MAHATRANSCO

Maharashtra State Electricity Transmission Co. Ltd.
(CIN No. U40109MH2005SGC153646)
GST NO. 27AAECM2936N1Z2

ANNUAL REPORT
F. Y. 2022 - 2023

MAHATRANSCO
Maharashtra State Electricity Transmission Co. Ltd.
(CIN No. U40109MH2005SGC153646)

MAHARASHTRA STATE ELECTRICITY TRANSMISSION COMPANY LIMITED

18th Annual Report for the period of 2022-2023

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MAHARASHTRA STATE ELECTRICITY TRANSMISSION COMPANY LIMITED

18th Annual Report for the period of 2022-2023

CORPORATE DETAILS

BOARD OF DIRECTORS*

S.No.	NAME OF THE DIRECTOR'S	DESIGNATION
1.	Shri. Dr. Sanjeev Kumar, IAS	Chairman & Managing Director
2.	Smt. Abha Shukla, IAS	Nominee Director
3.	Shri. Ashok Phalnikar	Director (Finance)
4.	Shri. Sugat Gamare	Director (Human Resources)
5.	Smt. Trupti Nitin Mudholkar	Director
6.	Shri. Vishwas V. Pathak	Independent Director

COMPANY SECRETARY	STATUTORY AUDITORS
Ms. Vineeta Shriwani	M/s MSKA & Associates Chartered Accountants

REGISTERED OFFICE

Prakashganga, Plot No. C-19, "E" Block, Bandra-Kurla Complex, Bandra (E), Mumbai-400 051.
Website: www.mahatransco.in
(CIN No. U40109MH2005SGC153646)

**As on 29.12.2023*

DIRECTORS BRIEF PROFILE

Shri. Dr. Sanjeev Kumar, IAS
Chairman and Managing Director

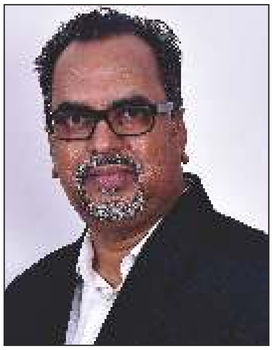
Shri. Dr. Sanjeev Kumar (IAS) has joined as Chairman and Managing Director of Maharashtra State Electricity Transmission Co. Ltd. (MSETCL) on 03.05.2023. He is a senior IAS officer of 2003 batch. Prior to joining of MSETCL, Shri Dr. Sanjeev Kumar was posted as Additional Municipal Commissioner, BMC, Government of Maharashtra.

Shri. Dr. Sanjeev Kumar is Medical Graduate from Jammu Medical College. He has also done Masters in Public Policy and Management from King`s College, London. He possesses more than 20 years of experience in responsible roles in spheres of Management and Administration. He brings in rich expertise in team, project leadership, administration and management.

Smt. Abha Shukla, IAS
Nominee Director

Smt. Abha Shukla is a senior IAS officer of 1993 batch. She was appointed as Director in Maharashtra State Electricity Transmission Company Limited (MSETCL) w.e.f. 29.11.2022 in the capacity of Nominee Director. Smt. Shukla is holding position of Principal Secretary (Energy), Government of Maharashtra since 03.11.2022 and took over the charge of Managing Director, MSEBHCL w.e.f. 29.11.2022. Prior to this she was holding the position of Principal Secretary (Accounts & Treasury), Finance Department, Mantralaya, Government of Maharashtra.

Shri. Ashok Phalnikar
Director (Finance)



Shri. Ashok A. Phalnikar has joined as Director (Finance) in Maharashtra State Electricity Transmission Company Limited (MSETCL) on 05.10.2020. He is from director cadre of Finance and Audit Services of Government of Maharashtra. Prior to joining at MSETCL, he worked as Financial Advisor and Chief Account Officer at Maharashtra State Road Transport Corporation, Mumbai. Before that, he has served in various distinguished offices including Hon'ble Bombay High Court, Mumbai, Hon'ble Chief Minister's Office and University of Mumbai, etc.

Shri Phalnikar has done Masters in Commerce from Mumbai University. He has worked at various Government and Semi-Government Institutions as Financial Advisor and Account Officer. Shri Phalnikar has more than 25 years of work experience of key posts of Finance and Audit functions. His experience will be beneficial to MSETCL. On behalf of MSETCL we wish him good wishes for his future endeavors.

Shri. Sugat Gamare
Director (Human Resource)

Shri. Sugat Gamare has joined as Director (Human Resources) in Maharashtra State Electricity Transmission Company Limited (MSETCL) on 10.01.2022.

Shri. Sugat Gamare is appointed as Director, Human Resources in MSETCL w.e.f. 10.01.2022. Prior to joining as Director (Human Resources), he was working as Chief General Manager (Human Resources) since 03.08.2016. He was holding additional charge of the post of Executive Director (Human Resources) since 03.01.2018.

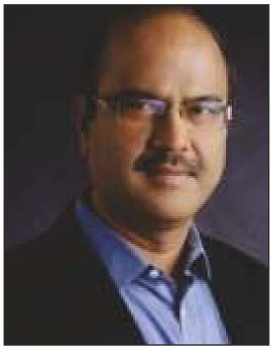
Shri. Gamare has done Post Graduation in Personnel Management & Industrial Relations from Tata Institute of Social & Science (TISS) in the year 1996 and possesses 25 years of experience. Prior to MSETCL, he worked with Mukund Ltd., University of Mumbai, National Bank of Agricultural & Rural Development (NABARD), Videsh Sanchar Nigam Limited (VSNL) & Gharda Chemicals. Shri. Gamare possesses rich experience in shaping Human Resources Policies, Administration, Learning & Development, Organization Development and Change Management (ODCM) and Management.

Smt. Trupti Nitin Mudholkar
Director

Smt. Trupti N Mudholkar has joined as Director in the capacity of Finance expert in Maharashtra State Electricity Transmission Company Limited (MSETCL) w e f 22.01.2021.

Mrs Mudholkar is a Chartered Accountant by profession with a wide experience of 25 years in MAHAGENCO and is currently working as a General Manager (F&A),Koradi Thermal power station ,MAHAGENCO.

Shri. Vishwas Pathak
Independent Director



Shri Vishwas V. Pathak has joined as Independent Director in the capacity of Legal Expert in Maharashtra State Electricity Transmission Company Limited (MSETCL) w.e.f. 22.08.2022.

Shri Pathak is a corporate management professional with hands-on experience in private and public sector, serving on the boards of various corporates in verticals such as infrastructure; manufacturing; telecom; aviation; power generation, transmission & distribution; railways, coal, mines, web and print media and co-operative banking.

Shri Pathak is holding the position of Independent Director & Chairman - Audit Committee of MSEBHCL, MSPGCL, MSETCL and MSEDCL and as Independent Director in Mahanagar Telephone Nigam Limited. Apart from these positions he is also an Independent Corporate Professional running own consultancy firm Zeromile Consultants Pvt Ltd.

Prior to this he has also handled various business operations, capital markets, corporate affairs, legal, risk management, corporate governance, mergers & acquisition, demergers, company/asset valuation, FEMA and corporate laws functions in various corporates and represented before various regulatory authorities in financial world. He was also Addl. PS to the Hon'ble Minister of State for Railways, Coal & Mines during 2021-2022 and advisor to Energy Minister, Maharashtra during 2015-2019.

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MAHARASHTRA STATE ELECTRICITY TRANSMISSION COMPANY LIMITED

DIRECTORS' REPORT
F. Y. 2022 - 2023

Contents of Directors' Report for F.Y. 2022-2023

Sr. No.	Subject
I	STATE OF COMPANY'S AFFAIRS AND FUTURE OUTLOOK (A) Overview of Journey from formation of Company till March 2023 Transmission licensee function (B) Transmission Licensee (C) STU (D) Joint Venture (E) Human Resources
II	DIRECTORS AND KEY MANAGERIAL PERSONNEL (A) Directors (B) Declaration on Independent Directors (C) Key Managerial Personnel (D) Meetings
III	FINANCIAL HIGHLIGHTS (A) Performance of the Company (B) Reserves (C) Change in Share Capital (D) Dividend (E) Internal Controls (F) Subsidiary Company (G) Cost Auditors (H) Statutory Auditors (I) Explanation to the remarks of Statutory Auditors' Report (J) Deposits (K) Particulars of Loans, guarantees or investments (L) Related Party Transactions (M) Change in the Nature of Business, If any
IV	OTHER COMPLIANCES (A) Secretarial Audit Report (B) Risk Management Policy (C) Extract of Annual Return (D) Material Changes and Commitments, if any, affecting the financial position of the Company which have occurred between the end of the financial year of the Company to which the Financial Statements relate and the date of the report (E) Details of Significant and Material Orders passed by the Regulators or Courts or Tribunals impacting the going concern status and Company's operations in future (F) Transfer of amounts to Investor Education and Protection Fund
V	CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO
VI	CORPORATE SOCIAL RESPONSIBILITY (CSR)
VII	DIRECTORS' RESPONSIBILITY STATEMENT
VIII	ACKNOWLEDGEMENTS

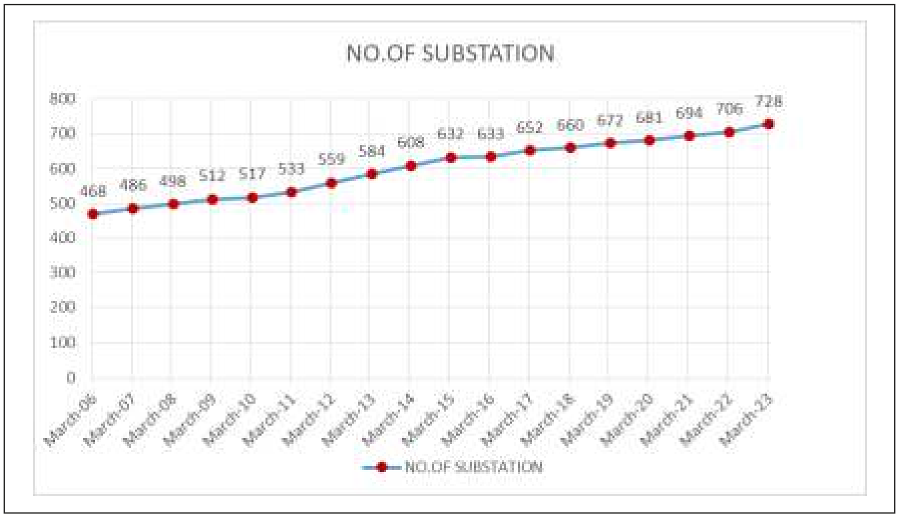
MAHARASHTRA STATE ELECTRICITY TRANSMISSION COMPANY LIMITED
Directors' Report

To,
The Members,
We are delighted to present the report on our business and operations for the Financial Year ended March 31, 2023.

