

**MAHARASHTRA STATE ELECTRICITY TRANSMISSION COMPANY
LIMITED**

6th Annual Report for the period of 2010-11

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BOARD OF DIRECTORS

SR. NO.	DIRECTORS NAME
1.	Shri Arvind Singh Chairman & Managing Director
2.	Shri R M Premkumar Chairman (Ceased w.e.f. 11 th June 2010)
3.	Shri Subrat Ratho Principal Secretary (Energy) Director (w.e.f. 22 nd June 2010 till 2 nd August 2011)
4.	Shri Sitaram Kunte Principal Secretary (Energy) Director (w.e.f. 3 rd August 2011 till 17 th November 2011)
5.	Shri Vidyadhar Kanade Principal Secretary (Energy) Additional Director (w.e.f. 17 th November 2011)
6.	Shri Pramod G Khandalkar Director (Finance) (ceased w.e.f. 7 th May 2010)
7.	Shri D D Wavhal Director (Finance) (w.e.f 7 th May 2010 till 25 th April 2011)
8.	Shri Pratap G Mohite Director (Finance) (w.e.f 25 th April 2011)
9.	Shri Uttam G Zalte Director (Operations) (Appointed w.e.f 5 th August 2010)
10.	Shri W R Aswar Director (Projects) (ceased w.e.f 3 rd March 2011)
11.	Shri Omprakash K Yempal Director (Projects) (w.e.f 6 th July 2011)
12.	Shri Avinash Patil Independent Director (ceased w.e.f. 25 th July 2011)
13.	Dr Jyoti Arora Company Secretary

AUDITORS

SHAH & TAPARIA
Chartered Accountants

REGISTER OFFICE

Prakashganga, Plot No. C-19, E-Block,
Bandra-Kurla Complex, Bandra(E), Mumbai 400 051

DIRECTORS' REPORT

To
The Members,

The Directors have pleasure in submitting their **SIXTH ANNUAL REPORT** on the business and operations of the Company together with the Audited Statement of Accounts for the year ended on 31st March 2011.

FINANCIAL RESULTS:

The Financial Results of the company for the year ended on 31st March 2011 are as follows

Particulars	Financial Year (₹ in Crores)	
	2010-11	2009-10
Revenue from operations	2098	1600
Add: Other income	50	108
Total Revenue	2148	1708
Operating expenses	288	304
Employee costs	529	394
Administration Expenses	137	103
Interest and finance charges	283	210
Total Expenditure Except Depreciation	1237	1011
Profit before Depreciation and Tax	911	697
Depreciation and Other Amortisation	368	300
Profit before Tax (PBT)	543	397
Provision for Taxes	104	64
Deferred Tax	87	59
Profit after Tax (PAT)	352	274
Prior Period Charges (Net)	23	29
Profit after Tax and adjustments	329	245
Add: Balance of Profit brought forward from previous year	216	9
Less: Contribution to Special reserve	-	13
Less: Contribution to Contingency reserve	26	25
Balance profit carried forward	519	216

FINANCIAL HIGHLIGHT

During the FY 2010-11, the revenue increased by 26% to ₹ 2148 crore from ₹ 1708 crore over the previous FY 2009-10. This increase is due to increase in tariff from ₹124.27 crore per month to ₹188.69 crore per month w.e.f. September 2010 vide MERC order dated September 10, 2010. In addition to this there is a decrease in other income by ₹ 58 crore from ₹ 108 crore to ₹ 50 crore .

Profit before Tax for the year 2010-11 is placed at ₹ 543 crore as against ₹ 397 crore during the-previous FY 2009-10. Profit after Tax for FY 2010-11 is placed at ₹ 329 crore as against ₹ 245 crore during the previous FY 2009-10.

Share Capital

The authorized share capital of the company increased from Rs. 5 lacs to Rs. 5,000 crore during the year.

JOINT VENTURE :

Jaigad Power Transco Limited (JPTL), a joint venture between JSW Energy and Mahatransco has commissioned its 400 KV Intra state Power Transmission project in Maharashtra.

The transmission system has power evacuation capacity of about 2,500 MW to 3,000 MW.

The project was set up in two phases -Jaigad New Koyna Transmission line having route length of 55 kms and circuit length of 110 kms was completed last year while the Jaigad-Karad Transmission line with route length of 110 kms and circuit length of 220 kms has recently been completed.

The Joint Venture is a unique example of Public Private Partnership in transmission business where JSW Energy holds 74% and MSETCL holds 26% equity and it's a pioneering effort by both JSW Energy and MSETCL to facilitate power evacuation from the upcoming power projects in Maharashtra. MSETCL becomes the first state transmission utility (STU) in India to promote this participative approach for development of power transmission system.

The 400kV Jaigad -New Koyna transmission line was completed in a record duration of less than 24 months and 400 kV Double Circuit (Quad) Jaigad-Karad Transmission line was completed in less than 39 months.

Both the transmission lines are presently transmitting at 1200 MW Jaigad Thermal Power Plant to Maharashtra Grid and with the commissioning of the Intra-state Transmission system, the region gets integrated with the EHV transmission system of Maharashtra, augmenting transfer of power between New Koyna, a generation node and Karad, a load centre.

DIVIDEND :

MSETCL has not declared dividend for the year 2010-11 as the amount has been utilized in various infrastructural projects.

FIXED DEPOSITS :

The company has not accepted any fixed deposits and as such, no amount of principal or interest was outstanding as of the balance sheet date and is therefore not required to furnish information in respect of outstanding deposits under Non Banking Non Financial Companies (Reserve Bank) Directions, 1956 and the Companies (Acceptance of Deposits) Rules, 1975.

HOLDING COMPANY:

Our Company is a subsidiary of MSEB Holding Company Limited by virtue of provisions of Section 4(1) (a) and 4(2) of the Companies Act, 1956.

DIRECTORS

A) Composition

The current composition of the Board of Directors of your company is under:

- Shri Arvind Singh (Chairman & Managing Director)
- Shri Vidyadhar Kanade (Additional Director)
- Shri Uttam Gopinathrao Zalte (Additional Director)
- Shri Pratap G. Mohite (Additional Director)
- Shri Omprakash K. Yempal (Additional Director)

B) Changes during the year

There were following changes in the Board of Directors of our company during the year:

- Shri D.D. Wavhal, Director (Finance), MSEDCL who took over the charge as Director (Finance), MSETCL on 7th May, 2010 relinquished charge on 25th April, 2011.
- Shri Subrat Ratho ceased as director of the Company w.e.f. 2nd August, 2011 vide Govt. of Maharashtra Order dated 2.8.11.
- Shri Sitaram Kunte ceased as director of the company w.e.f. 17th November, 2011 vide Govt. of Maharashtra order dated 16th November, 2011.
- Shri Avinash Patil, Independent Director resigned from the director of the company w.e.f. 25th July, 2011.
- As per the terms of appointment, the three year tenure of Shri W.R. Aswar, Director (Projects) ended on 3rd March, 2011.
- Shri U.G. Zalte, Director (Operations) who took over additional Charge as Director (Projects) w.e.f. 3rd March, 2011 relinquished charge on 6th July, 2011
- Shri Pratap G. Mohite was appointed as additional director w.e.f. 25th April, 2011
- Shri Omprakash K. Yempal, was appointed as Additional Director w.e.f. 6th July, 2011
- Shri Vidyadhar Kanade, Principal Secretary (Energy) was appointed as Additional Director w.e.f. 17th November, 2011 by the Government of Maharashtra vide its order dated 16.11.11.

Board Meetings

The Board met 10 times during the year ended 31st March 2011.

AUDIT COMMITTEE

There was no audit committee meeting during the year.

DIRECTORS' RESPONSIBILITY STATEMENT :

As required under Section 217 (2AA) of the Companies Act, 1956, the Directors, based on the representations received from the concerned Heads of Department confirm:-

- i. that in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- ii. that the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give true and fair view of the state of affairs of the company at the end of the financial year and the profit or loss account for that period;
- iii. that the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- iv. that the directors had prepared the annual accounts on a 'going concern' basis.

ADEQUACY OF INTERNAL CONTROLS :

The Company has a proper and adequate system of internal controls to ensure that all assets are safeguarded and protected against loss from unauthorized use or disposition and that transactions are authorized, recorded, and reported correctly.

OUR NETWORK:

MSETCL is the State Transmission Utility of Maharashtra and one of the largest State Transmission Utilities in India, operating about 38068 ckt km Transmission lines, 536 EHV substations and having Transformation Capacity of 82619 MVA as on March-2011.

MSETCL's infrastructure as on 31st March 2011				
Sr. No.	Voltage Level	MVA Capacity	No. of sub stations	CKT/Km
1.	500 KV HDVC	3582	2	1504
2.	400 KV	15130	21	6816
3.	220 KV	35957	158	12567
4.	132 KV	21697	252	11526
5.	110 KV	2484	33	1699
6.	100 KV	2630	36	686
7.	66 KV	1139	34	3270
	Total	82619	536	38068

CORPORATE GOVERNANCE

CODE OF CONDUCT FOR WHOLE TIME DIRECTORS:

The Board of Directors of Company has adopted the code of conduct for its Whole Time Directors. The code highlights Corporate Governance as the corner stone for sustained management performances, for serving the Shareholders besides norms for responsibilities and disclosure requirements for the Board members.

CORPORATE SOCIAL RESPONSIBILITY:

The goals for Corporate Social Responsibility is-Developing effective communication programme to position the Company as a responsible Corporate Citizen. Develop and implement programmes which help in building confidence and creating goodwill in the community.

PARTICULARS OF EMPLOYEES

None of the employee of the Company has drawn remuneration in excess of the limits specified in Section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975.

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

The information as required under Section 217 (1) (e) of the Companies Act, 1956 is annexed hereto and forms part of this Report and Companies (Disclosure of particulars in the report of the Board of Directors) Rules, 1988.

- i. Conservation of Energy:** Energy Conservation Measures have been undertaken by improving energy effectiveness/efficiency of equipments and systems, as well as by .replacement of old equipments at various sub stations. ABT meters have been installed on T to D, T to G interface locations for energy accounting. Meters have also been installed on various feeders, transformers in various EHV sub-stations for calculating sub-station losses, transformers losses for energy management and accounting.
- ii. Technology Absorption:**
 - 1) Efforts made in brief towards technology Absorption, Adaptation and Innovation -
 - i. Various state-of-the-art testing and diagnostic equipments have been provided to field offices.
 - ii. Modernization of existing old protection system. Existing old & outdated protection schemes have been / are being replaced by state-of-the-art numerical protection systems.
 - iii. Substation Monitoring Systems (SMS) have been provided at all 400KV & critical EHV substation. Also, now-a-days full fledged Substation Automation Systems (SAS) are being provided at new substations.

- iv. Execution of Life Extension Schemes (LES) for replacement of age old equipment at EHV substations,
- v. Transformers are provided with fire protection system to prevent fire to transformers.
- vi. Adoption of the concept of “ Predictive Maintenance Practices”
- vii. Hot line Maintenance Practices.

2) Benefits derived out of the efforts

- i. Predictive and preventive maintenance can be carried out effectively.
- ii. Improved reliability of fault detection and isolation.
- iii. Proper and correct analysis of trippings / occurrences to pin point the root cause.
- iv. Minimized interruptions.
- v. Improved Reliability, Availability & Stability of System.

iii. **Foreign Exchange Earnings and Outgo** : There has been no Foreign Exchange earnings during the year 2010-11 and foreign exchange outgo during the year was ₹ 5,80,093/-.

AUDITORS

COST AUDITORS:

As per the order of the Central Government (Ministry of Corporate Affairs), M/s. Pravin Mohani & Associates was appointed as the Cost Auditors for the F.Y. 2010-11.

STATUTORY AUDITORS:

Ours is a Government Company as per Section 617 of the Companies Act, 1956 since entire Equity Share Capital is held by Government of Maharashtra through its 7 nominees. Hence, as per provisions of Section 619 (2), the auditors of the Government Company are appointed by the Comptroller & Auditor General of India. Accordingly, M/s. Shah & Taparia, Chartered Accountants were appointed as Statutory Auditors for the Financial Year 2010-11 by the Comptroller & Auditor General of India (C&AG) as per provisions of Section 619 of the Companies Act, 1956.

EXPLANATION TO REMARKS OF STATUTORY AUDITORS

As per requirements of Section 217 (3) of the Companies Act 1956, explanations to the remarks of the Statutory Auditors are enclosed at Annexure 'A' of this report.

CAG comments on accounts are awaited and shall be circulated as addendum as and when received.

ACKNOWLEDGEMENT

The Directors are grateful to the Government of Maharashtra, Maharashtra Electricity Regulatory

Commission, Banks, Consultants, Vendors, JSW Energy Limited, Registrar of Companies, Ministry of Corporate Affairs, REC, PFC, Statutory Auditors, Cost Auditors and Comptroller and Auditor General of India for their continued co-operation and support.

The Directors also thank the employees of the company at all levels for their valuable contribution and dedicated efforts.

For and On behalf of the Board of Directors

**Sd/-
ARVIND SINGH
Chairman & Managing Director**

Place: Mumbai

Date: 27th December, 2011

MAHARASHTRA STATE ELECTRICITY TRANSMISSION COMPANY LIMITED
REPLIES TO STATUTORY AUDITORS REPORT FOR THE YEAR 2010-2011

Sr. No.	STATUTORY AUDITOR'S REPORT	MSETCL'S REPLY
1.	We have audited the attached Balance Sheet of Maharashtra State Electricity Transmission Company Limited , (hereinafter referred to as MSETCL) as at 31 st March 2011, the Profit and Loss Account 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 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 the 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 Annexure I, a statement on the matters specified in paragraphs 4 and 5 of the said Order to the extent applicable to the company.	The replies to the relevant paras are separately given.
4.	We have to invite your specific attention to the following: a) As per Maharashtra Electricity Reforms Transfer Scheme, 2005 (hereinafter referred to as the 'Transfer' scheme) of the Government of Maharashtra notified on 4 th June 2005, the Undertakings forming part of the Transmission Undertakings of the erstwhile	Factual

	<p>Maharashtra State Electricity Board as set out in Schedule 'A' of the said notification were transferred and vested with effect from 6th June 2005 in MSETCL. On account of such transfer, equity shares of the value of ₹ 26,95,99,20,455 (being the excess of assets over liabilities) were to be allotted to MSEB Holding Company Limited (hereinafter referred to as the Holding Company). Pending such allotment, this amount is shown as "Share Suspense Account".</p>	
	<p>b) The amounts of assets and liabilities transferred to the company pursuant to the aforesaid Transfer scheme with effect from 6th June 2005 are subject to final approval of the Government of Maharashtra and are yet to be notified by the Government of Maharashtra. Changes in these amounts, if any, made at the time of notification may have an impact on these financial statements.</p>	<p>In this respect it is submitted that Secretary Energy vide his letter No. Reform 2006/CR511/NRG-3 dated 2.6.2006 addressed to the M.D.MSEB Holding Co. Ltd. conveyed that the Provisional Transfer Scheme as notified by Government Notification dated 4.6.2005 shall continue to be provisional beyond 5th June 2006 till final order on these issues are notified by the Government.</p>
<p>5.</p>	<p>Certain Balances of Secured Loans, Unsecured Loans, Sundry Debtors, Sundry Creditors, Loans and Advances, Inventory at Baramati Major Stores and various other debit / credit balances including of the holding company and other subsidiary companies of the holding company are subject to confirmations and adjustments necessary upon reconciliation. The effect of the adjustment arising from reconciliation and settlement of old dues and possible loss that may arise on account of non recovery or partial recovery of such dues is not ascertained. The impact of the above on the amounts as disclosed in the Balance Sheet and on the profit for the year is also not quantified.</p>	<p>Balances of Secured Loans, Unsecured Loans and Advances and various other debit/credit balances have been asked to concerned Financial Institutes, Banks and Companies i.e. REC, PFC, LIC, BOM and MSEB HCL, MSEDCL, MSPGCL. Out of which the confirmation of balances from REC, LIC, BOM and JICA have been received. As regards confirmation of balances of the Sundry debtors it is stated that majority of it pertains to transmission charges of ₹187.66 crores which is collected from State Transmission Utility (STU) in April 2011. Inventory at Baramati Major Stores is valued on the basis of last Purchase order rate to give appropriate valuation.</p>

6.	<p>Further to our observations referred to in paragraph 4 and 5 above, we report that:</p> <p>a) Subject to our observations in paragraph 4(b) and 5 above, we have obtained all information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;</p>	Factual
	<p>b) In our opinion, proper books of accounts, as required by law have been kept by the Company in so far as it appears from our examination of such books;</p>	Factual
	<p>c) The Balance Sheet , Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of accounts;</p>	Factual
	<p>d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt by this report comply with the Accounting Standards referred in sub-section 3C of Section 211 of the Companies Act, 1956.</p>	Factual
	<p>e) Pursuant to the notification number GSR 829(E) dated 21-10-2003 issued by the Government of India; the provisions of Sec 274 (1) (g) of the Companies Act, 1956 are not applicable to the company.</p>	Factual
	<p>f) Subject to our remarks in paragraphs 4(b) and 5 above, the total impact of which on financial statements has not been quantified by the company, in our opinion and to best of our information and according to the explanations given to us, the said accounts read together with Statement of Accounting Policies and Notes to Accounts both forming part of the accounts, gives the information required by the Companies Act, 1956 in the manner so required and gives a true and fair view:</p> <p>(i) In the case of Balance Sheet, of the state of affairs of the company as at 31st March, 2011;</p> <p>(ii) In the case of Profit and Loss Account, of the Profit for the year ended on that date and</p> <p>(iii) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.</p>	Factual

**ANNEXURE I TO THE AUDITORS REPORT REFERRED TO IN PARAGRAPH 3 OF OUR REPORT
OF EVEN DATE OF MAHARASHTRA STATE ELECTRICITY TRANSMISSION COMPANY LIMITED
FOR THE YEAR ENDED ON 31ST MARCH 2011.**

Sr. No.	AUDITORS REPORTS	MSETCL'S REPLY
1 (a)	The company has continued maintenance of fixed assets registers of the erstwhile Maharashtra State Electricity Board (MSEB) at each location. These registers (including those for recording Capital Work in Progress), however, need to be updated to show full and proper particulars, including quantitative details and situation, of the fixed assets.	During the implementation of ERP, an exercise has been carried out to update the Fixed Assets Registers data incorporating the quantitative details and the same is under process.
1 (b)	During 2006-07, MSEB Holding Company Limited (the Holding company) had appointed external consultants to carry out valuation of the fixed assets of the Company. As per the report of these external consultants, physical verification, to arrive at the values of these fixed assets, was conducted to cover about 90 % of the fixed assets of the Company. The assets verified by these external consultants have however not been reconciled with the fixed asset registers as maintained (as per clause 1(a) above) by the company. In the absence of such reconciliation we are unable to state whether there are any material discrepancies.	During the implementation of ERP, an exercise has been carried out to update the Fixed Assets Registers data incorporating the quantitative details and the same is under process.
1 (c)	The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the company and such disposal, in our opinion, does not affect the going concern status of the company.	Factual
2 (a)	As informed to us and as per reports produced before us, inventories have been physically verified by the management in March 2011 at 4 major stores circles, 4 stores centre and fabrication work shop.	Factual
2 (b)	In our opinion, the procedure of physical verification of inventory followed by the management is needs to be strengthen which commensurate with the size of the company and the nature of its business.	MSETCL has already initiated ERP/SAP and this will be taken care of by the said system.

