of Small Hydro Stations in Maharashtra. (Pune SHPC and Nashik SHPC)	4.97	0.43	4.54	60 equal quarterly installments : commenced from October 2015	10.22%	Movable assets of Nashik TPS Unit 3,4 & 5.
30	PFC	Provision of Pipe Conveyor System for transportation of coal from WCL mines to Koradi and Khaperkheda TPS.	69.42	0.00	69.42	60 equal quarterly installments : commencing from October 2021	9.97%	Hypothecation of Future assets to be created from the Capex Scheme
31	PFC	Buyers Line of Credit - Capex schemes for existing Power Plants	153.97	31.58	122.40	40 equal quarterly installments : commenced from October 2013	10.22%	Assets of Parli TPS Unit 3,4 & 5 together with land

Sr. No	Parti-culars of Lender	Nature of loan	Outstand-ing balance as on 31.3.2019	Loan to be repaid within 1 year treated as current liability	Net long term borrow-ings	Mode of Repayment	Rate of Interest	Nature of security
32	REC	Bhusawal Expansion Project	3447.93	431.00	3016.93	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
33	REC	Chandrapur Expansion Project	4787.66	467.08	4320.58	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
34	REC	Parli Replacement Project	1369.43	136.96	1232.47	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
35	REC	Koradi Project (3x660 MW)- Debt Refinancing	1578.95	210.52	1368.43	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
36	REC	130 MLD Sewage Treatment Plant at Koradi Project (3x660 MW)	100.35	9.33	91.02	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).
37	REC	Setting up of Bhusawal Replacement Project Unit No-6 (660 MW) at Bhusawal Dist. Jalgaon, Maharashtra.	233.84	0.00	233.84	60 equal quarterly installments : commenced from March 2025	9.77%	Mortgage/ Hypothecation of Present & Future assets created / to be created for subject project together with Land
38	REC	Combustion Optimi-zation & Process improvement scheme at Nashik TPS	3.28	0.00	3.28	7 equal annual installments commencing from 15-January 2022	11.34%	Hypothecation of Future assets to be created from the R&M Scheme
39	REC	Procurement of Spare HPT Module for Khaperkheda TPS	14.60	2.92	11.68	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	Outstanding balance as on 31.3.2019	Loan to be repaid within 1 year treated as current liability	Net long term borrowings	Mode of Repayment	Rate of Interest	Nature of security
40	REC	R&M - T, I&C Up-gradation through Burner Management System, Excitation system, HT Motor Protection etc. form Parli TPS Unit 3,4 & 5	2.93	0.59	2.34	7 equal annual installments commenced from 15-February 2018	10.00%	Hypothecation of Future assets to be created from the R&M Scheme
41	REC	ESP Restoration/ Refurbishment (Improvement in Stack emmission control) Un it 5,6 &7. Chandrapur STPS	7.62	1.52	6.10	7 equal annual installments commenced from 15-March 2018	11.25%	Hypothecation of Future assets to be created from the R&M Scheme
42	REC	Measurement & monitoring of coal consumption. At Nashik TPS	8.00	1.60	6.40	7 equal annual installments commenced from 15-March 2018	11.37%	Hypothecation of Future assets to be created from the R&M Scheme
43	REC	Input Source measurement scheme (Fuel oil, water, Auxiliary power & coal flow) - Chandrapur STPS	1.25	0.25	1.00	7 equal annual installments commenced from 15-January 2018	10.00%	Hypothecation of Future assets to be created from the R&M Scheme
44	REC	Procurement of Energy Efficient HT Motors at Bhusawal TPS, Koradi TPS, Chandrapur TPS, Khaperkheda TPS, Parli TPS and Paras TPS units.	2.52	0.00	2.52	40 equal quarterly installments : commencing from Sept. 2020	10.00%	Hypothecation of Future assets to be created from the R&M Scheme
45	REC	Stack management by procurement of Bulldozer & LOCO and CHP area schemes for performance & unloading improvement at Bhusawal TPS.	7.07	0.18	6.89	40 equal quarterly installments commencing from March 2020	9.85%	Hypothecation of Future assets to be created from the R&M Scheme
46	REC	Interconnection of 210 MW CHP to 500 MW CHP through Conveyors BC-02 & BC-03 having capacity of 500 TPH at Bhusawal TPS	0.49	0.01	0.48	40 equal quarterly installments commencing from March 2020	10.00%	Hypothecation of Future assets to be created from the R&M Scheme

