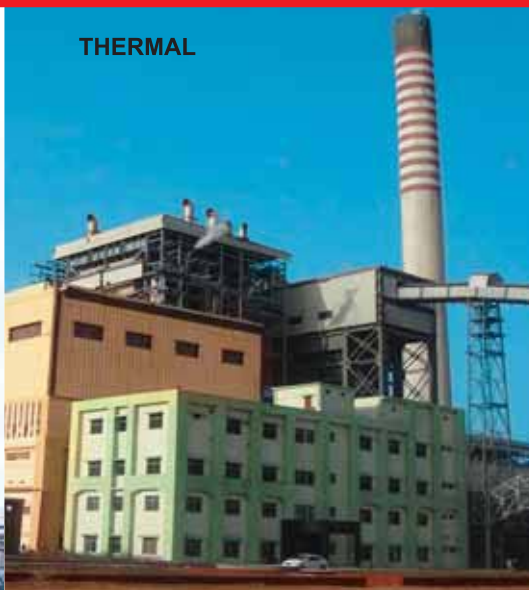


ANNUAL REPORT 2007 - 2008



Maharashtra State Power Generation Co. Ltd.



MAHARASHTRA STATE POWER GENERATION COMPANY LIMITED

**ANNUAL REPORT
2007-2008**

Annual Report 2007 - 2008

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Maharashtra State Power Generation Co. Ltd.

Board of Directors (from 01.04.07 up to AGM)

SHRI P. ABRAHAM

Chairman

(w. e. f. 29.07.2005)

Managing Director	Shri Ajoy Mehta (up to 02.02.09 BN) Shri Subrat Ratho (w.e.f. 02.02.09 BN)
Director	Shri Rahul Asthana (up to 26.08.08)
Director	Shri P.V. Page (w.e.f. 01.12.08)
Director (F)	Shri Vinayak Rao (up to 01.06.07 BN) Shri G.J. Girase (w.e.f. 01.06.07 BN)
Director (O)	Shri V.T. Bapat (up to 26.11.07) Shri M.R. Shelar (w.e.f. 27.11.07)
Director (P)	Shri V.T. Bapat (w.e.f. 27.11.07 upto 13.3.09 AN)

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF MAHARASHTRA STATE POWER GENERATION COMPANY LIMITED, MUMBAI, FOR THE YEAR ENDED 31 MARCH 2008

The preparation of financial statements of Maharashtra State Power Generation Company Limited for the year ended 31 March 2008 in accordance with financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the Company. The statutory auditors appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956 are responsible for expressing opinion on these financial statements under Section 227 of the Companies Act, 1956 based on independent audit in accordance with Auditing and Assurance Standards prescribed by their professional body, the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 30 September 2008.

I, on behalf of the Comptroller and Auditor General of India have conducted a supplementary audit under Section 619(3) (3) of the Companies Act, 1956 of the financial statements of Maharashtra State Power Generation Company Limited for the year ended 31 March 2008. This supplementary audit has been carried out independently without having 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 the some of the accounting records. Based on my supplementary audit, I would like highlight the following significant matters under Section 619(4) of the Companies Act, 1956 which have come to my attention and which in my view is necessary for enabling a better understanding of the financial statements and the related Audit Report.

A. Comments on Profitability

Profit & Loss Account

Income

Revenue from sale of power: Rs. 8083.18 Crore

- 1 This is overstated by Rs. 1.25 crore relating to sale of power to Maharashtra State Electricity Development Corporation Limited (MSEDCL) which has disputed the bills and has not made the payment. Booking of disputed revenue was incorrect and also resulted in overstatement of profit by Rs. 1.25 crore.
- 2 Profit for the year is overstated by Rs. 10.60 crore due to non-passing of revenue to Maharashtra State Electricity Distribution Company Limited (MSEDCL) for power supplied by MSEDCL to Company's colony at Chandrapur Super Thermal Power Station during 2006-2007 and 2007-2008 Correspondingly current year's Revenue is overstated by Rs. 5.96 crore and prior period income by Rs. 4.64 crore.

Other income: (Schedule 10) Rs. 166.77 crore

- 3 This is understated by Rs. 25.38 lakh due to non accountal of the amount receivable against quarter's rent (Rs. 20.02 lakh), lease rent (Rs. 0.61 lakh), water charges (Rs. 3.55 lakh) and Cleaning and Dust Management (CDM) benefit (Rs. 1.20 lakh) from contractors/cement companies at Chandrapur STPS during the year. This has also resulted in understatement of profit to that extent.

Expenditure**Cost of fuel: Rs.5998.10 Crore.**

- 4 This is understated by Rs.3.60 crore due to non-inclusion of freight charges in the cost of coal in transit at Nashik TPS. This has resulted in overstatement of profit and understatement of current liabilities to that extent.

Depreciation/Amortisation: Rs. 206.55 crore

- 5 This is understated by Rs.17.05 crore due to a calculation mistake in working out depreciation of "sweet water arrangements including reservoirs" for the year 2007-08 at Chandrapur STPS. This has resulted in overstatement of profit and fixed assets by Rs.17.05 crore.

Finance Charges-Cost of raising finance: Rs. 1.21 crore

- 6 This is understated by Rs. 29.76 lakh by not providing for "Arrangers Fee" of Rs. 29.76 lakh to be reimbursed to MSETCL in respect of the Bank of India term loan of Rs. 78.02 crore which was taken over from MSETCL with retrospective effect. This has resulted in understatement of Profit and current liabilities by Rs. 29.76 lakh.

B. Comments on Financial Position**Balance sheet****Application of Funds****Fixed Assets****Net Block (Schedule 5):Rs. 4596.02 crore**

- 7 This is overstated by Rs.7.19 crore due to wrong capitalisation of expenditure of revenue nature incurred on Repairs and Maintenance. This has correspondingly resulted in overstatement of profit for the year by Rs.7.19 crores.
- 8 This is understated by Rs.6.70 crore due to non-capitalisation of expenditure incurred on construction of Road Over-bridge (ROB) which is being utilized by the Company for last two years.

This has resulted in understatement of Depreciation, overstatement of Profit and understatement of Fixed Assets which could not be quantified in the absence of date of completion of the asset at CTPS Chandrapur.

Current Assets, Loans and Advances (Schedule 7)

Current Assets

Inventories: Rs. 740.68 crore

- 9 The above is overstated by Rs. 43.47 crore being the value of capital spares lying in stores as on 31 March 2008 which should have been capitalized as per the Accounting policy of the Company disclosed vide item no. I(f)(i), I(f)(ii) of Schedule-15 to the Accounts.

This has resulted in Understatement of Depreciation by Rs. 1.57 crore (Rs.43.47 crore at the rate of 3.60 percent), overstatement of profit by Rs. 1.57 crore, understatement of fixed assets by Rs. 41.90 crore (Rs. 43.47 crore less Rs. 1.57 crore) and overstatement of current assets by Rs. 43.47 crore at CTPS Chandrapur.

Sundry Debtors Rs. 1774.61 crore

- 10 The above includes Rs.21.04 crore being the bills for sale of power for the period September 2006 to March 2007 issued to MSEDCL, which were disputed and not paid by them till December 2008. Recognition of doubtful revenue from disputed bills (during 2006-07) was incorrect and hence should have been provided for.
- 11 This is understated by Rs.4.34 crore spent on building used by the company taken on lease from MSEB Holding Company. The amount is recoverable from the Holding company as per the MOU This has correspondingly resulted in overstatement of expenditure and understatement of profit to the same extent.

C. Comments on Disclosure

- 12 The Company had been occupying/utilizing certain premises, fixed assets and facilities at HSBC Building in Fort, Mumbai (along with MSEDCL and MSETCL) since its inception in June 2005 which was acquired by erstwhile MSEB on lease basis. In the absence of any agreement to that effect between the three user Companies, the Company had not made any provision towards its proportionate share of expenditure on account of lease rent, Renovation, repairs and maintenance of the premises, electricity charges etc. for last three years which was accounted for by MSEDCL.
The fact has not been disclosed by way of note to the account.

- 13 The Company had to refund to Government of India, Ministry of Power, interest subsidy received in respect of Paras Project against the loan taken from PFC amounting to Rs. 8.79 crore (Rs. 7.11 crore received in cash during 2006-07) due to non fulfillment of condition of commissioning the plant under AG&SP scheme up to 31st March 2007.

The fact was not disclosed by way of note to the accounts.

- 14 The Company (erstwhile MSEB) had handed over (January 1991) 25 acres of Land at Koradi Thermal Power Station to Central Power Research Institute (CPRI), Bangalore on lease for 99 years at a nominal rent of Rupee one per annum for setting up a full-fledged Research Center. The lease agreement has not been executed so far and the land is presently not in the occupation of the Company. The fact was not disclosed in the note to the accounts.

Notes to Accounts (Schedule-15)

15 Claims lodged by the Company (Note no. 21)

The Company had lodged Fire Insurance claims of Rs. 76.40 crore with Directorate of Insurance, Government of Maharashtra during 2005-06 on account of damage to unit no. 5 and two Station Transformers in a fire accident on 01 July 2005 at Chandrapur STPS. The claim was not settled so far.

The fact should have been disclosed by way of Note to the Accounts.

D. Comments on Auditors Report

- 16 The accounting policy adopted for the accounting treatment of Government grants was not disclosed by the Company as required by Accounting Standard-12. Non-compliance of AS-12 was not qualified by the Auditors
- 17 The Auditors Report did not contain the statement that the Balance sheet, the Profit and Loss Account and the Cash Flow statement of the Company were complying with the Accounting Standards as required under Section 227 (3)(d) of the Companies Act, 1956.
- 18 The Company had not disclosed the details of the asset acquired on operating lease in respect of Ash Handling Plant at Khaperkheda from SBI leasing group and office premises, Residential quarters and Guest houses under Head Office from MSEB Holding Company Limited (lessor) as required by Accounting Standard-19.

The non-compliance with the provisions of AS-19 was not qualified by the Statutory Auditors.

- 19 The Report stated that the cost of the Fixed Assets Register is not tallied with the fixed assets block as per the Balance Sheet. The reasons for not quantifying the effect should have been disclosed.

E. Other Comments

- 20 The Balance Sheet Abstract & Company's General Business Profile has not been authenticated by the Chairman and two Directors of the Company.

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

Place: Mumbai
Date: 20/04/2009

ACCOUNTANT GENERAL
(COMMERCIAL AUDIT)

Replies To Govt. Audit Comments On The Accounts Of MSPGCL For The Year 2007-08

Sr. No.	Govt. Auditors Comments	MSPGCL's Reply	Statutory Auditors Remarks
A	Comments on Profitability		
1	Income: Revenue from sale of power: Rs. 8083.18 Crore		
	This is overstated by Rs. 1.25 crore relating to sale of power to Maharashtra State Electricity Distribution Corporation Ltd. which has disputed bills and has not made the payment. Booking of disputed revenue was incorrect and also resulted in overstatement of profit by 1.25 crore.	The difference of Rs. 1.25 crores is under reconciliation and the final entry for difference, if any, w.r.t. the same will be passed after completion of reconciliation.	We concur with the replies of the Management.
2	Profit for the year is overstated by Rs. 10.60 crores due to non passing of revenue to Maharashtra State Electricity Distribution Company Ltd. (MSEDCL) for power supplied by MSEDCL to company's colony at Chandrapur Super Thermal Power Station during 2006-07 & 2007-08. Correspondingly current years revenue The compilation of Fixed Assets Register and its reconciliation with Books of Accounts is still in progress and hence the amount of difference between the Fixed Assets Register and Books of Accounts, was not quantifiable.	The company has approached MSEDCL for the purpose of the billing of the said supply of electricity to Chandrapur TPS staff quarters. However, as the MSEDCL officials have stated that the said supply of electricity has not been made by MSEDCL and thus, the liability was not created in favour of MSEDCL w.r.t. the said supply of electricity. The company is still following up with MSEDCL w.r.t. the same and the necessary rectification accounting entries will be passed in the financial year 2008-09 after confirmation of the liability from MSEDCL.	We concur with the replies of the Management.
3	Other income (Schedule-10) Rs. 166.77 crores. This is understated by Rs. 25.38 lacs due to non accountal of the amount receivable against quarter's rent (Rs. 20.02 lacs), lease rent (Rs. 0.61 lacs), water charges (Rs. 3.55 lacs) and Cleaning & Dust Management (CDM) benefit (Rs.1.20 lacs) from contractors/cement companies at Chandrapur STPS during the year. This has also resulted in understatement of profit to that extent.	The necessary accounting entry is passed in the FY 2008-09.	We concur with the replies of the Management.

4	Expenditure:		
	Cost of Fuel: Rs. 5998.10 crore.		
	This is understated by Rs. 3.60 crores due to non inclusion of freight charges in the cost of coal in transit at Nasik TPS. This has resulted in overstatement of profit and understatement of current liabilities to that extent.	The freight charges on Coal are accounted for on completion of transit of Coal and thus, the same will be accounted for on completion of transportation of Coal. Hence, the same is not included in cost of Coal-In-Transit.	We concur with the replies of the Management.
5	Depreciation/Amortisation: Rs. 206.55 crore.		
	This is understated by Rs. 17.05 crores due to the calculation mistake in working out depreciation of “Sweet Water Arrangements is including Reservoirs” for the year 2007-08 at Chandrapur STPS. This has resulted in overstatement of profit and fixed assets by Rs. 17.05 crores.	There was a mistake in calculation of depreciation which has resulted in excess depreciation being charged to the extent of Rs.17.05 crores, resulting in understatement of profits to that extent. Necessary rectification entry has been passed in the current financial year 2008-09.	We concur with the replies of the Management.
6	Finance Charges-Cost of raising Finance: Rs 1.21 crore		
	This is understated by Rs. 29.76 lacs by not providing for “ Arrangers Fees” of Rs. 29.76 lacs to be reimbursed to MSETCL in respect of Bank of India term loan of Rs. 78.02 crores which was taken over from MSETCL which retrospective effect. This has resulted in understatement of profit and current liability by Rs. 29.76 lacs.	In connection, it is to state that the MSETCL has demanded amount of Rs 29.76 lakhs towards Arranger Fee in respect of loan liability of Rs 78.02 crore taken from Bank of India. The said loan has subsequently has been taken over by MahaGenco with retrospective effect. However the expenditure towards arranger fee has not been accepted by MSPGCL and hence not provided in the books of accounts. The said amount will be disclosed as “Contingent Liability” from current financial year 2008-09.	We concur with the replies of the Management.

B	Comments on Financial Position		
7	Application of Funds Fixed Assets: Net Block (Schedule 5):Rs. 4596.02 crore		
	This is overstated by Rs. 7.19 crores due to wrong capitalization of expenditure of revenue nature incurred on repairs & maintenance. This has correspondingly resulted in overstatement of profit for the year by Rs. 7.19 crores.	The expenditure of Rs. 7.19 crores of revenue nature is rectified vide JV No. 45 and JV No. 104 of January 2009 in financial year 2008-09	We concur with the replies of the Management.
8	This is understated by Rs. 6.70 crores due to non capitalization of expenditure incurred on construction of road over bridge (ROB), which is being utilized by the company for last two years. This has resulted in Understatement of Depreciation, Overstatement of Profit and Understatement of Fixed Assets which could not be quantified in the absence of date of completion of the asset at Chandrapur STPS.	The matter is being verified and necessary accounting shall be passed in the financial year 2008-09.	We concur with the replies of the Management.
9	Current Assets, Loans and Advances (Schedule 7)		
	Inventories: Rs. 740.68 crore		
	<p>The above is overstated by Rs. 43.47 crores being the value of capital spares lying in the stores as on 31.03.08 which should have been capitalized as per Accounting policy of the company disclose vide item no. 1 (f) (i), 1 (f) (ii) of Schedule 15 to the accounts.</p> <p>This has resulted in Understatement of Depreciation by Rs. 1.57 crore (Rs. 43.47 crore@3.60%), Overstatement of Profit by Rs.1.57 crore, Understatement of Fixed Assets by Rs. 41.90 crore (Rs. 43.47 crore less Rs. 1.57 crore) and overstatement of current assets by Rs. 43.47 crore (Chandrapur STPS).</p>	The matter is being verified as regards as to whether the spares are first time spares or subsequent purchase of spares for replacement and necessary accounting shall be passed in the financial year 2008-09.	We concur with the replies of the Management.

10	Sundry Debtors Rs. 1774.61 crore		
	The above includes Rs 21.04 crores being the bills for sale of power for the period September 2006 to March 2007 issued to MSEDCL, which were disputed and hence not paid by them till December 2008. Recognition of doubtful revenue from disputed bills (during 2006-07) was incorrect and hence should have been provided for.	The reconciliation of disputed bills is in progress.	We concur with the replies of the Management.
11	This is understated by Rs. 4.34 crores spent on building used by the company taken on lease from MSEB Holding company. The amount is recoverable from MSEB Holding company as per MOU. This has correspondingly resulted in overstatement of expenditure and understatement of profit to that extent.	The rectification entry has been accounted for in the current financial year 2008-09.	We concur with the replies of the Management.
C	Comments on Disclosure		
12	The Company had been occupying/utilizing certain premises, fixed assets and facilities at HSBC Building in Fort, Mumbai (along with MSEDCL and MSETCL) since its inception in June 2005 which was acquired by erstwhile MSEB on lease basis. In absence of any agreement to that effect between the three user Companies, the Company had not made any provision towards its proportionate share of expenditure on account of lease rent, Renovation, repairs and maintenance of the premises, electricity charges etc. for last three years which was accounted for by MSEDCL. The fact has not been disclosed by way of note to the Accounts.	The necessary disclosure shall be made in the financial year 2008-09.	We concur with the replies of the Management.

13	<p>The Company had to refund to Government of India, Ministry of Power, interest subsidy received in respect of Paras Project against the loan taken from PFC amounting to Rs.8.79 crore (Rs.7.11 crore received in cash during 2006-07) due to non fulfillment of condition of commissioning the plant under AG & SP Scheme upto 31/03/2007.</p> <p>The fact was not disclosed by way of note to the accounts.</p>	Noted	We concur with the replies of the Management.
14	<p>The Company (erstwhile MSEB) had handed over (January 1991) 25 acres of land at Koradi TPS to Central Power Research Institute(CPRI), Bangalore on lease for of 99 years at a nominal rent of Rupee one annum for setting up a full fledged Research Center. The lease agreement has not been executed so far and the land is presently not in occupation of the Company.</p> <p>The fact was not disclosed in the note to the accounts.</p>	<p>In this context it is to state that, so far no lease document as required under law has been executed between the then MSEB and CPRI for handing over of 25 acres of land to CPRI at Koradi for setting up of full fledged research centre on lease for the period of 99 years.</p> <p>As per the policy decision of Govt. of Maharashtra, new thermal power station (3 X 660 MW) is being established at Koradi. For this purpose, MSPGCL vide letter dated 12th May 2008, has requested CPRI, Bangalore to handover back the 25 acres of land given to them on lease.</p> <p>Further it is to submit that the provisions of AS 19 does not attract when the assets are given on lease by the Company.</p>	We concur with the replies of the Management.