2 (c)	On the basis of our test examination of records of inventory produced before us, in our opinion, the company has maintained proper records of inventory. As explained to us, the discrepancies noticed on such physical verification of stocks as compared to book records were not material in relation to the operations of the company.	Factual
3	On the basis of the records verified by us, Company has neither granted nor taken any loans, secured or unsecured to / from companies, firms or 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, internal control procedures needs to be strengthened in respect of accounting of purchase of fixed assets and materials & Inter Unit Transactions as to commensurate with the size of the company and nature of its business. Further, on the basis of our examination, and according to the information and explanations given to us, we have neither come across nor have we been informed of any instance of major weaknesses in the aforesaid internal control system and there is no continuing failure for the same.	MSETCL has already initiated ERP/SAP and this will be taken care of by the said system.
5	According to the information and explanations given to us, there are no contracts or arrangements with companies or other parties which need to be entered in the register maintained under section 301 of the Companies Act, 1956. Hence clause 4(v) (a) and 4(v) (b) are not applicable for the year.	Factual
6	According to the information and explanations given to us, the company has not accepted deposits from the public within the meaning of the provisions of section 58 A of the Companies Act, 1956 and rules framed there under.	Factual
7	During the year the company has appointed external firms of Chartered Accountants to carry out the internal audit function. In our opinion and on the basis on the various internal audit reports perused by us, the coverage and extent of the procedures carried out by the internal auditors need to be improved to make them more timely	The coverage and extent of the procedures carried out by the Internal Auditors are suitably modified and work order for the same for FY 11-12 is being issued shortly so that the Internal Audit for FY 11-12 would be completed by 31 st

	and commensurate with the size of the company and the nature of its business.						March 2012 and the Internal Audit Report can be issued before 31 st May 2012.
8	On the basis of records produced, we are of the opinion that prima facie, the cost records and accounts prescribed by the Government of India under section 209(1) (d) of the Act have been made and maintained by the company. However, we are not required to carry out and have not carried out any detailed examination of such records and accounts.						Factual
9 (a)	According to the information and explanations given to us and according to the books and records verified by us, the company is generally regular in depositing undisputed statutory dues including Provident Fund, IEPF, Sales Tax, Wealth tax, Service Tax, Custom duty, Excise duty, Cess with the appropriate authorities except Tax Deduction at Source amounting to ₹21,82,806.00 and Works Contract Tax amounting to ₹8,77,092.00.						TDS and WCT has regularly been paid by MSETCL on due Date. However reconciliation will be completed shortly.
9 (b)	The disputed Statutory dues aggregating ₹15.90 crores , that have not been deposited on account of disputed matters pending before appropriate authorities are as under:						
	Sr. No.	Name of the Statute	Nature of dues	Amount (₹. in Crores)	Period to which the amount relates	Forum where dispute is pending	
	1.	Employees State Insurance Act, 1948.	Employees State Insurance	0.22	Various yrs. from F.Y.(68-96)	Employee State Insurance Court, Pune.	The matter was pertaining to the Pune Urban Zone of Erstwhile M.S.E.B. regarding applicability of ESIC scheme. The amount is pertaining to RS O & M Division Pune transferred by Pune Urban Zone M.S.E.B. The ESIC authority appealed in 2006 in Mumbai High Court against the ESIC Court Pune order which was in favour of M.S.E.B. At present the matter is pending at Mumbai High Court.
	2.	Income Tax Act, 1961.	Income Tax	14.77	A.Y.(08-09)	Before CIT (Appeal) Said demand has been adjusted	ACIT has issued a Notice of Demand under Section 156 of the Income Tax Act of ₹42.42 cr against which MSETCL has applied for stay of demand till the matter in appeal is finally decided by the CIT (A). MSETCL has paid ₹27.64 cr so that

						against refund for AY 2009-10 as per intimation u/s 143(1)	MSETCL would not be treated as assessee in default. Balance demand of ₹14.77 cr will be payable or otherwise only after the appeal is finally decided by the CIT (A).
	3.	Income Tax Act, 1961.	Fringe Benefit Tax	0.18	A.Y (06-07)	Rectification letter filed u/s 154 and ₹ 0.07 crores has been paid against the said demand	MSETCL has applied for rectification of demand dated 18.07.2011 that the demand stands reduced to ₹0.06 cr, which has already been paid. However rectification application has not yet been considered by Income Tax Department.
	4.	Income Tax Act, 1961.	Fringe Benefit Tax	0.73	A.Y (07-09)	Rectification letter filed u/s 154.	MSETCL has applied for rectification of demand. However rectification application has not yet been considered by Income Tax Department.
		TOTAL		15.90			
10	The Company does not have accumulated losses as at 31 st March, 2011 and has not incurred cash losses during the financial year ended on that date or in the immediately preceding financial period;						Factual
11	In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to the banks and financial institutions during the year.						Factual
12	According to the information and explanation given to us, the company has not granted any loans or advances against pledge of shares, debentures or other securities.						Factual
13	The company is not a Chit fund company or Nidhi / Mutual Benefit Fund / Society; hence clause 4(xiii) of the order is not applicable.						Factual
14	In our opinion and according to the information and explanation given to us, the company is not dealer or trader in securities.						Factual

15	According to the information and explanation given to us, the company has not given any guarantee for loans taken by others from bank or financial institutions.	Factual
16	In our opinion and according to the information and explanations given to us, and on overall examination of the Balance sheet of the company, the term loans raised during the year have prima facie been applied for the purpose for which they were raised.	Factual
17	According to the information and explanation given to us, and on overall examination of the balance sheet of the company, in our opinion there are no funds raised on short-term basis which have been used for long term investments.	Factual
18	The company has not made any preferential allotment of shares during the year ended on 31 st March, 2011.	Factual
19	Since the company has not issued any debentures, the question of creation of securities for debentures does not arise.	Factual
20	The company has not raised any money by making a issue of shares during the year covered by our report.	Factual
21	During the course of our examination of the books and records of the company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have not come across any instance of fraud on or by the company noticed or reported during the year.	Factual

For and on behalf of
Shah & Taparia
Chartered Accountants
(Registration No.109463W)

Rameshchandra S Joshi
Partner
M.No: 33594

Mumbai
Date: 3rd September 2011

For Maharashtra State Electricity Transmission Co., Ltd.,

Pratap G. Mohite
Director (Finance)

**ADDENDUM TO THE DIRECTOR REPORT 2010-11 CAG COMMENTS ON THE ACCOUNTS
OF MAHARASHTRA STATE ELECTRICITY TRANSMISSION COMPANY LIMITED, MUMBAI
UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956
FOR THE YEAR ENDED 31st MARCH, 2011.**

The preparation of financial statements of '**Maharashtra State Electricity Transmission Company Limited,' Mumbai** for the year ended 31st March 2011 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the company. The Statutory Auditors appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956 are responsible for expressing opinion on these financial statements under Section 227 of the Companies Act, 1956 based on independent audit in accordance with the Auditing and Assurance Standards prescribed by their professional body - the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 3rd **September 2011.**

I, on behalf of the Comptroller and Auditor General of India have conducted a supplementary audit under Section 619(3)(b) of the Companies Act, 1956 of the financial statements of '**Maharashtra State Electricity Transmission Company Limited,' Mumbai** for the year ended 31st March 2011. This supplementary audit has been carried out independently without access to the working papers of the Statutory Auditors and is limited primarily to inquiries of the Statutory Auditors and Company personnel and a selective examination of some of the accounting records. Based on my supplementary audit, I would like to highlight the following significant matters under Section 619(4) of the Companies Act, 1956 which have come to my attention and which in my view are necessary for enabling a better understanding of the financial statements and the related Audit Report:

A COMMENT ON PROFITABILITY

Profit & Loss Account

Income:

Revenue from operation (Schedule -12) ₹ 2097.78 crore

Open Access charges ₹ 57.69 crore.

1. This does not include an amount of ₹3.30 crore being STU charges for the current year. This has resulted in understatement of profit and receivables by ₹3.30 crore **(HO)**

Other Income (Schedule-13)- ₹ 50.45 crore

Other Miscellaneous Income ₹ 54.80 crore

2. This includes ₹ 1.81 crore being the Supervision Charges received in September 2008 by MSEDCL on behalf of the Company, for line and substation works executed and which was not accounted in 2008. This has resulted in overstatement of 'Other Miscellaneous Income' and Profit and understatement of Prior Period Income by ₹ 1.81 crore. **(HO)**

Expenditure

Administration and General Expenses – (Schedule-16) ₹ 136.68 crore

Rates and Taxes- ₹ 12.85 crore

3. Above does not include ₹ 0.91 crore towards energy bills raised by MSEDCL at Industrial rate at EHV (O&M) Circle Parli. Non-provision of outstanding energy bills has resulted in understatement of Expenditure, understatement of Current Liabilities and overstatement of Profit for the year by ₹ 0.91 crore. **(Parli)**

Interest and Finance charge (Schedule -18) ₹ 283.00 crore

Interest on open Market Bonds: ₹ 15.90 crore

4. Above has been understated by ₹ 0.75 crore being excess amount booked under Prior Period Expenditure due to calculation for 60 days instead of 32 days. This has resulted in overstatement of current year Profit and understatement of Prior Period Expenditure.

Interest on loan from Japan International Co-op Agency: ₹ 1.73 crore.

5. This does not include ₹ 1.51 crore being Interest on Loan for the year. Further, provision of ₹ 0.34 crore towards Interest had not been made for the year 2009-10.

This has resulted in overstatement of Profit for this year by ₹ 1.51 crore understatement of prior period expenditure by ₹ 0.34 crore and understatement of Liabilities by ₹ 1.85 crore **(HO)**.

Expenses

Short provision of Depreciation for prior period- ₹ 22.22 crore

6. The above has been understated by ₹ 0.50 crore due to non charging of depreciation from the date of commissioning (July 2008) to 2009-10, on the Fixed Assets, valuing ₹ 8.31 crore. This has resulted in overstatement of Gross Block of Fixed Assets, understatement of Accumulated Depreciation and overstatement of Reserves & Surplus by ₹ 0.50 crore. **(Parli)**

B. COMMENTS ON FINANCIAL POSITION

Balance Sheet

Application of Funds

Fixed Assets (Schedule -5) Gross Block ₹ 13918.61 crore

Land - ₹ 55.33 crore (Gross)

7. The above includes land premium of ₹ 2.11 crore paid to Maharashtra Industrial Development Corporation for acquiring 140450 square meters land on lease at Butibori District, Nagpur under Nagpur Division for construction of substation. This has resulted in overstatement of Land and understatement of Leasehold Land by ₹ 2.11 crore. **(CCCM Nagpur)**

Capital work- in Progress (Schedule -6) ₹ 3683.99 crore

8. Above account has been understated by ₹ 6.52 crore due to non inclusion of Capital expenditure incurred on Enterprise Resource Planning & MIS implementation through IBM. The expenditure has been booked under Advances (O&M) supplier. Thus Capital Works in Progress has been understated and Loans and Advance has been overstated to the extent of ₹ 6.52 crore.

9. The above account is understated to the extent of ₹ 1.40 crore being the amount of bills pertaining to the works done in 2010-11 which was not provided for. This has resulted in understatement of Capital Work in Progress and Outstanding Liabilities to that extent. **(Nashik)**.
10. The above does not include the cost of six invoices valuing ₹ 6.75 crore submitted by Erection, Procurement and Commissioning contractors for various works undertaken under the jurisdiction of Substation Construction Division Nagpur which was not provided for. This has resulted in understatement of Liability for Capital Supply Materials and Capital Work In Progress by ₹ 6.75 crore. **(EHVT Construction Circle, Nagpur)**
11. The above account is overstated to the extent of ₹ 0.25 crore being the amount of work completed on 29th June 2008 but not capitalised till date. This has resulted in overstatement of Capital Work in Progress and consequent understatement of Fixed Assets and overstatement of Profit due to non-charging of Depreciation from 29th June 2008 to 31st March 2011 (amount unascertained). **(Nashik)**
12. Above includes ₹ 9.04 crore being the cost of two transformers which were lying unutilized as on 31st March 2011 and accordingly should have been shown under Material at Site Account (MASA) instead of Capital Work In Progress Account. This has resulted in understatement of Current Assets (Stock) & overstatement of Capital Work in Progress by ₹ 9.04 crore. **(Parli)**
13. This includes ₹ 0.13 crore expenditure incurred up to year 1998-1999 on equipment foundation work for proposed Nandura 132 kV Substation under Nagpur Division. The work was abandoned due to right of way problem but being used for alternate purpose.

Accordingly the expenditure should have been transferred to Fixed Assets and depreciation should have been provided to Fixed Assets after due scrutiny. Non transfer of CWIP resulted in understatement of fixed assets and overstatement of CWIP by ₹ 0.13 crore. **(CCCM Nagpur)**

14. Above does not include service charges (₹ 0.19 crore), fire service charges (₹ 0.04 crore) and delayed payment charges of (₹ 0.07 lakh) levied by MIDC on water bills for construction of Substation in Butibori, Nagpur, which was not capitalized and provided for as per the disclosed accounting policy of the Company relating to Fixed Assets. This has resulted in understatement of Capital Work in Progress and Current Liabilities by ₹ 0.30 crore. **(CCCM Nagpur)**

Current Assets, Loan and Advance (Schedule -8) ₹ 1226.25 crore
Inventories – ₹ 213.71 crore

15. The Director (Finance) had issued guidelines (vide circular no 1481 dated 28th January 2011) for revised procedure for accounting of materials drawn from stores by implementation of (MASA) w.e.f 1st April 2010. The Circle office, Parli, however, has not implemented the MASA during the year 2010-11. This has resulted in defective accounting of WIP/R & M expenditure & Stock presenting an incorrect view of Annual Accounts of Circle office as detailed below:
 - 15.1. The material lying unutilized as on 31st March 2010 was not transferred to MASA by crediting prior period Income.

- 15.2. Similarly materials unutilized as on 31st March 2011 should have been accounted for as MASA. Not showing unutilized materials under MASA resulted in overstatement of expenditure on R & M and subsequently understatement of profit (amount unascertained). **(Parli)**
- 15.3 Above does not include ₹ 0.23 crore being the value of closing stock of “used transformer oil”, which is issued to MSEDCL. This has resulted in understatement of Current Assets, understatement of Prior period credits and understatement of Reserves & Surplus. **(Parli)**

Loans and advances – ₹ 369.17 crore

Advance paid for lease finance Project ₹ 153.78 crore

- 16 This represents assets acquired through lease finance (financial lease) from ILFS and created an equal amount of liability to be discharged through payment to lease rentals. The Company discharges lease finance liability and no liability exists towards lease rentals as on March 2011. The Company booked the entire lease rentals through Profit & Loss a/c (Interest & Finance Charges) instead of Liability Account to the extent of principal repayment and Profit and loss account to the extent of Interest Finance Charges and therefore, the Liability account remained unsettled. Similarly, the leased asset was also not depreciated and therefore Depreciation up to period of 31st March 2011 was understated to that extent. In the absence of details of lease agreement the impact of this transaction in the P&L account and Balance Sheet could not be ascertained.