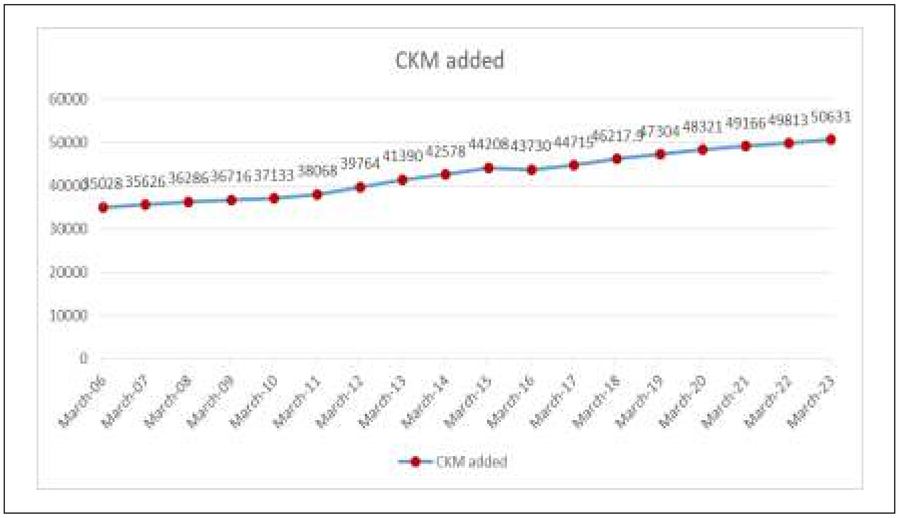
I. STATE OF COMPANY'S AFFAIRS AND FUTURE OUTLOOK

(A) Overview of Journey from formation of Company till March 2023

We have built and own 728 number of substation as on 31st March 2023 in comparison to 468 number of substations in March, 2006 showing a compounded annual growth rate (CAGR) of **2.63%**. Each new substation is being added not only to cater the demand but to give reliable & quality power on 24 x 7 basis along with stability of network as well as reducing the losses. With the addition of each new substation, one can understand the growth of transmission utility commensurate with additional generation capacity matching with demand and requirements of the transmission system.



Similarly we own a vast network of EHV transmission lines ranging from 66kV to 400kV & 500 kV HVDC. As on March- 2006, we had 35028 Ckm of transmission lines, which is expanded to 50631 Ckm as on 31st March 2023, with CAGR of 2.19%.



The voltage levelwise growth from 2005-2006 till March 2023 is as under:

Sr. No.	Voltage Class	Substations as on (Nos.)		EHV network as on (Ckm)	
		March-2006	March-2023	March-2006	March-2023
1	500 kV HVDC	2	2	1504	1504
2	765 kV	0	1	0	0
3	400 kV	17	33	6376	8464
4	220 kV	134	250	11478	19366
5	132 kV	217	356	10085	18209
6	110 kV	31	40	1637	1788
7	100 kV	25	39	678	705
8	66 kV	42	7	3270	595
	TOTAL	**468**	**728**	**35028**	**50631**

Note:- It is policy of MSETCL to eliminate the 66KV level in stages, hence existing 66KV substations and lines are either being upgraded to higher level or eliminated.

Present transmission network and related data (as on 31.03.2023)

Sr. No.	Voltage Class	EHV Substations (Nos.)	Transformation Capacity(MVA)	Transmission Lines (Ckm)
1	500 kV HVDC	2	3582	1504
2	765 kV	1	3000	0
3	400 kV	33	33548	8464
4	220 kV	250	60090	19366
5	132 kV	356	31004.5	18209
6	110 kV	40	2480	1788
7	100 kV	39	2823	705
8	66 kV	7	170.5	595
	TOTAL	**728**	**136698**	**50631**

Achievement against planned for the year 2022-23

Sr. No.	Voltage Class	Substations (Nos.)			Transmission Lines (Ckm)	
		Planned	Actual	MVA	Planned	Actual
1	500 kV HVDC	0	0	0	0	0
2	765 kV	0	0	0	0	0
3	400 kV	0	1	815	0	23.56
4	220 kV	5	9	1850	585	393.48
5	132 kV	3	10	450	316	376.82
6	110 kV	0	2	0	0	24.37
7	100 kV	0	0	0	0	0
8	66 kV	0	0	0	0	0
	TOTAL	**8**	**22**	**3115**	**901**	**818.23**

- This shows that we have achieved an incremental growth rate in adding number of substations as well as Ckm of transmission lines.
- Against the targets of 08 Nos. of various voltage level substations, the actual achievement is 22 nos. which is 275%.
- Against the targets of 901 Ckm of various voltage level lines, the actual achievement is 818.23 Ckm, which is 90.8%
- The EHV new substations commissioned during year 2022-23: List attached as ANNEXURE 'A'.
- The EHV transmission lines commissioned during year 2022-23: List attached as ANNEXURE 'B'.

Comparison of last five years

Sr. No.	Particulars	2018-19 (Actual)	2019-20 (Actual)	2020-21 (Actual)	2021-22 (Actual)	2022-23 (Actual)	Total
1	New Substations	12	9	13	12	22	68
	A. MVA addition due to New substations	775	200	475	1502	1000	3952
	B. MVA addition due to Additional transformers	3050	775	740	775	1915	7255
	C. MVA addition due to Replacement of transformers	343.5	0	440	661	200	1644.5
	Total MVA addition	4168.5	975	1655	2938	3115	12851.5
2	EHV lines (Ckm)	1086.2	1016.92	845.426	646.803	818.23	4413.6
3	Capital Expenditure (Rs. in Crores)	1388	1499	1603	1250	1464	7204

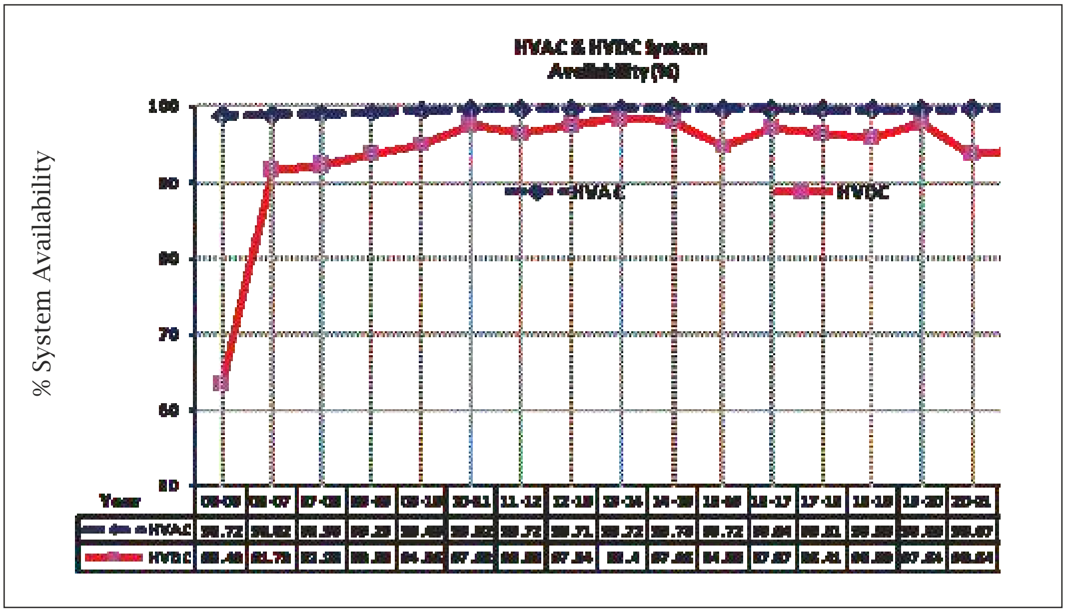
Future Road Map

The state has very high growth rate of development and power being vital engine for accelerating the growth, MSETCL has planned to construct 08 Nos of new substations and 928 CkM of transmission lines for the period 2023-24, the voltage level-wise targets are tabulated below:

Sr. No.	Voltage Class	Substations(Nos.)	Tr. lines (CkM)
1	765 kV	0	0
2	400 kV	0	0
3	220 kV	5	702
4	132 kV	3	226
5	110 kV	0	0
6	100 kV	0	0
7	66 kV	0	0
	Total	**8**	**928**

(B) Transmission Licensee

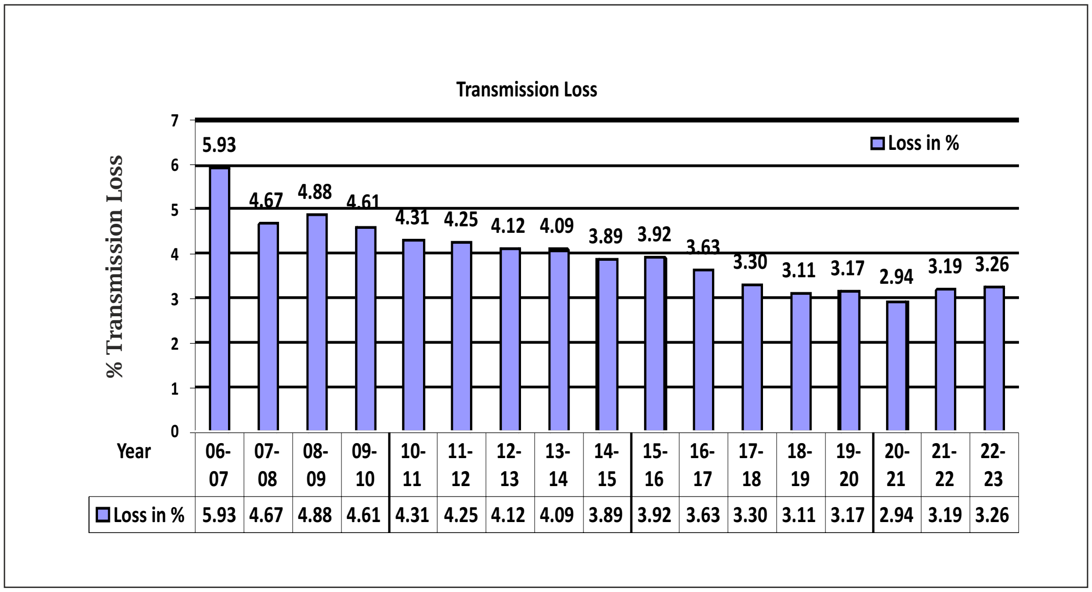
(1) HVAC and HVDC System availability from 2005-06 to 2022-23



HVAC (High Voltage Alternate Current System) & HVDC (High Voltage Direct Current System) Availability Achievement from FY 2005-06 to 2022-23

F.Y.	HVAC	HVDC
2005-06	98.72%	63.48%
2006-07	98.82%	91.73%
2007-08	98.99%	92.29%
2008-09	99.29%	93.55%
2009-10	99.48%	94.96%
2010-11	99.62%	97.62%
2011-12	99.72%	96.55%
2012-13	99.71%	97.54%
2013-14	99.72%	98.40%
2014-15	99.73%	97.96%
2015-16	99.72%	94.56%
2016-17	99.64%	97.07%
2017-18	99.61%	96.41%
2018-19	99.58%	95.89%
2019-20	99.59%	97.64%
2020-21	99.67%	93.64%
2021-22	99.67%	94.27%
2022-23	99.65%	95.34%

(B) (2) Transmission Loss



Sr. No.	Year	Transmission Loss in %
1	2006-07	5.93
2	2007-08	4.67
3	2008-09	4.88
4	2009-10	4.61
5	2010-11	4.31
6	2011-12	4.25
7	2012-13	4.12
8	2013-14	4.09
9	2014-15	3.89
10	2015-16	3.92
11	2016-17	3.63
12	2017-18	3.30
13	2018-19	3.11
14	2019-20	3.17
15	2020-21	2.94
16	2021-22	3.19
17	2022-23	3.26

The Transmission loss of 3.26% in the year 2022-23 and it is one of the best among utilities across the country.