15	<p>Claims lodged by the Company (Note no 21)</p> <p>The Company had lodged Fire Insurance claims of Rs. 76.40 crore with Directorate of Insurance, Government of Maharashtra during 2005-06 on account of damage to unit no. 5 and two Station Transformers in fire accident on 01 July 2005 at Chandrapur STPS. The claim was not settled so far. The fact should have been disclosed by way of Note to the Accounts.</p>	<p>The claim lodged with the Directorate of Insurance is not shown as amount receivable from Insurance Company and therefore the same was not disclosed by way of Note to the balance sheet.</p>	<p>We concur with the replies of the Management.</p>
D	Comments on Auditors Report		
16	<p>The accounting policy adopted for accounting treatment of Government grants was not disclosed by the company as required by Accounting Standard 12 (AS12).</p> <p>The non compliance of AS-12 was not qualified by the Auditors.</p>	<p>In this regard it is to state that the amount of interest subsidy received from PFC under AG & SP scheme is not material enough so as to disclose the same under accounting policies of the Company. Hence accounting policy adopted for Govt. grants received in form of interest subsidy is not disclosed.</p>	<p>We concur with the replies of the Management.</p>
17	<p>The Auditor's report did not contain the statement that the Balance sheet and Profit and Loss Account and the Cash Flow statement of the Company were complying with the Accounting Standards as required under section 227(3)(d) of the Company's Act, 1956.</p>	<p>Auditors have confirmed that the balance sheet and profit and loss account and the cash flow statement dealt with by our report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.</p>	<p>We hereby confirm that the Balance Sheet and Profit and Loss Account and the Cash Flow Statement of the Company are in compliance with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.</p>

18	<p>The Company had not disclosed the details of the asset acquired on operating lease in respect of Ash Handling Plant at Khaperkheda from SBI leasing group and office premises, Residential quarters and Guest houses under HO from MSEB Holding Company Limited (lessor) as required by Accounting Standard-19.</p> <p>The non compliance with the provisions of AS-19 was not qualified by the Statutory Auditors.</p>	<p>The office occupied by the Company at HSBC building is concerned; it is to mention that no lease agreement amongst MSPGCL, MSEB Holding Co. Ltd and HSBC Bank is on record. Regarding leasing arrangement with MSEB Holding Co. Ltd in respect of office premises at Prakashgad, residential quarters in Mumbai and guest house in Delhi, necessary disclosure will be made in the accounts from the year 2008-09.</p> <p>Suitable disclosures w.r.t. the Lease will be made from current financial year 2008-09.</p>	We concur with the replies of the Management.
19	<p>The Report stated that the cost of Fixed Assets Register is not tallied with the fixed assets block as per the Balance Sheet. The reasons for not quantifying the effect should have been disclosed</p>	<p>The compilation of Fixed Assets Register and its reconciliation with Books of Accounts is still in progress and hence the amount of difference between the Fixed Assets Register and Books of Accounts, was not quantifiable.</p>	We concur with the replies of the Management
20	<p>The Balance Sheet Abstract & Company's General Business Profit has not been authenticated by the Chairman and two Directors of the Company.</p>	<p>In this regard it is to state that as suggested by the Govt. Auditors, the authentication of Balance Sheet & Company's General Business Profile by Chairman and two directors shall be carried out in the accounts from the FY 2008-09.</p>	We concur with the replies of the Management.

AUDITORS' REPORT

To The Members Of Maharashtra State Power Generation Company Limited

1. We have audited the attached Balance Sheet of Maharashtra State Power Generation Company Limited, as at 31st March 2008, the Profit & Loss Account for the year ended on that date and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, (as amended by Companies (Auditor's Report) (Amendment) Order, 2004) issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
 - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (ii) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books;
 - (iii) The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (iv) As per Notification no.: GSR 829(E) dated 21-10-2003, the Government Companies are exempted from the provisions of clause 274(1) (g) of the Company's Act, 1956;
 - (v)
 - a] The assets and liabilities of the company as on June 06, 2005 contain balances, which are transferred under The Maharashtra Electricity Reforms Transfer Scheme, 2005. As informed to us, these balances are adopted by MSEB Holding Company Ltd. It was further informed to us that the Final Transfer Scheme is yet to be notified by the Government of Maharashtra and as such, the opening balances are yet to be adopted by the company. Changes, if any, in such balances may have an impact on the financial statements of the company. Further, we draw attention to Note No. 2 in Schedule 15, regarding transfer to the company during the year of loan liability along with interest thereon in partial modification of the above Scheme as approved by the MSEB Holding Company Ltd.
 - b] The balances of Sundry Debtors, Sundry Creditors, Loans and Advances, Other Receivables and other debit/credit balances including that of holding company and other subsidiary companies of holding company are subject to confirmation and reconciliations. The effect of the adjustments arising from reconciliation and settlement on the Profit & Loss Account, if any, is not ascertained.

- (vi) We draw attention to Note No. 27(e) in Schedule 15 regarding lease rental expenses of Hydro Division, being accounted on adhoc basis at Rs. 85 crores. The proposed revised lease rent of Rs. 445.53 crores, mentioned in GR, is subject to approval by Maharashtra Electricity Regulatory Commission. (MERC)

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

- (a) in the case of the balance sheet, of the state of affairs of the company as at 31st March 2008;
- (b) in the case of the Profit & Loss Account, of the Profit for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flow for the year ended on that date.

**For M/s. Ford, Rhodes,
Parks & Co.**
Chartered Accountants

For M/s. P. G. Bhagwat
Chartered Accountants

For MIs. P. G. Joshi & Co.
Chartered Accountants

S. B. Prabhu
Partner
M. No.: 35296

S. S. Athavale
Partner
M. No. : 83374

Sudhir P. Tidke
Partner
M. No.: 043976

Place : Mumbai
Date : September 30, 2008

ANNEXURE

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

- 1a. The Company has not maintained proper records showing full particulars including quantitative details and situation of fixed assets, i.e., the location of the assets and the link with the physical asset by way of asset number is not maintained. Further, the cost of the assets in the Fixed Assets Register is not tallied with the fixed assets block as per the Balance Sheet.
- 1b. As informed to us, the company has a policy of conducting physical verification of fixed assets once in three years, which in our opinion is reasonable commensurate with the size of the company and the nature of its business. The company has last conducted a physical verification of fixed assets in the financial year 2006-07 but the same remains to be reconciled with the fixed asset register,
- 1c. During the period under audit, the company has not disposed off a substantial part of the fixed assets.
- 2a. The physical verification of inventory has been conducted at reasonable intervals by the management.
- 2b. In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- 2c. On the basis of our examination of the records of inventory and the reports of physical verification, we are of the opinion that the company is maintaining proper records of inventory. No material discrepancies other than in respect of coal, were observed. The discrepancies observed in respect of coal were adjusted appropriately in the accounts.
- 3a. As per the information and explanations given to us, the company has not granted any loans to companies, firms and other parties covered in the Register maintained under section 301 of the Companies Act, 1956 during the year..
- 3b. As per the information and explanations given to us, the company has not taken any loans, secured or unsecured, from companies, firms and other parties covered in the Register maintained under Section 301 of the Companies Act, 1956.
4. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. However, we have observed weaknesses in internal controls in compiling and maintaining the party-wise and age-wise details of various current liabilities and current assets.
5. On the basis of our examination of books of account and according to the information and explanations given to us, the company has not entered into any transaction that needs to be entered into the Register maintained under section 301 of the Companies Act, 1956.
6. In our opinion and according to information and explanations given to us, the company has not accepted any deposits from the public within the meaning of Section 58A of the Companies Act, 1956 and the rules framed there under. Therefore, the provisions of clause (vi) of paragraph 4 of the aforesaid order are not applicable to the company for the financial year under report.

7. In our opinion and according to the information and explanations given to us, the internal audit system prevailing in the company is not commensurate with the size and nature of its business. The Internal Audit Department of the company, in our opinion, was inadequately staffed and it had not covered sufficient area of operations during the Financial Year 2007-08. However there was an improvement in the coverage of the internal audit as compared to the previous year. Also the company has appointed an external firm of chartered accountants, subsequent to the year end, to strengthen the internal audit function in the coming years.
8. We have broadly reviewed the books of accounts maintained by the company pursuant to the rules made by the Central Government, for the maintenance of the cost records prescribed under section 209 (i) (d) of the Companies Act, 1956. We are of the opinion that prima-facie the prescribed records have been maintained. we have, however, not made a detailed examination of the records with the view to determine whether they are accurate and complete.
- 9a. According to information and explanations given to us, the company is generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales-tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess, and other statutory dues applicable to it.

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

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

Nature of dues:	Amount unpaid (Rs. Lakhs)	Forum where dispute remains
Excise duty	186.66	Commissioner of Central Excise
Professional Tax	11.58	Assistant Commissioner (Appeals)

10. There are no accumulated losses in the company at the end of the financial year. As per the books of account of the company, it has not incurred any cash losses during the financial year and in the immediately preceding financial year.
11. Based on our audit procedures and on the information and explanations given to us by the management, we are of the opinion that the company has not defaulted in repayment of dues to any financial institution, bank or debenture holders.
12. According to the information and explanations given to us, the company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion, and to the best of our information and according to the explanations given to us, we are of the opinion that the company is neither a chit fund nor a nidhi / mutual benefit fund / society. Hence, in our opinion, the provisions of clause (xiii) of paragraph 4 of the aforesaid order are not applicable to the company.

14. As per the records of the company and the information and explanations given to us, the company is not dealing or trading in shares, securities, debentures and other investments. Accordingly, the provision of clause (xiv) of paragraph 4 of the aforesaid order are not applicable to the company.
15. According to the records of the company and the information and explanations given to us, the company has not given any guarantee for loans taken by others from banks and i or financial institutions.
16. In our opinion and according to the information and explanations given to us, on an overall basis, the term loans availed during the year have been applied for the purposes for which they were obtained by the company.
17. According to information and explanations given to us and on an overall examination of the Balance Sheet of the company, we report that no funds raised on short term basis have been used for long term investment.
18. During the financial year, the company has not made any further issue of share capital and hence the question of preferential allotment to parties and companies covered in the Register maintained under Section 301 of the Act does not arise.
19. The erstwhile Maharashtra State Electricity Board has created security in respect of the Debentures issued by them which were subsequently transferred to the company on June 06, 2005 as part of the transfer scheme but the same has not been registered with the Registrar of Companies.
20. The company has not raised any money by public issue during the period under audit. Accordingly the provisions of clause (xx) of paragraph 4 of the aforesaid order are not applicable to the company.
21. The company has not informed us of any fraud on or by the company, noticed or reported during the financial year. During the course of our examination of the books of accounts carried out in accordance with generally accepted auditing practices, we have not noticed any fraud on or by the company, during the financial year.

**For M/s. Ford, Rhodes,
Parks & Co.**
Chartered Accountants

For MIs. P. G. Bhagwat
Chartered Accountants

For MIs. P. G. Joshi & Co.
Chartered Accountants

S. B. Prabhu
Partner
M. No.: 35296

S. S. Athavale
Partner
M. No.: 83374

Sudhir P. Tidke
Partner
M. No.: 043976

Place: Mumbai
Date : September 30, 2008

NOTICE

NOTICE is hereby given that the 3rd Annual General Meeting of the shareholders of Maharashtra State Power Generation Company Limited will be held on 30th September, 2008 at 1.00 P.M. at Hongkong Bank Building Fort, Mumbai- 400051 to transact the following business:

Ordinary Business:

1. To receive consider and adopt the audited Balance Sheet as at 31st March, 2008 and Profit and Loss Account for the year ended on that date, together with Report of Directors' and Auditors' thereon.*
2. To consider and if deemed fit to pass with or without modification the following resolution as Ordinary Resolution:

RESOLVED THAT pursuant to the provisions of Section 224 (8) (aa) read with Section 619 (2) and other applicable provisions, if any of the Companies Act, 1956, the Company do hereby pay Rs. 16.50 Lakhs as remuneration, subject to applicable Service Tax and reimbursement of out of pocket expenses up to a limit of Rs. 2 Lakhs to the Statutory Auditors of the Company appointed/to be appointed by the Comptroller and Auditor General of India, u/s 619 (2) of the Companies Act, 1956, in respect of Company's financial year commencing from 1st April 2008 to 31st March 2009.

RESOLVED FURTHER that subject to above mentioned provisions and in partial modification of earlier resolution dated 26.9.07, the remuneration to be paid to Statutory Auditors of the Company appointed by CAG for FY 2007-08 shall be Rs 15,00,000 subject to applicable service tax.

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

Special Business:

To consider and, if thought fit, to pass the following Resolutions:

AS ORDINARY RESOLUTION:

3. RESOLVED THAT Shri Madhukar Rangnath Shelar, who was appointed by the Board as an Additional Director of the Company pursuant to Section 260 of the Companies Act, 1956 read with Article 82 of Articles of Association of the Company on 27th November, 2007 and whose tenure of office comes to an end at this Annual General Meeting, be and is hereby confirmed as Director of the Company.

Place: Mumbai

Date: 30.09.08

By the Order of Board of Directors

Rahul Dubey

Company Secretary

*Accounts were adopted in adjourned AGM Dated.

Notes:

1. Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956, in respect of Special Business under item no 3 is annexed hereto and forms an integral part of this Notice.
2. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote on his behalf on a poll only, and the proxy need not be a member of the Company.
3. The Companies Act, 1956 provides that in case of a Government Company, the Comptroller and Auditor General of India shall appoint/re-appoint the Statutory Auditors of the Company u/s 619(2) of the Companies Act, 1956. Further the remuneration of the Statutory Auditors of a Govt Company will be fixed by the members of the Company in the General Meeting or in such a manner as General Meeting may determine.

In pursuance of the above as per section 224 (8) (aa) read with Section 619 (2) of the Companies Act, 1956, the members are requested to fix remuneration Rs 16.50 lakhs , subject to tax and service tax , to the Statutory Auditors of the Company, in respect of Company's financial year, commencing from 1st April 2008 to 31st March 2009. Further the above remuneration will be in addition to reimbursement of out of pocket expenses upto a limit of Rs 2 lakhs, as set out in Ordinary Resolution.

4. All documents referred to in the Notice are open for inspection at the Registered Office of the Company during office hours till the date of this Annual General Meeting.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956

Item No. 3

Shri Madhukar Rangnath Shelar was appointed as an Additional Director of the Company w.e.f 27th November, 2007 by the Board. In & terms of provisions of Section 260 of the Companies Act, 1956 a Director appointed by Board as additional Director hold his office up to the date of next Annual General Meeting of the Company and his appointment needs to be confirmed by shareholders of the Company as a regular Director. Therefore, the resolution for confirmation of appointment of Shri Madhukar Rangnath Shelar as a Director of the Company is placed before the members.

The Board has recommended the passing of this resolution. None of the directors except Shri Madhukar Rangnath Shelar is interested in the resolution.

Place: Mumbai

Date: 30.09.08

By the order of Board of Directors

Rahul Dubey

Company Secretary

DIRECTORS' REPORT

Dear Members

Your Directors are pleased to present the 3rd Annual Report and the audited accounts for the year ended 31st March 2008.

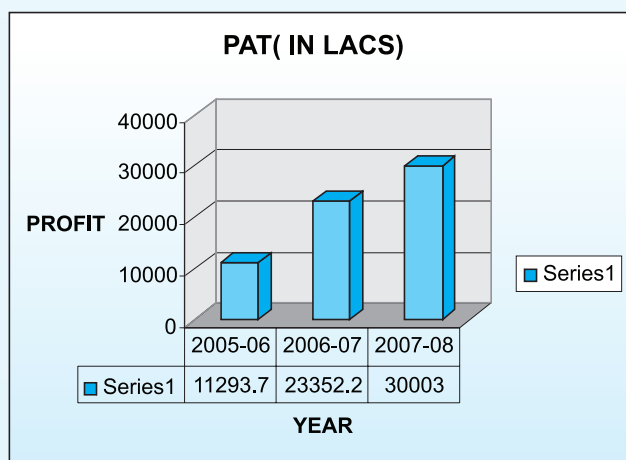
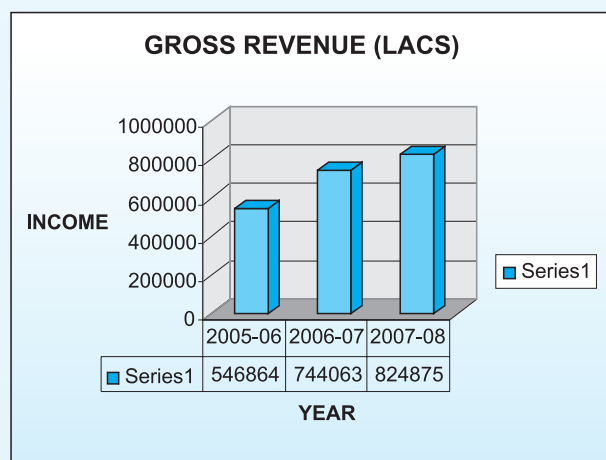
FINANCIAL RESULTS

(Rs. in Lakhs)

	2007-08	2006-07
Income		
Revenue from Sale of Power(net)	8,08,197.22	7,34,495.76
Other Income	16,677.43	9,567.53
Gross Income	8,24,874.65	7,44,063.29
Expenditure		
Cost of Fuel	5,99,810.32	5,44,434.33
Generation, Admn. & other Expenses	84,928.04	67,929.47
Employee Cost	47,486.91	38,606.31
Depreciation/ amortization	20,654.85	34,883.01
Interest & Finance Charges	12,060.07	19,626.09
Net Profit before tax, provisions & prior period adjustments	59,934.46	38,584.08
Tax	22,196.66	12,053.12
Profit after tax but before prior period adjustments	37,737.80	26,530.96
Less: Prior Period adjustments	7,734.77	3,178.80
Net Profit after tax	30,003.03	23,352.16

FINANCIAL PERFORMANCE

Total Income of the Company for the year increased by 10.86% to Rs. 824 874.65 lacs from Rs. 744 063.29 lacs during the previous year. Profit after tax but before provision and prior period adjustments increased by 42.24% to Rs. 37 737.80 lacs from Rs. 26 530.96 lacs. The overall fuel cost was increased by 10.17%, Generation & Admn expenses by 25% and Employee cost by 23% over the pervious year. The Net profit after tax increased to Rs. 30 003.03 Lacs from Rs. 23 352.16 registering a growth of 28.48% over last year.