The Company has not taken any corrective action even though it was commented in the previous year 2009 also.

Schedule – 8

Current Assets, Loans and Advance

(c) Cash and Bank Balances

Balances with Scheduled Banks

- 17 The credit balance of Current Accounts ₹ 31.19 crore has been adjusted and the net amount is exhibited under the head, instead of showing it under overdraft – Current Liabilities and Provisions.

Sources of Funds

Secured Loan (Schedule -3) ₹ 5839.64 crore

Project Loans from PFC- ₹ 1696.70 crore

- 18 The balance confirmation as received from P.F.C, showed the balance of loan account as ₹ 1699.82 crore which has been understated by ₹ 3.11 crore due to non accounting of four loans disbursed directly to the suppliers by PFC in 2005-06 for Capital works. The difference was carried forward from 31st March 2006 onwards. Out of this loan an amount ₹ 1.77 crore has already been repaid. The Company has also been paying the guarantee fee and interest. In absence of details, consequent impact on non capitalization of Interest on Assets created, capitalization of Assets, Depreciation provision and impact on Profit could not be ascertained.

Current Liabilities and Provisions

Liabilities (Schedule -9) ₹ 2055.37 crore

Sundry creditors

Creditors for Capital Expenditure – ₹ 430.78 crore

Liability for supply of Material/works capital

- 19 The above has been understated by ₹ 1.81 crore (₹ 2.01 crore minus Interest - free advance of ₹ 0.20 crore granted to the contractors) due to non-provision of Liability towards unpaid bills of Erection, Planning Commissioning (EPC) contracts which were received by Division No. II in the Month of March 2011. This has resulted in understatement of Capital Work in Progress by ₹ 2.01 crore, understatement of Current liabilities by ₹ 1.81 crore and Overstatement of Advances to supplier by ₹ 0.20 crore. **(Pune)**

Creditors for Other than Capital Expenditure – ₹ 241.18 crore

Deposits for Execution of Jobs / Works

- 20 Above includes non-refundable supervision charges ₹ 28.17 crore (Nagpur Circle office ₹ 1.50 crore + Nagpur Substation Division ₹ 26.67 crore) collected against various works in lieu of services provided / to be provided for execution of private parties jobs by the Company. Thus non-accounting of supervision charges as income on receipt basis by the Circle and Substation Division Nagpur has resulted in understatement of Other Income & Profit and Overstatement of Other Liabilities by ₹ 28.17 crore. **(EHVT Construction Circle, Nagpur)**

Loan from REC: ₹ 10.12 crore

- 21 Above account has been understated by ₹ 0.13 crore due to excess reversal of opening provision. Consequently Prior Period Expenditure has also been understated by ₹ 0.13 crore.

Loan from P.F.C – ₹ 36.35 crore

- 22 Above account has been understated by ₹ 0.81 crore due to excess reversal of opening provision by a similar amount. Consequently the prior period (credit) and accumulated profit has been overstated by ₹ 0.81 crore.

Miscellaneous Expenditure to the extent not written off (Schedule -11)

Expenditure on Survey / feasibility studies of Projects not yet sanctioned - ₹ 0.55 crore

- 23 Contrary to its disclosed Accounting Policy at 2.C.viii, the Company included ₹ 0.28 crore, being Expenditure incurred on survey of three transmission lines execution of the project, which has been rejected and included under above account instead of writing off. This has resulted in overstatement of Profit and overstatement of Miscellaneous Expenditure to the extent not written off by ₹ 0.28 crore. **(EHVT Construction Circle, Nagpur)**

C. Other Comments

Cash Flow Statement

Current Assets, Loan and Advance (Schedule -8) - ₹ 1226.25 crore

Inventories – ₹ 213.71 crore

24. This includes ₹ 0.74 crore being the value of conductor which is defective/rejected and not usable. Inclusion of the value of defective conductor in stock resulted in overstatement of stock, understatement of expenditure (provision for defective material) and overstatement of profit to that extent.

The Company has not taken any corrective action even though it was commented in the previous year also.

Cash and Bank Balances - ₹ 364.25 crore

Bank Balance with Scheduled bank

Current Account – ₹ 31.19 crore (negative)

25. The above negative balance was on account of cheques issued on 31st March 2011 but pending auto sweep to fixed deposit account held under Bank of India. This amount should have been shown as a Current Liability. This has resulted on understatement of Current Assets and Liabilities by ₹ 31.19 crore.

Loans and advances – ₹ 369.17 crore

Advance paid for lease finance Project - ₹ 153.78 crore

26. The Company paid fees of ₹ 0.30 crore in 2006 towards restructuring the Non Convertible Debentures of IFCL. The loan was subsequently transferred to MSPGCL and the Company claimed the restructuring fees from MSPGCL which has not been accepted by them. This has resulted in overstatement of Sundry Receivable and understatement of expenditure and profit by ₹ 0.30 crore. In spite of being commented in earlier year no rectification has been carried out by the Company.

The Company has not taken any corrective action even though it was commented in the previous year also.

Prepaid expenses: ₹ 10.13 crore

27. This represent expenditure incurred for restructuring of long term loans and remained to be written off. This expenditure is in the nature of deferred Revenue expenditure and the same should have been classified accordingly. In spite of being commented in earlier year no rectification has been carried out by the Company.

Related Party Disclosures.

28. The Company vide MBR No. 49/11 dated 30/10/09 approved formation of J.V with M/s Adani and proposal submitted to Govt of Maharashtra is pending approval. Based on above resolution M/s Adani formed a J.V Co. in the name of Maharashtra Eastern Grid Power Transmission Co Ltd and obtained Transmission License from MERC. In accordance with the provision of J.V agreement

MSETCL vide letter dated 2-07-10 permitted J.V Company to float tender for the project. Also the Company vide Board Resolution no 59/31 dated 31/12/10 approved transfer of assets and recovery of expenditure from joint venture company to the extent of ₹ 5.76 crore. The payment was received by the Company vide Cheque No. 113646 dated 31/03/2011 to the extent of ₹ 5.98 crore. These facts were not disclosed as required under Accounting Standard 18.

Issued and signed on behalf of
The Comptroller & Auditor General of India

Sd/-

P.N.Sheshadri
Accountant General
(Commercial Audit)

Place : Mumbai
Date : 30th December, 2011

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619 (4) OF THE COMPANIES ACT 1956 ON THE ACCOUNTS OF MAHARASHTRA STATE ELECTRICITY TRANSMISSION LIMITED, MUMBAI FOR THE YEAR ENDED 31st MARCH 2011

Sr. No.	CAG COMMENTS	MSETCL'S REPLY
	<p>The preparation of financial statements of 'Maharashtra State Electricity Transmission Company Limited, Mumbai for the year ended 31st March 2011 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the company. The Statutory Auditors appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956 are responsible for expressing opinion on these financial statements under Section 227 of the Companies Act, 1956 based on independent audit in accordance with the Auditing and Assurance Standards prescribed by their professional body - the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 3rd September 2011.</p>	<p align="center">Factual</p>
	<p>I, on behalf of the Comptroller and Auditor General of India have conducted a supplementary audit under Section 619(3)(b) of the Companies Act, 1956 of the financial statements of 'Maharashtra State Electricity Transmission Company Limited, Mumbai for the year ended 31st March 2011. This supplementary audit has been carried out independently without access to the working papers of the Statutory Auditors and is limited primarily to inquiries of the Statutory Auditors and Company personnel and a selective examination of some of the accounting records. Based on my supplementary audit, I would like to highlight the following significant matters under Section 619(4) of the Companies Act, 1956 which have come to my attention and which in my view are necessary for enabling a better understanding of the financial statements and the related Audit Report:</p>	<p align="center">Factual</p>
<p>A</p>	<p>COMMENT ON PROFITABILITY Profit & Loss Account Income: Revenue from operation (Schedule -12) ₹ 2097.78 crore Open Access charges ₹ 57.69 crore.</p>	

1.	This does not include an amount of ₹ 3.30 crore being STU charges for the current year. This has resulted in understatement of Profit and Receivables by ₹ 3.30 crore. (HO)	The Open Access Charges are initially accounted for in SLDC, Kalwa (476) and then transferred to H O A/cs though IBA towards Open Access Charges amounting to ₹3,25,81,590/- in the month of Aug 2011. Hence such amount is shown as Prior Period item in the year 2011-2012.
2.	<p>Other Income (Schedule-13) ₹ 50.45 crore Other Miscellaneous Income ₹ 54.80 crore</p> <p>This includes ₹ 1.81 crore being the Supervision Charges received in September 2008 by MSEDCL on behalf of the Company, for line and substation works executed and which was not accounted in 2008. This has resulted in overstatement of 'Other Miscellaneous Income' and Profit and understatement of Prior Period Income by ₹ 1.81 crore. (HO)</p>	Other Miscellaneous Income ₹ 54.80 crore includes ₹1.81 crore being the supervision charges for line and substation works of M/s Serum Institute of India Ltd, Pune. In this regards it is to clarify that the supervision charges of ₹1,80,50,000/- was collected by Maharashtra State Electricity Distribution Co. Ltd from M/s Serum Institute of India Ltd., Pune vide Chief Engineers (Commercial) Letter No. Co-ord cell/Serum/30226, dated 29.7.2008 and the said amount paid to Fund Management Section, MSETCL, Mumbai and credit IBA sent to EHV Const. Circle Pune vide JV No.228445 dated 31.01.2011. which erroneously booked the said amount in other misc. income instead of prior period income.
3.	<p>Expenditure Administration and General Expenses (Schedule-16) ₹ 136.68 crore Rates and Taxes- ₹ 12.85 crore</p> <p>Above does not include ₹ 0.91 crore towards energy bills raised by MSEDCL at Industrial rate at EHV (O&M) Circle Parli. Non-provision of outstanding energy bills has resulted in understatement of Expenditure, understatement of Current Liabilities and overstatement of Profit for the year by ₹ 0.91 crore. (Parli)</p>	The payment of Energy charges for Aux. Supply to MSETCL is being paid regularly. However the energy meter of 132KV S/s Raimoha, Kaji, Ashti & 220KV S/s Osmanabad, Beed were found faulty & average consumption bill were paid regularly. The faulty meters of above Sub Stations are replaced in FY 2010-11 by MSEDCL & on the basis of One month consumption as per replaced meter. MSEDCL has issued assessment bill amounting to ₹ 47,05,720/- for Beed division, ₹ 33,92,112/- for Latur division and ₹ 9,95,820/- for Giravali division for past period. Being heavy amount the matter is referred to higher authority & as per their instructions the payment is held up. The provision of the same is made in the Financial Year 2011-12 vide JV 14,18,20 in Oct' 2011.

4	<p>Interest and Finance charge (Schedule -18) ₹ 283.00 crore Interest on open Market Bonds: ₹ 15.90 crore</p> <p>Above has been understated by ₹ 0.75 crore being excess amount booked under Prior Period Expenditure due to calculation for 60 days instead of 32 days. This has resulted in overstatement of current year Profit and understatement of Prior Period Expenditure.</p>	<p>The excess provision was made on March 2011 i.e., for 60 days instead of 32 days due to error in calculation of days.</p>
5	<p>Interest on loan from Japan International Co-op Agency: ₹ 1.73 crore.</p> <p>This does not include ₹ 1.51 crore being Interest on Loan for the year. Further, provision of ₹ 0.34 crore towards Interest had not been made for the year 2009-10. This has resulted in overstatement of Profit for this year by ₹1.51 crore understatement of prior period expenditure by ₹ 0.34 crore and understatement of Liabilities by ₹1.85 crore (HO).</p>	<p>The Non provision of JICA Loan interest for the period was due to error of omission. However, rectification entry is passed in financial year FY 2011-12 vide JV No.229188 as on 30.09.2011.</p>
6	<p>Expenses Short provision of Depreciation for prior period ₹ 22.22 crore</p> <p>The above has been understated by ₹ 0.50 crore due to non charging of depreciation from the date of commissioning (July 2008) to 2009-10, on the Fixed Assets, valuing ₹ 8.31crore. This has resulted in overstatement of Gross Block of Fixed Assets, understatement of Accumulated Depreciation and overstatement of Reserves & Surplus by ₹ 0.50 crore. (Parli)</p>	<p>The Fixed Assets were capitalised by this office in the month of Dec. 2010 for ₹ 8,30,74,911/- and accordingly Dep. thereon for the year 2010-11 was provided for. However the arrears provision for depreciation from July 2008 to March 2010 was remained to be provided. Now depreciation arrears provision for above period is made vide JV No.22 in the month of Oct. 2011.</p>
7	<p>B COMMENTS ON FINANCIAL POSITION Balance Sheet Application of Funds Fixed Assets (Schedule -5) Gross Block ₹ 13918.61 crore Land - ₹ 55.33 crore (Gross)</p> <p>The above includes land premium of ₹2.11 crore paid to Maharashtra Industrial Development Corporation for acquiring 140450 square meters land on lease at Butibori District Nagpur under Nagpur Division for construction of substation. This has resulted in overstatement of Land and understatement of Leasehold Land by ₹2.11 crore. (CCCM Nagpur)</p>	<p>₹ 2,10,67,500/- pertains to land premium which was erroneously booked to 10.101 i.e. owned land , now withdrawn from A/C Head 10101 Owned Land & debited to 10102 Land held under Lease vide J.V.No. 07th of October 2011.</p>

	Capital work- in Progress (Schedule 6) ₹ 3683.99 crore	
8	Above account has been understated by ₹ 6.52 crore due to non inclusion of Capital expenditure incurred on Enterprise Resource Planning & MIS implementation through IBM. The expenditure has been booked under Advances (O&M) supplier. Thus Capital Works in Progress has been understated and Loans and Advance has been overstated to the extent of ₹ 6.52 crore.	The expenditure incurred on ERP & MIS Implementation to the extent of ₹ 6.52 crs was booked in the year 2009-10 under the head "Intangible Assets". However, during the audit the Statutory Auditor made to transfer the same to "Advance to Supplier " till the completion of the ERP Project. Hence the amount is appears under "Advance to Supplier " in the year 2010-11.
9	The above account is understated to the extent of ₹ 1.40 crore being the amount of bills pertaining to the works done in 2010-11 which was not provided for. This has resulted in understatement of Capital Work in Progress and Outstanding Liabilities to that extent. (Nashik).	M/s EMCO Ltd (₹ 0.78 crs) and M/s ABB Ltd (₹ 0.62 crs) had submitted bills to the Sub-Divn Office, Bhusawal in May 2011 which were scrutinised in the Month of June 2011 and audited in the month of Aug 2011 . However same was erroneously left to be provided for now booked in FY 2011-12.
10	The above does not include the cost of six invoices valuing ₹6.75 crore submitted by Erection, Procurement and Commissioning contractors for various works undertaken under the jurisdiction of Substation Construction Division Nagpur which was not provided for. This has resulted in understatement of Liability for Capital Supply Materials and Capital Work In Progress by ₹ 6.75 crore. (EHVT Construction Circle, Nagpur)	The six invoices the cost of which is ₹ 6.75 Crore was remained to be accounted for in FY 2010-11. the same will be accounted for in FY2011-12.
11	The above account is overstated to the extent of ₹ 0.25 crore being the amount of work completed on 29 th June 2008 but not capitalised till date. This has resulted in overstatement of Capital Work in Progress and consequent understatement of Fixed Assets and overstatement of Profit due to non-charging of Depreciation from 29 th June 2008 to 31 March 2011 (amount unascertained). (Nashik)	The final bill for ₹174,575/- in respect of M/s S.P.Power Enterprises was sent to the circle office and during the finalisation of WCR this final bill was not considered for capitalisation since this bill was remained to be accounted for and is finalized in the month of June 2011. and the same is capitalised in the month of October 2011 & depreciation provided thereon from the date of commissioning. For rest of ₹0.24 crore it was already capitalised vide JV 16 dated 31.10.2009.
12	Above includes ₹ 9.04 crore being the cost of two transformers which were lying unutilized as on 31 st March 2011 and accordingly should have been shown under Material at Site Account (MASA) instead of Capital Work In Progress Account. This has resulted in understatement of Current Assets (Stock) & overstatement of Capital Work in Progress by ₹ 9.04 crore. (Parli)	The cost of material i.e. 220KV MVA 220/132KV T/F drawn in the month of March 2011 for ₹ 9.04 crores was debited to WIP instead of MASA, due to non implementation of MASA in the Financial Year 2010-11. But from FY 2011-12 as per procedure the MASA account will be operated.