(B) (3) Present Transmission Network and Related Data

(As on 31/03/2023)

Voltage level	EHV Substation	Transformation Capacity (MVA)	EHV Lines (CKT KM.)
765 kV	1	3000	0
500 kV HVDC	2	3582	1504
400 kV	33	33548	8464
220 kV	250	60090	19366
132 kV	356	31004.5	18209
110 kV	40	2480	1788
100 kV	39	2823	705
66 kV	7	170.5	595
Total	728	136698	50631

Present Transmission System Availability as against MERC benchmark

Year	16-17	17-18	18-19	19-20	20-21	21-22	22-23
EHV AC Avail. %	(MERC Benchmark 98%)						
	99.64%	99.61%	99.58%	99.59%	99.67%	99.67%	99.65%
HVDC Avail. %	(MERC Benchmark 95%)						
	97.07%	96.41%	95.89%	97.64%	93.64%	94.27%	95.34%

(B) (4) Challenges before Transmission Licensee

1) Transmission System Availability: To maintain & improve further the HVAC & HVDC System Availability.
2) Transmission Losses: Reduction in Transmission Losses.
3) In time Project Completion: To complete the projects to avoid Time & Cost overrun.
4) Cyber Security: To improve the system for securing crucial system data from cyber-attacks and ensuring Cyber security.
5) Adoption of new technologies: To improve pace for adoption of new technologies.
6) Accelerate the business processes: To avoid the delay in statutory approvals, land acquisition, resolving ROW issues etc.
7) Optimized cost of Operations & Maintenance: To maintain the infrastructure without sacrificing the reliability, safety, quality with least cost of operation and maintenance and move towards Automation.
8) Optimum utilization of Network & Manpower.
9) Development of Fiber Optic communication network and exploring business options thereof.
10) Reduction in accidents & ensuring zero accidents.

(B) (5) Adoption of Innovative Ideas & New Technologies:

1) Remote Airborne Inspection and Scanning System (Remote Control Drone):

MSETCL is operating and maintaining vast EHV network spread across the state of Maharashtra. For smooth functioning of such a vast EHV network & maintaining the availability and reliability of transmission system, MSETCL has to take necessary precautionary measures to minimize occurrences due to the problems on the transmission lines. This can be achieved by periodical Survey/ Patrolling for checking the healthiness of Transmission Lines. Previously, conventional methods such as Ground patrolling/ Monkey patrolling were used for observing the damages to the conductor/ hardware/ earth wire. However, these conventional methods of line patrolling are time consuming and inefficient operating procedures. Therefore, MSETCL has adopted the latest technology in line patrolling and introduced Remote Airborne Inspection and Scanning Systems which are Remote Controlled Drones. The use of Drones helps in cost and time savings in line patrolling and maintenance thereof.

MSETCL has procured 24 nos. of Remote Airborne Inspection and Scanning Systems (Remote Controlled Drones) for closer inspection of EHV lines to observe any breakage of conductor/ insulators, missing/ damaged hardware, damages to conductor or earth wire, hot spot etc. These Remote Controlled Drones have pre-installed Thermovision & highly sensitive Visual Cameras along with GPS for precise monitoring of any possible defects/lacunae and also infringement/encroachment issues along the ROW etc. Further, all these digitally recorded details are being monitored/ analyzed to ensure the healthiness of EHV lines. Thus, monitoring Transmission line, towers through Remote Controlled Drone gives the inputs about present condition of the transmission line and suitable corrective/ remedial action/ measures can be taken before any major occurrence/ breakdown takes place.

2) Insulated Type Aerial Work Platforms for Hot-Line maintenance works:

To operate & maintain a wide-spread EHV network with high normative performance standards, new techniques & technologies need to be adopted to cope-up with the technological developments in the field of power sector. MSETCL has adopted Hot Line Maintenance practices through which live line maintenance of equipments is possible. It improves system availability and reduces interruptions on EHV lines. MSETCL has established special Hot Line Maintenance units to carry out works on live system helping in reduction of downtime of a system without availing outages.

Furthermore, MSETCL has procured two Insulated Type Aerial Work Platforms (Articulating Boom lift) one for each Nagpur & Pune zones to carry out Hot Line maintenance works effectively at a height of upto 23 meters. It is a mechanical device used to provide temporary access for people or equipment to inaccessible areas, usually at a height. Such work platforms are able to drive themselves around a site while the maintenance work is in progress.

3) **Hot-Line Washing:**
Various EHV lines of MSETCL pass through the industrial and foggy area which causes more number of trippings on these lines. To reduce these trippings, the Hot Line Units have to carry out the activity of Hot line washing on these lines regularly. MSETCL has procured seven numbers of Hot-Line washing equipments one for each Zone.

4) **Hotline Maintenance / Puncture Insulator Detection (PID):**
Puncture Insulator Detector is lightweight tool that record defects and dangerous conditions on energized suspension insulators, station posts, bushings and lightning arresters. They measure the electric field along the insulators, record the electrical field and all conductive insulator defects viz. Leaking insulators, Punctured insulators, Surface contamination, Carbon tracking, Captive moisture.

5) **Digital Substation & Digital Bay:**
MSETCL is planning to undertake digitalization and remote operation of substations. It will improve the reliability, efficiency and safety of the system with the use fiber optic cables rather than traditional copper connections. Presently, 220/33kV Kekat Nimbhora digital substation is in service under Nashik zone and the work of 1 no. of 220kV Digital Bay is under execution at existing 400/220kV Loniknad-II S/s.

6) **Implementation of Rapid Restoration System (RRS):**
Failure of any ICT unit at EHV substation results in loss to the system as a whole and forced load shedding becomes inevitable till the failed ICT bank comes in operation. Therefore, Rapid Restoration Schemes (RRS) are being implemented as an effective solution to minimize the delay in restoration of normalcy in case of failure of any of the single phase unit of ICT banks at 400 kV substations in MSETCL's system. This gives more flexibility for EHV operation & maintenance and thereby increasing the reliability of system.

7) **Automated Meter Reading (AMR) project for interface energy meters:**
Automated Meter Reading (AMR) project is implemented for transmission & sub-transmission system throughout the geographical domain of MSETCL and in Mumbai utilities like Adani, BEST & TATA in a phased manner for better granularity and ramp monitoring. This project enabled automated, transparent and reliable process of

interface energy meter data collection without manual intervention. It provides actual energy data for effective implementation of Deviation Settlement Mechanism (DSM) in the state of Maharashtra, in line with SAMAST guideline. DSM is a need of GRID discipline and through AMR ABT system it can be achieved in precise and faster manner. Old Interface Energy Meter (IEM) meter data was uploaded manually for DSM. After implementation of this project about 95% IEM data is available through AMR. AMR project also help in scheduling and billing activity at SLDC level.

8) Maharashtra Transmission Asset Management Center (MTAMC)

Maharashtra Transmission Asset Management Center (MTAMC) with associated telecommunication system and adapted substations for enabling remote centralized operation, monitoring and control of MSETCL Transmission system has been proposed. MSETCL is planning for establishment of automation of 22 nos. EHV substations monitored & controlled by a Control Center with OPGW connectivity. It will help in centralized monitoring and control of MSETCL substations through a Control Center at Airoli. Automation of substations can be possible such that Remote Protection Management and Relay Parameterization (RAS), Automatic DR Fetching & Analysis (AFAS), Video surveillance of substations through VMS & PIDS, Transformer Monitoring System (TMS- Online Bushing Monitoiring, Online DGA, Auxillary System). It will also help in establishment of Corporate Data Warehouse System (CDWS).

9) Emergency Restoration System (ERS):

The outage of transmission system due to natural/ manmade disasters is a matter of concern of utilities/transmission licensees as the outages not only restrict the evacuation of power but also causes serious problem in meeting power demand. The restoration of transmission line in shortest possible time is a challenging and a difficult task for most of the utilities/transmission licensees. To mitigate the natural/ manmade disasters immediate restoration of transmission system on temporary Emergency Restoration System (ERS) is essential to support essential services like hospitals/railways and carrying out other activities during such period.

At present, MSETCL is having 2nos. of ERS, one is kept at Kalwa (Mumbai) and the other one at Murtizapur (Akola district). These are capable of meeting restoration works upto 400kV level. Available two ERS are strategically located to meet requirement in case of emergency. Further, these systems are being used as and when required and found to be very useful. Further considering vast EHV network of MSETCL spread over the large geographical area of Maharashtra state, procurement of additional two numbers of the ERS suitable for works from 132KV to 400KV class transmission lines is under consideration to meet the emergency/ crisis situations effectively.

B. State Grid Operations

<u>State Load Dispatch Centre</u>

The state load despatch centre is the Apex body to ensure integrated operation of the power system in the State.

The functions of State Load Dispatch Centre are as under:

(a) Responsible for optimum scheduling and dispatch of electricity within a State, in accordance with the contracts entered into with the licensees or the generating companies operating in that State;

(b) Monitor grid operations;

(c) Keep accounts of the quantity of electricity transmitted through the State grid;

(d) Exercise supervision and control over the intra-State transmission system; and

(e) responsible for carrying out real time operations for grid control and despatch of electricity within the State through secure and economic operation of the State grid in accordance with the Grid Standards and the State Grid Code.

SLDC is carrying out real time operations such as monitoring & control of grid parameters, outages, contingency management & disturbance handling in coordination with WRLDC and Intra-state generation companies, transmission licensees, distribution utilities and open access users so as to ensure healthiness of the state grid and ensure economical power to the state of Maharashtra. SLDC is carrying out state energy accounting, transmission loss computation, deviation settlement under intra-state ABT Mechanism (DSM) and issuing Energy injection reports for REC certification to Renewable Energy Generators in the State. SLDC is nodal agency for Short Term Open Access approval for Maharashtra.

(B) (1) <u>Highlights for the FY 2022-23 are as under:</u>

1. Max State Demand Catered was 28566 MW in the month of March 2023.
2. System Frequency remained in permissible range of 49.90 Hz - 50.05 Hz for 70.12% of time. (Max. frequency noted in December' 2022 as 50.54 Hz and Min. Frequency was noted in December' 2022 as 49.41 Hz, Average frequency was 49.99 Hz)
3. Total 191408 MUs energy Demand was catered.

(All Figures are operational and based on SCADA data)

(B) (2) Major Achievements

1. Black Start Procedure was successfully carried out for following hydroelectric power plant

   Trombay - 20.11.22
   Bhivpuri HPS - 25.12.22
   Khopoli HPS - 18.12.22
   Bhira HPS - 25.12.22
   Uran GTPS- 20.12.22
   Koyna HPS- 19.12.22
   Ghatghar HPS - 16.12.22

2. MSLDC has developed an "Alert Messaging System". In this System, Critical elements at 400 kV & 220 kV level feeding power to MMR & Mumbai are configured along with permissible limits.

   Based on loading conditions, Mumbai Demand & Mumbai exchange, alerts viz. "Red", "Orange" & "Yellow" are sent to all the Stake holders in MMR & Mumbai i.e. TPC, AEML, MSETCL Sub-Stations, etc. MSLDC Instructions to be followed by the Stake holders are also sent based on alert.

   With this system, all the Stake holders in the MMR & Mumbai are now made aware about System Criticality so as to avoid any occurrence due to communication gap.

   Based on the experience & benefits from this system, MSLDC is in process of extending the same for the whole State

3. MMR & Mumbai area is a Commercial hub of the Country. Any power outages in this area result in to commercial loss to the consumers & country. Since 2020, few major power interruptions have occurred in MMR & Mumbai area. There are multiple Stake holders responsible for catering power demand of this area.