DIVIDEND

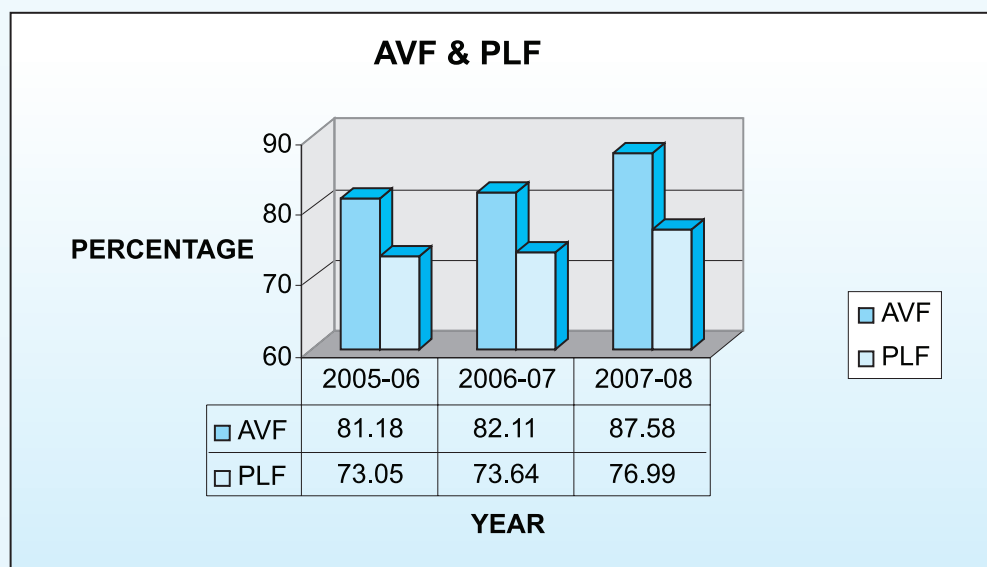
In view of huge capacity addition plans of the Company coming in future years there is a substantial requirement of funds for future generation projects of the Company to overcome the power shortage being faced by the State, Accordingly your Directors have decided to plough back the surplus generated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

OPERATIONAL PERFORMANCE

The total power generation of the Company for the year 2007-08 was 52294 MU's as compared to 50357 MU's for the year 2006-07. Out of which thermal power generation was 43958 MU's as against 41261 MU's for the previous year. This included 1351 MU's from newly commissioned Parli-6 and Paras 3 (250MW each) units during the year. Generation from Gas based power stations for the current year was 3729 MU's as compared to 4027 MU's for the previous year. Generation from Hydro power projects for the year was 4606 MU's as against 5067 MU's for last year.

Share of Thermal, gas and Hydro Power in overall Power generated by Mahagenco was 84%, 7% and 9% (approx) respectively for the current year.

During the year 2007-08, for coal- fired plants the average availability factor was improved to 87.58% as against 82.11% for the year 2006-07 and the plant load factor was 76.99% as against 73.64% for the previous year. PLF and AVF are highest ever achieved. The planned outage and forced outage factor for all TPS for the current year 07-08 as was 7.95% & 4.47 % as against 7.90% & 10% for 06-07 respectively. The overhaul of 26 units taken up during 07-08 as against overhaul of 23 units previous year.



For gas based plants average availability was 97.02% and PLF was 49.84%.

The other operational factors are as follows:

The Realization of Coal for the current year was 91.31% as compared to 91.29% for the previous year. Specific coal consumption rate for the year was 0.796 Kg/Kwh as against 0.765 Kg/Kwh for the previous year. Average Gross Calorific Value of coal fired during the year was 3385 Kcal/Kg. Heat Rate for the current year was 2709 Kcal/Kwh. The Boiler Tube Leakage (BTL) percentage for the current year was

2.94 % as compared to 2.86% for the last year. The BTL percentage with respect to forced out ages was 65.77%. The specific oil consumption for the current year is 1.78 ml/Kwh as against 1.91 ml/Kwh previous year. The auxiliary consumption was also reduced to 8.78% as against 8.99% previous year.

INSTALLED CAPACITY

During the year 2007-08, Mahagenco added 500 MW to the state grid. Parli Unit - 6 (250 MW) and Paras Unit 3 (250 MW) were commissioned and commercial operation started from 01.11.07 and 31.3.08 respectively. Thus total installed capacity of Mahagenco is 10121 MW and derated capacity is 9996 MW as on 31.3.08.

The Company owns Thermal Power Stations at seven locations across the state, one Gas Turbine Power Station & 24 Hydro Power Stations in operation having following total generation capacity as on 31.3.2008.

Type	Capacity
Thermal	6800 MW
Gas	852 MW
Hydro	2344 MW
Total	9996 MW

CAPACITY ADDITION PROGRAMMES

For meeting the power demand in the State of Maharashtra, Your Company has taken up implementation of various thermal power projects.

A) Ongoing Projects: During the year following two projects were under implementation:

As mentioned earlier two units i.e. New Parli Thermal Power Project (250 MW) Unit 6 and Paras TPS expansion Project (250 MW) Unit - 3 has been declared commercial operational w.e.f. 01.11.07 and 31.03.08 respectively. Through the above units there has been an addition of 500 MW in Mahagenco's installed capacity.

Phase I Project:

New Parli Thermal Power Project Unit -2 & Paras TPS expansion Unit -2 (250 MW each) & Khaperkheda TPS Expansion (500 MW)

Orders for most plants & equipments have been placed on M/s BHEL and erection activities are in progress. Trial operations of the project are expected by April 2009 (for Parli), June 2009 (for Paras) and June 2010 (for Khaperkheda).

Bhusawal TPS Expansion (2X500 MW)

Order for main plant equipment has been placed on 23.1.07 on M/s BHEL. Orders for Balance of Plant has been placed on 05.11.07 on M/s Tata Projects Ltd, Hyderabad. Boiler erection has been commenced on 26.3.08. The trial operation of Unit-1 is scheduled by August 2010 followed by Unit 2 by December 2010.

Through the above Phase I projects, Your Company would achieve capacity addition of 2000 MW in installed capacity.

Phase II Projects (Capacity Addition 3540 MW)

Sr No.	Name of Project	Capacity (MW)	Estimated Cost (Rs. Crs)	Cost /MW Rs. Cr	Trial Operation
1	Koradi TPS Expan	2X660	7920	6.00	Unit 1 March 13, Unit 2 Sep 13
2	Chandrapur TPS Expn	2X500	5500	5.50	Unit 1 Dec 11, Unit 2 March 12
3	Uran GTPS Expn	1220	3852	3.16	Block I July 2011 Block II Oct 2011

For Chandrapur Thermal Power Station (2X500 MW), orders for the Main Plant (BTG package) is placed on July 08. Considering this, schedule of Trial operation of Unit 1 is by Dec 11 followed by Unit 2 March 12.

Phase III Replacement Projects (Net capacity addition: 895 MW)

It is proposed to go for replacement of existing old 30 MW / 62.5 MW / 120 MW capacity units which have completed more than 30 years of operation, by installing 250MW/660MW capacity units.

Sr. No.	Name of Project	Existing Capacity (MW)	Proposed Capacity MW	Net Capacity Addition MW	Estimated Cost / MW Rs. in Cr.	Net Capacity Addition MW	Trial Operation
1	Koradi TPS Replacement Proj.	4X120	1X660	180	6.00	180	March 2014
2	Paras TPS Replacement Proj	1X62.50	250	187.50	5.50	187.50	Dec 2011
3	Parli TPS Replacement Proj.	2X30	250	190.0	5.50	190.0	Aug 2011
4	Bhusawal TPS Replacement Proj	1X62.5	250	187.50	5.50	187.50	Oct 2011

With the above projects, Mahagenco shall add 4285 MW capacity including 745 MW Phase III replacement projects.

For the above Phase II & III projects, Mahagenco is in process of tying up of the basic inputs and obtaining the statutory clearances required for the project.

SUBSIDIARIES

Mahaguj Collieries Ltd.- The Company is a joint venture between your Company and Gujarat State Electricity Co Ltd. for captive mining of coal blocks at Machchakata. The Company has issued NIT for appointment of Mine Developer cum Operator for executing the project. The Company received overwhelming response to sale of tender document. The final Geological Report from CMPDIL has also been received and given to all bidders. The preparation of Mine plan and demarcation of boundary of mines is in process.

Dhopave Coastal Power Ltd.- This Company has been incorporated to implement 2X800 MW Imported Coal based Thermal Power Project at Dhopave as a green field project. Your Company has been appointed as Authorized Representative of Mahavitrans to carry out the preliminary project development activities for the above project. As decided by the Board of MSEDCL all the papers/ documents relating to transfer of Company have been handed over to MSEDCL for transferring the same in the names of Nominees of MSEDCL.

Aurangabad Power Co. Ltd. & Dhule Thermal Power Co. Ltd.- These companies have been incorporated to implement various Thermal Power Projects as green field projects under case-2 as per the guidelines of Ministry of Power, Government of India.

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

In view of huge potential of solar based power Mahagenco has decided to install Solar Energy (PV) based 1 MW capacity power plant as per the guidelines issued by Ministry of New and Renewable Energy (MNRE), Dept of Non conventional Energy Sources, Govt of India. This 1 MW Solar energy (PV) based power plant shall be installed on the available land of Chandrapur STPS at Chandrapur. Application for installation of 1 MW Solar (PV) based is already submitted to MNRE Govt of India. Finalization of Consultancy services for preparation of DPR is in process. Approximate cost of this project is Rs 25 Crores for which the funding may be arranged from PFC or IREDA on 70 /30 basis. Plant is expected to be commissioned by the end of this year.

FINANCING OF NEW PROJECTS

All the planned capacity addition programmes will be financed with a debt to equity ratio 80:20. Your Company would utilize the revenue resources for part of equity contribution in the expansion project. Up to 80% of the total project cost is to be financed by financial institutions. The 20% equity will be mainly come from Government of Maharashtra. GoM has sanctioned Rs 2376 Crore and Rs1100 Crores towards equity contribution for Koradi & Chandrapur expansion projects respectively. Balance amount of Chandrapur TPS expansion project will be met by term loan from REC Ltd.

CREDIT RATING

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

FUEL SECURITY

Since large majority of the installed capacity comprises of Thermal Power generation. Your Company is heavily dependent on coal for power generation. Adequate, timely and quality coal is very essential for uninterrupted power generation from power stations. The Company has obtained long term coal linkages for its Phase I expansion projects from the various subsidiary companies of Coal India Ltd. Besides, the Company has been allocated Machchakata & Mahanadi coal block in State of Orissa jointly with Gujarat State Electricity Co Ltd. Coal to be extracted from these blocks will be used for Phase II & Replacement projects of the Company. Your Company has also been allocated Chendipada and Chendipada II coal block jointly with Uttar Pradesh Rajya Vidyut Utpadan Nigam Ltd. and Chattisgarh Mineral Development Co. Ltd.

To overcome the shortage of supply the Company has resorted to import coal of 1.500 MMT of non-cooking (Steam) coal of foreign origin for Bhusawal, Parli, Khaperkheda, Koradi and Nashik TPS.

NEAR TERM STRATEGIES

In order to mitigate the shortfall of gas at its existing gas based stations, the Company started procurement of spot re-gasified LNG w.e.f. April 08. The Company has purchased Natural Gas / Regasified Liquefied Natural Gas (RLNG) from M/s LNG Hazira Pvt. Ltd. M/s ONGC etc.

HUMAN RESOURCES MANAGEMENT

Employees are the most precious asset of an organization and favorable environment is necessary to encourage creativity, innovation and performance excellence amongst them. Your Company has focused its efforts to enhance the capabilities of employees to develop competent, trained and multi - disciplinary human capital in Mahagenco so as to meet the challenging assignments. Your Company strongly believes in achieving organizational excellence through human resources and follows "People First" approach to leverage the potential of its employees to fulfill its business plan. Total employees strength of the Company was 15528 as on 31.3.08 as against 14655 as on 31.3.07.

INDUSTRIAL RELATIONS

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

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

RESERVATION FOR SC, ST & OBC

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

TRAINING AND DEVELOPMENT

In consonance with corporate vision of being the best and most efficient state of art generating utility in the country, your Company facilitates the development of all-round competence of its people. The Company has its own two training centers. Koradi and Nashik training centers where induction level training and other training and executive development programmes relating to various facets of operation and maintenance of power plant are organized. In addition the Company also arranges need based training programmes at "Yashda" Pune, ESCI, Hyderabad, various IIT Colleges, BHEL and other outside agencies which covers different aspects of O&M, MDP Industrial Security, Project management and Behavioral science etc. During the year total 63 training programmes were conducted for different participants.

MIGRATION OF ACCOUNTS TO SCHEDULE VI TO THE COMPANIES ACT

As a result of integrated and dedicated efforts of our Company's Finance & Accounts Team, the Company has been able to migrate from the accounting system as per Electricity Supply (Annual Accounts) Rules 1985 to Schedule VI of the Companies Act, 1956 from the year 2007-08.

USE OF MARATHI LANGUAGE

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

MANAGEMENT OF CHANGE – IMPLEMENTATION OF ERP

Your Company is currently in the process of implementing an Enterprise Resource Planning (ERP) package covering maximum possible process at all locations of the organization. ERP is expected to help your Company achieve improved and faster exchange of information improved productivity and reduction of costs, better data consistency, Knowledge sharing and unification of planning and budgeting process.

TARIFF REGULATORY CELL

A Tariff Regulatory Cell has been formed to carry out the duties & functions required under Central and State Regulatory commissions and the matter connected thereto. This cell files Aggregate Revenue Requirement with Maharashtra Electricity Regulatory Commission (MERC) for approval of Tariff. Petition for Annual Performance Review for the year 2007-08 & Tariff for 2008-09 was submitted to MERC. MERC has issued order dated 31.5.08. Mahagenco had appealed in Appellate Tribunal for Electricity, New Delhi against MERC orders for Mahagenco's Aggregate Revenue Requirement & Tariff for the year 2005-06 and for Multiyear Tariff (MYT) from (FY 07-08 to FY 09-10) challenging approved norms for various operational parameters and financial parameters for Mahagenco. Appellate Tribunal has directed MERC to deploy independent agency to study for ascertaining achievable operational parameters.

ENVIRONMENT, HEALTH AND SAFETY

Your Company has taken concentrated efforts in many areas for preservation of elements of environment. Some of these are as follows;

Tree Plantation & Green belt Development

Mahagenco has undertaken the scheme of afforestation in various Thermal Power Stations. Proper care is being taken for the growth of these tree plants and 27.5 lacs trees were planted till 31.3.2008 in all TPS. As per MPCB norms full green belt has been developed at all TPS. 50 thousand trees were planted in the financial year 2007-08.

Stake Emission

As per set objectives, Mahagenco has carried out augmentation of ESPs for complying with SPM regulations for 17 old units. The ESP of Koradi Unit 5 (200 MW) was augmented and bag filter was commissioned in July 2005 and Ammonia GFC was installed for 4 units on trial basis during the financial year 2005-06. For complying with SPM regulations in respect of remaining 10 old units, Mahagenco has decided to install flue gas conditioning system with Ammonia Injection. Order for commissioning of AFGC system placed for Koradi Unit 7 and LoI issued on 2.1.08 for Parli Unit 3 & 4 for AFGC system.

Ambient Air Quality

Ambient air quality is monitored regularly at various TPS and is observed within the limits prescribed by MPCB.

Environment, Health and Safety Audit

Environment, Health and Safety Audit was carried out in 2004-05 by Central Labour Institute, Mumbai (Govt of India) at all TPS and recommendations are being implemented. Internal Audit of all TPS for the year 07-08 is carried out.

Ash Utilization

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

Year	Ash Utilization %
2004-05	15.95
2005-06	24.10
2006-07	27.00
2007-08	30.60

Paras achieved 83.50%, Bhusawal 60.62% and Khaperkheda TPS 44.08% ash utilization in the year 2007-08.

Research Projects for promoting ash utilization from Thermal Power Stations

Mine Fill- Stowing of ash about 100000 cu will be done in Durgapur underground mine with the help of TIFAC at CSTPS.

Effluent Treatment Plant

Mahagenco has Commissioned ETP at its various TPS and the effluents generated from the process are treated for recycling. The yearly average for % of recycled water is 100 for Paras, 73.76 for Kh'Kheda, 66.82 for Nashik and 62.90 for Koradi.

New project environment clearance

Environmental Clearance for enhanced capacity of 1220 MW Uran project is granted by MoEF. The MPCB clearance for "consent to establish" granted for 2X800 MW for Dhopave project.

1X250 MW replacement projects each at Parli, Paras, Bhusawal are being obtained from MoEF, New Delhi. Also the matter is under process of obtaining Environmental clearances for the proposed 2X500 MW Chandrapur STPS expansion project and 3X660 MW Koradi TPS expansion project.

DIRECTORS

During the year Shri B.P. Pandey, Pr. Secretary (Energy), GoM ceased to be, Director of the Company. He was replaced by Shri Rahul Asthana, Pr. Secretary (Energy) GoM, who was appointed as Director of the Company w.e.f. 05.04.07. Shri Rahul Asthana Pr. Secretary (E), GoM ceased to be Director w.e.f. 26.8.08 consequent upon to his transfer to other Department.

During the year Shri G.J. Girase was appointed as Director (F) of the Company w.e.f. 5th May 2007 in place of Shri Vinayak Rao who ceased to be Director of the Company.

Shri M.R. Shelar was appointed as Director (Ops) w.e.f. 27.11.07 on the approval of Board of Director of MSEB Holding Co. Ltd. pursuant to Article 75 & 77 of Articles of Association of the Company.

The Board wishes to place on record its deep appreciation for the valuable services rendered by Shri Vinayak Rao, Shri B.P. Pandey and Shri Rahul Asthana during their association with the Company. A warm welcome is extended to all the new appointees on the Board.