13	<p>This includes ₹ 0.13 crore expenditure incurred up to year 1998-1999 on equipment foundation work for proposed Nandura 132 kV Substation under Nagpur Division. The work was abandoned due to right of way problem but being used for alternate purpose.</p> <p>Accordingly the expenditure should have been transferred to Fixed Assets and depreciation should have been provided to Fixed Assets after due scrutiny. Non transfer of CWIP resulted in understatement of fixed assets and overstatement of CWIP by ₹ 0.13 crore. (CCCM Nagpur)</p>	<p>The physical possession of 132KV S/Stn Nandura is under EHV CC O&M Zone Amravati. However the IBA are not yet been accepted. Considering pendency of IBA since last 11 year the write-off proposal would be initiated at the earliest from this office.</p>
14	<p>Above does not include service charges (₹ 0.19 crore), fire service charges (₹ 0.04 crore) and delayed payment charges of (₹ 0.07 lakh) levied by MIDC on water bills for construction of Substation in Butibori, Nagpur, which was not capitalized and provided for as per the disclosed accounting policy of the Company relating to Fixed Assets. This has resulted in understatement of Capital Work in Progress and Current Liabilities by ₹ 0.30 crore. (CCCM Nagpur)</p>	<p>The cost of land of plot No P-78/P-79 of Butibori MIDC area is already paid to MIDC and only advance possession of land is given to MSETCL. However the final agreement is yet to be execute, the service charges & fire charges will be paid after executing final agreement or after commission of the project. Matter shall be taken up to appropriate authority for payment of service charges & fire charges since the S/Stn is yet not commissioned.</p>
15	<p>Current Assets, Loan and Advance (Schedule 8) ₹ 1226.25 crore Inventories – ₹ 213.71 crore</p> <p>The Director (Finance) had issued guidelines (vide circular no 1481 dated 28th January 2011) for revised procedure for accounting of materials drawn from stores by implementation of (MASA) w.e.f. 1st April 2010. The Circle office, Parli, however, has not implemented the MASA during the year 2010-11. This has resulted in defective accounting of WIP/R & M expenditure & Stock presenting an incorrect view of Annual Accounts of Circle office as detailed below:</p>	
15.1	<p>The material lying unutilized as on 31st March 2010 was not transferred to MASA by crediting prior period Income.</p>	<p>The MASA accounting is implemented/ introduced vide Circular No. 1481 dt. 18-01-2011 and said circular is received by field office in the F.Y 2011-12. Due to closure of F.Y. 2010-11 this office was not in a position to re-open the account and incorporate the MASA accounting. The implementation of the MASA accounting would be carried out w.e.f. 1st April 2011 onwards.</p> <p>Accordingly the closing stock of material as on 31-03-2011 with this Circle will be brought on MASA & onward transaction of the material will be incorporate through MASA only.</p>
15.2	<p>Similarly materials unutilized as on 31st March 2011 should have been accounted for as MASA. Not showing unutilized materials under MASA resulted in overstatement of expenditure on R & M and subsequently understatement of profit (amount unascertained). (Parli)</p>	

15.3	Above does not include Rs 0.23 crore being the value of closing stock of “used transformer oil”, which is issued to MSEDCL. This has resulted in understatement of Current Assets, understatement of Prior period credits and understatement of Reserves & Surplus. (Parli)	Used transformer oil is maintained in Monthly Progress Report and booked as income on cash basis at the time of sale.
16	<p>Loans and advances ₹ 369.17 crore Advance paid for lease finance Project ₹ 153.78 crore</p> <p>This represents assets acquired through lease finance (financial lease) from ILFS and created an equal amount of liability to be discharged through payment to lease rentals. The Company discharges lease finance liability and no liability exists towards lease rentals as on March 2011. The Company booked the entire lease rentals through Profit & Loss a/c (Interest & Finance Charges) instead of Liability Account to the extent of principal repayment and Profit and loss account to the extent of Interest Finance Charges and therefore, the Liability account remained unsettled. Similarly, the leased asset was also not depreciated and therefore Depreciation up to period of 31 March 2011 was understated to that extent. In the absence of details of lease agreement the impact of this transaction in the P&L account and Balance Sheet could not be ascertained.</p> <p>The Company has not taken any corrective action even though it was commented in the previous year 2009 also.</p>	This is as per the opening balances of the transfer scheme received from erstwhile MSEDCL (Advance paid lease finance project account code 27.870 ₹ 153.78 crore Dr HVDC ILFS Account) and based on the response from MSEDCL further action will be taken.
17	<p>Schedule – 8 Current Assets, Loans and Advance (c) Cash and Bank Balances Balances with Scheduled Banks</p> <p>The credit balance of Current Accounts ₹ 31.19 crore has been adjusted and the net amount is exhibited under the head, instead of showing it under overdraft – Current Liabilities and Provisions.</p>	The cash Book credit Closing balance of Bank of India of as on 31.03.11 was ₹ 69.45 crore on account of payment made during March-2011. It is because Cheques of ₹ 72.86 cr issued in March-11 but presented for payment in April-2011.
18	<p>Sources of Funds Secured Loan (Schedule -3) ₹ 5839.64 crore Project Loans from PFC - ₹ 1696.70 crore</p> <p>The balance confirmation as received from P.F.C, showed the balance of loan account as ₹ 1699.82 crore which has been understated by ₹ 3.11 crore</p>	There is difference of ₹ 3,11,44,220/- in outstanding balances of PFC and MSEDCL which is under reconciliation. The entries in which

	<p>due to non accounting of four loans disbursed directly to the suppliers by PFC in 2005-06 for Capital works. The difference was carried forward from 31st March 2006 onwards. Out of this loan an amount ₹ 1.77 crore has already been repaid. The Company has also been paying the guarantee fee and interest. In absence of details, consequent impact on non capitalization of Interest on Assets created, capitalization of Assets, Depreciation provision and impact on Profit could not be ascertained.</p>	<p>differences occurred has been identified, the same will be settled in due course.</p>
19	<p>Current Liabilities and Provisions Liabilities (Schedule 9) ₹ 2055.37 crore Sundry creditors Creditors for Capital Expenditure – ₹ 430.78 crore Liability for supply of Material/works capital</p> <p>The above has been understated by ₹ 1.81 crore (₹ 2.01 crore minus Interest - free advance of ₹ 0.20 crore granted to the contractors) due to non-provision of Liability towards unpaid bills of Erection, Planning Commissioning (EPC) contracts which were received by Division No. II in the Month of March 2011. This has resulted in understatement of Capital Work in Progress by ₹ 2.01 crore, understatement of Current liabilities by ₹ 1.81 crore and Overstatement of Advances to supplier by ₹ 0.20 crore. (Pune)</p>	<p>The EPC bills provision was remained to be made in FY 2010-11. The same expenditure is booked vide JV 12 as on 31/10/2011.</p>
20	<p>Creditors for Other than Capital Expenditure ₹ 241.18 crore Deposits for Execution of Jobs / Works</p> <p>Above includes non-refundable supervision charges ₹ 28.17 crore (Nagpur Circle office ₹ 1.50 crore + Nagpur Substation Division ₹ 26.67 crore) collected against various works in lieu of services provided / to be provided for execution of private parties jobs by the Company. Thus non-accounting of supervision charges as income on receipt basis by the Circle and Substation Division Nagpur has resulted in understatement of Other Income & Profit and Overstatement of Other Liabilities by ₹ 28.17 crore. (EHVT Construction Circle, Nagpur)</p>	<p>In connection to the above out of ₹ 1.50 Crores, Circle Office has transferred ₹ 49.73 Lakhs vide JV no. 12 Aug. 2011 to the prior period income. Remaining amount of Rs. 1.00 Crores will be adjusted after completion of work as this is ORC deposit. Nagpur sub Station Division has transferred the Amount of ₹ 26.67 Crores to prior period income Vide JV no. 10 in Sept. 2011.</p>
21	<p>Loan from REC: ₹ 10.12 crore</p> <p>Above account has been understated by ₹ 0.13 crore due to excess reversal of opening provision. Consequently Prior Period Expenditure has also been understated by ₹ 0.13 crore.</p>	<p>The reversal of excess provision is rectified vide JV No. 229463 dt 31.10.2011.</p>

22	<p>Loan from P.F.C – ₹ 36.35 crore</p> <p>Above account has been understated by ₹ 0.81 crore due to excess reversal of opening provision by a similar amount. Consequently the prior period (credit) and accumulated profit has been overstated by ₹ 0.81 crore.</p>	<p>The reversal of excess provision is rectified vide JV No. 229464 dt 31.10.2011.</p>
23	<p>Miscellaneous Expenditure to the extent not written off (Schedule -11)</p> <p>Expenditure on Survey / feasibility studies of Projects not yet sanctioned - ₹ 0.55 crore</p> <p>Contrary to its disclosed Accounting Policy at 2.C.viii, the Company included ₹ 0.28 crore, being Expenditure incurred on survey of three transmission lines execution of the project, which has been rejected and included under above account instead of writing off. This has resulted in overstatement of Profit and overstatement of Miscellaneous Expenditure to the extent not written off by ₹ 0.28 crore. (EHVT Construction Circle, Nagpur)</p>	<p>The expenses which pertains to undersanctioned schemes as on 31.03.2011 were transferred to Head 17.300 read as "Expenditure on survey/Feasibility studies of project not yet sanctioned" focusing that in future if the scheme will get sanctioned, the expenses will be capitalised to respective schemes number and if the schemes gets cancelled it will be written off from 17.300 read as "Expenditure on survey/studies of projects yet not sanctioned"</p>
24	<p>Other Comments</p> <p>Cash Flow Statement</p> <p>Current Assets, Loan and Advance (Schedule 8)</p> <p>₹ 1226.25 crore</p> <p>Inventories – ₹ 213.71 crore</p> <p>This includes ₹ 0.74 crore being the value of conductor which is defective/rejected and not usable. Inclusion of the value of defective conductor in stock resulted in overstatement of stock, understatement of expenditure (provision for defective material) and overstatement of profit to that extent.</p> <p>The Company has not taken any corrective action even though it was commented in the previous year also.</p>	<p>The matter is under correspondence and hence SR notes is not prepared and it is not accounted in stock in Major Stores Aurangabad.</p>
25	<p>Cash and Bank Balances - ₹ 364.25 crore</p> <p>Bank Balance with Scheduled bank</p> <p>Current Account – ₹ 31.19 crore (negative)</p> <p>The above negative balance was on account of cheques issued on 31st March 2011 but pending auto sweep to fixed deposit account held under Bank of India. This amount should have been shown as a Current Liability. This has resulted on understatement of Current Assets and Liabilities by ₹ 31.19 crore.</p>	<p>The cash Book credit Closing balance of Bank of India of as on 31.03.11 was ₹ 69.45 crore on account of payment made during March-2011. It is because Cheques of ₹ 72.86 cr issued in March-11 but presented for payment in April-2011. MSETCL has maintained a Auto Sweep Current Account with Bank of India. As per current procedure when</p>

		balance exceeds ₹ 15 lakhs, the Bank automatically transfer the amount to Auto Sweep fixed deposit and when MSETCL issues RTGS cheques, the balance is automatically transferred to auto sweep fixed deposit account to current Account..
26	<p>Loans and advances ₹ 369.17 crore Advance paid for lease finance Project ₹ 153.78 crore</p> <p>The Company paid fees of ₹ 0.30 crore in 2006 towards restructuring the Non Convertible Debentures of IFCL. The loan was subsequently transferred to MSPGCL and the Company claimed the restructuring fees from MSPGCL which has not been accepted by them. This has resulted in overstatement of Sundry Receivable and understatement of expenditure and profit by ₹ 0.30 crore. In spite of being commented in earlier year no rectification has been carried out by the Company.</p> <p>The Company has not taken any corrective action even though it was commented in the previous year also.</p>	MSETCL paid an amount of ₹ 29.77 lakhs in 2006 towards fees restructuring the Non Convertible Debentures of IFCL. The loan was subsequently transferred to MSPGCL and the Company claimed the restructuring fees from MSPGCL and the matter is still under correspondence.
27	<p>Prepaid expenses: ₹ 10.13 crore</p> <p>This represent expenditure incurred for restructuring of long term loans and remained to be written off. This expenditure is in the nature of deferred Revenue expenditure and the same should have been classified accordingly. In spite of being commented in earlier year no rectification has been carried out by the Company.</p>	The company is writing off portion of premium paid on restructuring of LIC, PFC,& REC loans as in the past years and the balance amount of restructuring Premium Paid is shown as prepaid expenses in schedule 8 under head Current Assets, Loans and Advances (d) (4) Prepaid Expenses as per the grouping made in Schedule 6 of the Companies Act,1956
28	<p>Related Party Disclosures.</p> <p>The Company vide MBR No. 49/11 dated 30/10/09 approved formation of J.V with M/s Adani and proposal submitted to Govt of Maharashtra is pending approval. Based on above resolution M/s Adani formed a J.V Co. in the name of Maharashtra Eastern Grid Power Transmission Co Ltd and obtained Transmission License from MERC. In accordance with the provision of J.V agreement MSETCL vide letter dated 2-07-10 permitted J.V Company to float tender for the project. Also the Company vide Board Resolution no 59/31 dated 31/12/10 approved transfer of assets and recovery of expenditure from joint venture company to the</p>	As per the JV, Maharashtra Eastern Grid Power Transmission Co Ltd (MEGPTCL) issued a cheque of ₹ 5.98 crores on 31.03.2011. However, actually the cheque was received on 31.05.2011. Hence, the said fact could not be disclosed in the Accounts.

	extent of ₹ 5.76 crore. The payment was received by the Company vide Cheque No. 113646 dated 31/03/2011 to the extent of ₹ 5.98 crore. These facts were not disclosed as required under Accounting Standard 18.	
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For Maharashtra State Electricity Transmission Co., Ltd.,

Issued and signed on behalf of
The Comptroller & Auditor General of India

Sd/-
P.N.Sheshadri
Accountant General
(Commercial Audit)

Sd/-
Arvind Singh
Chairman & Managing Director

Place : Mumbai
Date : 30th December, 2011

AUDITOR'S REPORT

To,
The Members of
Maharashtra State Electricity Transmission Company Limited.

1. We have audited the attached Balance Sheet of **Maharashtra State Electricity Transmission Company Limited**, (hereinafter referred to as MSETCL) as at 31st March 2011, the Profit and Loss Account 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 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 the 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 and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we enclose in Annexure I, a statement on the matters specified in paragraphs 4 and 5 of the said Order to the extent applicable to the company.
4. We have to invite your specific attention to the following:
 - a) As per Maharashtra Electricity Reforms Transfer Scheme, 2005 (hereinafter referred to as the 'Transfer' scheme) of the Government of Maharashtra notified on 4th June 2005, the Undertakings forming part of the Transmission Undertakings of the erstwhile Maharashtra State Electricity Board as set out in Schedule 'A' of the said notification were transferred and vested with effect from 6th June 2005 in MSETCL. On account of such transfer, equity shares of the value of ₹ 26,95,99,20,455 (being the excess of assets over liabilities) were to be allotted to MSEB Holding Company Limited (hereinafter referred to as the Holding Company). Pending such allotment, this amount is shown as "Share Capital Suspense Account".
 - b) The amounts of assets and liabilities transferred to the company pursuant to the aforesaid Transfer scheme with effect from 6th June 2005 are subject to final approval of the Government of Maharashtra and are yet to be notified by the Government of Maharashtra. Changes in these amounts, if any, made at the time of notification may have an impact on these financial statements.
5. Certain Balances of Secured Loans, Unsecured Loans, Sundry Debtors, Sundry Creditors, Loans and Advances, Inventory at Baramati Major Stores and various other debit / credit balances including of the holding company and other subsidiary companies of the holding company are subject to confirmations and adjustments necessary upon reconciliation. The effect of the adjustment arising

from reconciliation and settlement of old dues and possible loss that may arise on account of non recovery or partial recovery of such dues is not ascertained. The impact of the above on the amounts as disclosed in the Balance Sheet and on the profit for the year is also not quantified.

6. Further to our observations referred to in paragraph 4 and 5 above, we report that:
- a) Subject to our observations in paragraph 4(b) and 5 above, we have obtained all information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b) In our opinion, proper books of accounts, as required by law have been kept by the Company in so far as it appears from our examination of such books;
 - c) The Balance Sheet , Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of accounts;
 - d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt by this report comply with the Accounting Standards referred in sub-section 3C of Section 211 of the Companies Act, 1956.
 - e) Pursuant to the notification number GSR 829(E) dated 21-10-2003 issued by the Government of India; the provisions of Sec 274 (1) (g) of the Companies Act, 1956 are not applicable to the company.
 - f) Subject to our remarks in paragraphs 4(b) and 5 above, the total impact of which on financial statements has not been quantified by the company, in our opinion and to best of our information and according to the explanations given to us, the said financial statements read together with Statement of Accounting Policies and Notes to Accounts both forming part of the accounts, gives the information required by the Companies Act, 1956 in the manner so required and gives a true and fair view in conformity with the Accounting Principles generally accepted in India:
 - (i) In the case of Balance Sheet, of the state of affairs of the company as at 31st March, 2011;
 - (ii) In the case of Profit and Loss Account, of the Profit for the year ended on that date and
 - (iii) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

As Per Our Report Annexed
For Shah & Taparia
Chartered Accountants
(Registration No.109463W)

Rameshchandra S Joshi
Partner
Membership No.: 33594
Place : Mumbai
Date : 3rd September, 2011

ANNEXURE-1 TO THE AUDITORS REPORT REFERRED TO IN PARAGRAPH 3 OF OUR REPORT OF EVEN DATE OF MAHARASHTRA STATE ELECTRICITY TRANSMISSION COMPANY LIMITED FOR THE YEAR ENDED ON 31ST MARCH 2011

1(a)	The company has continued maintenance of fixed assets registers of the erstwhile Maharashtra State Electricity Board (MSEB) at each location. These registers (including those for recording Capital Work in Progress), however, need to be updated to show full and proper particulars, including quantitative details and situation, of the fixed assets.
1(b)	During 2006-07, MSEB Holding Company Limited (the Holding company) had appointed external consultants to carry out valuation of the fixed assets of the Company. As per the report of these external consultants, physical verification, to arrive at the values of these fixed assets, was conducted to cover about 90 % of the fixed assets of the Company. The assets verified by these external consultants have however not been reconciled with the fixed asset registers as maintained (as per clause 1(a) above) by the company. In the absence of such reconciliation we are unable to state whether there are any material discrepancies.
1(c)	The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the company and such disposal, in our opinion, does not affect the going concern status of the company.
2(a)	As informed to us and as per reports produced before us, inventories have been physically verified by the management in March 2011 at 4 major stores circles, 4 stores centre and fabrication work shop.
2(b)	In our opinion, the procedure of physical verification of inventory followed by the management needs to be strengthened commensurate with the size of the company and the nature of its business.
2(c)	On the basis of our test examination of records of inventory produced before us, in our opinion, the company has maintained proper records of inventory. As explained to us, the discrepancies noticed on such physical verification of stocks as compared to book records were not material in relation to the operations of the company.
3	On the basis of the records verified by us, Company has neither granted nor taken any loans, secured or unsecured to / from companies, firms or 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, internal control procedures needs to be strengthened in respect of accounting of purchase of fixed assets and materials & Inter Unit Transactions as to commensurate with the size of the company and nature of its business. Further, on the basis of our examination, and according to the information and explanations given to us, we have neither come across nor have we been informed of any instance of major weaknesses in the aforesaid internal control system and there is no continuing failure for the same.