   MMR & Mumbai area is densely populated & highly urbanized, resulting in to restrictions in development of additional corridors. Even though transmission strengthening schemes have been planned and are under implementation, delay is being observed in commissioning. Hence, the existing transmission network needs to be optimally utilized till the strengthening is completed. Under such adverse conditions, Outage Planning plays a critical role in maintaining the Transmission System reliable & Safe.

   In view of above, to further streamline the Outage Management Process and for better co-ordination among multiple stake holders, "Procedure for Planned outage management in Mumbai and MMR Region" is developed at MSLDC.

   The procedure is formulated with following objectives: -

- To facilitate outages on various Transmission Elements & Generating units in Mumbai & MMR region in planned & co-ordinated manner.
- To avoid overlapping of outages in same corridor & time period.
- To avoid conflicts between different constituents.
- To facilitate all the constituents to plan various activities viz. Project works, Preventive Maintenance, etc, in advance in coordinated manner.

4. As per Clause 28 of Maharashtra Electricity Grid Code 2020 (MEGC 2020) State Load Despatch Center developed various procedures. All these procedures have been developed in-house by MSLDC officials. All these procedures are now available on MSLDC website for the use of Stakeholders.
5. Following Major outages facilitated by SLDC for various project work of HTLS, METRO, NHSRCL & DFCCIL

Project Name	Name of Element	Period	Outage facilitated for No. of Days
Samruddhi Mahamarg	220kV Nashik – AKP & 220kV Nashik - Ghatghar	02.04.2022 – 11.04.2022	9
DFCCIL, NHSRCL & Metro Work	220KV Dahanu – Versova & 220kV Boisar – Versova	1) 16.07.2022 - 28.07.2022 2) 06.10.2022 - 17.10.2022 3) 15.09.2022 - 21.09.2022 4) 12.11.2022-30.11.2022 5) 13.02.2023 - 05.03.2023	67 (During the outage bunching is carried out between 220kV Dahanu – Boisar ckt)
HTLS	400kV Kalwa – Padghe ckt - 2	25.07.2022 – 15.09.2022	52 (400kV Kalwa – Padghe ckt 2 tapped on 400kV Kalwa – Kharghar ckt)

6. Cyber Security audit of SCADA , REMC & URTDSM system carried out on dated 23 rd May to 25 th May 2022 by CERT-in empanelled agency M/s. E&Y Consultants Pvt Ltd.

7. Cyber Security audit of REMC system carried out on dated 16th May-22 to 21st May-22 by CERT-in empanelled agency M/s. E&Y Consultants Pvt Ltd.
8. NCIIPC declared under Critical Infrastructure Information SCADA, REMC and URTDSM critical infrastructure and proposal is sent to Ministry of Power Government of Maharashtra for its notification.
9. Installation and Commissioning of Video Conferencing System in Control Room for Real-Time Grid Management at SLDC Airoli. It helps in establishing secure video communication between WRLDC and MSLDC for better real-time co-ordination and efficient System Operation.
10. There is long pending demand from hydro generators to compensate them suitably for Condenser mode Operation of generating unit. The MSLDC has developed "Reactive Compensation Module "and now hydro generators are suitably compensated for Condenser mode operations. The Reactive Energy accounting and Billing is started from 14.03.2022. Maharashtra is the first State to implement Reactive Energy billing.
11. Active Directory System has been implemented for Centralized Control and monitoring over the user access and network permissions. Centralized policies have been implemented in respect of Cyber Security with help of Active Directory service. Centralized access rights management, password management policy has been implemented using Active Directory. Centralized implementation of advisories received from CERT-Trans, CERT-GO, CSK(Cyber Swachhta Kendra), NCIIPC related to Operating System patches updates, Browser updates, other applications updates/patches like MS-office, Acrobat reader etc. Active Directory can help System administrators in all kinds of tasks related to maintaining a healthy network and monitoring it consistently.
12. CII (Critical Information Infrastructure) in respect of MSLDC has been identified by NCIIPC. It includes SCADA, REMC SCADA, URTDSM & WBES (Web Based Energy Scheduling) systems of the SLDC. Further proposal for notification of CII as a Protected System (as per IT ACT 2000) in the gazette of GoM has been submitted.
13. Seven Number of 55inch LED Screen are installed in SLDC control for 24.x7 Monitoring of important display of URTDSM, REMC SCADA and Traditional SCADA system for system operator for efficient monitoring and controlling real time grid operation.
14. MSETCL Substations, IPP/CPP (RE, Solar, Wind) Generator are integrated in SCADA and SCADA REMC System as below for real time data visibility for system operator for efficient grid operations.
    A) 400 KV (KVTL)-01 Nos
    B) 220KV (MSETCL) - 14 Nos.
    C) Baggas-04 Nos.
    D) Solar- 15 Nos
    E) Wind -01 Nos
15. Cyber security audit of REMC system by M/s. AKS IT services Completed on dtd. 08th May 2023.
16. Previously commissioned 440 Nos. Exide make Gel VRLA Batteries of UPS were having various issues since commissioning (Dec-19). Continuous follow up for replacement of the batteries was taken by Maintenance Section. All the 440Nos. of batteries were replaced with new VRLA batteries in month May -22 of by M/s Exide free of cost even after the expiry of warranty period. Saved companies 50-55 Lakhs in this matter.
17. Long pending issue from last 5 years of DG sets purchase was resolved and 2 Nos. of 250KVA DG Sets Make Mahindra were commissioned Aug-22

(B)(3) Generation capacity addition during FY 2022-23 in MW:

Particulars	Unit No.	Addition in MW.	Remarks
State Sector			
MAHAGENCO	NIL		
IPPs	NIL		

Central Sector Units declared COD in FY 2022-23

Unit	Capacity in MW	MSEDCL share in MW	Date of COD
NIL			

(B) (4) Short Term Open Access Granted during the FY 2022-23

According to Open Access Regulation for intra-state, SLDC is a nodal agency for providing short term open access within Maharashtra. The procedure for reservation of transmission capacity under STOA is formulated and SLDC has processed Open access applications during the period as below: -

a. Intra/Inter State STOA:

FY	Firm Power	Day Ahead/Same Day Power	Total No of Applications
2022-23	1912	3409	5321

b. Inter State STOA through Power exchange :-

F. Y.	Standing clearance NOC's through IEX Applications	Standing clearance NOC's through PXIL Applications	Total Nos. of Standing clearance NOC's processed
2022-23	328	0	328

c. REC applications processing: -

FY	No. of applications processed
2022-23	1254

d. Energy Transaction through STOA:-

FY	Total Quantum (Mus)
2022-23	41344

Average Annual Composite Loss				
Sr. No.	Year	Loss	Wheeling Units In Mus	
			Energy I/P	Energy O/P
1	Annual' 06-07	5.93 %	93666	88749
2	Annual' 07-08	4.67 %	93557	89189
3	Annual' 08-09	4.88 %	95477	90815
4	Annual' 09-10	4.61 %	101879	97178
5	Annual' 10-11	4.31 %	107810	103163
6	Annual' 11-12	4.25 %	117555	112562
7	Annual' 12-13	4.12 %	120311	115350
8	Annual' 13-14	4.09 %	122291	117289
9	Annual' 14-15	3.89 %	135373	130107
10	Annual' 15-16	3.92 %	141766	136215
11	Annual' 16-17	3.63 %	143828	138613
12	Annual' 17-18	3.30 %	150340	145385
13	Annual' 18-19	3.11 %	158797	153865
14	Annual' 19-20	3.17 %	155174	150261
15	Annual' 20-21	2.94 %	151779	147322
16	Annual' 21-22	3.19%	168307	162931
17	Annual' 22-23	3.29%	118176	114284

EA section, MSLDC

Energy Accounting Section, MSLDC works on various mechanism such as DSM, REDSM, FBSM, REC, InSTS Loss calculation, Open access and deals with various regulatory matters of SLDC. The work report of Energy accounting section as per the various mechanisms for the FY 2022-23 is stated below;

1) DSM Bills

Energy Accounting section, MSLDC has implemented Deviation Settlement Mechanism in the state of Maharashtra vide Hon'ble MERC's DSM Regulations-2019 which came into effect from 11.10.2021. DSM bills are the frequency based weekly deviation settlement bills issued to the State Entities as per the time line specified in the DSM Regulations-2019. These bills are calculated on 15 min time block basis. Along with DSM bills, EA section also issues Virtual State Entity Bills (VSE Bills) as per the Hon'ble MERC's DSM Regulations-2019 and Reactive bills as per the notification dated 09.03.2022 for Implementation of Reactive Energy Accounting Framework for Intra-State Hydro Electric Generating Stations in terms of the applicable provisions of the MERC (State Grid Code) Regulations, 2020.

Following chart displays the status of DSM bills issued for FY 2022-23:

Sr. No.	Particulars	Achievement
1	DSM Bills	52 Weeks Bills issued within timeline
2	Reactive Bills	52 Weeks Bills issued within timeline
3	VSE Bills	52 Weeks Bills issued within timeline

2) RE DSM Bills

Energy Accounting (EA) section is issuing REDSM bills as per MERC's Forecasting, Scheduling and Deviation Settlement for Solar and Wind Generation Regulations, 2018 on four weekly basis. Calculation of REDSM bills is also 15 min time block basis. The commercial operation of REDSM commenced from 06.01.2020.

Following chart displays the status of RE DSM bills issued for FY 2022-23:

Sr. No.	Particulars	Bills Issued
1	REDSM Bills	52 weeks Bills issued within timeline

3) FBSM Bills

Energy Accounting (EA) section is issuing weekly FBSM bills as per MERC order in case nos. 30 dated 29.09.2006, 42 dated 17.05.2007 and 297 dated 26.09.2019. Maharashtra has implemented Intra-State ABT from 1st August 2011 on 15 min time block basis and is known as Final Balancing and Settlement Mechanism (FBSM). This mechanism is operated till 10.10.2021 as DSM mechanism became operational from 11.10.2021.

Following chart displays the status of FBSM bills issued for FY 2022-23:

Sr. No.	Particulars	Bills Issued
1	FBSM Bills	62 weeks issued for the period (For the years 2018 & 2019)

4) Renewable Energy Certification

Central Electricity Regulatory Commission (CERC) has notified Regulation on Renewable Energy Certificate (REC) in fulfilment of its mandate to promote renewable sources of energy and development of market in electricity. MSLDC issues Energy Injection reports to the RE generators. The value of REC is equivalent to 1 MWh of electricity injected into the grid from renewable energy sources.

Following chart displays the status of REC Applications processed for FY 2022-23:

Sr. No.	Particulars	Bills Issued
1	REC Bills	All the received applications i.e. 2519 nos. processed within timeline.

5) Open Access application Processing

MSLDC is the nodal agency for intrastate Short Term Open Access Applications. MSLDC process the short-term open access applications in the STOA software which is on the web-based platform. It is developed to ease the process of STOA approval of transmission system users and for convenience to meet the timelines mentioned in the Hon'ble MERC and CERC Open Access Regulations. All Short-Term Open Access Applications processed within timelines as specificized in the MERC TOA/DOA regulation 2016 and subsequent amendments thereof.

Following chart displays the status of Open Access application processed for FY 2022-23:

Sr. No.	Particulars	Bills Issued
1	Open Access	All the received applications i.e. 2066 nos. processed within timeline.

6) State Transmission loss for Maharashtra

}The calculation of Intra State Transmission System (InSTS) Loss is as per the methodology prescribed by the MERC in its order in Case No. 31 of year 2006. InSTS Losses are calculated by Energy Accounting Section of SLDC through the DSM software.