DIRECTORS RESPONSIBILITY STATEMENT

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

- i) That in preparation of annual accounts the applicable Accounting Standards had been followed with proper explanation relating to material departures; if any
- ii) That the selected accounting policies were applied consistently and judgments and estimates that are reasonable and prudent were made so as to give true and fair view of the state of affairs of the Company as on 31st March 2008 and of the Profit for the year of the Company under review;
- iii) That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) That the annual accounts were prepared for the financial year ended 31st March 2008 on going concern basis.

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

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

FIXED DEPOSITS

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

INSURANCE

The properties /assets of the Company are adequately insured.

COST AUDITORS

The Company has appointed M/s Y.R. Doshi & Co. Cost Accountants as Cost Auditors for the year ending 31.3.2008 subject to approval of Ministry of Corporate Affairs, Government of India

AUDITORS

The Statutory Auditors of the Company are appointed by the Comptroller and Auditor General of India. M/s Ford Rhodes Parkes & Co., Mumbai, M/s P.G. Joshi & Co, Nagpur and M/s P.G. Bhagwat & Co., Pune were appointed as Joint Statutory Auditors for the Financial Year 2007-08. Appointment of Statutory Auditors for the year 2008-09 is awaited.

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
(P.Abraham) (Ajoy Mehta)
Chairman Managing Director

Place: Mumbai
Date : 30.09.08

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

ENERGY CONSERVATION:

Following are the Energy saving activities carried out during year 2007-08:

- ✓ 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.

AUXILIARY POWER CONSUMPTION:

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

LIGHTING:

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

HEAT ENERGY:

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

LUBRICANTS:

- ✓ Zero leakage concept is introduced at all power stations.
- ✓ Oil skimmers designed and developed to recover fuel oil from drains.
- ✓ Turbine and BFP oil filtration by centrifuging at Bhusawal & Nashik 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, Nashik, K'Kheda, Chandrapur TPS.
- ✓ Firefighting water headers brought to ground level from underground to attend leakages.

TECHNOLOGY ABSORPTION & RESEARCH & DEVELOPMENT:

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

FUTURE PLAN OF ACTION:

- ✓ AFGC systems for more units of TPS.
- ✓ Installation of online energy management.

Maharashtra State Power Generation Company Ltd.

Replies To Auditors Report For The Period 01-04-2007 To 31-03-08

Sr. No.	AUDITORS REPORT	M S P G C L's REPLY
(1)	(2)	(3)
(1)	We have audited the attached Balance Sheet of Maharashtra State Power Generation Company Limited, as at 31st March 2008, the Profit & Loss Account for the year ended on that date and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.	Factual.
(2)	We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.	Factual.
(3)	As required by the Companies (Auditor's Report) Order, 2003, (as amended by Companies (Auditor's Report) (Amendment) Order, 2004) issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.	Factual.
(4)	Further to our comments in the Annexure referred to above, we report that: (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit; (ii) Factual. In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books;	Factual. Factual.
	(iii) The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account; (iv) As per Notification no.: GSR 829(E) dated 21-10-2003, the Government Companies are exempted from the provisions of clause 274(1) (g) of the Companies Act, 1956; (v) a] The assets and liabilities of the company as on June 06, 2005 contain balances, which are transferred under The Maharashtra Electricity Reforms Transfer Scheme, 2005. As informed to us, these balances are adopted by MSEB Holding Company Ltd. It was further informed to us that the Final Transfer Scheme is yet to be notified by the Government of Maharashtra and as such, the opening balances are yet to be adopted by the company. Changes, if any, in such balances may have an impact on the financial statements of the company. Further, we draw attention to Note No. 2 in Schedule 15, regarding transfer to the company during the year of loan liability along with interest thereon in partial modification of the above Scheme as approved by the MSEB Holding Company Ltd.	Factual. Factual. Factual.

	b] The balances of Sundry Debtors, Sundry Creditors, Loans and Advances, Other Receivables and other debit / credit balances including that of holding company and other subsidiary companies of holding company are subject to confirmations and reconciliations. The effect of the adjustments arising from reconciliation and settlement on the Profit & Loss Account, if any, is not ascertained.	Cell of officers of all 3 sister companies is being formed for reconciliation of balances.
(vi)	We draw attention to Note No. 27(e) in Schedule 15 regarding lease rental expenses of Hydro Division, being accounted on adhoc basis at Rs. 85 crores. The proposed revised lease rent of Rs. 445.53 crores, mentioned in GR, is subject to approval by Maharashtra Electricity Regulatory Commission.(MERC)	Factual
	<p>Subject to our comments in paras 4(v) above, in our opinion and to the best of our information and according to the explanations given to us, the said accounts, read together with the notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:</p> <p>(a) in the case of the balance sheet, of the state of affairs of the company as at 31st March 2008;</p> <p>(b) in the case of the Profit & Loss Account, of the Profit for the year ended on that date; and</p> <p>(c) in the case of the Cash Flow Statement, of the cash flow for the year ended on that date.</p>	Factual

Replies to Paras raised in Annexure Referred to in paragraph 3 of Auditors Report

Sr. No.	AUDITORS PARAS	M S P G C L's REPLY
1.	a. The Company has not maintained proper records showing full particulars including quantitative details and situation of fixed assets, i.e., the location of the assets and the link with the physical asset by way of asset number is not maintained. Further, the cost of the assets in the Fixed Assets Register is not tallied with the fixed assets block as per the Balance Sheet.	Detailed procedure for maintaining Fixed Assets register is given in Accounts Code Vol. V, Chapter-V. All units are being instructed to maintain records as per said procedure and shall ensure to reconcile Fixed Assets Register with the fixed assets block as per the Balance Sheet.
	b. As informed to us, the Company has a policy of conducting physical verification of fixed assets once in three years, which in our opinion is reasonable commensurate with the size of the Company and the nature of its business. The Company has last conducted a physical verification of fixed assets in the financial year 2006-07 but the same remains to be reconciled with the fixed asset register.	All field units are being instructed to reconcile fixed assets register with physical verification report.
	c. During the period under audit, the Company has not disposed off a substantial part of the fixed assets.	Factual.
2.	a. The physical verification of inventory has been conducted at reasonable intervals by the management.	Factual
	b. In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.	Factual
	c. On the basis of our examination of the records of inventory and the reports of physical verification, we are of the opinion that the Company is maintaining proper records of inventory. <i>No material discrepancies other than in respect of coal were observed. The discrepancies observed in respect of coal were adjusted appropriately in the accounts.</i>	Factual.
3.	a. As per the information and explanations given to us, the Company has not granted any loans to companies, firms and other parties covered in the Register maintained under Section 301 of the Companies Act, 1956 during the year.	Factual.
	b. As per the information and explanations given to us, the Company has not taken any loans, secured or unsecured, from companies, firms and other parties covered in the Register maintained under Section 301 of the Companies Act, 1956.	Factual.

4.	In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. <i>However, we have observed weaknesses in internal controls in compiling and maintaining the party-wise and age-wise details of various current liabilities and current assets.</i>	At present age-wise and account code-wise data can be generated through the system.
5.	On the basis of our examination of books of account and according to the information and explanations given to us, the Company has not entered into any transaction that needs to be entered into the Register maintained under Section 301 of the Companies Act, 1956.	Factual.
6.	In our opinion and according to information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of Section 58A of the Companies Act, 1956 and the rules framed there under. Therefore, the provisions of clause (vi) of paragraph 4 of the aforesaid order are not applicable to the Company for the financial year under report.	Factual.
7.	<i>In our opinion and according to the information and explanations given to us, the internal audit system prevailing in the Company is not commensurate with the size and nature of its business. The Internal Audit Department of the Company, in our opinion, was inadequately staffed and it had not covered sufficient area of operations during the Financial Year 2007-08.</i> However there was an improvement in the coverage of the internal audit as compared to the previous year. Also the Company has appointed an external firm of chartered accountants, subsequent to the year end, to strengthen the internal audit function in the coming years.	<p>The Company has a separate Internal Audit Section headed by General Manager (Int. Audit) and assisted by team of 2 AOs, 3 DAs, 1 UDC & 1LDC at Corporate Office.</p> <p>The Internal Audit Section carries out inspections of field offices as well as H.O. During 2007-08, inspections of 26 field offices were carried out. Apart from the work of Internal Audit Section there are well laid down systems of internal checks in almost all areas of working. Important among them are, financial scrutiny of expenditure proposals by Finance Section, internal check of tender cases, audit of LoA / LoI, check of bills of suppliers and contractors, etc. The Internal Audit wing is being strengthened so as to improve the coverage.</p>
8.	We have broadly reviewed the books of accounts maintained by the Company pursuant to the rules made by the Central Government, for the maintenance of the cost records prescribed under Section 209 (i) (d) of the Companies Act, 1956. We are of the opinion that prima-facie the prescribed records have been maintained. We have, however, not made a detailed examination of the records with the view to determine whether they are accurate and complete.	Factual.

9.	<p>a. According to information and explanations given to us, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales-tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess, and other statutory dues applicable to it.</p> <p>According to the information and explanations given to us, no undisputed amounts payable in respect of Income Tax, Sales-tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess, were outstanding, as at the balance sheet date for a period of more than six months from the date they became payable.</p>	<p>Factual.</p> <p>Factual.</p>									
	<p>b. According to the records of the Company, there are no dues of Income Tax / Sales Tax / Service Tax / Custom Duty / Wealth Tax / Excise Duty / Cess, which have not been deposited on account of any dispute, except:</p> <table border="1" data-bbox="284 1050 882 1412"> <thead> <tr> <th>Nature of dues</th><th>Amount unpaid (Rs. Lakhs)</th><th>Forum where dispute remains</th></tr> </thead> <tbody> <tr> <td>Excise duty</td><td>186.66</td><td>Commissioner of Central Excise</td></tr> <tr> <td>Professional Tax</td><td>11.58</td><td>Assistant Commissioner (Appeals)</td></tr> </tbody> </table>	Nature of dues	Amount unpaid (Rs. Lakhs)	Forum where dispute remains	Excise duty	186.66	Commissioner of Central Excise	Professional Tax	11.58	Assistant Commissioner (Appeals)	<p>Factual.</p>
Nature of dues	Amount unpaid (Rs. Lakhs)	Forum where dispute remains									
Excise duty	186.66	Commissioner of Central Excise									
Professional Tax	11.58	Assistant Commissioner (Appeals)									
10.	<p>There are no accumulated losses in the Company at the end of the financial year. As per the books of account of the Company, it has not incurred any cash losses during the financial year and in the immediately preceding financial year.</p>	<p>Factual.</p>									
11.	<p>Based on our audit procedures and on the information and explanations given to us by the management, we are of the opinion that the Company has not defaulted in repayment of dues to any financial institution, bank or debenture holders.</p>	<p>Factual.</p>									
12.	<p>According to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.</p>	<p>Factual.</p>									

13.	In our opinion, and to the best of our information and according to the explanations given to us, we are of the opinion that the Company is neither a chit fund nor a nidhi / mutual benefit fund / society. Hence, in our opinion, the provisions of clause (xiii) of paragraph 4 of the aforesaid order are not applicable to the Company.	Factual.
14.	As per the records of the Company and the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause (xiv) of paragraph 4 of the aforesaid order are not applicable to the Company.	Factual.
15.	According to the records of the Company and the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks and / or financial institutions.	Factual.
16.	In our opinion and according to the information and explanations given to us, on an overall basis, the term loans availed during the year have been applied for the purposes for which they were obtained by the Company.	Factual.
17.	According to information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that no funds raised on short term basis have been used for long term investment.	Factual.
18.	During the financial year, the Company has not made any further issue of share capital and hence the question of preferential allotment to parties and companies covered in the Register maintained under Section 301 of the Act does not arise.	Factual.
19.	<i>The erstwhile Maharashtra State Electricity Board has created security in respect of the Debentures issued by them which were subsequently transferred to the Company on June 06, 2005 as part of the transfer scheme but the same has not been registered with the Registrar of Companies.</i>	Factual.
20.	The Company has not raised any money by public issue during the period under audit. Accordingly the provisions of clause (xx) of paragraph 4 of the aforesaid order are not applicable to the Company.	Factual.
21.	The Company has not informed us of any fraud on or by the Company, noticed or reported during the financial year. During the course of our examination of the books of accounts carried out in accordance with generally accepted auditing practices, we have not noticed any fraud on or by the Company, during the financial year.	No frauds have been reported / detected during 2007-08.

Balance Sheet as at 31st March, 2008

Particulars	Sch. No.	31-Mar-08 Rs.	31-Mar-07 Rs.
I. Sources of Funds			
(1) Shareholders, funds:			
(a) Share Capital	1	500,000	500,000
(b) Share capital suspense A/c. (Refer Note No 5(i))		25,633,633,537	25,633,633,537
(c) Share Application money pending allotment		5,500,000,000	4,000,000,000
(d) Reserves and surplus	2	3,752,415,395	3,589,599,788
(2) Loan funds:			
(a) Secured loans	3	50,281,493,715	31,340,908,775
(b) Unsecured loans	4	2,530,501,992	2,844,000,004
(3) Deferred tax liabilities (net)		4,073,842,497	-
Total		91,772,387,136	67,408,642,104
II. Application of Funds			
(1) Fixed assets:			
(a) Gross Block	5	114,783,834,644	100,008,579,074
(b) Less: Depreciation		68,823,657,510	66,725,689,489
(c) Net Block		45,960,177,134	33,282,889,585
(d) Capital work-in progress		36,908,629,414	29,589,938,329
(2) Investments	6	1,800,100	300,100
(3) Current Assets, Loans and Advances	7		
(a) Inventories		7,406,772,424	7,703,780,514
(b) Sundry debtors		17,746,074,739	16,118,266,713
(c) Cash and bank balances		133,142,193	461,431,864
(d) Loans and advances		48,984,663,259	33,326,659,433
	(A)	74,270,652,615	57,610,138,524
Less : Current Liabilities and Provisions			
(a) Current Liabilities	8	60,081,324,609	49,511,085,936
(b) Provisions	9	5,287,547,518	3,563,538,498
	(B)	65,368,872,127	53,074,624,434
Net Current Assets (A) - (B)		8,901,780,488	4,535,514,090
Total		91,772,387,136	67,408,642,104
Notes to accounts	15		

As per our report attached

For Ford, Rhodes Parks & Co.
Chartered Accountants

For Maharashtra State Power Generation Company Limited

(S. B. Prabhu)

G.J. Girase
Director (Finance)

Ajoy Mehta
Managing Director

P. Abraham
Chairman

For P.G. Joshi & Co.
Chartered Accountants

(Sudhir P. Tidke)

Rahul Dubey
Company Secretary

For P.G. Bhagwat
Chartered Accountants

(Sanjay Athawale)
Mumbai, September, 2008

Profit & Loss Account For the Year Ended 31st March, 2008

Particulars	Sch. No.	31-Mar-08 Rs.	31-Mar-07 Rs.
INCOME :			
Revenue from sale of power		80,831,756,727	73,452,912,936
<i>Less</i> : Electricity duty		12,034,788	3,336,445
		80,819,721,939	73,449,576,491
Other income	10	1,667,743,757	956,752,951
		82,487,465,696	74,406,329,442
EXPENDITURE:			
Cost of fuel		59,981,031,648	54,443,433,075
Generation, administration and other expenses	11	8,492,804,448	6,792,946,775
Employee costs	12	4,748,691,316	3,860,631,142
Depreciation/ Amortisation		2,065,484,639	3,488,300,821
Interest and finance charges	13	1,206,007,046	1,962,609,311
		76,494,019,097	70,547,921,124
Net Profit Before Tax		5,993,446,599	3,858,408,318
<i>Less</i> : Provision for Taxation			
For current tax		549,000,000	1,191,741,656
For deferred tax		1,657,666,431	-
For fringe benefit tax		13,000,000	13,569,805
Net Profit After Tax		3,773,780,168	2,653,096,857
Excess provision for earlier year's tax		429,126,181	-
Prior period credits/charges (net)	14	(1,202,603,276)	(317,880,521)
Profit for the Year		3,000,303,073	2,335,216,336
<i>Add</i> : Balance brought forward from previous years		3,464,588,388	1,129,372,052
<i>Less</i> : Transferred to Deferred Tax Liabilities (net) (Refer note 24(g)(iii) of schedule 15)		2,416,176,066	-
<i>Less</i> : Transitional adjustment for Employee Benefits (Refer note 24(b)(ii) of schedule 15)		296,300,000	-
<i>Less</i> : Transferred to Debenture Redemption Reserve		13,125,000	-
Balance carried to balance sheet		3,739,290,395	3,464,588,388
Earnings Per Share (in Rs.)			
Basic Earnings Per Share		60,006	46,704
Diluted Earnings Per Share		0.98	0.83
Notes to accounts	15		

As per our report attached

For Ford, Rhodes Parks & Co.
Chartered Accountants

For Maharashtra State Power Generation Company Limited

(S. B. Prabhu)

G.J. Girase
Director (Finance)

Ajoy Mehta
Managing Director

P. Abraham
Chairman

For P.G. Joshi & Co.
Chartered Accountants

(Sudhir P. Tidke)

Rahul Dubey
Company Secretary

For P.G. Bhagwat
Chartered Accountants

(Sanjay Athawale)
Mumbai, September, 2008

Schedules forming part of Balance Sheet

	31-Mar-08 Rs.	31-Mar-07 Rs.
Schedule 1: Share Capital		
Authorised		
5,000,000,000 Equity shares of Rs.10 each	50,000,000,000	50,000,000,000
Issued, Subscribed and Paid up		
50,000 Equity shares of Rs.10 each fully paid-up	500,000	500,000
(All the above shares are held by nominees on behalf of Government of Maharashtra pending transfer of same to MSEB Holding Co. Ltd. pursuant to transfer scheme)		
Total	500,000	500,000
Schedule 2: Reserves and Surplus		
(1) Capital Reserve		
Consumer's Contribution / Government Grants towards cost of Capital Assets		
Balance as per last Balance Sheet	125,011,400	8,800
<i>Add:</i> Additions during the year	-	125,002,600
	125,011,400	125,011,400
<i>Less:</i> Transferred to income	11,400	-
<i>Less:</i> Transferred to relevant Fixed Assets (Refer Note 6 of Schedule 15)	125,000,000	-
	-	125,011,400
(2) Debenture Redemption Reserve		
Opening Balance	-	-
<i>Add:</i> Transferred during the year	13,125,000	-
	13,125,000	-
(3) Balance of Profit and Loss Account (B)	3,739,290,395	3,464,588,388
Total	3,752,415,395	3,589,599,788

Schedules forming part of Balance Sheet (Contd.)