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47	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.	3.13	0.08	3.06	40 equal quarterly installments commencing from March 2020	9.76%	Hypothecation of Future assets to be created from the R&M Scheme
48	REC	Replacement of Heating Elements (Baskets) Of Primary and Secondary Air Pre-Heaters of Unit# 5 & 6 At Chandrapur TPS.	0.46	0.00	0.46	40 equal quarterly installments commencing from June 2020	9.75%	Hypothecation of Future assets to be created from the R&M Scheme
49	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.	14.98	0.00	14.98	40 equal quarterly installments commencing from June 2020	9.78%	Hypothecation of Future assets to be created from the R&M Scheme
50	REC	Procurement & replacement of condenser tubes and Boiler Feeder Pump (BFP) cartridges at Chandrapur TPS.	7.28	0.18	7.10	40 equal quarterly installments commencing from March 2020	9.77%	Hypothecation of Future assets to be created from the R&M Scheme
51	REC	210/500 MW Coal Handling Plant (CHP) Performance Improvement at Chandrapur TPS.	13.53	0.34	13.19	40 equal quarterly installments commencing from March 2020	9.76%	Hypothecation of Future assets to be created from the R&M Scheme
52	REC	Performance Improve-ment & Life Enhance-ment of 500MW CHP-B at Chandrapur TPS.	7.68	0.00	7.68	40 equal quarterly installments : commencing from Sept. 2020	10.00%	Hypothecation of Future assets to be created from the R&M Scheme

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53	REC	Electro-Static Precipitator performance Improvement Unit#3&4 at Chandrapur TPS.	1.41	0.00	1.41	40 equal quarterly installments commencing from June 2020	9.80%	Hypothecation of Future assets to be created from the R&M Scheme
54	REC	Retrofitting of existing HT breakers installed at Unit# 3, 4, 5 & 6 of Chandrapur TPS.	8.80	0.00	8.80	40 equal quarterly installments commencing from December 2020	10.06%	Hypothecation of Future assets to be created from the R&M Scheme
55	REC	Construction of Quarter Guard, Bachelor Accommodation and allied structures in Phase I & II for induction of CISF Security at Chandrapur TPS.	3.63	0.00	3.63	40 equal quarterly installments commencing from June 2020	9.89%	Hypothecation of Future assets to be created from the R&M Scheme
56	REC	Development of Ash Bund Area at Waregaon, Khaperkheda TPS.	18.02	0.90	17.11	40 equal quarterly installments commencing from December 2019	9.78%	Hypothecation of Future assets to be created from the R&M Scheme
57	REC	Procurement & Replacement of complete set of LTSH coils for Unit# 3, 4 at Khaperkheda TPS.	5.08	0.13	4.95	40 equal quarterly installments commencing from March 2020	9.75%	Hypothecation of Future assets to be created from the R&M Scheme
58	REC	Works for Ash Disposal from Khaperkheda 1X500 MW Unit to Nandgaon Ash Bund.	47.60	2.38	45.22	40 equal quarterly installments commencing from December 2019	9.81%	Hypothecation of Future assets to be created from the R&M Scheme
59	REC	ESP upgradation for Unit#1 at Khaperkheda TPS.	0.03	0.00	0.03	40 equal quarterly installments commencing from June 2020	9.75%	Hypothecation of Future assets to be created from the R&M Scheme
60	REC	Procurement, installation and commissioning of Gravimetric belt/ rotary type Feeder, VFD for CEP, up-gradation of BTS System and implementation of Environmental Schemes at Khaperkheda TPS.	6.54	0.00	6.54	40 equal quarterly installments commencing from December 2020	10.00%	Hypothecation of Future assets to be created from the R&M Scheme