5	According to the information and explanations given to us, there are no contracts or arrangements with companies or other parties which need to be entered in the register maintained under section 301 of the Companies Act, 1956. Hence clause 4(v) (a) and 4(v) (b) are not applicable for the year.					
6	According to the information and explanations given to us, the company has not accepted deposits from the public within the meaning of the provisions of section 58 A of the Companies Act, 1956 and rules framed there under.					
7	During the year the company has appointed external firms of Chartered Accountants to carry out the internal audit function. In our opinion and on the basis on the various internal audit reports perused by us, the coverage and extent of the procedures carried out by the internal auditors need to be improved to make them more timely and commensurate with the size of the company and the nature of its business.					
8	On the basis of records produced, we are of the opinion that prima facie, the cost records and accounts prescribed by the Government of India under section 209(1) (d) of the Act have been made and maintained by the company. However, we are not required to carry out and have not carried out any detailed examination of such records and accounts.					
9(a)	According to the information and explanations given to us and according to the books and records verified by us, the company is generally regular in depositing undisputed statutory dues including Provident Fund, IEPF, ESI, Sales Tax, Income Tax, Wealth tax, Service Tax, Custom duty, Excise duty, Cess with the appropriate authorities except Tax Deduction at Source amounting to ₹ 21, 82, 806. 00 and Works Contract Tax amounting to ₹ 8, 77, 092. 00 which is outstanding for more than six months from the date they become payable.					
9(b)	The disputed Statutory dues aggregating ₹ 15.90 crores , that have not been deposited on account of disputed matters pending before appropriate authorities are as under:					
	Sr. No.	Name of the Statute	Nature of dues	Amount (₹ in Crores)	Period to which the amount relates	Forum where dispute is pending
	1.	Employees State Insurance Act, 1948.	Employees State Insurance	0.22	Various yrs. from F.Y.(68-96)	Employee State Insurance Court, Pune.
	2.	Income Tax Act, 1961.	Income Tax	14.77	A. Y. (08-09)	Before CIT (Appeal) said demand has been adjusted against refund for AY 2009-10 as per intimation u/s 143(1)
	3	Income Tax Act, 1961.	Fringe Benefit Tax	0.18	A. Y (06- 07)	Rectification letter filed u/s 154 and ₹ 0.07 crores has been paid against the said demand.
	4	Income Tax Act,1961	Fringe Benefit Tax	0.73	A.Y (06-07)	Rectification letter filed u/s 154.
		TOTAL		15.90		

10	The Company does not have accumulated losses as at 31 st March, 2011 and has not incurred cash losses during the financial year ended on that date or in the immediately preceding financial period;
11	In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to the banks and financial institutions during the year
12	According to the information and explanation given to us, the company has not granted any loans or advances against pledge of shares, debentures or other securities.
13	The company is not a Chit fund company or Nidhi / Mutual Benefit Fund / Society; hence clause 4(xiii) of the order is not applicable.
14	In our opinion and according to the information and explanation given to us, the company is not dealer or trader in securities.
15	According to the information and explanation given to us, the company has not given any guarantee for loans taken by others from bank or financial institutions.
16	In our opinion and according to the information and explanations given to us, and on overall examination of the Balance sheet of the company, the term loans raised during the year have prima facie been applied for the purpose for which they were raised.
17	According to the information and explanation given to us, and on overall examination of the balance sheet of the company, in our opinion there are no funds raised on short-term basis which have been used for long term investments.
18	The company has not made any preferential allotment of shares during the year ended on 31 st March, 2011.
19	Since the company has not issued any debentures, the question of creation of securities for debentures does not arise.
20	The company has not raised any money by making a issue of shares during the year covered by our report.
21	During the course of our examination of the books and records of the company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have not come across any instance of fraud on or by the company noticed or reported during the year.

As Per Our Report Annexed
For Shah & Taparia
Chartered Accountants
(Registration No.109463W)

Rameshchandra S Joshi
Partner

Membership No.: 33594

Place : Mumbai

Date : 3rd September, 2011

MAHARASHTRA STATE ELECTRICITY TRANSMISSION COMPANY LIMITED
BALANCE SHEET AS ON 31st MARCH 2011

(Amounts in ₹.)

(Amounts in ₹.)

PARTICULARS	Sch. No.	As At 31.03.2011	As At 31.03.2010
I. Sources of Funds			
(1) Shareholders funds:			
(a) Share Capital	1	500,000	500,000
(b) Share capital suspense A/c. (Refer Note 3 (a))		26,959,920,455	26,959,920,455
(c) Reserves and surplus	2	7,148,945,654	3,855,534,321
(2) Loan funds:			
(a) Secured loans	3	58,396,410,272	38,552,516,089
(b) Unsecured loans	4	1,041,163,573	1,111,163,573
(3) Deferred tax liabilities (net) (Refer Note 5(g))		8,042,165,798	7,170,460,580
Total		101,589,105,752	77,650,095,018
II. Application of Funds			
(4) (a) Fixed assets:			
Gross Block	5	139,186,094,908	115,696,540,964
Less: Depreciation		61,721,242,150	58,693,699,901
Net Block		77,464,852,758	57,002,841,063
(b) Capital work-in progress	6	36,839,851,854	30,951,421,574
(c) Assets not in use		391,647,937	127,901,038
(5) Investments	7	302,700,940	152,176,800
(6) Current Assets, Loans and Advances	8		
(a) Inventories		2,137,091,835	1,989,991,709
(b) Sundry debtors		2,791,207,114	1,338,985,823
(c) Cash and bank balances		3,642,489,888	3,590,778,708
(d) Loans and advances		3,691,718,603	6,900,846,143
(A)		12,262,507,440	13,820,602,383
(7) Less : Current Liabilities and Provisions			
(a) Liabilities	9	20,553,678,759	19,555,070,262
(b) Provisions	10	5,124,233,918	4,849,777,578
(B)		25,677,912,677	24,404,847,840
(8) Net Current Assets (A) - (B)		(13,415,405,237)	(10,584,245,457)
(9) Miscellaneous Expenditure (to the extent not written off /adjusted)	11	5,457,500	-
Total		101,589,105,752	77,650,095,018
(10) Notes to accounts	20	-	-

As per our report attached

For Shah & Taparia

Chartered Accountants

Regn No. 109463W

Rameshchandra S Joshi

Partner

M. No 33594

Place : Mumbai

Date : 3rd September 2011

For Maharashtra State Electricity Transmission Company Limited

Sd/-

Pratap Mohite

Director (Finance)

Sd/-

Arvind Singh

Chairman & Managing Director

Sd/-

Jyoti Arora

Company Secretary

MAHARASHTRA STATE ELECTRICITY TRANSMISSION COMPANY LIMITED
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON 31ST MARCH 2011

PARTICULARS	Sch. No.	(Amounts in ₹.)	
		2010 - 2011	2009 - 2010
INCOME :			
(1) Revenue from operations	12	20,977,769,851	15,997,315,638
(2) Other income	13	504,526,284	1,083,674,559
		21,482,296,135	17,080,990,197
EXPENDITURE:			
(3) Operating expenses	14	2,877,701,785	3,043,315,214
(4) Employee costs	15	5,290,353,967	3,939,735,960
(5) Administration Expenses	16	1,366,791,933	1,034,432,455
(6) Depreciation and Other Amortisation	17	3,686,357,675	2,996,154,777
(7) Interest and finance charges	18	2,829,962,838	2,099,865,230
		16,051,168,198	13,113,503,636
Net Profit Before Tax		5,431,127,937	3,967,486,561
(8) Less : Provision for Taxation			
(a) For Current Tax		1,036,760,000	640,000,000
(b) For Deferred Tax		871,705,218	590,213,655
(c) For Fringe Benefit Tax		-	-
Net Profit After Tax		3,522,662,719	2,737,272,907
(9) Short provision for earlier year's tax		-	-
(10) Prior Period Charges(Net)	19	229,251,386	287,138,221
Profit for the Year		3,293,411,333	2,450,134,686
(11) Add : Balance brought forward from previous years		2,163,434,321	93,899,635
(12) Less: Contribution to Special reserve		-	135,200,000
(13) Less: Contribution to Contingency reserve		265,500,000	245,400,000
(14) Less: Transferred to Deferred Tax Liabilities (net)		-	-
Balance carried to balance sheet		5,191,345,654	2,163,434,321
Earnings Per Share (in Rs.) (Refer note 5 (e))			
(16) Basic Earnings Per Share		65,868	49,003
(17) Diluted Earnings Per Share		1.22	0.91
(18) Notes to accounts	20		

As per our report attached
For Shah & Taparia
Chartered Accountants
Regn No. 109463W

Rameshchandra S Joshi
Partner
M. No 33594
Place : Mumbai
Date : 3rd September 2011

For Maharashtra State Electricity Transmission Company Limited

Sd/-
Pratap Mohite
Director (Finance)

Sd/-
Arvind Singh
Chairman & Managing Director

Sd/-
Jyoti Arora
Company Secretary

MAHARASHTRA STATE ELECTRICITY TRANSMISSION COMPANY LIMITED
SCHEDULES FORMING PART OF BALANCE SHEET

(Amounts in ₹)

(Amounts in ₹)

Sch No.	Particular	As At 31.03.2011	As At 31.03.2010
1	Share Capital		
	Authorised		
	50,000 Equity shares of ₹ 10 each (Previous Year 50,000 Equity Shares)	500,000	500,000
	Issued, Subscribed and Paid up		
	50,000 Equity shares of ₹ 10 each fully paid-up (Previous Year 50,000 Equity Shares)	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
2	Reserves and Surplus		
	(1) Contingency Reserve Fund		
	Opening Balance	1,355,500,000	1,110,100,000
	Add: Addition during the year (Refer Note 3(b))	259,900,000	248,100,000
	Add / Less : (Excess) / Short provision (withdrawn) / provided for earlier years (Refer Note 3(b))	5,600,000	(2,700,000)
		1,621,000,000	1,355,500,000
	(2) Special Reserve Fund		
	Opening Balance	336,600,000	201,400,000
	Add: Addition during the year (Refer Note 3(b))	-	135,200,000
		336,600,000	336,600,000
	(3) Balance of Profit and Loss Account	5,191,345,654	2,163,434,321
	Total	7,148,945,654	3,855,534,321
3	Secured Loans		
	(Refer Note 3 (c))		
	(1) Open Market Bonds (OMB) (Amount repayable within one year ₹ 102.42 Crore, Previous Year ₹ 93.11 Crore)	1,024,200,000	1,955,300,000
	(2) Life Insurance Corporation of India (LIC) (Amount repayable within one year ₹ 20.51 Crore, Previous Year ₹ 24.70 Crore)	759,059,993	1,006,099,997
	(3) Rural Electrification Corporation Limited (REC) (Amount repayable within one year ₹ 186.97 Crore, Previous Year ₹ 84.41 Crore)	29,650,229,912	22,690,188,604
	(4) Power Finance Corporation Limited (PFC) (Amount repayable within one year ₹ 131.45 Crore, Previous Year ₹ 196.28 Crore)	16,967,008,377	9,500,393,690
	(5) Loan from IFC	2,446,000,000	
	(6) Loan from Bank - Union Bank of India	789,314,665	
	(7) Loan from Bank - Bank of Baroda	247,189,157	
	(8) Loan from Bank - Bank of Maharashtra	700,581,059	
	(9) Loan from Japan Int Coop Agency (JICA) (Amount repayable within one year ₹ Nil)	5,812,827,109	3,400,533,798
	Total	58,396,410,272	38,552,516,089
4	Unsecured Loans		
	Loans from Commercial Banks (Bank of Maharashtra / Union Bank) (Amount repayable within one year ₹ 100.00 crs Previous Year ₹ 107.00 crs)	1,000,000,000	1,070,000,000
	Payment due on Capital Liabilities	-	
	Loan from a KEC International (Amount repayable within one year Rs. Nil (Nil))	41,163,573	41,163,573
	Total	1,041,163,573	1,111,163,573

MAHARASHTRA STATE ELECTRICITY TRANSMISSION COMPANY LIMITED
SCHEDULES FORMING PART OF BALANCE SHEET

Schedule 5: Fixed assets

(Amounts in ₹)

Assets	Gross Block (At cost)				Depreciation/ Amortisation			NET BLOCK	
	As at 01-04-2010	Additions	Deductions/ Adjustment	As at 31-03-2011	As at 01-04-2010	Depreciation for the period	Deductions/ Adjustment	As at 31-03-2011	As at 31-03-2010
Tangible Assets									
Land	94,12,51,499	4,07,12,359	(42,87,06,895)	55,32,56,963	-	-	-	55,32,56,963	94,12,51,499
Leasehold Land including development	55,10,05,483	10,08,89,578	37,28,19,730	1,02,47,14,791	6,63,55,348	65,25,343	4,32,996	95,14,01,104	48,46,50,135
Buildings	2,92,14,05,682	24,11,59,530	(32,30,394)	3,15,93,34,818	1,52,66,87,120	9,68,26,219	3,23,19,190	1,50,35,02,289	1,39,47,18,562
Hydraulic Works	23,58,26,716	1,33,04,499	(81,659)	24,90,49,556	8,52,37,941	65,43,487	1,28,545	15,71,39,583	15,05,88,755
Other Civil Works									
Railway Sidings	2,81,98,801			2,81,98,801	72,07,298	5,07,576		2,04,83,927	2,09,91,503
Roads & Others	3,33,51,01,027	98,06,50,002	(5,65,62,451)	4,25,91,88,578	89,08,72,117	7,16,21,177	15,10,896	3,29,51,84,388	2,44,42,28,910
Plant, Machinery & Equipment	65,76,81,34,349	18,26,33,62,172	(1,26,48,34,019)	82,76,66,62,502	34,62,73,34,698	2,39,07,44,804	(62,32,11,398)	46,37,17,94,398	31,14,07,99,651
Lines & Cable Network	41,46,58,99,762	5,32,52,85,822	(19,14,87,926)	46,59,96,97,658	21,21,06,55,174	1,08,75,19,121	(5,73,75,122)	24,35,88,98,485	20,25,52,44,588
Vehicles	14,07,99,790	13,12,007	(1,24,228)	14,19,87,569	12,58,35,411	4,67,176	(10,45,102)	1,67,30,084	1,49,64,379
Furniture & Fixtures	12,47,72,092	3,90,64,917	913	16,38,37,922	8,48,27,756	43,88,612	(4,09,466)	7,50,31,020	3,99,44,336
Office Equipments (including Computers)	14,59,08,269	5,41,64,929	18,55,058	20,19,28,256	6,10,08,523	81,86,402	4,85,243	13,22,48,088	8,48,99,746
Capital Expenditure Resulting in Assets not belonging to the Company)	3,82,37,494	-	-	3,82,37,494	76,78,515	13,76,550	-	2,91,82,429	3,05,58,979
Intangible Assets									
Software Development Expenses									
TOTAL	1,15,69,65,40,964	25,05,99,05,815	(1,57,03,51,871)	1,39,18,60,94,908	58,69,36,99,901	3,67,47,06,467	(64,71,64,218)	61,72,12,42,150	57,00,28,41,063
Previous Year	1,04,45,48,40,353	12,16,73,29,950	(91,92,76,499)	1,15,69,65,40,964	56,14,01,63,333	3,01,42,90,543	(45,44,01,135)	57,00,28,41,063	48,31,46,77,020

Note : The above classification is as per Electricity Supply Annual Accounts Rules 1985

MAHARASHTRA STATE ELECTRICITY TRANSMISSION COMPANY LIMITED
SCHEDULES FORMING PART OF BALANCE SHEET

(Amounts in ₹)

(Amounts in ₹)