	31-Mar-08 Rs.	31-Mar-07 Rs.
Schedule 3: Secured Loans		
(1) Debentures		
14.18% - 7 Non convertible debentures of the face value of Rs.10,000,000/- each (Redeemable at par in 32 equal quarterly installments commencing from December 31, 2001)	13,125,000	21,875,000
(2) Term loans		
From Banks	-	3,846,372,304
From Central Government	5,222,025,298	453,215
From Power Finance Corporation Limited	35,673,183,777	27,472,208,256
From Rural Electrification Corporation Limited	2,660,612,585	-
(3) Working Capital Loan	6,712,547,055	-
Total	50,281,493,715	31,340,908,775
Schedule 4: Unsecured Loans		
Loans from State Government (Amount repayable with in one year Rs.316,250,196) (Previous Year Rs.316,000,012)	2,530,501,992	2,844,000,004

Schedule 5: Fixed Assets

Assets	Gross Block (At cost)			Depreciation/ Amortisation			Net Block		
	As at 01.04.2007	Additions / Adjustments	Deductions / Adjustments	As at 31.03.2008	As at 01.04.2007	Deprecia- tion/ Amortisation for the year	Deduc- tions / Adjustments	As at 31.03.2008	As at 31.03.2007
Tangible Assets									
Land (including development)									
Freehold	549,322,662	1,538,178	-	550,860,840	-	-	-	550,860,840	549,322,662
Leasehold	55,046,463	419,859,426	-	474,905,889	14,254,724	953,084	-	459,698,081	40,791,739
Buildings									
Factory Buildings	5,116,067,163	939,373,066	-	6,055,440,229	3,849,546,911	99,619,079	29,013	2,106,303,252	1,266,520,252
Others	2,971,735,887	135,333,147	109,092,924	2,997,976,110	927,859,291	47,092,705	(1,396,794)	2,021,627,320	2,043,876,596
Hydraulic Works	7,461,629,708	993,165,400	1,303,186	8,453,491,922	4,385,412,260	353,643,678	(265,848)	3,714,170,136	3,076,217,448
Other Civil Works									
Railway Sidings	2,296,076,163	314,096,056	-	2,610,172,219	510,133,380	42,121,431	-	2,057,917,408	1,785,942,783
Roads and Others	3,248,238,000	396,774,280	25,505,601	3,619,506,679	960,396,670	89,287,972	(5,859,531)	2,563,962,506	2,287,841,330
Plant, Machinery & Equipments	75,643,736,611	11,776,217,527	515,617,244	86,904,336,894	54,780,413,843	1,376,490,912	6,686,029	30,754,118,168	20,863,322,768
Lines & Cable Networks	1,622,785,925	160,970,543	-	1,783,756,468	986,953,691	43,761,532	-	753,041,245	635,832,234
Vehicles	142,343,457	23,133,638	2,035,665	163,441,430	118,178,644	8,762,414	(312,278)	36,188,094	24,164,813
Furniture & Fixtures	116,600,225	25,900,751	15,006,897	127,494,079	97,246,047	(6,892,009)	(7,818,902)	29,321,139	19,354,178
Office Equipments	155,296,193	25,970,228	-	181,266,421	82,066,314	7,590,783	-	91,609,324	73,229,879
(Including computers)									
Capital Expenditure resulting in Assets not belonging to the Company	619,548,901	213,638,028	-	833,186,929	13,227,714	22,492,269	-	797,466,946	606,321,187
Fixed Assets Pending Investigation	160,809	620,222	555,851	225,180	-	-	-	225,180	160,809
Intangible Assets									
Right to receive water/power	9,987,907	-	-	9,987,907	-	2,326,615	-	7,661,292	9,987,907
Software Licences	3,000	17,782,448	-	17,785,448	-	1,779,245	-	16,006,203	3,000
Total	100,008,579,074	15,444,372,938	669,117,368	114,783,834,644	66,725,689,489	2,089,029,710	(8,938,311)	45,960,177,134	33,282,889,585
Previous Year	96,443,144,993	3,696,059,935	180,724,295	99,958,480,633	63,181,092,370	3,476,191,230	63,955,030	33,237,242,003	33,262,052,623
Adjustment due to regrouping	-	-	-	50,098,442	-	-	-	45,647,583	-
Previous year figures (regrouped)	96,443,144,993	3,696,059,935	180,724,295	100,008,579,074	63,181,092,370	3,476,191,230	63,955,030	33,282,889,585	33,262,052,622

Note: The assets which were received by the company pursuant to transfer scheme are not transferred in the name of the company.

Note: The assets which were received by the company pursuant to transfer scheme are not transferred in the name of the company.

Schedules forming part of Balance Sheet (Contd.)

	31-Mar-08 Rs.	31-Mar-07 Rs.
Total	2,530,501,992	2,844,000,004
Schedule 6: Investments, (Unquoted, At Cost)		
Trade investments - Long term		
Equity Shares in Subsidiary Companies		
30,000 Equity shares of "Mahaguj Colliery Limited" of Rs.10/- each fully paid-up	300,000	300,000
50,000 (Nil) Equity shares of "Dhopave Coastal Power Limited" of Rs.10/- each fully paid-up	500,000	-
50,000 (Nil) Equity shares of "Dhule Thermal Power Company" Limited of Rs.10/- each fully paid-up	500,000	-
50,000 (Nil) Equity shares of "Aurangabad Power Company Limited" of Rs.10/- each fully paid-up	500,000	-
Non Trade investments - Long term		
10 shares of Kolhapur District Co-operative Bank Limited of Rs.10/- each fully paid up	100	100
Total	1,800,100	300,100
Schedule 7: Current Assets, Loans & Advances		
CURRENT ASSETS		
(a) Inventories (As valued and Certified by the management)		
Coal and Fuel	1,987,147,578	2,617,259,198
Stores and spares	5,275,734,958	4,947,838,936
Material in Transit	143,889,888	138,682,380
Total	7,406,772,424	7,703,780,514
(b) Sundry debtors (Unsecured, considered good)		
- Debts outstanding for more than six months	3,289,524	-
- Other debts	17,742,785,215	16,118,266,713
Total	17,746,074,739	16,118,266,713
(c) Cash and Bank balances		
(1) Cash and Stamps on hand	1,946,436	3,630,904
(2) Cheques in hand	55,725	-
(3) Balances with scheduled banks in current accounts	125,817,877	402,739,780
(4) Remittance in transit	5,322,155	55,061,180
Total	133,142,193	461,431,864
LOANS AND ADVANCES		
(Unsecured, considered good unless otherwise specified)		
(1) Advances and loans to subsidiaries	21,288,204	647,796

Schedules forming part of Balance Sheet (Contd.)

	31-Mar-08 Rs.	31-Mar-07 Rs.
(2) Advances recoverable in cash or in kind or for value to be received	476,702,844	571,770,389
(3) Advances for O & M supplies / works	1,733,091,628	1,643,738,823
(4) Advances for coal / fuel supplies	43,795,146,619	28,735,072,894
(5) Advances to staff	167,716,587	139,508,716
(6) Deposits	1,586,793,246	1,131,430,176
(7) Balance recoverable from excise, custom authorities	11,280,650	10,305,500
(8) Prepaid expenses	189,729,647	277,119,856
(9) Claims receivable and other current assets	1,065,827,326	1,068,776,234
	49,047,576,751	33,578,370,384
Less: Provision for doubtful loans and advances		
(1) For coal / fuel supplies	47,873,076	237,357,280
(2) For Advances to suppliers	6,004,660	5,206,016
(3) For income accrued	6,340,885	6,340,885
(4) Advances receivable in cash/kind	77,229	-
(5) sundry receivables	2,275,622	2,806,770
(6) Deposits	342,020	-
	62,913,492	251,710,951
	48,984,663,259	33,326,659,433
Total	74,270,652,615	57,610,138,524
Schedule 8: Current liabilities		
(1) Sundry Creditors		
For Capital Expenditure		
Due to Micro, Small and Medium Enterprises (Refer Note 18 of schedule 15)	-	-
Due to Others	1,881,830,779	994,420,290
For Goods and Services		
Due to Micro, Small and Medium Enterprises (Refer Note 18 of schedule 15)	-	-
Due to Others	46,912,561,540	33,510,248,956
(2) Deposits and Retentions from contractors, consumers and others	3,305,341,689	1,186,457,407
(3) Other Liabilities	7,241,531,140	13,295,535,200
(4) Interest accrued but not due on borrowings	740,059,461	524,424,083
Total	60,081,324,609	49,511,085,936
Schedule 9: Provisions		
Provision for gratuity	2,848,431,696	2,666,800,000
Provision for Leave encashment	1,926,071,342	-
Provision for Income Tax	1,740,741,656	1,764,769,438
Less: Taxes paid in Advance(including TDS)	1,229,295,468	868,030,940
	511,446,188	896,738,498
Provision for Fringe Benefit Tax	26,569,805	13,569,805
Less: Taxes paid in advance	24,971,513	13,569,805
	1,598,292	-
Total	5,287,547,518	3,563,538,498

Schedules forming part of Profit & Loss Account

	31-Mar-08 Rs.	31-Mar-07 Rs.
Schedule 10: Other income		
Interest income [TDS Rs.19,61,195 (Previous year Rs.34,41,587)]	22,738,590	19,483,332
Income from rent, hire charges etc.	30,148,378	32,312,139
Profit on sale of stores/scrap	234,834,742	342,135,774
Profit from sale of fixed assets	7,958	-
Sale of tender forms	16,970,609	13,183,925
Other receipts	486,612,659	549,637,781
Excess provision written back	876,430,821	-
	1,667,743,757	956,752,951
Schedule 11: Generation, administration and other expenses		
Lubricants, consumable stores and station supplies	301,787,577	283,462,011
Water charges	824,483,112	824,644,091
Rent	117,562,147	107,740,836
Lease rent	918,415,364	915,644,951
Repairs and Maintenance		
Plant & machinery	4,493,187,107	4,224,402,414
Building	73,258,905	34,209,052
Others	305,083,726	333,850,309
Insurance charges	42,336,068	42,777,849
Rates and taxes	35,759,163	63,627,491
Legal and professional charges	37,419,205	8,676,691
Auditor's remuneration	1,353,400	1,122,400
Commission to agents	80,556,102	72,207,917
Other administrative expenses	995,160,441	334,991,805
	8,226,362,317	7,247,357,817
Less: Repairs and maintenance expenses capitalised (net)	21,980,865	4,743,754
Administration expenses and HOS capitalised (net)	(288,422,996)	449,667,288
(Refer note 22(ii)(a) &(b) of Schedule 15)		
	8,492,804,448	6,792,946,775
Schedule 12: Employee costs		
Salaries, allowances, Bonus etc.	3,567,400,816	3,357,297,405
Staff welfare expenses	58,701,085	54,825,204
Other staff costs	41,805,228	39,364,431
Leave encashment scheme	369,512,210	192,311,663
Gratuity	451,333,644	356,220,693
Contribution to Provident & Other Funds	373,219,009	342,827,315
Provision for Shortfall in Plan assets	16,000,000	-
	4,877,971,992	4,342,846,711
Less: Employees cost capitalised (net)	129,280,676	482,215,569
(Refer note 22(ii)(b) of schedule 15)		
	4,748,691,316	3,860,631,142

Schedules forming part of Profit & Loss Account (Contd.)

	31-Mar-08 Rs.	31-Mar-07 Rs.
Schedule 13: Interest and finance charges		
Interest on		
State Government loans	310,404,167	346,744,168
Debentures	2,640,417	4,119,121
Other loans/ deferred credits	3,232,098,292	2,083,095,353
Borrowing for working capital	626,264,632	2,442,487
Consumer's security deposits	22,814	16,886
Finance Charges		
Government guarantee fees/ charges	262,390,799	250,877,646
Cost of raising finance	12,126,973	5,835,604
Other charges	13,091,692	32,768,046
	4,459,039,786	2,725,899,311
Less: Interest and Finance Charges capitalised (net) (Refer note 22(ii)(c) of Schedule 15)	3,253,032,740	763,290,000
	1,206,007,046	1,962,609,311
Schedule 14: Prior period credits/charges (net)		
Income		
Other income	64,205,187	122,677,147
Adjustment to past billings relating to previous years	1,337,342,248	-
Other excess provisions in prior periods	43,753,538	45,749,311
	1,445,300,973	168,426,458
Expenses		
Interest expenses	727,884	-
Fuel related gains / losses	1,908,582	8,535,171
Receipts from consumer's	-	(3,367,075)
Excess/ shortage provision for depreciation	19,750,609	58,648,604
Interest and finance charges	809,739	7,718,261
Operating expenses	719,204,374	148,168,059
Employee costs (including pay fixation arrears)	32,955,591	108,667,136
Leave encashment	1,735,092,085	-
Administration expenses	8,045,599	89,325,112
Material related expenses	129,409,786	68,611,711
	2,647,904,249	486,306,979
	(1,202,603,276)	(317,880,521)

Schedule 15 – Notes To Accounts

1) Statement of Significant Accounting Policies For the year ended 31st March, 2008

a) Basis of preparation of financial statements

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

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

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

b) Use of Estimates

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

c) Fixed Assets

- (i) Fixed assets of the Company are recorded in the books of accounts and disclosed in annual accounts at historical cost. Fixed assets are stated at cost of acquisition or construction less accumulated depreciation.
- (ii) Cost of acquisition is inclusive of freight, duties & taxes (other than those subsequently recoverable from taxing authorities), levies, borrowing costs & all incidentals attributable to bringing the asset to its working condition.
- (iii) In case of fixed assets, for new projects / extension, the related expenses and interest cost up to the date of commissioning attributable to such project / expansion are capitalized.
- (iv) Capital Expenditure incurred by the Company, resulting in creation of fixed assets for which Company does not have ownership rights is reflected as a distinct item in capital work in progress till the assets are under construction and thereafter in the fixed assets schedule are disclosed separately.
- (v) In case of Capital Work in Progress for work against Deposits / work contract where the final settlement of bills with the contractor is yet to be effected, capitalisation is done on provisional basis subject to necessary adjustment in the year of final settlement.
- (vi) Claims for price variation in case of capital contracts are accounted for on acceptance thereof by the Company.

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

d) Borrowing Cost

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that takes substantial period of time to get ready for its intended use or sale. Other borrowing costs not attributable to the acquisition or construction of any capital asset are recognized as expenses in the period in which they are incurred.

e) Impairment of Assets

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

f) Machinery and Other Spares

- (i) Machinery spares procured along with the Plant & Machinery, whose use is expected to be irregular are capitalized separately, if cost of such spares is known. If cost of such spares is not known, these are capitalized along with concerned plant.
- (ii) Machinery spares procured subsequently are also capitalized.
- (iii) Machinery spares are depreciated fully over the remaining useful life of the related plant and machinery.
- (iv) Written Down Value of Machinery Spares is charged to revenue in the year in which such spares are consumed.
- (v) Other spares are treated as “stores & spares” forming part of the inventory, valued at cost or net realizable value whichever is lower and expensed when issued.

g) Depreciation /Amortization

(i) Fixed Assets:

The Company has provided depreciation on straight line method to the extent of 90% of the cost of asset following the rates notified by the Central Electricity Regulatory Commission (CERC) pursuant to tariff policy issued on January 6, 2006.

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

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

Leasehold land is amortized over a period of lease.

(ii) Intangible Assets:

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

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

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

h) Inventories

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

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

i) Revenue Recognition

Sale of electricity is accounted for based on tariff rates approved by the Maharashtra Electricity Regulatory Commission (MERC), inclusive of Fuel Adjustment Charges and includes unbilled revenues accrued up to the end of the accounting period.

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

j) Investments

Long term investments are carried at cost, less provision for diminution other than temporary, if any, in the value of such investments.

k) Foreign Currency transactions

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

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

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

l) Employee Benefits

(i) Short Term Employee Benefits

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

(ii) Post-employment benefits

Defined contribution plans

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

Defined Benefit Plan

Gratuity and Leave encashment

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

Provident Fund Benefit

Company pays fixed contribution to Provident Fund at predetermined rates along with employee's contribution to a separate trust which also manages funds of other group companies, making it a Multi Employer Defined Benefit Plan. The funds are then invested in permitted securities. The contribution to the fund for the period is recognized as expense and is charged to the profit & loss account

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

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

m) Leases

Finance Lease

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

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

Operating Lease

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

n) Taxation

(i) Income Tax

Current tax is determined as per the provisions of the Income Tax Act, 1961 in respect of Taxable Income for the year, after considering permissible tax exemption, reduction / disallowance.

(ii) Deferred Tax

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

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

o) Prior Period Items and Extra-Ordinary Items

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

p) Provisions, Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as result of past events and it is probable that there will be an outflow of resources.

Contingent liabilities are not recognized but are disclosed in the notes. Financial effect of contingent liabilities is disclosed based on information available up to the date on which financial statements are approved.

Contingent assets are neither recognized nor disclosed in the financial statements.

2) Restructuring Scheme

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

During the process of allocation of loans of the erstwhile MSEB among successor entities as part of transfer scheme, certain loans have been serviced by Maharashtra State Electricity Transmission Company Limited (MSETCL) for some intermittent period, which were finally allocated to the Company and approved by the holding Company. Pursuant to the same, following amounts have been paid to MSETCL. Pending final notification of scheme, no effect has been given in reserves / share capital suspense account and the same has been adjusted as balance receivable / payable from MSETCL.

Particulars	Amount
Repayment of Loan to REC	750,000,000
Repayment of Non Convertible Debentures to IFCI	924,811,350
Repayment of Non Convertible Debentures to BEST	13,125,000
Total Repayment of Principal Amount (A)	1,687,936,350
Payment of Interest on Short Term Loan to Indian bank (For 2006-07)	671,871
Payment of Interest on Short Term Loan to Indian bank (For 2005-06)	38,579,074
Payment of Interest on Non Convertible Debenture to BEST(For 2006-07)	2,191,709
Payment of Interest on Non Convertible Debenture to BEST(For 2005-06)	3,933,858
Payment of Interest on Loan to REC (For 2005-06)	16,953,125
Payment of Interest on Non Convertible Debenture to IFCI (For 2005-06)	89,688,903
Total Repayment of Interest amount (B)	152,018,540
Total amount paid to MSETCL (A) + (B)	1,839,954,890

Financial statements for the year ended 31st March, 2008 are prepared in the format as prescribed under Schedule VI of the Companies Act, 1956, as against Company's earlier practice of preparing the "Annual Statement of Accounts" as prescribed under Rule 5(1) of The Electricity (Supply)(Annual Accounts) Rules, 1985. Accordingly previous year's figures have been reworked/regrouped/reclassified wherever necessary to conform to current year classification.