Following chart displays the status of State Grid Transmission (InSTS) Losses issued for FY 2022-23:

Sr. No.	Particulars	Bills Issued
1	State transmission Loss	Yearly Transmission Loss of **3.26%** declared

C. State Transmission Utility

(C) (1) Regulatory and Commercial Activity for the Year 2021-22: NIL

(C) (2) Open Access& Grid Connectivity related Activities for the year 2022-23:

Open Access

- Long term Open Access (Intrastate) - Nil
- Medium term Open Access (Intrastate) - Nil
- Long term Open Access (Interstate) - Nil
- Medium term Open Access (Interstate) - Nil
- Partial Long term Open Access - 5
- Partial Medium term Open Access - 29

Grid Connectivity

- **Independent power project/CPP :**
  - Final Grid Connectivity issued is Nil.

  Grid connectivity issued to 2 nos. Project of capacity 665 MW.
  - **Co-Generation power projects:**

  Final Grid Connectivity issued to 5 nos. of Co-Generation power plants with total capacity of 120MW & Grid Connectivity issued to 1 nos. of co-gen project with total capacity of 19 MW.
  - **Wind power projects :**

  No final Grid Connectivity issued to any project. Project Grid connectivity issued to 10 nos. projects of capacity 1054 MW
  - **Solar power projects :**

  Final Grid connectivity issued to 16 nos. of projects with total capacity 992 MW. Grid connectivity issued to 54 nos. projects of total capacity 3750 MW
  - **Hybrid Power Project :**

  No final Grid Connectivity issued to any project. Grid Connectivity issued to 01 no. project with capacity 100 MW.
  - **Small Hydro Power Plants :**

  Final Grid Connectivity issued to 01 no. project with capacity 9 MW. Grid connectivity issued is Nil
  - **Municipal solid/Industrial waste :**

  Final Grid Connectivity issued is Nil.
  Grid connectivity issued to 1 no. project of total capacity 14 MW.
  - **EHV Consumers :**

  Final Grid connectivity issued to 16 nos. of EHV consumers with power demand of 519 MW. Intimation for Grid connectivity issued to 39 nos. of EHV consumers with power demand of 1115 MW.
  - **Railway EHV TSS :**

  Final Grid connectivity issued to 7 nos. of EHV Railway consumers with power demand of 60 MW. Intimation of Grid connectivity issued to 6 nos. of EHV Railway TSS with Power Demand of 50MW.

(C)(3) STU Five year Transmission plan for the period 2022-23 to 2026-27

The STU Five year plan for the F.Y. 2022-23 to 2026-27 has been approved by Board. The technical abstract for the same is a below:

Sr. No.	Particulars	Maharashtra State Abstract					Total
		2022-23	2023-24	2024-25	2025-26	2026-27	
1.	Voltage	New substations Proposed					
	400kV	2	1	5	2	1	11
	220kV	14	14	12	8	1	49
	132kV	5	9	8	6	5	33
	110kV	0	1	0	0	0	1
	100kV	0	1	0	0	1	2
	Sub Total	21	26	25	16	8	96
2.		EHV Lines					
i)		Lines associated with new s/s in ckt -km					
	400kV	625	3	84	102	10	824
	220kV	810.70	435.6	567	211	252	2276.27
	132kV	213.50	450.5	490	138	150	1441.9
	110kV		32	0	0	30	62
	100kV		2	0	0	0	2
	Sub Total	1649.20	923.1	1141	451	442	4606.17
ii)		Link line in ckt-km					
	765kV	0	0	0	0	0	
	400kV	10	0	60	104	0	174
	220kV	813.28	374.5	245	160	299	1891.78
	132kV	409	258	479	118	0	1264
	110kV	90.5	160	0	0	0	250.5
	100kV	20	0	0	0	10	30
	Sub Total	1342.78	792.5	784	382	309	3610.28
iii)		2nd ckt stringing in ckt-km					
	400kV	0	0	0	0	0	0
	220kV	30	0	51.5	86	0	167.5
	132kV	351	413.3	208	0	0	972.3
	110kV	0	35	0	0	0	35
	100kV	0	0	0	0	0	0
	Sub Total	381	448.3	259.5	86	0	1174.8
	EHV Lines Total (Ckt-km)	3372.95	2163.8	2184.5	919	751	9391.25
iv)		HTLS in ckt-km					
	400kV	57	62	0	0	0	119
	220kV	374.7	332	376	206	0	1288.7
	132kV	159.58	482.3	292	77.41	0	1011.29
	110kV	0	33	0	0	0	33
	100kV	73	63.50	0	0	0	136.55
		664.28	972.80	668	283.41	0	2588.49
3 i)	Voltage	Addition of Transformation Capacity in New Substation (MVA)					
	400kV	2000	1000	4000	3000	1000	11000
	220kV	2650	2000	1500	800	100	7050
	132kV	450	500	400	400	300	2050
	110kV	0	100	0	0	100	200
	100kV	0	100	0	0	0	100
	Sub Total	5100	3700	5900	4200	1500	20400

(ii)		**Creation of New Level (MVA)**					
	400kV	0	0	315	200	0	515
	220kV	575	500	700	0	0	1775
	132kV	0	0	100	0	0	100
	110kV	0	0	0	0	0	0
	100kV	0	0	0	0	0	0
	Sub Total	575	500	1115	200	0	2390
(iii)		**ICT Addition**					
	765kV	0	0	1500	0	0	1500
	400kV	1130	1000	2000	1000	0	5130
	220kV	700	300	500	0	0	1500
	132kV	0	0	0	0	0	0
	110kV	0	0	0	0	0	0
	100kV	0	0			0	0
	Sub Total	1830	1300	4000	1000	0	8130
(iv)		**ICT Replacement**					
	400kV	185	370	940	0	0	1495
	220kV	0	350	700	0	0	1050
	132kV	0	0	0	0	0	0
	110kV	0	0	0	0	0	0
	100kV	0	0	0	0	0	0
	Sub Total	185	720	1640	0	0	2545
(v)		**Transformer Addition**					
	400kV	0	150	50	0	0	200
	220kV	50	750	850	0	0	1650
	132kV	100	875	1125	0	0	2100
	110kV	0	50	25	0	0	75
	100kV	0	125	150	0	0	275
	Sub Total	150	1950	2200	0	0	4300
(vi)		**Transformer Replacement**					
	400kV	0	0	0	0	0	0
	220kV	50	550	350	0	0	950
	132kV	125	275	375	0	0	775
	110kV	0	25	25	0	0	50
	100kV	0	0	25	0	0	25
	Sub Total	175	850	775	0	0	1800
	Total Capacity addition (MVA)	8015	9020	15630	5400	1500	39565

(C) (4) Challenges before STU

- Lack of reliable data:- There is a lacuna in availability of important system parameters for all locations in STU network resulting into difficulties of carrying out of growth projection, likely congestion, utilization assessment & other studies. A reliable IT mechanism needs to be created for this purpose.
- Evacuation of Renewable Generation and integration: There is considerable renewable generation targets in the Govt. policy. There is no detailed area wise study available for realizable potential of RE in Maharashtra. Hence, difficulties are faced to plan transmission backbone network accordingly.
- The time gap in transmission plan and its realization in some area has created challenges in transmission network for the region.
- Capacity building of STU personnel: There is a need of expertise staff to handle system planning it is a need of hour to develop such expertise with assistance of technical institution like IIT, Mumbai and companies providing such services.

D. JOINT VENTURES OF MSETCL

(D) (1) MSETCL and JSW: Jaigad Power Transco Limited (JPTL)

Your Company is a pioneering example of Public–Private Partnership between Maharashtra State Electricity Transmission Company Limited (MSETCL) and JSW Energy Limited (JSWEL) to develop transmission system in Maharashtra. This has been done with a view to leverage the respective strengths of the Joint Venture (JV) partners; MSETCL (holding 26% equity) and JSWEL (holding 74% equity).

The Company was formed to take up development of transmission system as an integral part of Intra State Transmission System for evacuation of power from the 1,200 MW Jaigad Thermal Power Project of JSWEL as well as evacuation of power generated from other proposed power projects in Ratnagiri region.

Your Company was awarded transmission license dated 8th February, 2009 by the Hon'ble Maharashtra Electricity Regulatory Commission (MERC) under Section 14 of the Electricity Act, 2003. The license authorizes the Company to establish, operate and maintain transmission system consisting of 400 kV Jaigad - New Koyna and Jaigad - Karad transmission lines for 25 years.

The entire transmission project was constructed in record time considering the difficult terrain through which the transmission lines were passing. The transmission project became fully operational on 2nd December 2011 and your Company entered into full-fledged operation and maintenance phase.

This transmission system is presently evacuating power from 1,200 MW Ratnagiri Power Plant as well as transmitting intra-state power between New Koyna and Karad regions.

The Company follows a 'cost-plus' mechanism to recover transmission charges. This mechanism of fixing transmission charges ensures recovery of O&M expenses, interest expense, depreciation etc. and a post-tax return on equity of 15.5%. However, a temporary cash flow impact is could be expected due to the likely collection weakness at the discom level.

For the Financial Year 2022-23, the transmission system availability achieved was 99.62% against the normative availability of 98%.

Your Company has complied with all regulatory requirements during the Financial Year under the transmission license granted by MERC.

(D) (2) MSETCL and Sterlite Technologies Limited: Maharashtra Transmission Communication Infrastructure Limited (MTCIL_

Maharashtra Transmission Communication Infrastructure Ltd (MTCIL) is a joint venture between Sterlite Power Transmission Limited (SPTL) (51%) and Maharashtra State Electricity Transmission Company Ltd (MSETCL) (49%). MTCIL was formed to establish a 3300 km's reliable OPGW network covering the entire state of Maharashtra. MSETCL is utilizing the network for seamless voice, data, remote monitoring, tele protection, asset management and SCADA connectivity between substations. The surplus fiber capacity is being leased out to the telecom service providers.

The network is also monetized through spare OPGW fiber by offering to customers connecting different locations within Maharashtra. The ring architecture connects all major cities within the state of Maharashtra. All leading Telco's, ISPs, MSOs, Wholesale carriers are utilizing this superior network and the customer base is rapidly growing.

MTCIL has built an intra-city Data center OPGW corridor ring across Mumbai, the city which hosts major data centers within the country. This corridor runs very close to several prime data centers and provides almost end-to-end OPGW connectivity to telecom service providers. This will be critical for enhancing their network performance and delivering services with low latencies to new-age customers like OTTs and Hyper scalers.

MTCIL has successfully developed and installed the 96F OPGW for the first-time commercial usage and upgraded some of existing 48F OPGW link to 96F OPGW where the high demand of fiber to generate the additional revenue.

MTCIL allows Power utility infrastructure (OPGW, transmission and distribution towers & substations) to be leveraged by Telco's and other communication service providers to deliver data and voice services. We are the leading best-in-class dark fiber solution provider in the country, utilizing the highly reliable OPGW network. We provide the best uptime in the industry using high-quality fiber with less attenuation.

Our co-location services provide a flexible rental rack space in a highly secured location with uninterrupted power supply and multiple back-up power. We are the first in the Indian telecom industry to introduce edge computing containerized data centers (CDC) to host telecom equipment at co-location facilities. CDC solution reduces the turnaround time and provides superior customer experience.