Sch No.	Particular	As At 31.03.2011	As At 31.03.2010
6	Capital Work-In-Progress		
	Capital Work-in-Progress	34,875,992,453	29,019,349,643
	Contracts-in-Progress	-	42,426,813
	Provision for Completed Works	-	230,140,869
	Advances to Contractors-Interest free	728,431,008	481,815,394
	Advances to Suppliers-Interest free	1,122,589,908	1,131,017,822
	Contractors Material Control Account	-	298,626
	Stock of Materials at Construction Stores	13,996,684	45,735,543
	Materials at Site Capital	98,841,801	636,864
	Total	36,839,851,854	30,951,421,574
7	Investments (Unquoted, at Cost)		
	Investment - Long Term		
	Jaigad Power Transco Ltd (Joint Venture) (3,02,70,094 Equity Shares of Rs. 10 each, Previous Year 1,52,17,670 Equity Shares of Rs. 10 each)	302,700,940	152,176,800
	Total	302,700,940	152,176,800
8	Current Assets, Loans & Advances		
	Current Asset		
	(a) Inventories (At cost)		
	(As certified by the management)		
	Stores & Spares	2,157,527,858	2,010,798,563
	Provision for unservicable and obsolescence loss	(20,436,023)	(20,806,854)
	Total	2,137,091,835	1,989,991,709
	(b) Sundry debtors		
	(Unsecured, considered good)		
	- Debts outstanding for more than six months (Refer Note 3(e))	150,691,279	96,359,062
	- Other debts	2,640,515,835	1,242,626,761
	Total	2,791,207,114	1,338,985,823
	(c) Cash and Bank balances		
	(1) Cash and Stamps on hand	2,578,459	(3,349,498,736)
	(2) Cheques in hand		3,351,800,000
	(3) Cash in transit	7,507,574	4,674,341
	(4) Bank balances with Scheduled Banks		
	(a) Current Account	(311,921,145)	1,929,675,468
	(b) Fixed Deposit with Banks	3,944,325,000	1,654,127,635
	Total	3,642,489,888	3,590,778,708
	(d) Loans and Advances		
	(Unsecured, considered good unless otherwise specified)		
	(1) Inter corporate deposits (Refer Note 3 (d))	43,971,758	1,036,905,178
	(2) Advances for O & M supplies / works	291,955,422	3,175,685,102
	(3) Deposits	91,280,904	78,605,880
	(4) Prepaid expenses	101,296,291	101,348,096
	(5) Interest accrued but not due	58,676,975	66,061,608
	(6) Claims receivable and other current assets	233,889,277	147,218,668
	(7) Securities from suppliers / contractors (Deposits in the form of Fixed Deposits etc.)	116,190,676	130,236,240
	(8) Taxes paid in advance (Net of Provisions)	2,476,574,618	1,958,227,292
	(9) Other loans and advances	277,882,682	206,558,079
	Total	3,691,718,603	6,900,846,143

MAHARASHTRA STATE ELECTRICITY TRANSMISSION COMPANY LIMITED
SCHEDULES FORMING PART OF BALANCE SHEET

Sch No.	Particular	(Amounts in ₹)	(Amounts in ₹)
		As At 31.03.2011	As At 31.03.2010
9	Current liabilities		
	(1) Sundry Creditors		
	For Capital Expenditure		
	Due to Micro, Small and Medium Enterprises (Refer Note 4(j))		-
	Due to Others	4,307,808,303	4,080,459,514
	For other than capital Expenditure		
	Due to Micro, Small and Medium Enterprises (Refer Note 4(j))		-
	Due to Others	4,374,437,733	5,526,047,752
	(2) Payable to companies under same management	2,420,348,280	2,452,434,926
	(3) Consumer Contribution	7,486,198,471	4,844,290,920
	(4) Government Grant (Refer Note 2 (d))	640,703,806	1,102,572,417
	(5) Interest accrued but not due on loans	722,209,505	546,538,915
	(6) Staff related liabilities and provisions	555,141,301	932,486,552
(7) Other liabilities and provisions	46,831,360	70,239,266	
Total	20,553,678,759	19,555,070,262	
10	Provisions		
	Provision for Gratuity	3,032,688,929	3,058,048,389
	Provision for Leave encashment	2,091,544,989	1,791,729,189
	Total	5,124,233,918	4,849,777,578
11	Miscellaneous Expenditure to the extent not written off /adjusted		
	(To the extent not written off / adjusted)		
	Loss to Fixed Assets pending Investigation	-	-
	Other Deferred Revenue Expenditure	-	-
	Expenditure on Survey/feasibility studies of Projects not yet sanctioned	5,457,500	-
	Total	5,457,500	-

MAHARASHTRA STATE ELECTRICITY TRANSMISSION COMPANY LIMITED
SCHEDULES FORMING PART OF PROFIT & LOSS ACCOUNT

(Amounts in ₹.)

(Amounts in ₹.)

Sch No.	Particular	2010-2011	2009-2010
12	Revenue from Operations		
	Transmission charges recoveries	20,040,289,114	15,562,429,044
	Transmission charges recoveries (Goa)	205,785,000	88,955,004
	Open Access Charges	576,920,737	237,140,590
	SLDC Charges	142,782,000	101,780,000
	Rescheduling Charges	11,993,000	7,011,000
	Supervision Charges		
		20,977,769,851	15,997,315,638
13	Other income		
	Interest Income (TDS ₹ 393,250,121 Previous Year ₹ 552,718,386)	120,922,771	154,334,005
	Rent	7,153,146	4,929,313
	Income from hire charges from contactors and others	684,926	11,407,409
	Sale of Scrap	181,457,885	55,614,380
	Sale of tender forms	19,336,211	33,588,838
	Other Miscellaneous Income	548,016,503	679,730,211
	Exchange Rate Variation (Net)	(525,936,075)	97,272,646
	Excess provisions written back	127,702,952	20,089,678
	Interest on refund of IT	25,183,965	26,708,079
		504,526,284	1,083,674,559
14	Operating Expenses		
	<u>Repairs and Maintenance</u>		
	Plant & machinery	2,451,489,193	2,443,036,132
	Building	67,115,772	98,914,286
	Others	365,489,157	506,163,902
		2,884,094,122	3,048,114,320
	Less: Repairs and maintenance expenses capitalised (Refer note 2 (c) (iii))	6,392,337	4,799,106
		2,877,701,785	3,043,315,214
15	Employee costs		
	Salaries, allowances, Bonus etc.	4,522,168,876	3,686,729,762
	Staff welfare expenses	34,349,269	27,638,020
	Other staff costs	180,029,140	95,086,864
	Leave encashment	507,714,980	123,062,234
	Gratuity	348,980,080	282,280,560
	Contribution to Provident & Other Funds	465,522,537	371,278,637
	Shortfall/(Excess) in Plan Assets	(79,200,000)	(128,600,000)
	Provision for interest shortfall on PF liability	25,671,742	55,408,761
		6,005,236,624	4,512,884,838
	Less: Employees cost capitalised (Refer note 2 (c) (iii))	714,882,657	573,148,878
		5,290,353,967	3,939,735,960

MAHARASHTRA STATE ELECTRICITY TRANSMISSION COMPANY LIMITED
SCHEDULES FORMING PART OF PROFIT & LOSS ACCOUNT

(Amounts in ₹)

(Amounts in ₹)

Sch No.	Particular	2010-2011	2009-2010
16	<u>Administration and Other Expenses</u>		
	Water charges	43,033,356	40,212,998
	Rent	127,966,976	124,747,919
	Rates & Taxes	128,533,292	144,113,334
	Insurance charges	9,479,869	9,067,543
	Legal and professional charges	94,866,411	50,248,768
	Statutory Auditors Remuneration (Refer Note 4(d))	1,985,400	1,323,600
	Other administrative expenses	1,035,971,557	730,888,359
	Intangible Assets written-off	-	-
	Write-off of Deferred Revenue Expenditure	-	-
	Miscellaneous losses and write off	10,368,661	8,595,504
		1,452,205,522	1,109,198,025
	Less: Administration and HOS expenses capitalised (Refer note 2 (c) (iii) & 2 (q))	85,413,588	74,765,570
		1,366,791,934	1,034,432,455
17	<u>Depreciation and Other Amortisation</u>		
	Depreciation/Amortisation	3,688,371,452	2,997,759,500
	Small & Low Value Items written off	448,010	399,853
	Less: Depreciation capitalised (Refer note 2 (c) (iii))	2,461,787	2,004,576
		3,686,357,675	2,996,154,777
18	<u>Interest and Finance charges</u>		
	<u>Interest on fixed loans</u>		
	International Finance Corporation	40,391,290	
	Open Market Bonds	159,020,634	270,411,633
	Rural Electrification Corporation Limited	2,838,977,915	2,088,361,642
	Life Insurance Corporation of India	77,610,157	129,843,825
	Power Finance Corporation Limited	1,423,337,440	1,054,377,004
	Foreign Currency Loans from Banks	-	48,359
		4,539,337,436	3,543,042,463
	Interest on loan from Japan International Co-op Agency	17,258,129	4,562,751
	Interest on other loans (Short term Loan)	166,114,215	52,033,778
	Interest on Borrowing for Working Capital	-	2,088,896
	<u>Finance Charges</u>		
	Guarantee charges	93,704,299	135,091,591
	Bank charges	3,480,576	2,884,096
	Loan processing charges	45,459,850	31,871,436
		4,865,354,505	3,771,575,011
	Less: Interest and Finance Charges Capitalised (Refer Note 2 (e))	2,035,391,667	1,671,709,781
		2,829,962,838	2,099,865,230

MAHARASHTRA STATE ELECTRICITY TRANSMISSION COMPANY LIMITED
SCHEDULES FORMING PART OF PROFIT & LOSS ACCOUNT

(Amounts in ₹.)

(Amounts in ₹.)

Sch No.	Particular	2010-2011	2009-2010
19	<u>Prior period Items (Net)</u>		
	<u>Incomes</u>		
	Supervision charges	232,500	4,605,000
	Interest Income from prior period	19,238,814	2,012,091
	Other income	27,306,641	40,569,541
	Excess provision of Income Tax	-	
	Excess Provision of Depreciation for Prior Periods	183,125,545	426,124,603
		229,903,500	473,311,235
	<u>Expenses</u>		
	Operating expenses	66,954,565	173,457,300
	Employee costs	70,473,820	46,231,642
	Administration and other expenses	66,350,167	47,555,829
	Materials related expenses relating to prev. year	20,388,291	110,753,049
	Short Provision of Depreciation for prior period	222,245,887	353,751,636
	Interest and other finance charges	12,664,587	28,700,000
	Short Provision for Income-Tax in previous years	77,569	
		459,154,886	760,449,456
		229,251,386	287,138,221

MAHARASHTRA STATE ELECTRICITY TRANSMISSION COMPANY LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2011

(Amounts in ₹.)

(Amounts in ₹.)

Particulars	2010 - 2011		2009 - 2010	
Net Profit before tax after prior items		5201876551		3680348340
Add/(Less) : Adjustments				
Depreciation	3686357675		2996154777	
Deferred Revenue Expenditure/Intangible asset written off	(5457500)		0	
Interest and finance charges	4865354505		3771575011	
Increase in Current Assets	1774053767		2773956200	
Increase in Current Liabilities	1273064837		2754300083	
	11593373284		12295986071	
Income Tax Paid	(1201007644)	10392365640	(1204960821)	11091025250
Cash flow from Operating Activities		15594242191		14771373590
Cash flow from Investing Activities				
Increase in Capital Expenditure (including interest capitalisation of Rs. 2,03,53,91,667 (Previous year Rs. 1,67,17,09,781))	(30300546549)		(24154155712)	
Increase in Investment	(150524140)		(100)	
		(30451070689)		(24154155812)
Cash flow from Financing Activities				
Loans	19773894183		11568257906	
Interest and finance charges	(4865354505)		(3771575011)	
		14908539678		7796682895
Net increase/(Decrease in Cash Flow)		51711180		(1586099327)
Opening Cash and Cash equivalents		3590778708		5176878034
Closing Cash and Cash equivalents		3642489888		3590778707

Note:

Cash and Cash equivalents include		2010-11 (₹)		2009-10 (₹)
(1) Cash and Stamps on hand		2578459		2301264
(2) Cheque in hand		0		0
(3) Cash in Transit		7507574		
(4) Bank balances				
(a) with Scheduled banks		(311921145)		1934349809
(b) Fixed Deposit with Banks		3944325000		1654127635
Total		3642489888		3590778708

As per our report attached
For Shah & Taparia
Chartered Accountants
Regn No. 109463W

For Maharashtra State Electricity Transmission Company Limited

Rameshchandra S Joshi
Partner
M. No 33594
Place : Mumbai
Date : 3rd September 2011

Sd/-
Pratap Mohite
Director (Finance)

Sd/-
Arvind Singh
Chairman & Managing Director

Sd/-
Jyoti Arora
Company Secretary

**MAHARASHTRA STATE ELECTRICITY TRANSMISSION COMPANY LIMITED,
Schedules forming part of accounts for year ended 31st March, 2011
SCHEDULE 20 – NOTES TO ACCOUNTS**

1 Background:

Maharashtra State Electricity Transmission Company Limited (MSETCL) was incorporated under the Companies Act, 1956 on 31st May, 2005. The Certificate of Commencement of Business was received on 15th September, 2005 from the Registrar of Companies. The Company was incorporated as per provisions of the notification of Maharashtra State Electricity Reforms Transfer Scheme, 2005 (hereinafter referred to as the Transfer Scheme) which was issued on 4th June, 2005. As per the aforesaid notification, assets and liabilities forming part of the Transmission Undertaking of erstwhile Maharashtra State Electricity Board as set out in 'Schedule A' of the said Notification were transferred and vested to the company with effect from 6th June, 2005. The transfer of Assets and Liabilities under the above Transfer Scheme was made by the Government of Maharashtra. The consideration for the transfer of undertaking being excess of assets over liabilities will be discharged by issue of Equity Shares of ₹ 26,95,99,20,455/- to MSEB Holding Company Limited.

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.

2 Statement of Significant Accounting Policies:

2 a) Basis of preparation of financial statements:

The Company is a Public Limited Company registered under the 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 financial statements 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.

2 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.

2 c) Fixed Assets and Capital Work-In-Progress:

- 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 and taxes (other than those subsequently recoverable from taxing authorities), levies, **borrowing costs** in case of qualifying assets & all incidental costs attributable to bring the assets to its working condition.
- iii) In case of assets constructed by construction division of the Company, all costs incurred by the said division including employee, administration cost and depreciation on general assets which are used in construction division 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.
- 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 being 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) Costs incurred on identification, survey and feasibility studies of a project under sanction scheme 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 rejection. In case where the scheme is not identified at the end of the year, such expenses are shown under the head "Miscellaneous Expenditure not written off"
- ix) Fixed Assets costing individually up to ₹ 5,000/- are written off to Profit & Loss Account.
- x) 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.
- xi) Fixed assets are shown in the books of accounts net of any government grants / Consumers Contribution / Subsidies received in respect of those fixed assets.

- xii) Expenditure incurred on Renovation or Modernization of Fixed Assets / Life Extension scheme (LES) is capitalized where both the following conditions are fulfilled viz;
 - (a) Such expenditure results in creation of new asset or replacement of major component or efficiency equivalent to that of the existing asset;
 - (b) The cost of the replaced asset is removed from the Gross block along with its accumulated depreciation on the estimated cost basis.

2 d) Government Grant and Subsidy:

Government grants/Subsidy related to specific fixed asset are deducted from gross value of such fixed asset. Government Grants/Subsidy received in respect of incomplete Projects are retained in Current Liabilities till such Fixed assets are capitalized. On capitalization of such fixed assets, the relevant Government Grant/Subsidy is deducted against the specific fixed assets in respect of which it is received.

2 e) Borrowing Costs:

Borrowing costs (excluding other ancillary cost) 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. Borrowing costs which are for other than qualifying capital asset are recognized as expenses in the period in which they are incurred.

2 f) 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 as at the Balance Sheet date.

2 g) Depreciation / Amortization:

i) Tangible Assets:-

The Company provides depreciation on straight line method to the extent of 90% of the cost of asset following the rates notified by the Maharashtra Electricity Regulatory Commission (Terms & Conditions of Tariff) Regulations, 2005.

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.

ii) Intangible Assets:

Leasehold land is amortized over the period of lease.

iii) **Depreciation rates used for various classes of assets are as under:**

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

2 h) **Inventories:**

The Stock of materials, stores and spare parts are valued on cost. Cost is determined as per weighted average cost method. Cost comprises of cost of purchase and other costs incurred in bringing inventory to its present location and condition. The inventories are issued on First In First Out (FIFO) basis.

Losses towards unserviceable and obsolete stores and spares are identified and written down based on technical evaluation.

2 i) **Revenue Recognition:**

i) **Transmission income:**

(a) Revenue from Transmission of electricity is accounted for based on Monthly Intra State Transmission Tariff Order issued by the Maharashtra Electricity Regulatory Commission (MERC), subsequent to the approval of Annual Performance Review (APR) for the current year and Aggregate Revenue Requirement (ARR) for the subsequent year. In the said Order the final true up for the Previous Year based on the Audited Accounts is also considered. Thus the said Order contains the Final True up for the Previous Year plus Provisional True up for the Current Year and Projected ARR for the subsequent year, including adjustments, if any.