3) Capital Commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for is Rs. 2,855.90 crores (Previous Year - Not ascertainable).

4) Contingent Liabilities (not provided for) :

(in excess of Rs. Ten lakhs individually in value)

- The work of lifting rejected coal was awarded to M/s Kohinoor infrastructure, Jalgaon by Bhusaval TPS vide order no. BTPS/CGM/TECH/T-2/2007/P2420, dated 28/ 4 /07. As M/s Kohinoor Infrastructure Jalgaon has failed to execute the terms and conditions of the contract, the security deposit amounted to Rs. 53,23,000 has been forfeited by the Bhusaval TPS. However, the party has filed the petition in the High Court of Judicature of Bombay Bench at Aurangabad.
- An amount of Rs.2.63 crores (P.Y. Rs. 2.63 crores) demanded by Central Excise Department on account of duty on fabricated material of Chandrapur T.P.S. has been disputed by the Company and matter is pending in the Court of Law. However, as per High Court's order the Company has furnished Bank guarantee for Rs.186.66 lakhs and deposited an amount of Rs.21.34 lakhs with Excise Authority. The appeal is pending with Commissioner of Central Excise Decision is awaited.
- The matter regarding additional compensation payable for Parli land amounting to Rs. 9.26 crores (P.Y. Rs. 9.26 crores) and for Khaperkheda land amounting to Rs.4.51 crores (P.Y. Rs. 4.51 crores) are pending in Court. Hence, no provision is made.
- Contingent liability of Rs. 1.91 crores (P.Y. Rs. 1.91 crores) of disputed claims towards payment of water charges to be made to the Irrigation Department for supply of water from Kamptee, Khairi dam and right back contact Koradi T.P.S. hence no provision is made in the accounts.

- (v) M S P G C L may be contingently liable for interest claim of WCL & SCCL and Other disputed claims of SECL and MCL amounting to Rs. 106.94 crores (P.Y. Rs.87.12 crores), interest claim of WCL, SCCL pertain to the period for which no fuel supply agreement existed between Coal Cos & MSPGCL. The principles for settlement of disputed deductions in case of SECL & MCL are not agreed to between MSPGCL & Coal Cos.
- (vi) The water royalty charges demanded by irrigation Department as the basis of water depletion in the reservoir however, it also includes the water drawn by Chandrapur Nagar Parishad. As the Chandrapur Nagar Parishad is not paying/remitting payment towards water charges to CSTPS. The matter regarding recovery towards water is already taken with Chandrapur Nagar Parishad.

An amount of Rs. 10.52 crores (P.Y. 40.69 crores) demanded by irrigation Department towards water royalty charges used by Chandrapur Nagar Parishad is from period August 1995 to March 2008.

- (vii) During 1994-98 profession tax on O.T. payment was erroneously not recovered and paid to the Dept. It is recovered and paid in 1998. For this late payment department had levied penalty of Rs. 7,72,530 and interest of Rs. 7,72,530. Against this CSTPS had preferred in appeal with Assistant Commissioner (Appeal) of Sales Tax. Amravati by making payment of Rs. 193,132 for interest and Rs. 193,132 for penalty. Balance amount of Rs. 1,158,796 is proposed to be shown as contingent liability.
- (viii) Cases for enhancement of land compensation are pending before the Hon'ble Court of Jt.Civil Judge, Sr. Dn. Chandrapur amounting to Rs.47,761,244,
- (ix) Chief Engineer (Civil), Gen. had issued work order no. 454 dated 4th March 1989 to M/s Geo Miller & Co., New Delhi for design, manufacture, supply and commissioning of water pre-treatment plant including necessary civil works as required for two generating sets for 500 MW rating each for Unit 5 & 6 of Chandrapur TPS. The value of work order was Rs. 154,675,712. M/s Geo Miller & Co. had demanded extra claim of Rs. 1,27,36,236 plus interest for electrical & mechanical work which was rejected by Chief Engineer, Gen. Const. Koradi, being the turnkey project. As such M/s Geo Miller & Co. had referred the dispute to Arbitrator. Arbitrator had decided the matter in favour of M/s Geo Miller & Co. and directed erstwhile MSEB to pay awarded amount of Rs. 9,772,838 plus interest (P.Y. Rs. 9,772,838 plus interest) to M/s Geo Miller & Co., New Delhi. Erstwhile MSEB had challenged this award in High Court, Mumbai and decision is awaited.
- (x) Chief Engineer (Civil), Gen. had issued work order no. 916 dated 20th April 1999 to M/s Vinod Massand, Nagpur for Earth work formation, dismantling of track, permanent way linking, supply of P.S.C. Sleepers and P.way materials in connection with the railway track for Unit 7 of Chandrapur TPS. The value of work order was Rs. 27,131,752. Erst while MSEB had imposed the penalty of Rs. 24 lacs for poor workmanship, which was disputed by M/s.Vinod Massand, Nagpur. M/s Vinod Massand, Nagpur referred the matter to Arbitrator and filed counter claim of Rs. 60,298,506 plus interest (P.Y. Rs. 60,298,506 plus interest) against erstwhile MSEB for delay in handing over of site, delayed payments, under utilization of machinery etc. Arbitration proceedings has been started, however, final outcome of the Arbitration proceeding is awaited.
- (xi) Chief Engineer (Civil), Gen. had issued work order no. 571 dated 7th March 1998 to M/s Pilcon Engrs, Rajnandgaon for construction of road overbridge (ROB) on Nagpur- Ballarshah main railway line, near Vivekanand Nagar Railway at Chandrapur. The value of work order was Rs. 24,434,757. M/s Pilcon Engrs, Rajnandgaon, had claimed Rs. 65,371,917 from erstwhile MSEB on following counts:

Work done but not paid, refund of wrongful deduction, payment under P.V. formula, consumption of steel/cement, interest on claim from Rs. 1.03.2003 etc.

Dy. Chief Engineer (Civil), Chandrapur has rejected the above claim amount. M/s Pilcon Engrs, Rajnandgaon, referred the matter to Arbitrator. Arbitration proceedings has been started, however final outcome of the Arbitration proceeding is awaited.

- (xii) Chief Engineer (Civil), Gen. had issued work order no. 1842 dated 3rd August 1998 to M/s George Const. Co., Nagpur for construction of school building at TPS Colony, Khaparkheda. The value of work order was Rs. 9,981,472. M/s George Const. Co., Nagpur claimed Rs. 10,209,183 towards loss of profit and overheads suffered during the contract time limit and amount of interest from April 1999 to December 2003, loss due to prolongation of work beyond original time limit etc. Erstwhile MSEB rejected the above claim. M/s George Const. Co., Nagpur had referred the matter to Arbitrator. Arbitrator had decided the matter in favour of M/s George Const. Co., Nagpur and directed erstwhile MSEB to pay awarded amount of Rs. 6,451,380 to M/s George Const. Co., Nagpur. Erstwhile MSEB had challenged this award in District Court, Nagpur and decision is awaited.
- (xiii) Chief Engineer (Civil), Gen. had issued work order no. 4062 dated 24th December 1992 to M/s Environmental Engineers, Nagpur for work of design, manufacture, supply, erection, testing, commissioning of effluent treatment plant including all civil works at Khaparkheda TPS. The value of work order was Rs. 21,194,014. M/s Environmental Engineers, Nagpur claimed Rs.150,790,683 towards loss on account of delay in issue of work order, renewal of bank guarantee, mobilization advance, increase in size of civil structures, increase in capacity of plate stillers etc. Erstwhile MSEB rejected the above claim. M/s Environmental Engineers, Nagpur had referred the matter to Arbitrator. Arbitration proceedings has been started, however final outcome of the Arbitration proceeding is awaited.
- (xiv) During the month of March 2008 Bank of Maharashtra has debited Rs. 38 lakhs approx. on account of OD interest. According to the Company, the said interest is wrongly and erroneously debited by bank, for which follow-up for correction is under process with the bank authorities.

5) Share Capital

(i) Share suspense account

The amount of Rs. 25,633,633,537 shown under share suspense account represents the balance transferred to the Company pursuant to the transfer scheme of the erstwhile MSEB framed for the purpose of restructure the electricity board. As per the scheme the Company is required to issue equity shares of the said amount to MSEB Holding Company Limited. However, the transfer scheme is subject to the final approval of Government of Maharashtra.

(ii) Share Application Account

An amount of Rs. 5,500,000,000 (P.Y. Rs. 4,000,000,000) shown under 'Share Application Money Pending Allotment' account represents amount received from Government of Maharashtra towards participation in the expenditure to be incurred on power projects by the Company. Accordingly in consideration of the said amount the Company is required to issue equity shares to Government of Maharashtra through its holding Company.

6) Government Grants

An amount of Rs. 125,000,000 received from Department of Irrigation, Government of Maharashtra towards contribution towards cost of construction of residential colony and related assets at Pophali, which was treated as capital receipt and was credited to capital reserve. The same has been transferred from capital reserve and amount of Rs.120,413,886 has been reduced from the cost of relevant fixed assets being gross cost of assets incurred so far. Remaining amount of Rs.45,86,114 has been included along with sundry creditors, being advance received towards expenditure still to be incurred in near future. Since entire gross cost appearing in accounts has become nil corresponding provision for depreciation amounting to Rs.18,764,540 has been reversed. As a result of the same, depreciation for the year is lower by Rs. 18,764,540 with consequent effect on profit for the year.

7) Secured Loans

- (i) Debentures are secured against exclusive charge of coal handling plant at Chandrapur Unit VII, Bulk evacuation system Stage II at Dabhol Power Station, Total electrification package for Khaperkheda units 3 and 4, and railway track hopper system between Khaperkheda and Saoner Mines.
- (ii) Out of the total secured loans, loans amounting to Rs. 1335.22 crores payable to Power Finance Corporation of India are secured by guarantee issued by Government of Maharashtra. The balance secured loans are secured by mortgage & charge of immovable and movable fixed assets both present and future.
- (iii) The charge/mortgage created against assets of the Company as securities in respect of the loans including debentures, taken by the erstwhile Maharashtra State Electricity Board, which are subsequently transferred to the Company on June 06, 2005 pursuant to the transfer scheme notified by the State Government, continues to be valid and binding on the Company.

8) Managerial Remuneration

Details	2007-08 (Rs.)	2006-07 (Rs.)
Salary & Allowances	5,200,430	2,973,303
Contribution to Provident Fund & Other Funds	424,655	242,355
Other Benefits	—	—
Total	5,625,085	3,215,658

9) Remuneration to Auditors

	2007-08 (Rs.)	2006-07 (Rs.)
For Audit	1,123,600	1,122,400
For Taxation Matters	—	—
For Certification Work	56,180	—
Reimbursement of out of pocket expenses	173,620	—
Total	1,353,400	1,122,400

10) Sundry Debtors includes amounts recoverable from the Companies under the same management within the meaning of sub-Section (1B) of Section 370 of the Companies Act, 1956 as under:

Name of the Company	Amounts due as at the year end	
	2007-08	2006-07
Maharashtra State Electricity Distribution Company Limited (MSEDCL)	17,461,320,611	12,707,035,070

11) Loans and Advances include amounts recoverable from the Companies under the same management within the meaning of sub-Section (1B) of Section 370 of the Companies Act, 1956 as under:

Name of the Company	Amounts due as at the year end	
	2007-08	2006-07
Maharashtra State Electricity Distribution Company Limited (MSEDCL)	140,168,063	117,173,755
Maharashtra State Electricity Transmission Company Limited. (MSETCL)	166,030,232	144,921,588
MSEB Holding Company Limited	4,647,437	–
MahaGuj Collieries Limited	41,06,771	6,47,796
Dhopave Coastal Power Limited	17,125,479	–
Aurangabad Power Company Limited	27,927	–
Dhule Thermal Power Company Limited	28,027	–

12) Expenditure/Earning in Foreign Currency:

	2007-2008 (Rs.)	2006-07 (Rs.)
Traveling Expenses	391,070	458,130

13) Value of imports calculated on CIF basis

	2007-08 (Rs.)	2006-07 (Rs.)
Fuel	Nil	Nil
Components and Spare parts	433,083,247	571,953,999
Capital Goods	Nil	Nil

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

		2007-08 (Rs.)		2006-07 (Rs.)	
A	Raw Materials – Coal, Gas & Oil	%	Rs.	%	Rs.
	Imported	0	Nil	0	Nil
	Indigenous	100	59,981,031,648*	100	54,443,433,075*
	Total	100	59,981,031,648*	100	54,443,433,075*
B)	Stores, Spares and Component				
	Imported	66	580,859,665	75	850,425,633
	Indigenous	34	301,787,577	25	283,462,012
	Total	100	882,647,242	100	1,133,887,645

* excluding the consumption capitalized during trial run period.

15) Consumption of major raw materials (fuel) and components

	2007-08		2006-07	
Consumption	Quantity*	Value (Rs.)*	Quantity	Value (Rs.)*
Coal (Th. MT)	33,828	55,310,046,818	31,549	49,519,417,268
Gas (Million SMC)	871	2,877,418,666	936	3,243,196,803
Oil (KL)	38,941	1,793,566,164	77,019	1,680,819,004
Total		59,981,031,648*		54,443,433,075*

* excluding the consumption of coal 491.657 (Th.MT) of Rs.754,013,829 (P.Y. Rs. NIL) and consumption of oil of 44,595 KL of Rs. 859,764,350 (P.Y. 1,763 KL of Rs. 28,458,239) capitalized during trial run period.

16) Quantitative Details

Licensed Capacity, Installed Capacity & Production

Power Plant	Capacities					
	\$ Licensed		@ Installed (In MW)		* Production/Generation (In Million KWH)	
	2007-08	2006-07	2007-08	2006-07	2007-08	2006-07
	Quantity (Units)	Quantity (Units)	Quantity (Units)	Quantity (Units)	Quantity (Units)	Quantity (Units)
Hydro	N.A.	N.A.	2,344	2,344	4,606.207	5,067.79
Thermal	N.A.	N.A.	6,925	6,425	43,958.276	41,261.43
Gas	N.A.	N.A.	852	852	3,729.974	4,027.896
Total	N.A.	N.A.	10,121	9,621	52,294.457	50,357.116

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

@ As certified by the Chief Engineer (Generation) and being a technical matter accepted by the Auditors as correct.

*Including Auxiliary consumption of 3,915 Million Units (Previous Year 3,827 Million Units).

Units sold:

Power Plant	2007-08		2006-07	
	Quantity (Units)	*Value (Rs.)	Quantity (In Million Units)	*Value (Rs.)*
Hydro	4,587.446	2,510,573,558	5,081.940	4,849,268,236
Thermal	40,052.792	72,683,227,216	37,579.061	62,651,651,069
Gas	3,648.932	5,464,179,593	3,943.430	5,882,816,709
Total	48,289.170	80,657,980,367	46,604.431	73,383,736,014

* excluding sales to residential colony & other miscellaneous sales, and revenue during trial run stage amounting to Rs.87,72,53,647.

- 17) The balances of sundry debtors, loans and advances are subject to confirmation and reconciliation if any. The Company is taking necessary steps for reconciliation and confirmation of the same.

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

- 18) The Company generally makes payments to its creditors within a period of 45 days as stipulated in Micro, Small and Medium Enterprises Act, 2006. The Company is in the process of identifying Micro, Small and Medium Enterprises as defined in above referred Act. Hence, relevant disclosures as required by provisions of Schedule VI have not been made. The Company has neither received any claims for interest nor provided any interest payable to Micro and Small enterprises, as required by the aforesaid act, in absence of information. However, such interest payable is not expected to be of material amount.
- 19) During FY. 2006-07, the Company had capitalized assets amounting to Rs.575,139,626 in its Chandrapur Unit, considering the same as replacement of assets resulting into extension of life of asset from its previously assessed standard. The same was, however, a subject matter of qualification by the Statutory Auditors. In view of the same, the Company has, on reassessment, in the current year, decided to write off these assets and the same have been accordingly considered as Prior Year's expenses. As a result of this, profit for the year is lower by Rs. 615,904,599 (Net of Depreciation of Rs.20,705,026)
- 20) The Company is working as Project Management Consultant on behalf of Maharashtra State Electricity Distribution Company Ltd. (MSEDCL) for executing 1600 MW Imported Coal based Thermal Power Project at Dhopave in Ratnagiri District on competitive tariff based bidding process by adopting Competitive Bidding Guidelines of Ministry of Power, Government of India. For this purpose the Company has incorporated one subsidiary Company namely "Dhopave Coastal Power Limited" on 16th March, 2007 with a paid up share capital of Rs. Five Lakhs only which is fully subscribed by the Nominees of the Company.

MSEDCL in its meeting held on 20.04.2007 passed a resolution and requested the Company to transfer of ownership of Dhopave Coastal Power Limited to them, accordingly the process of transfer has been initiated and will be concluded in the year 2008-09.

21) Claims lodged by the Company :

- (i) In respect of Railway claims for coal, joint reconciliation with Railway Authority, S.E.Railway and Central Railway has been completed upto 31.3.2008. Having carried out joint reconciliation, the claims on account of missing coal wagons against the unconnected coal wagons in respect of Central Railway and South Eastern Railway is 5182 Nos. of net missing coal wagons, which are required to be replenished by the Railways. The approximate cost of the above coal wagons is Rs. 17.88 crores. The matter of replenishment of the said wagons is under pursuance with the concerned Zonal Railway Authorities.
- (ii) Out of an amount of Rs. 11.25 crores (appx.) recoverable from the Railways against claimed lodged with them for refund of excess freight (CC+2) collected by them, the refund of Rs. 4.25 crores is received from the Central Railway, the claims of Rs. 6.86 crores are reported by Railway as having excess amount claimed and therefore, be treated as withdrawn. Matter for settlement of the balance amount is in progress.
- (iii) The Company has lodged claims on account of stones and shales, moisture compensation, interest on stones and shales and moisture claims, incentive for securitization of SEB dues due to CIL, short quantity, under loading, overloading, freight etc amounting to Rs. 113.57 Crores on Coal Companies i.e. WCL, SEC, & MCL which are not accepted by Coal Companies, as the principles for settlement of the disputed claims have not been agreed to.