The Company has successfully installed a solar power solution to provide an alternative, redundant & reliable power supply to co-locations. The solar power solution has helped the company to save on 50% Opex cost (reduction on electricity bills), 500 Kg/site carbon footprint reduction.

The company has received approval for additional 2000 Km OPGW network under expansion plan to connect 74 no's of substation to strengthen the communication system for MSETCL SCADA system and generate the additional revenue by leasing the spare Fibers to potential telecom service provider.

DATA GROWTH AND FIBER REQUIREMENT

India is the world's second-largest telecommunications market. The total subscriber base, wireless subscriptions as well as wired broadband subscriptions have grown consistently Tele-density stood at 84.51%, as of March 2023, total broadband subscriptions grew to 846.57 million until March 2023.

Over the next five years, rise in mobile-phone penetration and decline in data costs will add 500 million new internet users in India, creating opportunities for new businesses.

The auctions on 5G have been concluded in August 24 and JIO and Airtel have announced aggressive plans to connect every Town and district by March 24. This will require lot of fiberisation of telecom towers and sites and points of presence to deliver the high speeds and customer experience and hence there will be exponential demand for reliable fibre, especially OPGW across the country.

By 2025, India will need 22 million skilled workers in 5G-centric technologies such as Internet of Things (IoT), Artificial Intelligence (AI), robotics and cloud computing. The immense drive from GOI for localization of data along with emergence of OTTs and Hyper-scalers require robust Data Centre connectivity and many Data center players have announced plans to deploy new facilities in Mumbai, NCR, Hyderabad and this will also require fiber connectivity creating demand.

BUSINESS OUTLOOK

Your Company continues to be a preferred choice for large telecom service providers, ISPs and MSOs who are wanting OPGW fiber connectivity to boost their network performance and have near 100% uptime to provide superior services to their end customers. Your Company has an active customer base of twenty leading Telecom and Internet services providers including Reliance Jio Infocomm Ltd., Vodafone Idea Ltd, TATA Communications Ltd. and Bharti Airtel Ltd as of March 31, 2023. The financial year 2022-23 has been a landmark year for your Company with an INR 232 Crores approx order booking the highest so far from existing and new customers. The cash collections in FY 23 stood at a whopping 158Cr approx, also the highest since inception of business.

Buoyed by the success in FY 23 and the exponential growth in data traffic post pandemic, MTCIL is planning to upgrade its 48F fiber with 96F fiber for doubling the network capacity at certain select routes. We are the first one in India to use 96F in OPGW. Also, MTCIL network will be expanded by additional 2,000 kms across strategic geographies in FY 23 and FY 24. This will further strengthen MTCIL's capabilities as largest digital infrastructure provider with robust OPGW serving all communication service providers in the region.

MTCIL is planning to leverage its network and demonstrated uptimes and stability of OGW and position the fiber service to large OTT players who are actively looking at Stable networks to run their mission critical applications. MTCIL expects sizeable deals from OTT segment through licensed service providers in FY 24.

The additional capacity will address the rising data demand due to next generation 5G, IoT technologies, and support the further economic growth of the region.

MTCIL is targeting an order booking of 300Cr in FY 24 and the cash collections of around 180-200Cr in FY 24 considering the demand from 5G rollouts and DC connectivity.

E. Human Resource Department

(E) (1) In this fast paced era, the role of Human Resources are becoming vital in organizational development. Human Resources department tend to play a crucial role in business performance and seeking to encourage organizational development with respecting values and culture. Human Resources department always endeavour to revamp employee development, building internal communication and relations.

The MSETCL believes that timely developments within the Organization will help in equipping people with better resources for upcoming challenges and talent needs. It facilitates in fostering better relationships and healthy and positive work culture.

The employees always endeavour towards achieving excellence in transmission capabilities and reduction in transmission losses, while still adhering to the company's culture and values.

The Company always tends to develop a management culture, trust, transparency and open communication and to establish a strong ethos of work culture, quality consciousness and high performance across the organization. In its pursuit of personnel management excellence, the Company has been implementing various initiatives with the primary objective of ensuring supreme performance by providing optimal support for employees.

(E) (2) Working Manpower Strength (Including supernumerary) as on 31st March 2023 is 8866 nos.

(E) (3) MSETCL Training & Development

MSETCL's Core Belief:

At MSETCL, we firmly believe that the Human Resources function plays a pivotal role in the growth and development of our organization. With a commitment to fostering continuous improvement, we actively strive to enhance our employees' capabilities through targeted training initiatives.

MSETCL Training Policy:

Aligned with the National Training Policy issued by the Ministry of Power, Government of India, MSETCL has established a comprehensive training framework. According to this policy, each employee is entitled to seven days of training annually. This allocation is divided into four days dedicated to functional training and three days focused on behavioural training.

Innovative Training Practices:

As part of our commitment to continuous improvement, MSETCL employs innovative training practices to enhance the technical knowledge and skills of our engineers. Our employees are regularly nominated to participate in webinars and online training sessions organized by reputable institutes such as CBIP and IEEMA, ensuring that they stay abreast of the latest industry developments.

By embracing a holistic approach to training and development, MSETCL strives to not only meet but exceed the evolving needs of our workforce, fostering a culture of excellence and continuous learning.

b) During the year 2022-23, various need based training programmes were conducted mostly in following areas:

HVDC	Hot Line
SCADA	Contract Management
Cyber Security	Digital Substation
Earthing Practices and safety measures in electrical installation	Design, construction and quality measurement of EHV substation
Energy Storage	

Along with this MSETCL has conducted some of the flagships Programs were conducted such as:

Trainers Meet	Union Meet
HR Summit	Project Summit
Training on Promotion	Drivers Workshop

C) In-house capabilities of training facilities available at MSETCL:

MSETCL believes that Human Resources has pivotal role in growth & development of the company. It endeavours to build employees' capability in Power Sector through training. It has adopted National Training Policy issued by the Ministry of Power, Government of India. As per this policy, 07 days training is to be provided to each employee annually.

To keep the employees updated and up skilled with the modernization of Power sector for their 360 degree development, Regional Training Centres (RTCs) at all 7 zones have been established and strengthened. Training programs for Pay Group III & IV employees, Induction level training for Assistant Engineers are conducted here. The trainings imparted vary from Operation & Maintenance, Behavioral/Managerial, Refresher trainings for F&A and HR related topics, ERP refresher and any relevant topic as and when needed.

d) Other Value Additions:

Initiative for conducting online MCQ based Departmental Examination at MSETCL end is being undertaken

Initiative for conducting Reward Scheme for motivation the MSETCL Employees.

e) Training imparted and expenditure incurred during the year 2022-23 is as under:

Total Mandays covered	Expenditure Incurred (Rs. In Lakhs)
43846	582.68

f) Future Plans:

- Training Programs on advanced topics such as HVDC, GIS, Smart Grid, Substation Automation, Digital Substation, Project Management, Grid Management, Cyber Security etc.
- Conduction of Project, O&M and Vendor Summits
- Training Need Analysis of MSETCL.
- HR Conclave for all Three Sister Companies.
- Conduction of various meets such as HR, F&A, Union etc. for all three companies.
- Specialised Training Program for Divyang Employees of MSETCL.
- Conduction of Induction Level Training Programs for MSETCL Employees at Entry level

(E)(4) Achievements :

- MSETCL has achieved following prestigious awards during 2022-23.

Sr. No.	Name of Award	Segment / Category	Award Type	Award By	Award Against specialized work	Date of Award
1	SKOCH Star of Governance	Power & Energy	Winner	SKOCH	Maharashtra Topped in Power & Energy	18.06.2022
2	IEI Industry Excellence Award 2022	-	Trophy	IEI	Industry Excellence	16.12.2022
3	SKOCH	-	Silver	SKOCH	Utilization of Drones for EHV Line Patrolling	20.01.2023
4	CBIP Awards 2022	Best Transmission Utility	Trophy	CBIP	Best Performing Power Transmission Utility	03.03.2023

(E)(5) Reward Scheme :

New Performance Linked Reward Scheme is introduced for specified Sub-Stations and Units under O & M and Projects category. As per the scheme, 1st prize and 2nd prize under State Level Rewards and Field Level Rewards have been prescribed based on evaluation of units under certain parameters.

For the year 2022-23 State Level and Field Level Rewards were declared. A State Level Rewards distribution programme was held on Company's Foundation day at Mumbai.

(E)(6) Employee Welfare

MSETCL undertakes various employee welfare policies time to time. Under the MSEB HCL Group Mediclaim Insurance Policy it has been provided Mediclaim Insurance for the employees and his 05 dependents.

- Company conducts Sports tournaments at Division, Circle, Zone & State level and Drama Competition at Zone & State level. Sports and Drama Competitions are organized at alternate years.
- The Company also participates in tournaments organized by All India Electricity Sports Control Board (AIESCB). The employees secured Gold/ Silver/ Bronze medal in National/ International, AIESCB Sports tournaments is felicitated with cash prizes.
- The Company encourages employees to participate in Drama Competition. It conducts Drama Competition at Circle, Zone & Inter-Company level.
- MSETCL also provides various cash prizes to the wards of the employees for various selection for qualifications viz. M.B.B.S., Scientific Research, selected in UPSC/ MPSC for Class-I post. National Saving Certificate of Rs. 5000/- to the employees who have given birth to female child is provided.
- Scholarship to the wards of the employees who stands in merit in the 10th Standard upto graduation level is provided through MSEB Staff Welfare Fund Committee.
- School bus facility is provided at remote sub-stations such as Padgha.
- The wards of employees having minimum 40% disability / deaf & dumb as certified by the District Civil Surgeon will be given financial aid of Rs. 5,000/- to purchase tricycle/ hearing aids through MSEB employees Staff Welfare Fund Committee.
- The Company has introduced Rs. 20 Lacs Term Insurance Policy for employees.
- The Company has also adopted Accident Insurance Policy of Rs. 10 lacs from Government of Maharashtra for Company employees.

(E) (7) Statutory Compliance under Industrial and Labour Laws -

a) To obtain essential Liaisons from various government authorities under various labour laws and Settlement of on duty accident medical cases and compensation of their claims as per Labour laws.

b) Grievance meetings are conducted by playing mediator role between management and unions, so as to maintain harmonious industrial relations.

(E)(8) Obligation of Company under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

In order to prevent sexual harassment of women at work place a new act the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 has been notified on 09.12.2013. Under the said Act every company is required to set up an Internal Complaints Committee to look into complaints relating to sexual harassment at work place of any employee.

Company already has mechanism for prevention of Sexual Harassment of Women at workplace. The existing Committee registers the complaints related to sexual harassment.

II. DIRECTORS AND KEY MANAGERIAL PERSONNEL

(A) Directors

During the financial year 2022-23, the following changes in the composition of the Board of Directors of the Company have taken place as per the directions of the Energy Department, Government of Maharashtra and the holding Company, MSEB Holding Co. Ltd.