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61	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.	40.99	2.05	38.94	40 equal quarterly installments commencing from -December 2019	9.84%	Hypothecation of Future assets to be created from the R&M Scheme
62	REC	Improvement in Electrical System at Chandrapur TPS.	9.68	0.00	9.68	40 equal quarterly installments commencing from June 2020	9.97%	Hypothecation of Future assets to be created from the R&M Scheme
63	REC	Third Raising of Ash Bund from T.B.L. 581.50 to 586.50 M of Valley No. 4A at Nashik TPS.	6.24	0.00	6.24	40 equal quarterly installments commencing from June 2020	9.80%	Hypothecation of Future assets to be created from the R&M Scheme
64	REC	Various Performance improvement Schemes at KGSC, Pophali.	4.58	0.23	4.35	40 equal quarterly installments commencing from -December 2019	9.86%	Hypothecation of Future assets to be created from the R&M Scheme
65	REC	Enhance the performance & life of Coal Handling plant at Nashik TPS.	15.04	0.38	14.66	40 equal quarterly installments commencing from March 2020	9.76%	Hypothecation of Future assets to be created from the R&M Scheme
66	REC	Replacement of complete LTSH coils at Unit-3 Boiler and complete economizer coils at Unit-5 Boiler at Nasik TPS 210 MW.	7.60	0.19	7.41	40 equal quarterly installments commencing from March 2020	9.78%	Hypothecation of Future assets to be created from the R&M Scheme
67	REC	Retrofitting of 6.6 kV Breakers, Battery Replacement, System Improvement & MPCB Related schemes at Nashik TPS.	11.61	0.29	11.32	40 equal quarterly installments commencing from March 2020	9.77%	Hypothecation of Future assets to be created from the R&M Scheme

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68	REC	Various schemes related to CHP Improvement and Stack Management & Coal Mill Performance Improvement schemes at 2 X 250 MW Units of Paras TPS.	6.83	0.17	6.66	40 equal quarterly installments commencing from March 2020	9.92%	Hypothecation of Future assets to be created from the R&M Scheme
69	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.	28.10	0.00	28.10	40 equal quarterly installments commencing from June 2020	9.89%	Hypothecation of Future assets to be created from the R&M Scheme
70	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.	0.30	0.00	0.30	40 equal quarterly installments commencing from June 2020	9.75%	Hypothecation of Future assets to be created from the R&M Scheme
71	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.	6.47	0.00	6.47	40 equal quarterly installments commencing from June 2020	9.75%	Hypothecation of Future assets to be created from the R&M Scheme

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72	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.	11.34	0.28	11.06	40 equal quarterly installments commencing from March 2020	9.87%	Hypothecation of Future assets to be created from the R&M Scheme
73	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.	2.17	0.11	2.06	40 equal quarterly installments commencing from -December 2019	9.83%	Hypothecation of Future assets to be created from the R&M Scheme
74	REC	Provision of Coal Transport System at Chandrapur STPS in the State of Maharashtra.-Pipe Conveyor system for transportation of coal.	44.24	0.00	44.24	40 equal quarterly installments commencing from Sept. 2020	10.02%	Hypothecation of Future assets to be created from the R&M Scheme
75	REC	Procurement and replacement of Economiser Upper Assemblies at Unit-5 and 6 and Hot Re-heater (HRH) coil at Unit-3 of Chandrapur STPS.	8.25	0.00	8.25	40 equal quarterly installments commencing from Sept. 2020	9.98%	Hypothecation of Future assets to be created from the R&M Scheme
76	REC	Procurement of Bull-dozer and refurbish-ment of Apron Feeder at Khaperkheda TPS	9.11	0.00	9.11	40 equal quarterly installments commencing from Sept. 2020	10.00%	Hypothecation of Future assets to be created from the R&M Scheme

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77	REC	Procurement of battery set, Air (PA) fan assembly, Jack oil pump, Turbo driven boiler feed pump (BFP), Cartirdge and restoration of Electro-Static Precipitators (ESP) internals for Unit-5 at Khaperkheda TPS.	0.27	0.00	0.27	40 equal quarterly installments commencing from March 2021	10.00%	Hypothecation of Future assets to be created from the R&M Scheme
78	REC	System Rehabilitation & Upgradation at Nashik TPS	2.82	0.00	2.82	40 equal quarterly installments commencing from Sept. 2020	10.00%	Hypothecation of Future assets to be created from the R&M Scheme
79	REC	Procurement of BFP cartirdge for Unit-3 and Unit-4 at Paras TPS.	9.81	0.00	9.81	40 equal quarterly installments commencing from June 2021	10.25%	Hypothecation of Future assets to be created from the R&M Scheme
80	REC	GTR Foundation, approach road to New Parli and Plant internal roads at Parli TPS	5.59	0.00	5.59	40 equal quarterly installments commencing from Sept. 2020	10.00%	Hypothecation of Future assets to be created from the R&M Scheme
81	REC	Procurement of batteries, breakers and weigh bridge at Unit-6 and Unit-7 at Parli TPS	6.73	0.00	6.73	40 equal quarterly installments commencing from March 2021	10.00%	Hypothecation of Future assets to be created from the R&M Scheme
82	REC	Various civil schemes for Modernization of HPC Pune Colonies	6.84	0.00	6.84	40 equal quarterly installments commencing from Sept. 2020	10.01%	Hypothecation of Future assets to be created from the R&M Scheme
83	REC	Provision of work of construction of 1st raising of existing Ash Bund No. 3 from TBL (top Bund Level) 258 Mtr to 264 Mtr at Bhusawal TPS.	51.38	0.00	51.38	40 equal quarterly installments commencing from Sept. 2020	10.00%	Hypothecation of Future assets to be created from the R&M Scheme