22) Change in Accounting Policies related to accounting for fixed assets and depreciation and its impact on Profit & Loss :

(i) **Depreciation**

Up to financial year 2006-07, the Company was providing Depreciation on fixed assets as per straight line method in accordance with Electricity (Supply) (Annual Accounts) Rules, 1985 and at the rates approved by Ministry of Power, Government of India vide notification No. S.O.266 (E) dated 29th March, 1994 and rates of depreciation as approved by Government of Maharashtra pursuant to circulars issued by Ministry of Power and Non Conventional Energy Sources (Department of Power).

During the year, the depreciation policy of the Company has been changed to provide depreciation on Straight line method at the rates prescribed by Central Electricity Regulatory Commission (CERC) – a body constituted under erstwhile Electricity Regulatory Commission Act, 1998 and recognized under the (Electricity Act, 2003) pursuant to tariff policy issued on January 6, 2006. Ministry of Power has already notified tariff policy which provides the rate of depreciation as notified by CERC would be applicable for the purpose of tariff as well as accounting.

The Company has also started providing depreciation on fixed assets starting from the month in which assets are put to use as against earlier policy of providing depreciation on fixed assets from the year subsequent to the year in which the asset was put to use. The policy has been applied retrospectively to all the additions to fixed assets since the inception of the Company.

The cost of the fixed assets has been accordingly adjusted by giving effect to the revised policy as discussed above.

Had the Company continued its earlier policies related to depreciation, depreciation charge for the year would have been higher by Rs. 1,148,629,451 (net) for the year.

The rate of depreciation prescribed by Central Electricity Regulatory Commission are in line with the rate of depreciation prescribed by MERC, except the following :

Fixed Asset	Rate as per CERC	Rate as per MERC
Underground Cable including joint boxed and disconnected boxes	2.57 %	3.60 %

(ii) **Capitalization of Expenses**

a) **Head Office Supervision Charges (HOS):**

As per the earlier practice, the Company used to make an addition of Head Office Supervision charges to its Capital work in progress (CWIP) and fixed assets on an ad-hoc predetermined percentage basis.

To fall in line with the applicable Accounting Standards, the Company has revised its accounting policy to capitalize only the expenses incurred at the Project and Planning department (P&P Section) over the various schemes/ projects supervised/ monitored by it in proportion of their accretion.

The cost of the fixed assets has been accordingly adjusted by giving effect to the revised policy. As a result an amount of Rs. 510,459,219 which was capitalized in the earlier years has been reversed and is now charged to profit and loss account for the year.

b) General Establishment Charges (GEC):

As per the earlier practice, the Company used to capitalize GEC on additions to capital work in progress (CWIP) during the year on a predetermined percentage basis at O&M cum Construction units.

To fall in line with the applicable Accounting Standards, the Company has revised its accounting policy not to capitalize GEC to Capital Work-in-Progress.

The cost of the fixed assets has been accordingly adjusted by giving effect to the revised policy. As a result, an amount of Rs. 237,667,740 which was capitalized in the earlier years has been reversed and is now charged to profit and loss account for the year

c) Borrowing Costs

Earlier, the Company had a policy of capitalizing borrowing costs to Capital Work in progress and fixed assets capitalized without identifying qualifying assets.

During the year the Company has revised its policy of recognizing borrowing costs. Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets.

The cost of the fixed assets has been accordingly adjusted by giving effect to the revised policy. As a result, an amount of Rs. 952,840,008 which was short-capitalized in the earlier years has been capitalized during the year. As a result of the same profit for the year is higher by Rs. 952,840,008.

iii) VAT paid on purchase of materials:

As per the earlier practice, the Company was not reducing amount of MVAT set-off claimed from the cost of materials and the same had been treated as 'Other Income'.

The Company has revised its accounting policy, and accordingly during the financial year 2007-08 has reduced the amount of Rs.94,916,000 on account of MVAT set-off claimed from the cost of materials / repairs, instead of treating the same as other income.

iv) Deferred Revenue Expenditure

As per earlier practice, the Company had a policy of charging identification, survey and feasibility expenses incurred on the projects under sanction as deferred revenue expenditure, till the time of its sanction. In case of rejection of the said projects the deferred revenue expenditure was charged to Profit & Loss Account in the year of its rejection. The Company has changed its policy to show such expenditure as distinct item under Capital Work in Progress up to period of its rejection or three years, whichever is earlier.

Interest paid in respect of Ash Handling Plant at Khaperkheda TPS Unit 3 & 4 prior to capitalisation of plant had been treated as Intangible Assets by erstwhile MSEB and continued by the Company till previous year amounting to Rs. 2.91 crores. During the year, following the provisions of Accounting Standard 26 "Intangible Assets" the Company has changed its policy and has charged off entire amount to Profit & Loss Account. As a result of change in policy, profit for the year is lower by Rs. 1.94 crores.

22) Capitalisation of Depreciation

Out of the total depreciation for the year, depreciation of Rs.3,756,948 (Previous Year Rs. 3,202,435/-) on construction facilities and fixed assets used for construction of other assets, has been capitalized towards the cost of other assets.

23) Debentures Redemption Reserve

The Company has created debenture redemption reserve in respect of the debentures issued by erstwhile Maharashtra State Electricity Board, which are subsequently transferred to the Company on June 06, 2005 pursuant to the transfer scheme notified by the State Government. An amount of Rs.13,125,001 has been appropriated and transferred to debenture redemption reserve during the year, representing amount of outstanding debenture payable at the end of the year.

24) Disclosures required by Accounting Standards

a) Foreign Exchange Fluctuations:

Exchange gain of Rs. 19,126,439 (net) arising on account of foreign exchange fluctuations is credited to Profit & Loss Account. [P.Y. exchange gain Rs. 6,075,808 (net)].

b) Employee Benefits

The Company has adopted Accounting Standard (AS) 15 'Employee Benefits' from the current financial year.

During the year the Company has changed its policy for accounting for leave benefits to its employees and has accounted for compensated absences on accrual basis, as against accounting for same on cash basis till last year. The Company has made provision for leave encashment amounting to Rs. 1,926,071,342 (including Rs. 1,735,092,085 for accrued liability up to 31st March, 2007). As a result of the same, profit for the year is lower by Rs. 1,271,399,693 (net of deferred tax of Rs. 654, 671,649). Consequently, provision for tax made as per provision of Section 115 JB of the Income Tax Act, 1961 is also lower by Rs. 218,223,883.

(i) Short Term Employee Benefits

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

(ii) Post Employment Benefits

Defined Benefit Plan

Provident Fund:

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

In keeping with the guidance on implementing Accounting Standard (AS) 15 (Revised) on Employee Benefits notified by the Companies (Accounting Standards) Rules, 2006, employer established provident funds are treated as Defined Benefit Plans, since the Company is obliged to meet interest shortfall, if any, with respect to covered employees. According to the Management, the Actuary has opined that actuarial valuation can not be applied to reliably measure provident fund liabilities in absence of guidance from the Actuary Society of India. Accordingly, the Company is currently not in a position to provide the other related disclosures as required by the aforesaid AS 15 read with the Accounting Standards Board Guidance. However, the actuary consultant has certified that there is no further liability which remained to be provided as at end of the year, on account of shortfall in interest payable to the beneficiaries.

Deficits, if any, having regard to the position of the fund as compared to aggregate liability is additionally contributed by the Company and recognized as an expense. Consequent upon the change in the accounting policy and in accordance with the transitional provisions of the accounting standard, an amount of Rs.19.56 crores (net of deferred tax) was adjusted against the surplus in profit and loss account. A further provision of Rs. 1.60 crores has been made towards deficit of planned assets as compared to aggregate liability towards employees subscription and interest for the year.

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

		For the year ended 31st March, 2008 (Rs. in crore)	For the year ended 31st March, 2007 (Rs. in crore)
1	Liability for subscriptions and interest payable to employees at the end of year	933.97	855.36
2	Fair Value of Plan Assets at the end of year	902.74	825.73
3	Net Liability	31.23	29.63

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

		For the year ended 31st March, 2008 (in %)	For the year ended 31st March, 2007 (in %)
1	Special Deposit Schemes	48.23	52.26
2	Bonds issued by public sector enterprises and Financial institutions	22.52	19.16
3	State Government Securities	17.28	17.01
4	Central Government Securities	10.18	10.60
5	Mutual Fund Units	0.61	0.61
6	Others	1.19	0.36

Gratuity (Unfunded Defined Benefit Plan):

- (v) Gratuity is payable to all employees of the organization at the rate of 15 days salary for each year of service subject to maximum of 20 months or in terms of the Provisions of the Payment of Gratuity (Amendment) Act, 1997 whichever is more beneficial.

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

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

(vii) Defined Benefit Plans – Gratuity and Long Term Compensated Absences – as per actuarial valuations as on March 31, 2008 and recognized in the financial statements in respect of Employee Benefit Schemes:

(viii) Expenses recognized in the Profit and Loss Account

		For the year ended 31st March, 2008 (Rs.)	
	Components of Employer Expense	Gratuity	Leave Encashment
		Unfunded	Unfunded
1	Current Service Cost	112,067,857	77,777,936
2	Interest Cost	213,345,923	138,807,367
3	Curtailment Cost / (Credit)	–	–
4	Settlement Cost / (Credit)	–	–
5	Past Service Cost	–	1,735,092,085
6	Actuarial Losses / (Gains)	112,010,050	98,620,528
7	Total expense recognized in the Statement of Profit and Loss Account	437,423,829	2,050,297,916

The gratuity expenses have been recognized as 'Gratuities' and Leave Encashment expenses as 'Leave Encashment Scheme' in "Employee Costs" under schedule 11.

(ix) Reconciliation of Defined Benefit Obligation

		For the year ended 31st March, 2008 (Rs.)	
	Change in Defined Benefit Obligations	Gratuity	Leave Encashment
		Unfunded	Unfunded
1	Present Value of Defined Benefit Obligation at the beginning of period	2,666,824,035	–
2	Current Service Cost	112,067,857	77,777,936
3	Interest Cost	213,345,923	138,807,367
4	Past Service Cost	–	1,735,092,085
5	Curtailment Cost / (Credit)	–	–
6	Settlement Cost / (Credit)	–	–
7	Actuarial Gains / (Losses)	112,010,050	98,620,528
8	Benefits Paid	(269,730,019)	(124,226,573)
9	Present Value of Defined Benefit Obligation at the end of period	2,834,517,845	1,926,071,342

The gratuity provision has been recognized as 'Provision for Gratuity' and Provision for Leave Encashment as 'Provision for Leave Encashment' in "Provisions" under Schedule 8.

(x) Summary of Actuarial Assumptions

		For the year ended 31st March, 2008 (Rs.)	
	Actuarial Assumptions	Gratuity	Leave Encashment
		Unfunded	Unfunded
1	Increment Rate	5%	5%
2	Rate of Discounting	8%	8%
3	Attrition rate	Age Related (2%)	Age Related (2%)
4	Mortality Table	LIC (1994-96) Ultimate	LIC (1994-96) Ultimate

c) Segment Reporting

Business Segment

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

Secondary Segment

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

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

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

Other disclosures as required by AS 18 are as under: Remuneration paid to Directors

	Name of Related Party	Nature of relationship	2007-08 (Rs.)	2006-07 (Rs.)
i)	Mr. Ajoy Mehta	Managing Director	604,406	5,71,313
ii)	Mr. V.T. Bapat	Director – Project	1,088,908	9,55,423
iii)	Mr. G.J. Girase	Director - Finance w.e.f .1st June, 2007	280,292	–
iv)	Mr. M.R. Shelar	Director–Operations	836,230	–
v)	Mr. W.R.Aswar	Executive Director upto 31st July, 2007	216,627	8,27,444
vi)	Mr. A.R.Kulkarni	Executive Director (Gen. O&M) upto 31st May, 2007	161,367	8,61,478
vii)	Mr. S.K. Bhalerao	Executive Director (Gen. O&M) from 1st June, 2007 to 31st December, 2007	469,836	–
viii)	Mr. C.S. Thotwe	Executive Director (Gen. O & M) w.e.f. 1st January, 2008	596,628	–
ix)	Mr. V.G. Deshpande	Executive Director- (Gen. Project –I) w.e.f .1st August, 2007	903,731	–
x)	Mr. S.L. Sahare	Executive Director (Corp. Planning)	845,054	–

e) Disclosures regarding leases

Operating Leases

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

The Government of Maharashtra has been recovering the lease rent from the Company on ad hoc basis i.e. Rs. 85 crores, in respect of various hydro power stations under the control of the Company. The Government of Maharashtra issued Government Resolution (G.R.) dated 12th January, 2007 for the proposed revised lease rent on hydel stations at Rs. 445.53 crores from the F.Y. 2006-07.

As per the said G.R., the Company will have to make application to Maharashtra Electricity Regulatory Commission (MERC) for implementation of G.R. and the instruction to increase the lease rental will be subject to approval of (MERC). It is further provided in the G.R. that the implementation of decision will be effective from the date of approval by MERC.

Accordingly the Company had submitted petition dated 25th May, 2007 to MERC for consideration. The decision of the honorable commission is still awaited in this regard.

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

f) Earning Per Share

	2007-08 (Rs.)	2006-07 (Rs.)
Profit After Tax as per Accounts (For Basic and Diluted Earnings Per Share) – (A)	3,000,303,073	2,335,216,336
Weighted Average number of shares outstanding during the year for Basic EPS (Nos.) – (B)	50,000	50,000
<i>Add</i> : Effect of potential equity shares on issue of shares against share suspense account	2,563,363,354	2,563,363,354
<i>Add</i> : Effect of potential equity shares on issue of shares against share application money	513,524,590	241,506,849
Weighted Average number of shares outstanding during the year for Diluted EPS (Nos.) – (C)	3,076,937,944	2,804,920,203
Basic Earnings Per Share (A) / (B)	60,006	46,704
Diluted Earnings Per Share (A) / (C)	0.98	0.83

g) Taxation

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

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

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

(i) **Current Taxation**

In the absence of any taxable income for the year as per the provisions of the Income Tax Act, 1961, tax liability is calculated at the minimum alternate tax (MAT) rate under Section 115JB of the Income Tax Act, 1961 and provision of Rs. 549,000,000 has been made for the same. Since there is no convincing evidence that the Company will pay normal income tax during the specified period, the same has been charged to profit and loss account and has not been treated as asset, as per provisions of Guidance Note on 'Accounting for Credit Available in Respect of Minimum Alternative Tax Under the Income-tax Act, 1961' issued by the Institute of Chartered Accountants of India.

(ii) **Deferred Taxation**

During the year, the Company has accounted for taxes on income for the first time, in accordance with the provisions of Accounting Standard -22 'Accounting for Taxes on Income', notified under Companies (Accounting Standards) Rules, 2006. As per transitional provisions of the standard, the Company has accounted for deferred tax balance that has accumulated prior to the adoption of the standard as deferred tax asset / liability (net) by charging the same to revenue reserves. Accordingly an amount of Rs. 2,416,176,006 being deferred tax liability as on 1st April, 2007, has been charged against surplus in profit and loss account. As a result of adoption of the standard for the first time, the profit for the year is lower by Rs.1,657,666,431.

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

	Deferred Tax Asset / Liability as at 1.4.2007 *	Debit / Credit for the Current Year debited/ credited to Profit and Loss Account	Deferred Tax Asset / Liability as at 31.3.2008
a) Deferred Tax Liabilities			
(i) Depreciation	3,423,382,212	2,379,465,954	5,802,848,166
Total	3,423,382,212	2,379,465,954	5,802,848,166
b) Deferred Tax Asset			
(i) Items covered u/s 43 B	100,760,825	660,062,910	760,823,735
(ii) Gratuity	906,445,320	61,736,613	968,181,933
Total	1,007,206,145	721,799,523	1,729,005,669
Deferred Tax Liabilities / Asset (Net)	2,416,176,066*	1,657,666,431	4,073,842,497

*Charged against surplus in Profit and Loss Account

h) Joint Venture Operations

The Company has entered into a joint venture operation with Gujarat State Electricity Corporation Ltd. (GSECL) for allocation of captive coal mining block in State of Orissa and sharing of coal in ratio of 60:40 from extractable reserves. For this purpose a Joint Venture Company namely, MahaGuj Collieries Ltd. has been incorporated with a paid up share capital of Rs. 5.00 lakhs (50,000 equity shares of Rs. 10 each), out of which Company has held 60% equity (30,000 equity shares of Rs. 10 each) amounting to Rs. 3.00 lakhs.