Sr.No.	Name of the Director	Date of Appointment	Date of Cessation
1.	Shri. Dinesh Waghmare, IAS	23.01.2020	-
2.	Shri. Ashok Phalnikar	05.10.2020	-
3.	Shri. Quadri Nasir Syed Mazhar	05.10.2021	-
4.	Shri. Anil Vilas Kolap	05.10.2021	15.12.2022
5.	Shri. Sugat Gamare	10.01.2022	-
6.	Smt. Trupti Mudholkar	22.01.2021	-
7.	Shri. Vishwas Pathak	22.08.2022	-
8.	Smt. Abha Shukla, IAS	29.11.2022	-

Directors on the date of report are as follows:

Sr.No.	Name of the Director	Designation	Date of Appointment
1.	Shri. Dr. Sanjeev Kumar, IAS	Chairman & Managing Director	03.05.2023
2.	Shri. Ashok Phalnikar	Director(Finance)	05.10.2020
3.	Smt. Trupti Mudholkar	Director	22.01.2021
4.	Shri. Sugat Gamare	Director(Human Resource)	10.01.2022
5.	Shri. Vishwas Pathak	Independent Director	22.08.2022
6.	Smt. Abha Shukla, IAS	Nominee Director	29.11.2022

(B) PERFORMANCE EVALUATION OF DIRECTORS

The requirement of performance evaluation of directors under Section 178(2) of the Companies Act, 2013 has been done away with for Government Companies vide Ministry of Corporate Affairs' Notification dt. 5th June, 2015.

Further, the appointment, tenure and remuneration of CMD is decided by Government of Maharashtra. For other Whole Time Directors the appointment and tenure is fixed by MSEBHCL and the remuneration of Whole Time Directors as per terms and conditions of their appointment. Independent Directors/Non-Executive Director are paid only sitting fee per Board / Committee meeting attended {rate fixed by the Board within the ceiling fixed for payment of sitting fee without Government approval under the Rule 4 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 read with the Section 197 of the Companies Act, 2013} and in accordance with the Government Guidelines for attending the Board Meeting as well as Committee Meetings.

The Government Nominees Directors on the Board do not draw any remuneration/sitting fee for attending Board/ Committee meetings from the Company. The Independent Directors/Non-Executive Directors were paid sitting fee of Rs. 5,000/- per meeting for attending Board/Committee Meetings/General Meetings.

(C) Key Managerial Personnel

During the financial year 2022-23 the following are the Key Managerial Personnel of the Company as per the provisions of the Companies Act, 2013:

Sr.No.	Name of the Key Managerial Personnel	Designation	Date of Appointment	Date of Cessation
1.	Shri. Dinesh Waghmare, IAS	Chairman & Managing Director	23.01.2020	-
2.	Shri. Ashok Phalnikar	Chief Financial Officer	05.10.2020	-
3.	Ms. Vineeta Shriwani	Company Secretary	22.06.2015	-

(D) Meetings

(i) Board Meetings

During the financial year under review, 07 Board Meetings were held on the following dates:

S.No.	Number of Board Meeting	Date of Board Meeting
1.	154th Board Meeting	19.05.2022
2.	155th Board Meeting	13.06.2022
3.	156th Board Meeting	04.08.2022
4.	157th Board Meeting	17.10.2022
5.	158th Board Meeting	10.11.2022
6.	159th Board Meeting	29.12.2022
7.	160th Board Meeting	27.02.2023

The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013.

Board Meeting attendance of directors during financial year 2022-23

Name of the Director	No. of Board Meetings held	
	Held	Attended
Shri. Dinesh Waghmare, IAS	7	7
Shri. Ashok Phalnikar	7	7
Smt. Trupti Mudholkar	7	4
Shri. Anil Vilas Kolap(1)	7	5
Shri. Quadri Nasir Syed Mazhar	7	7
Shri. Sugat Gamare	7	7
Shri. Vishwas Pathak(2)	7	4
Smt. Abha Shukla(3), IAS	7	0

[1] *Shri. Kolap ceased to be Director w.e.f. 15.12.2022*

[2] *Shri. Pathak was appointed as Director w.e.f. 22.08.2022*

[3] *Smt. Shukla was appointed as Director w.e.f. 29.11.2022*

(ii) COMMITTEE OF THE BOARD OF DIRECTORS

The Company has the following Committees of the Board:

- **Audit Committee (AC)**

The Audit Committee was re-constituted on 24.08.2015 pursuant to provisions of Section 177 of the Companies Act, 2013.

As per amendments vide MCA notification dated 05.07.2017 in Rule 4 of The Companies (Appointment and Qualifications of Directors) Rules, 2014 and MCA notification dated 13.07.2017 Rule 6 of Companies (Meetings of Board and its Powers) Rules, 2014, MSETCL being a wholly owned subsidiary of MSEB Holding Company Limited, is not required to appoint Independent Directors or to constitute an Audit Committee and Nomination and Remuneration Committee of the Board.

As a good governance practice MSETCL continued with the appointment of Independent Directors and Audit Committee also. In FY 2019-20, Shri Vishwas Pathak, Independent Director resigned from the Board of MSETCL w.e.f. 08.01.2020 and Smt. Pushpa Chavan also resigned w.e.f 10.06.2020.

During FY 2022-23, Shri Vishwas Pathak was appointed on the Board of MSETCL on 22.08.2022 as an Independent Director and thereafter it was decided to re-constitute the Audit Committee for better governance practice.

Accordingly in 159th Board Meeting held on 29.12.2022 the Audit Committee was re-constituted as under:

Sr. No.	Committee Members	Category
1.	Chairperson	Independent director
2.	Executive	Director (Projects)
3.	Independent Director-Non Executive	Independent Director/Non-executive Director
	Permanent Invitees	
4.	Chairman and Managing Director	
5.	Director (Finance)	

The composition of Audit Committee as on the date of the report is as under:

Sr.No.	Name of Committee Members	Designation	In the ex-officio capacity of
1.	Shri. Vishwas Pathak	Chairman	Independent Director
2.	Smt. Trupti Mudholkar	Member	Director
3.	Shri. Quadri Nasir Syed Mazhar	Member	Director (Projects)-Executive
4.	Shri. Dinesh Waghmare, IAS	Permanent Invitee	Chairman & Managing Director
5.	Shri. Ashok Phalnikar	Permanent Invitee	Director(Finance)-Executive

During the financial year under review, One Audit Committee Meeting was held on the following date:

S.No.	Number of CSRC Meeting	Date of Meeting
1.	1st Audit Committee Meeting	27.02.2023

Audit Committee Meeting attendance of directors during financial year 2022-23

Name of the Director	No. of Board Meetings held	
	Held	Attended
Shri. Vishwas Pathak	1	1
Smt. Trupti Mudholkar	1	1
Shri. Quadri Nasir Syed Mazhar	1	1

- **Nomination and Remuneration Committee(NRC)**

  The Nomination and Remuneration Committee was re-constituted on 24.08.2015 pursuant to provisions of Section 178 of the Companies Act, 2013.

  As per amendments vide MCA notification dated 05.07.2017 in Rule 4 of The Companies (Appointment and Qualifications of Directors) Rules, 2014 and MCA notification dated 13.07.2017 Rule 6 of Companies (Meetings of Board and its Powers) Rules, 2014, MSETCL being a wholly owned subsidiary of MSEB Holding Company Limited, is not required to appoint Independent Directors or to constitute an Audit Committee and Nomination and Remuneration Committee of the Board.

  During the financial under review, no Nomination and Remuneration Committee meeting was held.

Corporate Social Responsibility Committee (CSRC)

The Corporate Social Responsibility Committee was constituted on 19.05.2014 pursuant to provisions of Section 135 of the Companies Act, 2013. CSR Policy was adopted in 03.12.2015 and accordingly the composition of CSRC as on the date of report is as under:

Sr.No.	Name of Committee Members	Designation	In the ex-officio capacity of
1.	Shri Dinesh Waghmare, IAS	Chairman	Chairman & Managing Director
2.	Shri Quadri Nasir Syed Mazhar	Member	Director (Projects)-Executive
3.	Shri Ashok Phalnikar	Member	Director(Finance)-Executive
4.	Shri Vishwas Pathak	Member	Independent Director

During the financial year under review, three CSRC Meeting was held on the following date:

Sr.No.	Number of CSRC Meeting	Date of Meeting
1.	31st Corporate Social Responsibility Committee Meeting	14.12.2022
2.	32nd Corporate Social Responsibility Committee Meeting	27.02.2023
3.	33rd Corporate Social Responsibility Committee Meeting	29.03.2023

CSRC Meeting attendance of directors during financial year 2022-23

Name of the Director	No. of Board Meetings held	
	Held	Attended
Shri. Dinesh Waghmare, IAS	3	3
Shri. Quadri Nasir Syed Mazhar	3	3
Shri. Ashok Phalnikar	3	3
Shri. Vishwas Pathak	3	3

MEETINGS OF THE MEMBERS OF THE COMPANY

Annual General Meeting

The last three Annual General Meetings (AGM) were held as under:

AGM	For the F. Y.	Venue	Day and Date	Time
15th	2019-20	Conference Hall, 3rd Floor, HSBC Building, Fort, Mumbai-400001	Tuesday, December 29, 2020	13.00 Hrs.
16th	2020-21	Conference Hall, 3rd Floor, HSBC Building, Fort, Mumbai-400001	Wednesday, December 29, 2021	17.00 Hrs.
Adj. 16th	2020-21	Conference Hall, 3rd Floor, HSBC Building, Fort, Mumbai-400001	Thursday, February 24, 2022	12.30 Hrs.
17th	2021-22	Conference Hall, Guest House, Bijli Nagar, Nagpur-440001	Wednesday, December 29, 2022	16.45 Hrs.

III. FINANCIAL HIGHLIGHTS

(A) During the year under review, performance of your company as under:

[Rs. In Crs]

Particulars	2022-23	2021-22
Total Income	5681.85	5203.22
Total Expenditure	4117.89	4013.19
Profit Before Tax	**1563.96**	**1190.03**
Provision for Tax	(527.28)	(234.67)
Net Profit / (Loss) after Tax available for Appropriation	**1036.68**	**955.36**
Other Comprehensive Income	(8.51)	(21.45)
Total Comprehensive Income	**1028.17**	**933.91**

Profit before Tax for the year 2022-23 is at Rs.1563.96 crore as against Rs.1190.02 crore during the previous FY 2021-2022. Profit after Tax for FY 2022-23 is at Rs. 1036.68 crore as against Rs.955.36 crore during the previous FY 2021-2022. The major element of Revenue for the Company is Transmission Charges which is collected from State Transmission Utility (STU).

(B) Reserves

The Company has transferred Rs.73.23 crores to Contingency Reserve Fund, Rs. Nil to Special Reserve Fund and Rs. Nil to Load Dispatch Center Empowerment Reserve (LDCD) Fund.

(C) Change in Share Capital

The Capital Structure of the Company is as under: **(Amt in Rs.)**

Particulars	Amount
Authorized Share Capital	15,000,00,00,000
Issued, Subscribed and Paid-up Share Capital	89,84,97,47,330

In F.Y. 2022-23 there was no change in the Share Capital of the Company.

(D) Dividend

Considering the requirement of funds for system improvement and various infrastructural projects, Directors did not recommend any dividend for the financial year ended 31st March 2023.

(E) 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 transaction are authorized, recorded, and reported correctly.

(F) Subsidiary and Associates Company:

The 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.

MSETCL has two Associate Company's namely

i) Jaigad Power Transco Limited

ii) Maharashtra Transmission Communication Infrastructure Limited

(G) Cost Auditors

The Government of India, Ministry of Corporate Affairs, Cost Audit Branch, New Delhi, in exercise of powers conferred u/s 148 of the Companies Act, 2013 issued Companies (Cost Records and Audit) Amendment Rules, 2014 to audit Cost Accounting Records and Books of Accounts maintained by the company in respect of Electricity Industry. M/s B J

D Nanabhoy & Co., Cost Accountants were the cost auditor for the F.Y. 2022-23

The Board of Directors appointed M/s B J D Nanabhoy & Co., Cost Accountants, as the cost auditor for the F.Y. 2023-24 and their appointment has been taken on record by MCA.