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84	REC	Augmentation of Ash Evacuation system & procurement of BCW pump (Boiler Circula-ting water pump) motors at Bhusawal TPS and Khaperkheda TPS. Procurement of AVCF drive along with inverter module for GEHO pumps and supply, erection and commissioning of 240 VDC, 100A float and Float cum Boost Battery Changer with 325Ah Battery Bank for CWPH at Bhusawal TPS.	0.11	0.00	0.11	40 equal quarterly installments commencing from June 2021	10.00%	Hypothecation of Future assets to be created from the R&M Scheme
85	REC	Provision of scheme related to Barrage Gate, AWR pipeline and concrete road at Nashik TPS.	0.38	0.00	0.38	40 equal quarterly installments commencing from June 2021	10.00%	Hypothecation of Future assets to be created from the R&M Scheme
86	REC	Replacement of H2 Generators with New Hydrogen Generator (Non Abstos Design) and Electrical items for Stage II and ORC TPS at Chandrapur.	5.42	0.00	5.42	40 equal quarterly installments commencing from December 2020	10.00%	Hypothecation of Future assets to be created from the R&M Scheme
87	REC	DCS (Distributed Control System) Upgradation & Refurbishment of ESP at Unit No 3 at Nashik TPS.	2.18	0.00	2.18	40 equal quarterly installments commencing from June 2021	10.00%	Hypothecation of Future assets to be created from the R&M Scheme
88	REC	Signal & Tele-communication system for in-plant yard, Khaperkheda and Kalumna and modification of Kalumna yard alteration No-5 at Khaperkheda TPS.	0.04	0.00	0.04	40 equal quarterly installments commencing from Sept. 2020	10.00%	Hypothecation of Future assets to be created from the R&M Scheme

Sr. No	Parti-culars of Lender	Nature of loan	Outstand-ing balance as on 31.3.2019	Loan to be repaid within 1 year treated as current liability	Net long term borrow-ings	Mode of Repayment	Rate of Interest	Nature of security
89	REC	Provision of work of construction of WBM road and drain on filling of hot water canal from Pond No-2 to Pond No 3 and construction of Bridge cum weir on Pond No 3 parallel to National Highway at Koradi TPS.	9.82	0.00	9.82	40 equal quarterly installments commencing from Sept. 2020	10.00%	Hypothecation of Future assets to be created from the R&M Scheme
90	REC	Construction of 1st raising of existing Ash Bund fom TBL(top Bund Level) 426 Mtr to 432 Mtr with construction of masonary dam and raising the height of drain well from 423.75 Mtr to 432 mtr at Dautpur Bond Nom 2 of Parli TPS.	15.88	0.00	15.88	40 equal quarterly installments commencing from June 2021	10.25%	Hypothecation of Future assets to be created from the R&M Scheme
91	REC	Upgradation of Human Machine Inter-face system at Unit No 3 and 4 at Khaperkheda TPS.	10.71	0.00	10.71	40 equal quarterly installments commencing from March 2022	10.00%	Hypothecation of Future assets to be created from the R&M Scheme
92	REC	Provision of work of providing, lowering, laying and joining M.S. Pipe lines from Waregaon Ash bund leading towards Khaperkheda TPS for additional recovery of water from waregaon ash bund including ancillary works of RCC pedestals at Khaperkheda TPS.	8.85	0.00	8.85	40 equal quarterly installments commencing from December 2020	10.00%	Hypothecation of Future assets to be created from the R&M Scheme