Based on the audited accounts of MahaGuj Collieries Ltd. the Company's share of assets and liabilities as at 31st March 2008 and the expenditure for the period ended on that day in respect of the above joint venture operation has been accounted for as under:

Item	2007-08 (Audited)	2006-07 (Audited)
Income	56,00,000	0
Expenditure	34,06,847	4,04,410
Fixed Assets	70,180	0
Other Assets	62,49,700	4,99,700
Unsecured Loan	41,06,771	6,47,796
Current Liabilities	1,76,170	8,118

Cash Flow Statement for the year ended 31.03.2008

	2007-08	2006-07
Cash flow from Operating Activities		
Net Profit After Taxes	3,000,303,073	2,335,216,336
Adjustments for:		
Provision for Taxation	2,219,666,431	1,205,311,461
Depreciation and amortisation	2,089,029,710	4,276,004,996
Interest Income	(22,738,590)	(19,483,332)
Profit on sale of fixed assets	(7,958)	-
Adjustments to capital reserve	(11,400)	-
Transitional adjustment for Employee Benefits	(296,300,000)	-
Interest and finance charges	1,206,007,046	1,962,609,311
	5,195,645,239	7,424,442,436
Operating Profit before Working Capital Changes	8,195,948,312	
Adjustments for:		
Trade & Other Receivables	(17,285,811,852)	(5,309,495,290)
Inventories	297,008,090	524,124,720
Trade Payables and Provisions for employee benefits	12,100,327,816	(32,043,905)
Cash Generated from Operations	(4,888,475,946)	(4,817,414,475)
Taxes paid (Including Fringe Benefit Tax)	(372,666,236)	(570,232,317)
	(372,666,236)	(570,232,317)
Net Cash from Operating Activities (A)	2,934,806,130	4,372,011,980
Cash Flow from Investing Activities		
Purchase of Fixed assets	(22,763,064,023)	(16,703,208,354)
Proceeds from Sale of fixed assets	557,649,750	244,679,325
Interest Income	22,738,590	19,483,332
Purchase of Investments	(1,500,000)	(800,000)
Net Cash used in/from Investing Activities (B)	(22,184,175,683)	(16,439,845,697)
Cash Flow from Financing Activities		
Increase in share application money	1,500,000,000	4,000,000,000
Proceeds from Borrowings	18,627,086,928	10,047,543,556
Interest and finance charges	(1,206,007,046)	(1,962,609,311)
Grants received towards cost of capital assets	-	125,002,600
Net Cash from Financing Activities (C)	18,921,079,882	12,209,936,845
Net (Decrease)/Increase in Cash and Cash Equivalents (A)+(B)+(C)	(328,289,671)	142,103,128
Cash and Cash Equivalents as at the beginning of the year		
Cash on hand	3,630,904	1,538,988
Balances with banks and other balances	457,800,960	317,789,749
Cash and Cash Equivalents as at the end of the year		
Cash on hand	1,946,436	3,630,904
Balances with banks and other balances	13,195,757	457,800,960
	133,142,193	461,431,865

As per our report attached
For Ford, Rhodes Parks & Co.
Chartered Accountants

(S. B. Prabhu)
For P.G. Joshi & Co.
Chartered Accountants
(Sudhir P. Tidke)

For P.G. Bhagwat
Chartered Accountants
(Sanjay Athawale)
Mumbai, September, 2008

For Maharashtra State Power Generation Company Limited

G.J. Girase
Director (Finance)

Ajoy Mehta
Managing Director

P. Abraham
Chairman

Rahul Dubey
Company Secretary

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

I. Registration details

1 1 - 1 5 3 6 4 8

CIN NO U40100MH2005SGC153648

Balance sheet date

3 1 0 3 2 0 0 8

State Code

1 1

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

Public Issue

N I L

Bonus Issue

N I L

Right Issue

N I L

Private Placement

N I L

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

Total assets

9 1 7 7 2 3 8 7

Sources of funds

Paid up capital

5 0 0

Secured loan

5 0 2 8 1 4 9 4

Application of funds

Net fixed assets

8 2 8 6 8 8 0 6

Net current assets

8 9 0 1 7 8 0

Accumulated losses

N I L

Total liabilities

9 1 7 7 2 3 8 7

Reserves and Surplus

3 7 5 2 4 1 5

Unsecured loan

2 5 3 0 5 0 2

Investment

1 8 0 0

Deferred Rev exp (Misc Exp)

N I L

Deferred tax liabilities

4 0 7 3 8 4 2

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

Turnover

8 2 4 8 7 4 6 6

Profit (+) / Loss (-) before tax

5 9 9 3 4 4 7

Earning per share Rs

6 0 0 0 6

Total expenditure

7 6 4 9 4 0 1 9

Profit (+) / Loss (-) after tax

3 7 7 3 7 8 0

Dividend rate

N I L

Generic names of three Principal products/ service of the Company
(As per monetary norms)

Product description

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

C O N S U L T A N C Y S E R V I C E S

Item Code

N A

N A

Statement under Section 212(3) of the Companies Act, 1956 (As on 31st March, 2008)

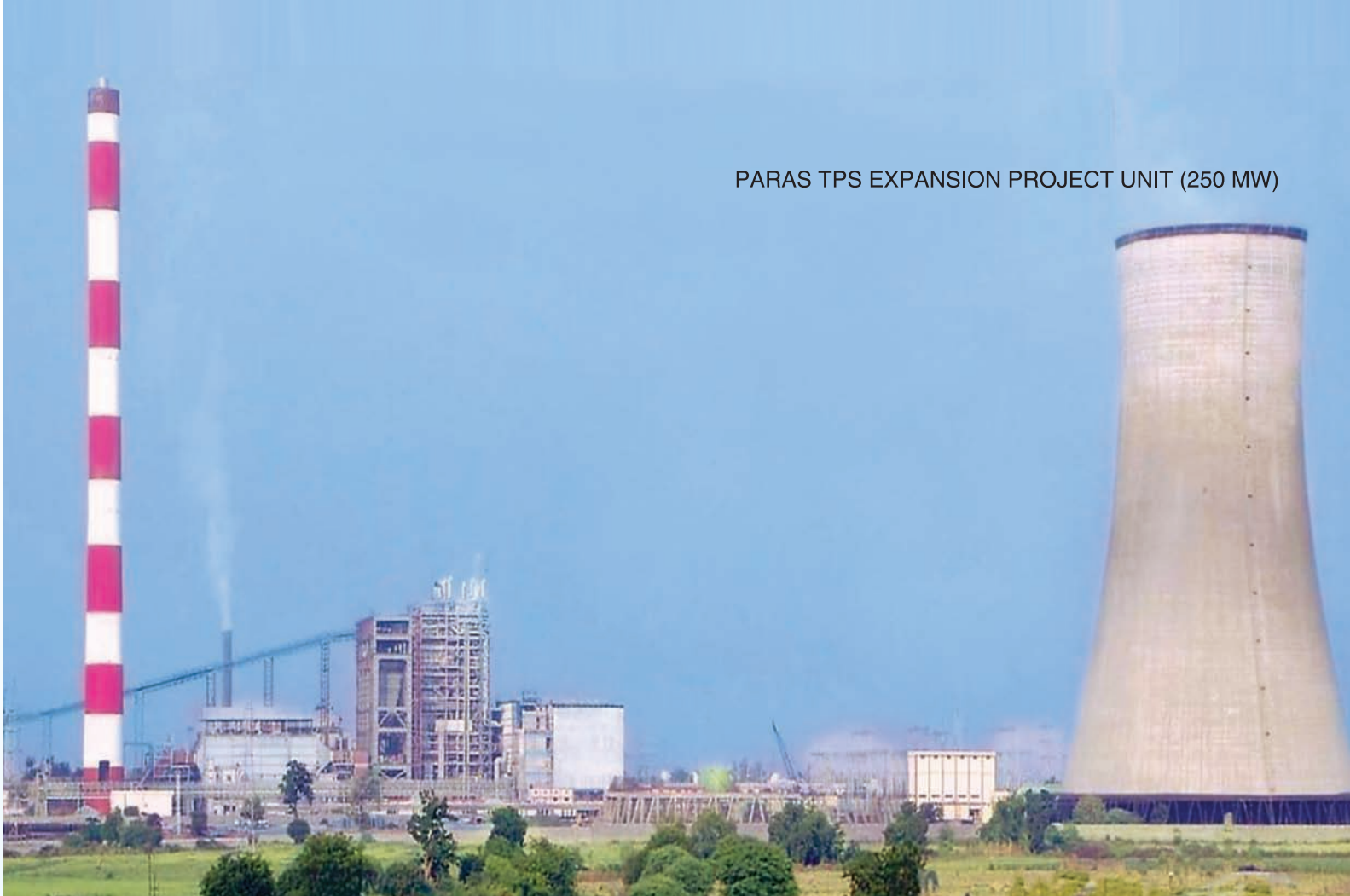
Particulars	Aurangabad Power Co. Ltd.	Dhule Thermal Power Co. Ltd.	Dhopave Coastal Power Ltd.	Mahagujj Collieries Ltd.
The extent of the holding company interest in the subsidiary at the end of the financial year i. e. 31st March, 2008	100%	100%	100%	60%
Paid up share capital of subsidiary company Rs.	500000	500000	500000	500000
Extent to interest of Company in subsidiary company	500000	500000	500000	300000
Net aggregate amount of profit / (loss) of subsidiary company as on 31st March 2008 Rs.	*	*	*	17,88,743**
Share of MSPGCL	*	*	*	10,73,246*

* Information not available in the absence of Balance Sheets of respective companies

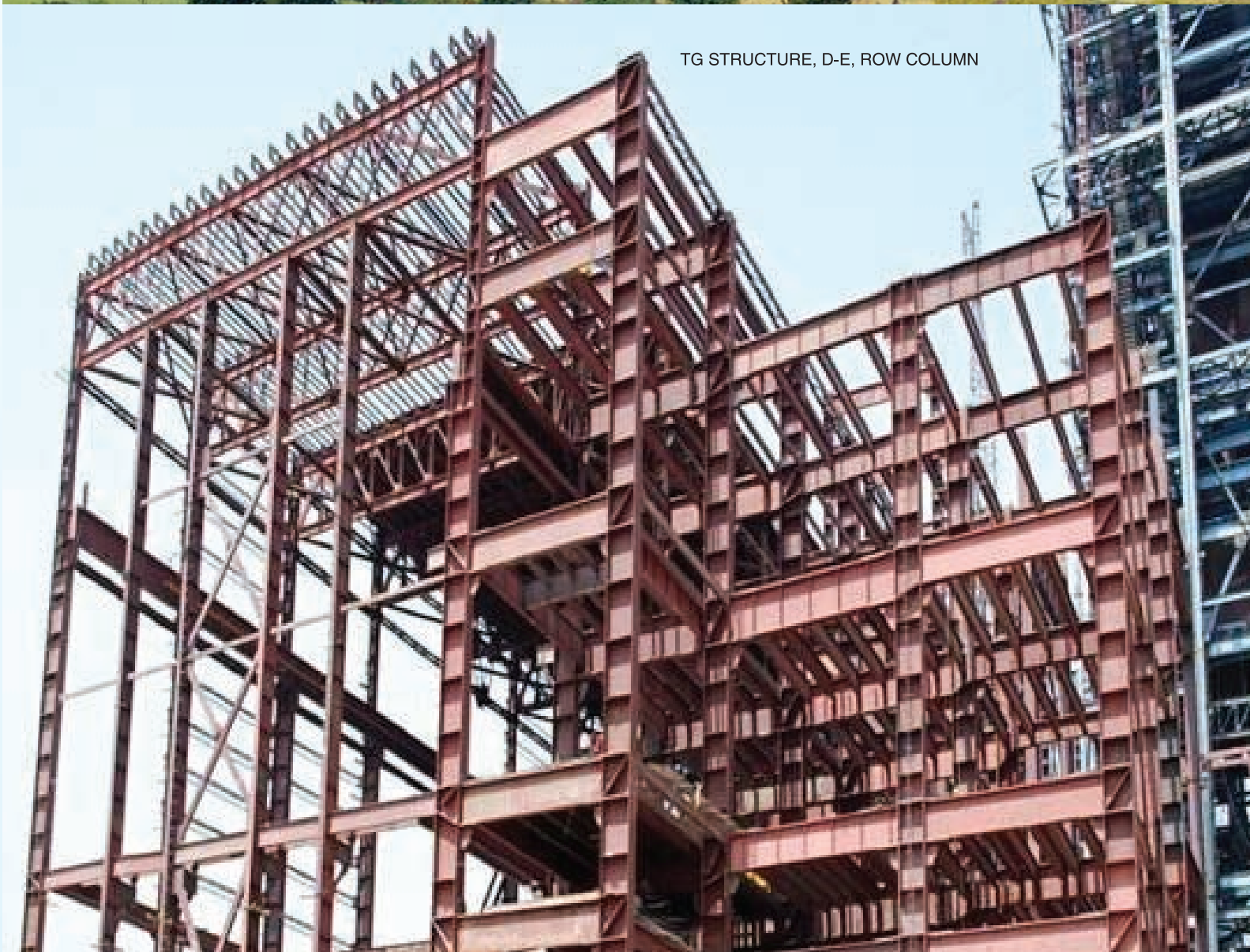
** This amount represents Credit Balance appearing in Expenditure during the Construction period account (Since the Commercial operations not started yet)

UPCOMING PROJECTS

PARAS TPS EXPANSION PROJECT UNIT (250 MW)



TG STRUCTURE, D-E, ROW COLUMN



REPLACEMENT PROJECTS AT PARLI
LAND ACQUIRED FOR PROJECT



T.G. Unit - 1
2X500 MW Project, Bhuawal
Dt. 30.04.09



Boiler Unit - 1
2x500 MW Project, Bhusawal
Dt. 30.04.09





PEP UNIT II

ID FLUE GAS DUCT ERECTION

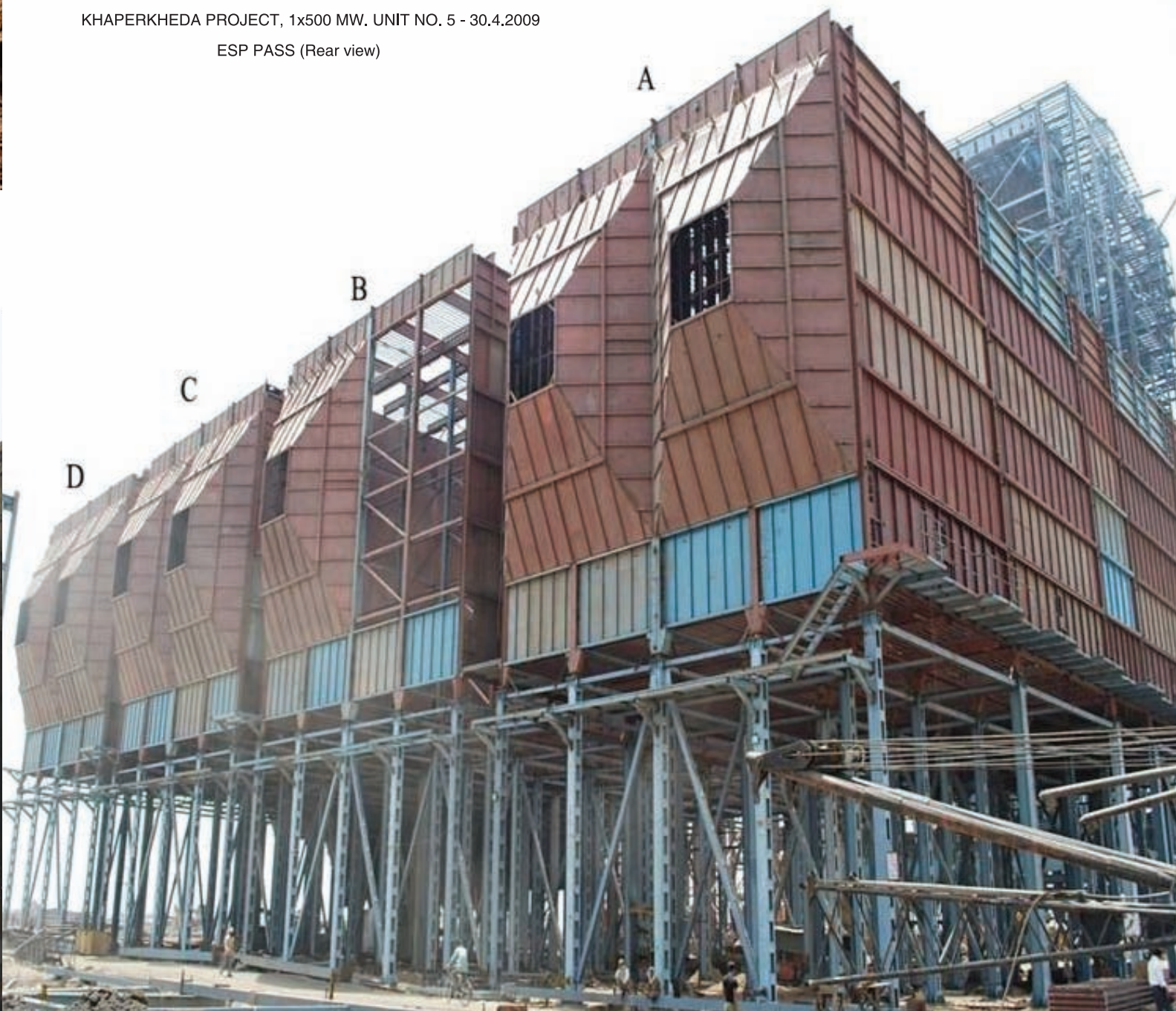


PEP UNIT II

GENERATOR

KHAPERKHEDA PROJECT, 1x500 MW. UNIT NO. 5 - 30.4.2009

ESP PASS (Rear view)



KORADI TPS EXPANSION (2 x 660) MW) AND
REPLACEMENT (1 x 660 MW)



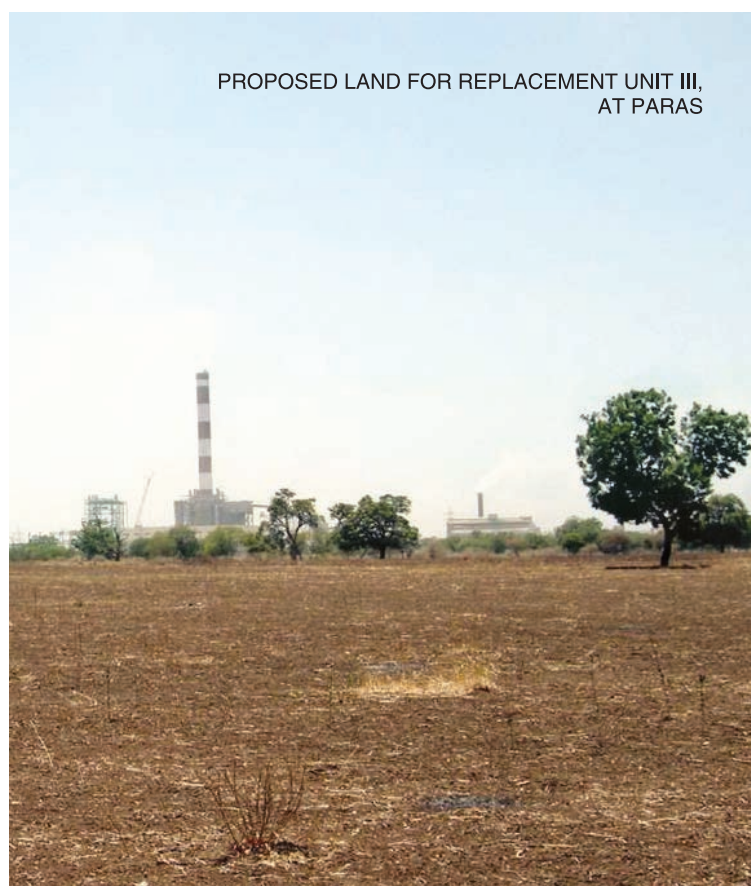
CHANDRAPUR STPS EXPANSION (2 x 500 MW)



REPLACEMENT PROJECTS AT BHUSAWAL
LAND UNDER ACQUISITION



PROPOSED LAND FOR REPLACEMENT UNIT III,
AT PARAS



This image shows a full page of blank, lined paper. It features approximately 28 horizontal blue or grey lines spaced evenly apart, typical of notebook paper. The lines extend across the entire width of the page, leaving small margins at the top and bottom. There are no vertical lines, text, or other markings on the page.

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OUR VISION

“Endeavor to be the best and most efficient state of the art generating utility in the country producing reliable and adequate power at competitive and affordable rates.”



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