(b) The excess / under recovery, if any, is adjusted in the subsequent ARR Orders approved by MERC and based on these ARR Orders, the new Monthly Intra State Transmission Tariff Order are issued by MERC. Thus the effect of earlier period's shortfall/excess recovery is adjusted in Monthly Intra State Transmission Tariff Orders issued by the MERC.

ii) **Other income** is recognized on accrual basis except when ultimate realization of such income is uncertain.

iii) **Sale of scrap** is accounted when the same is contracted to be sold.

2 j) **Investments:**
Long term investments are carried at cost, less provision for diminution other than temporary, if any, in the value of such investments.

2 k) **Foreign Currency transactions:**
A Foreign currency transaction is initially recognized in the reporting currency, by applying the foreign currency amount 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 recognized in 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.

2 l) **Employee Benefits:**

i) **Short Term Employees 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:**

(a) **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.

(b) **Defined Benefit Plan:**

(i) **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.

(ii) **Provident Fund:**

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.

(iii) Other long term Employee benefits:

Entitlements to annual leave and sick leave are recognised when they accrue to employees. The Company determines the liability for accumulated leave using the Projected Units Credit Method with Actuarial valuation being carried out at each Balance Sheet date.

2 m) Leases:

i) 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 Lease, where the risks and rewards of the ownership of assets are transferred in substance to the Company. 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.

ii) 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.

2 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.

The DTA is recognized and carried forward only to the extent that there is a reasonable certainty that the assets will be realized in future.

2 o) Prior Period Items:

Adjustments arising due to errors or omissions in the financial statements of earlier years are accounted under the separate head 'Prior Period items'.

2 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 q) Capitalization of Head Office Supervision Charges (HOS):

The expenses incurred at the Project and Planning department (P&P section) are capitalized in a scheme having maximum Investment Outlay.

2 r) Accounting for Grant received from Maharashtra Energy Development Agency (MEDA):

As per Government of Maharashtra's policy for promotion of generation of energy from non conventional sources, 50% of cost of such power evacuation project developed by Private Developers shall be borne by the Company and remaining 50% will be reimbursed by MEDA to the developers.

2 s) Treatment of Outright Consumers Contribution:

Outright Consumers Contribution received is being treated as follows :

- 1) If advance received towards expenditure still to be incurred on Fixed Assets same is treated as Current Liability
- 2) If received as Supervision charges the same is treated as Revenue Income
- 3) If it is capital receipt on account of creation of Fixed Assets the same is reduced from relevant fixed Assets .

2 t) Identification, Survey and feasibility expenses:

The Company has a 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. In case where the scheme is not indentified at the end of the year , such expenses are shown under the head “ Miscellaneous Expenditure to the extent not written off”

3 Additional Disclosures for Schedules:

3 a) Share Suspense Account:

The amount of ₹ 26,95,99,20,455 shown under Share Suspense account represents the excess of assets over liabilities 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.

3 b) Contingency Reserve and Special Contingency Reserve:

As per directions of M.E.R.C. vide their order No.103 of 2009 dated 10th September, 2010, the Company has appropriated, an amount of ₹25,99,00,000/- (Previous Year ₹ 24,81,00,000/-) towards Contingency Reserve and ₹ Nil (Previous Year : ₹13,52,00,000/-) towards Special Contingency Reserve. As per the same Order, the company has also provided the short provision of contingency reserve of ₹ 56,00,000 according to approved true up of balances for FY 2009-10.

3 c) Secured Loans:-

(Amounts in ₹.)

Name of the Institution	Loan Secured By			Total
	Guarantee from State Government	Hypothecation against future assets	Mortgage against exist-ing assets	
REC	1,51,36,34,554	28,13,65,59,059	—	29,65,01,93,613
PFC	1,84,73,39,631	15,15,08,12,966	—	16,99,81,52,597

LIC	—	—	75,90,59,988	75,90,59,988
*OMB	1,02,42,00,000			1,02,42,00,000
Union Bank of India		3,35,70,00,000		3,35,70,00,000
Bank of Baroda		2,64,00,00,000		2,64,00,00,000
Bank of Maharashtra		395,40,00,000		395,40,00,000
IFC		2,44,60,00,000		2,44,60,00,000

Foreign Currency Loan

Loan secured by	JICA (₹)	JICA (Yen)
Guarantee from Central Government	5,28,71,34,534	10,76,05,09,269
Total	5,28,71,34,534	10,76,05,09,269

*Details about Rate of Interest and Redemption schedule of Open Market Bonds is furnished as follows:

Particulars	Year of Redemption	Rate of Interest (p.a.)	Outstanding Amount (₹)
M.S.E.B. Bonds 2011 20 years	2011	12.00%	1,02,42,00,000
Total			1,02,42,00,000

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

Name of the Company	2010-11 (₹)	2009-10 (₹)
Maharashtra State Power Generation Co Ltd	21,74,24,567	22,47,74,797
Maharashtra State Electricity Distribution Co Ltd	1,95,10,34,657	1,92,85,03,256
MSEB Holding Company Limited	12,08,51,569	11,69,94,905
MSEB Residual Co (From Government of Maharashtra to MSEB Holding Company)		1,03,69,05,178
Total	2,28,93,10,793	3,307,178,136

- 3 e) Sundry Debtors include ₹ 9,63,59,062 (Previous Year ₹ 9,63,59,062) recoverable from M/s. Maharashtra State Electricity Distribution Company Limited – A company under the same management within the meaning of Section 370 (1B) of The Companies Act, 1956..
- 3 f) The company had not provided for Loss to fixed assets pending approval by Competent Authority. As a matter of prudence, a provision has been made amounting to ₹ NIL (Previous Year ₹ 36,884/-) for the same.
- 3 g) Income from Transmission Charges includes ₹ 59.83 crs approved by MERC vide Order Dated 30th November, 2010 Case No 73 of 2010 for the revised ARR for FY 2008-09 on MSETCL's review petition filed on 22nd October, 2010 on the MERC's Order Dated 10th September 2010.

4 Disclosures as per Schedule VI:

4 a) Capital Commitments :

Estimated amount of contracts remaining to be executed on capital account and not provided for is ₹ 6543.87 Crore (Net of Advances of ₹ 732.06 Crore) (Previous Year- ₹ 2090.10 crore).

4 b) Contingent Liabilities : (In excess of Rs Ten Lakhs individually in value)

1. The contract of Construction of gantry equipment foundation and other works (Matter-I) and construction of WBM road, Gutter and other works (Matter-II) at 220 KV S/Stn, MIDC, Jalna was awarded to M/s. Balraje Construction, Geroi by erstwhile MSEB.

The contractor failed to execute the assignment as per terms and conditions of the Contract; hence its payment was withheld. The Contractor opted to resolve dispute with then MSEB through arbitration. Sole Arbitrator, Mr. M. D. Tambekar declared to pay ₹ 33,37,651 (matter-I) and ₹ 11,96,801/- (matter- II) to Contractor and interest @15% per annum thereon.. The company after taking legal opinion, has filed appeal in the Hon. High Court, Bombay (Bench at Aurangabad), against the award declared by the sole arbitrator

Meanwhile, on 18.01.2010, judgement was held in favour of Company at Principle District Court, Aurangabad. Accordingly, assessment of claims & interest charges over the claims delivered by the Hon. Principle District Judge, Aurangabad, were prepared & submitted to concerned pleader. The total amount due to M/.s Balraje Constructions was ₹.6,53,608/- (Matter-I) and ₹ 2,63,468/- (Matter-II) and interest on total amount of award at 15% p.a. from the date of award till the date of payment. Further, summons from Hon. High court Mumbai, Aurangabad bench for arbitration appeal No.8/2010& 7/2010 scheduled at 16/07/2010.The judgement was given by the Hon'ble High Court Mumbai Bench Aurangabad on dated 25-04-2011 & referred the matter to the sole Arbitrator. But MSETCL opted to file SLP against the order. Now special leave petition vide SLP No. 15457/2011 dated 09/05/2011 (Matter-I) and SLP No.15309/2011 dated 06-05-2011 (Matter-II) is filed in Hon'ble Superme Court New Delhi. As per supreme court order against SLP No. 15457/2011 dated 09/05/2011 (Matter-I) granted stay and SLP No.15309/2011 dated 06-05-2011 (Matter-II) the amount involved is small, the SLP is dismissed and again referred the matter to the sole Arbitrator.

The liability which may be encumbered by MSETCL, will be ₹ 13,06,510 /- which has been deposited with District Court Aurangabad.

2. 132 KV Shahada-Taloda line erection work was given to M/s Mistry Construction Co., at cost of ₹ 9.25 Lakhs. But the contractor has not completed the work. Hence 63 Towers work was completed departmentally. The respondent has submitted the final bill for full completed work, which was not carried out by him and hence, his claim was refused. Thereafter, the contractor went to Jalgaon Court for the payment of unexecuted work.

The Jalgaon Court on 23.03.2001 passed the order against erstwhile MSEB to pay ₹ 6,96,980/- to the contractor towards final bill after recovering ₹ 10,354/- from the petitioner which is due to MSETCL & ₹ 1,54,322/- against supply of water cost, risk. The MSEB had deposited ₹ 5,32,000/- in the court by deducting the abovementioned amount..After receipt of certified copy of the judgement, the MSEB appealed in High Court of Mumbai Bench at Aurangabad on 03.03.2002 against the decision of Hon Senior division Court Jalgaon.

The case is still pending at High Court of Mumbai Bench at Aurangabad. The contingent liability may amount to ₹ 5.32 Lakhs.

3. M/s H T Associates was awarded work of excavation, foundation, erection and stringing etc for 132 KV Chikhli-Dhad Transmission line. Since the contractor could not complete assigned task in time, the balance work was allotted to another contractor by calling tender. MSETCL suffered a loss caused by the contractor. MSETCL has made claim of ₹ 57,73,465/- with interest @ 18% per annum that amounts to ₹ 20,78,448/- till date. M/s. H T Associates, aggrieved by this arrangement, appealed in Hon Court and brought stay on the said tender. M/s. H T Associates has counterclaimed ₹ 81,14,594/- from MSETCL. As requested by the H.T.Associates to take emergent steps for arbitration proceedings. Now the case is under arbitration with zonal office Amaravati.
4. Devichand Pragaji Oswal, Pune has purchased Lot No.1A in auction held on 31-01-2007. As per terms and conditions amount of second instalment with VAT i.e. balance amount of ₹ 29,53,944/- and late payment charges. Due to failure to pay the amount, security deposit of ₹ 8,10,000/- was forfeited by MSETCL and the action was communicated to Mr. Devichand Pragaji Oswal, Pune vide letter no.EE(St.)/MSA/BMT/Tech./Auction/2007/1912 through regd. Post on 13-07-2007. Against that, case filed by Mr Devichand Pragaji Oswal, Pune in consumer court asking for permitting him to take delivery of the scrap by gas cutting & according to auction held lot no.2 dt.31/03/2007 or return the security money deposited on 06/10/2007 and compensation of loss ₹1,00,000/-. Notice is received by the chief engineer, MSETCL Karad. Further proceeding has not yet started.

The liability on Company may be ₹ 9,10,000/- (₹ 1,00,000 as compensation of loss, ₹8,10,000/- as repayment of security deposit)."

5. Superintending Engineer, EHV Construction Circle, Aurangabad had accepted tender of M/s S K Sahni for construction of gantry, equipment foundation, control room building, G. I. Pipe line, water sump, providing metal spreading etc at 132/33 KV S/s, Sindewadi, Dist. Chandrapur. M/s S K Sahni has claimed ₹ 19,27,057/- from MSETCL on count of Loss of idling of camp labour, work done but not paid, price escalation, interest on claim etc.

The last hearing was held on 09.07.2010, remained undecided and the dispute Sudhir Sahani v/s MSETCL No.569/2009 is pending before civil court, Nagpur as and the liability of ₹ 19.27 Lakhs is contingent for payment.

6. Mr. N.S Suryawanshi & others have filed suit against MSETCL at District Court, Nasik Hon, District court Nasik, passed order against MSETCL, and ordered MSETCL to pay ₹.145,58,422/-(145.58 Lakhs) as compensation for land acquisition.

Against this, MSETCL has filed an appeal at High Court, Bombay. Hon. High Court, Bombay has given stay on order passed by District court Nasik. Further the Hon. High Court has ordered MSETCL to deposit ₹ 80,38,922/- with the District Court, Nasik. The amount was paid on 5th June 2002 & 6th January 2003. Hon. High Court, on 31st January 2010, has ordered the appellant party to withdraw the amount from District Court, Nasik. On 30th March 2005 MSETCL has paid ₹ 71.73 Lakh as interest with Hon. High Court, Bombay, as security deposit. (In spite of continuous follow up and request for hearings and deciding the case at earliest, the case is still pending in Hon. High Court, Bombay).

7. Civil Court Ahmednagar has held the case filed by Mr. Bahiru R. Gunjal (Late) & their decedents and ordered MSETCL to pay ₹ 13,26,699/- to the appellant as additional compensation for land acquisition. The land was acquired for the purpose of erection of 220 KV S/station, Ahmednagar. Against the order, MSETCL has filed the appeal, at Aurangabad High Court. Hon. Aurangabad High Court has given stay to order of District Court and the final decision is pending.

The contingent liability in the case is ₹ 13,26,699/- (₹13.27 Lakhs).

8. Mr. Satish R. Vani & others has file civil suit No. L.A.R.5361994 in the Civil Court, Sheogaon, claiming additional compensation for land acquired for erection of 132KV S/station at Sheogaon. The Civil Court Sheogaon has held the case against MSETCL and has ordered MSETCL to pay the additional Compensation ₹ 14,58,873.00/-, 30% solation ₹ 5,57,661.90/- and 12% component from the date of Section 4 notification (02.01.1992) till the date of award (03.11.1993) ₹ 3,38,462.13/- and 9% interest for the first year & 15% interest for the subsequent years from the date of possession till the date of payment of entire amount of additional compensation ₹ 32,82,464.25/- MSETCL is going to file the appeal against the case and the procedure for filing the appeal is under process.

The Contingent Liability in the case will be ₹ 57.69 Lakhs approximately.

9. M/s. Ganesh Engg. Company, Nagpur has filed a suit in Nagpur District Court, claiming dues of ₹ 80,95,925/- against tender No.T-13, T-16, T-17 & two work orders issued in the year 1987-88 for the sub setting & erection of 400KV Chandrapur-Parli D. C. Line. Counter claim of ₹ 3,08,426/- was filed by erstwhile MSED against above agency towards recovery of charges of T&P, Material, Vehicle etc. Hon. Court has decided the aforesaid matter in favour of M/s. Ganesh Engg. Co. and directed to pay the claim ₹ 80,95,925/- alongwith interest @ 6% from the date of filing of suit (27.04.1993) till the scheduled date of deposit (20.08.2009) which amounts to ₹ 73,23,606/-. The Counter claim was dismissed. However, on application of MSETCL, Hon. Court granted stay on decree after deposit of ₹ 1,60,73,434/- in the Court.

Further against the order of District Court Nagpur, MSETCL has filed petition in High Court. And it has come on record of Ho. High Court, Nagpur Bench. The contingent liability in this case may amount to ₹ 1,60,85,410/-

10. The Micro and Small Enterprises Facilitation Council (MSEFC) passed the order dated 28th January 2010 directing MSETCL to pay total interest of ₹ 2,67,69,176/- i.e. M/s Minerva Switchgears, Nagpur ₹ 1,94,60,028/- and M/s Sigma Transformers Pvt. Ltd ₹ 73,09,149/-. Out of total interest claim, MSETCL has deposited ₹ 2,00,76,884/- on 26.04.2010 towards 75% of the claim with the “principal District and Session Judge, Nagpur” while filling an appeal. The contingent liability in this case may amount to ₹ 2,67,69,176 /-
11. The dispute regarding additional compensation payable for land acquired for the following substations is pending before court. Interest and other charges that may be payable after court’s decision are not considered here.