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93	REC	Various schemes related to CHP Improvement and performance optimization and scheme of conversion of existing composite OHE to conventional OHE at Khaperkheda TPS.	3.93	0.00	3.93	40 equal quarterly installments commencing from Sept. 2020	10.00%	Hypothecation of Future assets to be created from the R&M Scheme
94	REC	Civil works at Various Thermal Power Stations as implementation of Intelligent Bureau (IB) Recommendations.	0.87	0.00	0.87	40 equal quarterly installments commencing from June 2021	11.65%	Hypothecation of Future assets to be created from the R&M Scheme
95	REC	Construction of Limited Heigh Sub-way (LHS) at un-manned road level crossing by Railway on cost sharing basis with MSPGCL on Khaperkheda - Kalumna Railway siding and Saoner - Khaperkheda Railway Siding at Khaperkheda TPS.	13.45	0.00	13.45	40 equal quarterly installments commencing from June 2021	11.65%	Hypothecation of Future assets to be created from the R&M Scheme
96	REC	Renovation and Beautification works of CSTPS Chandrapur Colony at Chandrapur.	0.11	0.00	0.11	40 equal quarterly installments commencing from June 2021	11.65%	Hypothecation of Future assets to be created from the R&M Scheme
97	REC	Civil works at Bhusawal TPS, Deepnagar, Bhusawal in the state of Maharashtra	4.40	0.00	4.40	40 equal quarterly installments commencing from June 2021	11.65%	Hypothecation of Future assets to be created from the R&M Scheme
98	REC	Utilization of unused water scheme from Bhanegaon open cast mine and construction of cement concrete road inside part of the power house at Khaperkheda TPS.	1.80	0.00	1.80	40 equal quarterly installments commencing from June 2021	11.65%	Hypothecation of Future assets to be created from the R&M Scheme

Sr. No	Particulars of Lender	Nature of loan	Outstanding balance as on 31.3.2019	Loan to be repaid within 1 year treated as current liability	Net long term borrowings	Mode of Repayment	Rate of Interest	Nature of security
99	REC	Civil works at Nashik Hydro Power Circle in Maharashtra.	0.62	0.00	0.62	40 equal quarterly installments commencing from June 2021	11.65%	Hypothecation of Future assets to be created from the R&M Scheme.
100	REC	Working Capital facility	430.00	17.92	412.08	24 equal Monthly installments : commencing from March 2020	11.75%	Movable assets of Bhusawal TPS Unit 4 & 5 (2x500 MW) and Chandrapur TPS Unit 8 & 9 (2x500 MW).
101	South Indian Bank	Capex (Long term) for funding of capital expenditure of existing Power stations	48.69	15.00	33.69	40 quarterly installments of ₹ 3.75 crores commenced from Aug 2012	At 1 year MCLR +0.40% spread (Fixed) (presently 9.60%)	Movable assets (BOP mechanical package) of Parli Unit -6
102	Housing & Urban Development Corporation Ltd. (HUDCO)	Construction of Staff Quarters at Koradi Project 3x660 MW	7.62	3.00	4.62	32 quarterly installments of ₹ 75.05 lacs commenced from 31.5.2015	Fixed for 1 year (presently 9.81%)	Mortgage/ Hypothecation of Future assets to be created for construction of staff quarters together with Land at Koradi Project site at Nagpur.
103	State Bank of India	Debt Refinancing loan for Khaperkheda TPS Expn Unit-5 (500 MW)	1764.53	172.40	1592.13	51 equal quarterly installments started from October 2016	1 year MCLR + spread (presently 9.65%)	Mortgage & Hypothecation of all Movable & Immovable assets of Khaperkheda TPS Unit-5 (500 MW)
104	KfW-Germany	Establishment of 150 M.W Solar Power Plant at Sakri- Dhule	478.26	97.08	381.18	21 semi annual installments commenced 30.12.2013	Fixed rate (1.96%)	Unsecured - Back to back arrangement GoM & Govt of India.
105	IBRD World Bank	Funding for Koradi TPS Unit-6 EE R&M	280.10	13.48	266.62	50 semi annual Installments beginning from 15.12.2014 till 15.6.2039	Six month LIBOR + variable Spread (presently 1.80%)	Unsecured - Back to back arrangement GoM & Govt of India

Sr. No	Particulars of Lender	Nature of loan	Outstanding balance as on 31.3.2019	Loan to be repaid within 1 year treated as current liability	Net long term borrowings	Mode of Repayment	Rate of Interest	Nature of security
106	M/s. Clean Sustain able Solar Energy Pvt. Ltd.	Construction Cost for 50 MW Solar Power Project at Shirsuphal	195.69	4.30	191.39	To be repaid in monthly installment over 20 years from FY 2015-16	18%	Unsecured
		TOTAL	**25478.96**	**2466.85**	**23012.11**			