Name of sub station	Expected Cash Outflow ₹. in Lacs	Amount deposited in court	Cir Code
132 KV Chopda S/s, Jalgaon	22.98		780(454)
132 KV Raver S/s, Jalgaon	75.00		780
400 KV Dhule S/s, Dhule	25.00		780
220 KV Shahada S/s, Nandurbar	75.94		780(454)
132 KV Mhasrul S/s	53.94		780
132 KV Sangammer S/s	18.03		780
132 KV Manmad S/s	24.00		780
100 KV Nerul S/s	10.00		465
132 KV S/s, Shahada, Nandurbar (10.25		780(454)
220 KV S/s, Murud Tq. & Dist. Latur	8.46	₹ 4.23 Lacs	760
132 KV S/s, Ahmedpur, Dist.Latur	107.00	₹ 10.79 Lacs	760
132 KV S/s, Ahmedpur	6.69		760
220 KV S/s, Osmanabad	25.00		760
220KV S/s,Beed	79.25		760
132 KV S/s, Chakur, Dist. Latur	10.72	₹ 1.00 Crore	760
132 KV S/s, Kalamb, Dist. Osmanabad	10.00		760
132 KV S/s, Renapur, Dist.Latur	125.66		760

4. c) **Managerial Remuneration :**

Particulars	2010-11 (₹)	2009-10 (₹)
Salary & Allowance	28,52,203	58,69,046
Contribution to PF & Other Funds	3,53,241	3,99,674
Total	32,05,444	62,68,720

4 d) **Remuneration to Statutory Auditors :**

Particulars	2010-11 (₹)	2009-10 (₹)
For Audit	12,00,000	8,00,000
Reimbursement of out of pocket expenses	6,00,000	4,00,000
Service Tax	1,85,400	1,23,600
Total	19,85,400	13,23,600

4 e) **Value of Imports on C.I.F. Basis :**

Particulars	2010-11 (₹)	2009-10 (₹)
Components and Spare Parts	Nil	Nil
Capital Goods	Nil	Nil

4 f) **Expenditure/Earning in Foreign Currency on cash basis :**

Particulars	2010-11 (₹)	2009-10 (₹)
Interest on foreign currency Bank loan	1,72,58,129	45,62,751

4 g) Amount remitted during the year in foreign currencies on account of Dividend: Rs. Nil
(Previous year- ₹ Nil)

4 h) **Particulars of income derived from Transmission of Electricity :**

Particulars	2010-11 (₹)	2009-10 (₹)
Total Energy Transmitted (in Million Units) (Net)	1,07,807.442	97,184.248
Income from operations (₹)	20,97,77,69,851	15,99,73,15,638

4 i) Repairs and Maintenance to machinery includes stores and spares consumed.

4 j) 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 & Medium Enterprises as defined in above referred Act. Hence, relevant disclosure is not 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 the absence of information, however, such interest payable is not expected to be of material nature.

- 4 k) Since the Company Service industry, disclosures required in respect of manufacturing company like Licensed Capacity, Installed Capacity, Production, Sales, Inventories and other related disclosures as required by Part II of Schedule VI are not made.

5 **Disclosures required by Accounting Standards:**

5 a) **Employee Benefits (As required by AS 15) :**

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 render the related services are accounted as expenses in the period in which services rendered except ex-gratia payments which is accounted for as and when it is declared.

ii) **Post Employment Benefits :**

Defined Benefit Plan :

(a) **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 has certified an amount of ₹ 2,45,56,304/- (Previous Year ₹ **5,54,08,761**) as shortfall in interest payable on PF liability to beneficiaries as at year end. Accordingly, the company has made provision for the same. While making above valuation, the actuary has assumed incremental rate of salary at 5% p.a. and rate of discount at 8.25%.

Deficit / Surplus, if any, having regard to the position of the fund as compared to aggregate liability is additionally contributed by the company and recognized as expense/income. Accordingly provision of ₹ Nil (P.Y. Deficit of ₹ 12.86 crores) has been reduced towards gain of planned assets as compared to aggregate liability towards employee's subscription and interest for the year.

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 :

(₹ in Crore)

Particulars	For the year ended 31 st March, 2011	For the year ended 31 st March, 2010
Liability for subscriptions and interest payable to employees at the end of year	842.91	782.36
Fair Value of Plan Assets at the end of year	843.05	774.44
Net Liability	(0.14)	7.92

Description of Plan Assets :

Particulars	For the year ended 31 st March, 2011 (In%)	For the year ended 31 st March, 2010 (In%)
Special Deposit Schemes.	38.87	40.45
Bonds issued by Public Sector Enterprises	33.60	30.02
State Government Securities	14.87	16.44
Central Government Securities	11.67	11.46
Mutual Fund Units.	0.00	00.57
Others	0.99	1.06

(b) Gratuity (Unfunded Defined Benefit Plan):

The Company has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The Plan provides a lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent of 15 days salary for each year of service subject to maximum of 20 months salary or in terms of the provisions of the payment of gratuity (amendment) act, 1997 whichever is more beneficial. Vesting occurs upon completion of five years of service. The calculation is made on Projected Benefit Obligation has been based on Unit Credit method. Actuarial gains and losses are recognized in the Profit and Loss account, based on valuation made as at the year end.

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

Leave Encashment is payable to 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.

(d) Defined Benefit Plans :

Gratuity and Long Term Compensated Absences – as per actuarial valuations as on March 31, 2011 and recognized in the financial statement in respect of Employee Benefit Schemes:

Expenses recognized in the Profit and Loss Account:

(₹ in Crore)

	Particulars	For the year ended 31 st March, 2011		For the year ended 31 st March, 2010	
		Gratuity	Leave Encashment	Gratuity	Leave Encashment
	Components of Employer Expense	Unfunded	Unfunded	Unfunded	Unfunded
1.	Current Service Cost	12.36	7.83	121.64	6.97
2.	Interest Cost	24.46	14.33	22.00	12.83
3.	Actuarial Losses / (Gains)	(1.93)	40.15	(116.15)	(4.11)
	Total employee expense recognized in the Statement of Profit and Loss Account	34.89	62.31	27.49	15.69

Reconciliation of Defined Benefit Obligation

(₹ in Crore)

	Change in Defined Benefit Obligations	For the year ended 31 st March, 2011		For the year ended 31 st March, 2010	
		Gratuity	Leave Encashment	Gratuity	Leave Encashment
		Unfunded	Unfunded	Unfunded	Unfunded
1	Present Value of Defined Benefit Obligation at the beginning of period.	305.80	179.17	305.80	179.17
2	Current Service Cost.	12.36	7.83	121.64	6.97
3	Interest Cost	24.46	14.33	22.00	12.83

4	Less : Benefits Paid	37.43	32.34	36.77	19.85
5	Actuarial Gains / (Losses)	(1.93)	40.15	(116.15)	4.11
	Present Value of Defined Benefit Obligation at the end of period.	303.27	209.15	305.80	179.17

The gratuity provision has been recognized as 'Provision for Gratuity' and Provision for Leave Encashment as 'Provision for Leave Encashment' in "Provisions" under schedule 9. Summary of Actuarial Assumptions:

	Particulars	For the year ended 31 st March, 2011		For the year ended 31 st March, 2010	
		Gratuity	Leave Encashment	Gratuity	Leave Encashment
		Unfunded	Unfunded	Unfunded	Unfunded
1	Increment Rate	5%	5%	5%	5%
2	Rate of Discounting	8.25%	8.25%	8%	7.75%
3	Attrition rate	Age Related (2%)	Age Related (2%)	Age Related (2%)	Age Related (2%)
4	Mortality Table	LIC (1994-96) Ultimate	LIC (1994-96) Ultimate	LIC (1994-96) Ultimate	LIC (1994-96) Ultimate

5 b) Segment Reporting

i) Business Segment :

Transmission of Electricity 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.

ii) Secondary Segment:

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

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

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

Other disclosure as required by AS 18 is as under:

i) List of Related Parties :

List of Joint Ventures :

Jaigad Power Transco Ltd (JPTL)

ii) Key Management Personnel :

Shri Arvind Singh	Managing Director (w.e.f 21.08.2009)
Shri P G Khandalkar	Director(Finance) (04.05.2007 to 07.05.2010)
Shri W R Aswar	Director (Projects) (upto 31.03.2011)
Shri U G Zalte	Director (Operations) (w.e.f. 05.05.2010)

iii) Transactions with Related Parties at (i) above are as follows :

(a) Parties with whom the Company has entered into transactions during the year in the ordinary course of business :

Nature of Transactions	Name of Company Jaigad Power Transco Limited (₹)	
	2010-11	2009-10
Payment towards Equity Share capital	150524140	NIL
Towards Share application money	100	NIL
Terminal Bay Constructions expenses	7972743	NIL

(b) Balances at the year end:-

Nature of Transactions	Name of Company - Jaigad Power Transco Limited (₹)
Equity Share capital	Rs. 30,27,00,840/-
Share application money	Rs. 100/-

iv) Remuneration paid to Directors. (Ref Note 4 (c)) :

Name of Related Party	2010-11(₹)	2009-10(₹)
Shri Arvind Singh	11,24,740	17,04,389
Shri W R Aswar	10,37,180	11,17,678
Shri U G Zalte	6,86,122	—
Shri P.G. Khandalkar	97,611	14,72,877
TOTAL	29,45,653	42,94,944

5 d) **Disclosures regarding leases (AS 19) :**

(Only Leases of significant nature have been considered for the purpose of disclosure under this clause)

i) **Operating Leases:**

Particulars		2010-11 (₹.)	2009-10 (₹.)
	Disclosure in respect of significant non cancellable agreements for office/residential premises and guest house taken on lease from MSEB Holding Co. Ltd.		
(i)	Lease payments recognized in the Profit and Loss Account	12,31,02,582	10,66,86,395
(ii)	Significant leasing arrangements		
	The Company has not given any security deposits under the agreement.		
	The lease agreement is for a period of 24 months from 01/04/2008 and the same is not cancellable for the above mentioned period.		
	The agreement do not provided for increase in rent.		
(iii)	Future minimum lease payment.		
	Not later than one year	1,70,54,469	19,46,226
	Later than one year and not later than five years	4,08,11,307	15,93,951
	Later than five years		77,91,479

ii) **Finance Leases:**

The Company has not entered into any material financial lease.

Note: - The Lease Agreement has been entered with Power Finance Corporation Limited, (PFC Limited) New Delhi on 21st May, 1997 with erstwhile Maharashtra Electricity Board, Certain equipments have been leased by PFC Limited (Lessor) which is in the nature of Fixed Non cancellable Period of Lease. Although, the Terms and conditions of Lease agreement indicate it to be in the nature of a Finance Lease, it has been treated as an Operating Lease for the purpose of Accounting as it is entered into by erstwhile MSEB before the incorporation of the company and before AS -19 was made mandatory.

5 e) **Earnings Per Share (AS 20)**

Particulars	2010-11	2009-10
Profit After Tax as per Accounts(For Basic and Diluted Earnings Per Share) – (A) (Rs.)	3,29,34,11,333	2,45,01,34,686
Weighted Average number of shares outstanding during the year for Basic EPS (Nos.)- (B)	50,000	50,000
Add : Effect of potential equity shares on issue of shares against share suspense account	2,69,59,92,045	2,69,59,92,045
Weighted Average number of shares outstanding during the year for Diluted EPS (Nos.) –(C)	2,69,60,42,045	2,69,60,42,045
Basic Earnings Per Share (Rs.) (A)/(B)	65868	49003
Diluted Earnings Per Share (Rs.) (A)/(C)	1.22	0.91

5 f) **Current Taxation :**

The Company has made Provision of Income tax for the current year for Rs. 64.00 crores.

5 g) **Deferred Taxation (AS 22) :**

	Deferred Tax Asset / Liability as at 01.04.2010	Debit/Credit for the Current year debited / credited to Profit and Loss Account	Deferred Tax Asset / Liability as at 31.3.2011
a) Deferred Tax Liabilities			
Fixed assets/Depreciation	9,00,28,53,448	1,12,93,22,146	10,13,21,75,594
Total	9,00,28,53,448	1,12,93,22,146	10,13,21,75,594
b) Deferred Tax Asset			
i) Gratuity	1,03,94,30,647	(84,23,779)	1,03,10,06,868
iii) Items covered u/s 43 B	76,06,42,196		76,06,42,196
iii) Leave Encashment	3,23,20,025	9,95,91,313	13,19,11,338
iv) Disallowance u/s 14A		34,84,381	34,84,381
Total	1,83,23,92,868	9,46,51,915	1,92,70,44,783
Reversal of opening DTL		16,29,65,013	16,29,65,013
Deferred Tax Liabilities/ Asset (Net)	7,17,04,60,580	87,17,05,218	8,04,21,65,798

5 h) Joint Venture Operations (AS 27):

Jaigad Power Transco Ltd (JPTL), a joint venture between the Company (26%) and JSW Energy Ltd. (74%), was incorporated on 23rd April 2008 and awarded Transmission license on 8th February, 2009 by Maharashtra Electricity Regulatory Commission (MERC) under Section 14 of Electricity Act, 2003.

The object of the jointly controlled entity is to establish 400 kV D/C Jaigad - New Koyna Transmission Line and 400 kV D/C Jaigad - Karad Transmission Line. Since the project is under implementation and yet to commence commercial operations, no Profit & Loss account has been prepared by JPTL.

During the FY 2008-09, the Company had paid ₹ 15,21,76,700 to acquire 1,52,17,670 Nos. of equity shares of JPTL. Further during FY 2010-11, the company has paid ₹ 150524140 to acquire additional 15052414 number of equity shares of JPTL.

The Company's interest in joint venture is reported as Long Term Investment and stated at cost less provision for diminution other than temporary, if any, in the value of such investment.

The above joint venture company is incorporated in India. The Company's share of assets and liabilities as on 31st March, 2011 and income and expenses based on audited financial statements for the year ended on that date are given below:

	Particulars	31-03-2011 (₹)	31-03-2010 (₹)
1	Assets		
	Long Term Assets	1,25,43,97,720	1,04,27,04,946
	Current Assets	12,36,66,206	10,40,63,766
	Total	1,37,80,63,926	1,14,67,68,712
2	Liabilities		
	Long Term Liabilities	84,24,26,000	56,68,00,000
	Current Liabilities and Provisions	17,97,83,299	39,03,82,744
	Total	1,02,22,09,299	95,71,82,744
3	Contingent Liabilities	Nil	Nil
4	Capital Commitments	12,40,00,000	26,65,00,000
5	Income	5,74,40,876	Nil
6	Expenses	5,82,28,493	Nil

5 i) Impairment of Assets (AS 28) :

In accordance with AS-28 'Impairment of Assets', impairment analysis of assets of transmission activity of the company by evaluation of its cash generating units, was carried out by an outside agency in the year 2006-07 and since recoverable amount was more than the carrying amount thereof, no impairment loss was recognised. In the current year, there is no indication of impairment which requires re-estimating the recoverable amount of the assets.

6 Other Notes :

- 6a** 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.
- 6b** 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 otherwise in the Accounts.
- 6c** Previous year's figures have been regrouped wherever necessary for appropriate presentation of Financial Statements.

As per our report attached
For Shah & Taparia
Chartered Accountants
Regn No. 109463W

Rameshchandra S Joshi
Partner
M. No 33594
Place : Mumbai
Date : 3rd September, 2011

For Maharashtra State Electricity Transmission Company Limited

Sd/-
Pratap Mohite
Director (Finance)

Sd/-
Arvind Singh
Chairman & Managing Director

Sd/-
Jyoti Arora
Company Secretary

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE
As Per Schedule VI, Part IV of the companies act 1956

I Registration Details

Registration No

U	40109	MH	2005	PLC	153646
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 State Code

1	1
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Balance Sheet Date

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

 Date Month Year

II Capital Raised during the year (Amount in Rs. Thousand)*

Public Issue

N		A
---	--	---

 Right Issue

N		A
---	--	---

Bonus Issue

N		A
---	--	---

 Private Placement

N		A
---	--	---

III Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousand)

Total Liabilities

1	0	1	5	8	9	1	0	5
---	---	---	---	---	---	---	---	---

 Total Assets

1	0	1	5	8	9	1	0	5
---	---	---	---	---	---	---	---	---

SOURCES OF FUNDS

Paid Up Capital

*						5	0	0
---	--	--	--	--	--	---	---	---

 Reserves & Surplus

			7	1	4	8	9	4	5
--	--	--	---	---	---	---	---	---	---

Secured Loans

	5	8	3	9	6	4	1	0
--	---	---	---	---	---	---	---	---

 Unsecured Loans

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

Deferred Tax Liability

			8	0	4	2	1	6	5
--	--	--	---	---	---	---	---	---	---

APPLICATION OF FUNDS

Net Fixed Assets

	1	1	4	6	9	9	6	3	5	2
--	---	---	---	---	---	---	---	---	---	---

 Investments

					3	0	2	7	0	0
--	--	--	--	--	---	---	---	---	---	---

Net Current Assets

(-)	1	3	4	1	5	4	0	5
-----	---	---	---	---	---	---	---	---

 Misc. Expenditure

					5	4	5	7
--	--	--	--	--	---	---	---	---

Accumulated Losses

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

IV Performance of the Company (Amount in Rs. Thousand)

Turnover **

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

 Total Expenditure

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

** Includes other income
+ - Profit /Loss before Tax

<input checked="" type="checkbox"/>		5	4	3	1	1	2	7
-------------------------------------	--	---	---	---	---	---	---	---

 + - Profit /Loss after Tax

<input checked="" type="checkbox"/>		3	2	9	3	4	1	1
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(Please tick appropriate box + for profit - for loss)
Earning per Share in Rs.

			6	5	8	6	8
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 Dividend Rate (%)

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

V Generic Names of Three Principal Products/Services of Company (As per Monetary Terms)

Item Code No.

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

Product Description	T	R	A	N	S	M	I	S	S	I	O	N	O	F							
	E	L	E	C	T	R	I	C	I	T	Y										
	D	E	V	E	L	O	P		T	R	A	N	S	M	I	S	S	I	O	N	
	F	A	C	I	L	I	T	I	E	S											
	C	O	N	S	U	L	T	A	N	C	Y		R	E	G	A	R	D	I	N	G
	T	R	A	N	S	M	I	S	S	I	O	N		L	I	N	E	S			

For Maharashtra State Electricity Transmission Company Limited

Sd/-
Jyoti Arora
Company Secretary

Sd/-
Pratap Mohite
Director (Finance)

Sd/-
Arvind Singh
Chairman & Managing Director