SHORT TERM BORROWING (ANNEXURE B)

Sr. No	Particulars of Lender	Outstanding balance as on 31.3.2019	Terms of Repayment	Rate of Interest	Nature of security
1	Bank of India	1236.77	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	116.39		Rate of interest is based on Bank's MCLR (presently 8.70%)	
3	Canara Bank	1889.63		Rate of interest is based on Bank's MCLR (presently 8.00%)	
4	Indian Bank	335.00		Rate of interest is based on Bank's MCLR (presently 7.85%)	
5	Central Bank of India	340.86		Rate of interest is based on Bank's MCLR (presently 7.70%)	
6	State Bank of India	1041.98		Rate of interest is based on Bank's MCLR (presently 7.65%)	
7	Canara Bank	221.00	1 month from the date of availment	Rate of interest is based on Bank's MCLR for STL (Presently 8.35%)	Unsecured
8	Canara Bank	79.00	1 month from the date of availment	Rate of interest is based on Bank's MCLR for STL (Presently 8.35%)	Unsecured
9	Canara Bank	36.53	1 month from the date of availment	Rate of interest is based on Bank's MCLR for STL (Presently 8.35%)	Unsecured
10	Canara Bank	113.47	1 month from the date of availment	Rate of interest is based on Bank's MCLR for STL (Presently 8.35%)	Unsecured
11	Canara Bank	50.00	1 month from the date of availment	Rate of interest is based on Bank's MCLR for STL (Presently 8.35%)	Unsecured
12	Canara Bank	200.00	1 month from the date of availment	Rate of interest is based on Bank's MCLR for STL (Presently 8.35%)	Unsecured
13	Canara Bank	200.00	1 month from the date of availment	Rate of interest is based on Bank's MCLR for STL (Presently 8.35%)	Unsecured
14	Canara Bank	200.00	1 month from the date of availment	Rate of interest is based on Bank's MCLR for STL (Presently 8.35%)	Unsecured
15	Canara Bank	200.00	1 month from the date of availment	Rate of interest is based on Bank's MCLR for STL (Presently 8.35%)	Unsecured
16	Canara Bank	200.00	1 month from the date of availment	Rate of interest is based on Bank's MCLR for STL (Presently 8.35%)	Unsecured

Sr. No	Particulars of Lender	Outstanding balance as on 31.3.2019	Terms of Repayment	Rate of Interest	Nature of security
17	Vijaya Bank	100.00	3 months from the date of availment	Rate of interest is based on Bank's MCLR for STL (Presently 8.50%)	Unsecured
18	Vijaya Bank	200.00	3 months from the date of availment	Rate of interest is based on Bank's MCLR for STL (Presently 8.50%)	Unsecured
19	Vijaya Bank	200.00	3 months from the date of availment	Rate of interest is based on Bank's MCLR for STL (Presently 8.50%)	Unsecured
20	Bank of India	250.00	3 months from the date of availment	Rate of interest is based on Bank's MCLR for STL (Presently 8.70%)	Unsecured
21	Syndicate Bank	200.00	3 months from the date of availment	Rate of interest is based on Bank's MCLR for STL (Presently 8.85%)	Unsecured
22	Syndicate Bank	200.00	3 months from the date of availment	Rate of interest is based on Bank's MCLR for STL (Presently 8.85%)	Unsecured
23	Syndicate Bank	250.00	3 months from the date of availment	Rate of interest is based on Bank's MCLR for STL (Presently 8.85%)	Unsecured
24	Syndicate Bank	50.00	3 months from the date of availment	Rate of interest is based on Bank's MCLR for STL (Presently 8.85%)	Unsecured
25	Syndicate Bank	50.00	3 months from the date of availment	Rate of interest is based on Bank's MCLR for STL (Presently 9.00%)	Unsecured
26	Gadchiroli DCC Bank	100.00	12 months from the date of availment	Rate of interest is based on Bank's MCLR for STL (Presently 9.10%)	Unsecured
	Total	**8060.62**			

PROJECT FEATURES

Coal Transporation at Chandrapur TPS

Koyna Stage I & II Hydro Power Station

Sakhari Solar Power Station

Thermal Power Station Model at Koradi Training Center

Innovative concept of Coal Pipe conveyor system for transportation of coal for its Koradi, Khaperkheda & Chandrapur TPS.

Bhandewadi Sewage Treatment Plant

Bhandewadi Sewage Treatment Plant

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