(H) Statutory Auditors

As the Company is a Government Company under section 2(45) of the Companies Act, 2013, the Comptroller and Auditor General of India under section 139(5) of the Companies Act, 2013 appoints the Statutory Auditors to audit the Annual Accounts. The C&AGI, New Delhi vide letter No./CA. V/ COY/MAHARASHTRA,MSETCL(1)/252 Dt 29.08.2022 has appointed M S K A & Associates,Chartered Accountant as Statutory Auditor for F.Y. 2022-23.

The C&AGI, New Delhi vide letter No. CA.V/COY/MAHARASHTRA,MSETCL (1)/1013 Dated 20/09/2023 has appointed M S K A & Associates' Chartered Accountant Firm as the statutory auditor for the financial year 2023-24. The Statutory Auditors appointed by C&AGI will hold office until the conclusion of next Annual General Meeting.

(I) Explanation to the remarks of Statutory Auditors' Report

An explanation to the remarks of the Statutory Auditors is enclosed as Annexure III.

In terms of Section 143 (6) of the Companies Act, 2013 the comments of the Comptroller and Auditor General of India on the accounts of the Company for the year ended March 31, 20232 are annexed to the report as Annexure IV.

(J) Deposits

During the year under review, the Company has not accepted any deposits covered under Chapter V of the Companies Act, 2013, from the public.

(K) Particulars of Loans, guarantees or investments

Your company has not directly or indirectly:

a) given any loan to any person or other body corporate other than usual advances envisaged in a contract of supply of materials if any,

b) given any guarantee or provide security in connection with a loan to any other body corporate or person and

c) acquired by way of subscription purchase or otherwise, the securities of any other body corporate exceeding sixty percent, of its paid-up share capital, free reserve and securities premium account or one hundred percent of its free reserves and securities premium account whichever is more.

(L) Related Party Transactions

During the year under review, there were no contract or arrangements entered into by the company in accordance with provisions of section 188 of the Companies Act, 2013.

(M) Change in the Nature of Business, If any

There is no change in the nature of business of the Company.

(N) Funding arrangement/Institutional Borrowing

MSETCL has submitted its Capital Expenditure Plan for FY 2020-21 to 2024-25 of around Rs.7,286 crores to MERC.

In the Financial Year 2022-23, MSETCL has raised Rs.1,617 crores through Debt including Refinancing. For debt component, MSETCL has tied up with Power Finance Corporation (PFC), Rural Electrification Corporation (REC), KFW and Nationalized Banks. MSETCL has earlier raised loans from International Agencies like the International Finance Corporation and the Japanese Bank of International Co-operation (JBIC).

IV. OTHER COMPLIANCES

(A) Secretarial Audit Report

In terms of Section 204 of the Act and Rules made there under M/s. Ajith Sathe, Practicing Company Secretary have been appointed as Secretarial Auditors of the Company. The report of the Secretarial Auditors is enclosed as Annexure -III to this report. The report is self-explanatory and do not call for any further comments.

(B) Risk Management Policy

The Board of Directors have approved Risk Management Policy 02.06.2016 and implemented it w.e.f. 02.06.2016. The Board has adopted Policy to proactively manage uncertainties and changes in the internal and external environment to limit negative impacts and capitalize on opportunities. The Board has ensured sustainable business growth, stability by promoting a pro-active approach in reporting, evaluating and resolving risks associated with the business. The Policy is available on company's website at

https://mahatransco.in/information/details/risk_management_policy

(C) Extract of Annual Return

The Extract of Annual Return in form No. MGT-9 as per Section 134 (3) (a) of the Companies Act, 2013 read with Rule 8 of Companies Act (Accounts) Rules 2014 and Rule 12 of Companies (Management & Administration) Rules, 2014 is attached as Annexure IV.

(D) Material Changes and Commitments, if any, affecting the financial position of the Company which have occurred between the end of the financial year of the Company to which the Financial Statements relate and the date of the report

There is no such material changes occurred subsequent to the close of the financial year of the Company to which the balance sheet relates and the date of the report like settlement of tax liabilities, operation of patent rights, depression in market value of investments, institution of cases by or against the company, sale or purchase of capital assets or destruction of any assets etc.

(E) Details of Significant and Material Orders passed by the Regulators or Courts or Tribunals impacting the going concern status and Company's operations in future

There is no such orders passed, to which impacting the going concern status and company's operations in future.

(F) Transfer of amounts to Investor Education and Protection Fund

Your Company did not have any funds lying unpaid or unclaimed for a period of seven years.

Therefore there were no funds which were required to be transferred to Investor Education and Protection Fund (IEPF).

V. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

As per the requirements of the disclosures under section 134(3)(m) of the Companies Act, 2013 read with Rule 8 of Companies Act (Accounts) Rules 2014 information relating to conservation of energy, technology absorption, foreign exchange earnings and outgo are as follows:

The Company is fully committed to the conservation of energy and had made conscious efforts in this direction by adopting energy conservation state of art of technology:

- Provided Energy efficient tube light to all substations/offices.
- Provided energy efficient auxiliaries and adopting clean technology.
- Adopting various conditions monitoring system to identify loose connections responsible for energy loss.
- Adopting standard Auxiliary consumption limits and monitoring thereof.
- Adopting live line maintenance techniques to reduce transmission loss due to network outage.
- Optimization of network outages for reduction in transmission loss.
- Optimum utilization of capacitor bank and close monitoring thereof for reactive loss compensation.
- Energy audit for EHV substations.

Technology Absorption

Improvement in substation & transmission line Engineering and Adaptation of new technologies:

- Substation automation system for EHV class substations.
- Online condition monitoring technique for EHV equipment.
- Monopole design for EHV lines.
- Integrated new technologies in EHV class transformers such as-
  - ✓ Nitrogen injection fire protection system(NIFPS).
  - ✓ Fiber optic sensor for temperature measurement.
  - ✓ Online gas & moisture measurement system.
  - ✓ Line signature value for new transmission lines.
- Gas Insulated substation (GIS) for 132kV to 400 kV substations.
- Hybrid switchgear technology for 132kV & 220kV substations.
- Optical Fiber Ground Wire (OPGW) for communication & protection system -Pilot project on FOTE.
- Geographical information system for mapping of transmission assets.

Foreign exchange earnings and Outgo

There has been no Foreign Exchange earnings and outgo during the year 2022-23

VI. CORPORATE SOCIAL RESPONSIBILITY (CSR)

Company believes in Corporate Social Responsibility (CSR) as a commitment to its stakeholders to conduct business in an economically, socially and environmentally sustainable manner that is transparent and ethical. Stakeholders include persons directly impacted by the activities of the Company, local communities, environment and society at large. It primarily focuses on inclusive socio-economic growth for development of marginalized and under-privileged sections of the society residing around its areas of operation. With this approach, your Company carries out various CSR activities with thrust on Rural Development/Infrastructural Development, Skill Development, Health, Education, Environment, etc.

The detailed note on CSR is placed in Annexure V to this report.

VII. DIRECTORS' RESPONSIBILITY STATEMENT

To the best of their knowledge and belief and according to the information and explanation obtained by them, your Directors make the following statement in terms of clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013, shall state that-

(a) in the preparation of the annual accounts for the financial year ended March 31, 2023, the applicable accounting standards had been followed along with proper explanation relating to material departures;

(b) 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 a true and fair view of the state of affairs of the company at March 31, 2023 and of the profit and loss of the company for that period;

(c) 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;

(d) the directors had prepared the annual accounts for the financial year ended March 31, 2023, on a going concern basis; and

(f) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

VIII. ACKNOWLEDGEMENTS

Your directors sincerely thank for the guidance and cooperation extended all through by the Ministry of Power, Government of Maharashtra, Maharashtra Electricity Regulatory Commission, Tax Authorities etc. both at State and Central level for their active support. The management also extends its sincere thanks to the suppliers and erection agencies for the constructive support.

Your directors are also grateful to the various Banks and Financial Institutions for their continued trust and confidence reposed by them by rendering timely financial assistance for the successful implementation of the Projects by the Company.

The Board further immensely thanks MSEB Holding Co. Ltd., for its cooperation and in giving valuable support and guidance in every field to the Company.

Last but not the least, the Board of Directors place on record the deep appreciation for the valuable services rendered by all its employees.

For and on behalf of the Board of Directors

Sd/-
Dr. Sanjeev Kumar
Chairman & Managing Director

Place : Mumbai
Date : 29-12-2023

Annexure Index

Annexure	Content
I	List of EHV substation commissioned during the F.Y. 2022-23
II	List of EHV transmission lines commissioned during the F.Y.2022-23
III	MR-3 Secretarial Audit Report
IV	Annual Return Extracts in MGT 9
V	Annual Report on Corporate Social Responsibility
VI	Comments of Statutory Auditors and Management's Response thereupon
VII	Comments of Comptroller and Auditor General and Management's Response thereupon

EHV Substations commissioned during the F.Y. 2022-23

Annexure - I

A - MSETCL Projects							
a)	New Substations						
SN	Substation & Scope	MBR	MVA/ MVAR	Date (COD)	Districts	Circle/ Zone	Remark
1	220/132kV Amrapur (Pathardi) substation 2 x 100MVA, 220/132kV ICTs	BR 117/13, dt 19-06-2017	200	28-Jul-22	Ahmednagar	Nashik Nashik	Substation was Back charged on dt 03.07.2020, now charged on 220kV level.
2	220/132 KV Kurunda GIS Substation 2 x 100MVA, 220/132kV ICTs	BR 115/21, dt 20-04-2017	200	21-Nov-22	Hingoli	Aurangabad Aurangabad	Substation was test charged on 132kV level on 30.03.2022, now commissioned on 220kV level.
3	220/22kV Pawane GIS substation 2 x 50MVA, 220/22kV T/Fs	BR 120/15 dt. 14-09-2017	100	12-Dec-22	Thane	Kalwa Washi	
4	132/33kV Shaha substation 2 x25 MVA, 132/33kV T/Fs	BR 120/05 dtd 14.09.2017	50	11-Jan-23	Nashik	Nashik Nashik	
5	400kV Switchyard at Bhusawal substation for evacuation of Power 660MW from Bhusawal Thermal Power project of MSPGCL 400kV Bus extension	BR 139/23 dt 12.12.2019	0	24-Jan-23	Jalgaon	Nashik Nashik	
6	220/132/33kV Uppalwadi Substation 2X100 MVA 220/ 132 kV ICTs and 2 x 50 MVA, 220/33kV T/Fs	BR 25/19, dtd. 03-03-2008	300	27-Jan-23	Nagpur	Nagpur Nagpur	Substation was test charged on 132kV level on 18.03.2019, now commissioned on 220kV level.
7	220kV Khandeshwar GIS switching station Only bays	127/26 dt. 23-03-2018	0	14-Feb-23	Thane	Kalwa Washi	
8	220/132kV Palghar substation 1 x100 MVA, 220/132 KV ICT-I	BR 120/06, dtd. 14-09-2017	100	31-Mar-23	Palghar	Kalwa Washi	220/132 KV,100 MVA, ICT-I was back charged on 30.12.2019, now charged on 220kV level.
9	132/33 kV Utwad substation 2X25 MVA, 132/33kV T/Fs	BR 145/10 Dt. 22.01.2021	50	31-Mar-23	Jalna	Aurangabad Aurangabad	
		SubTotal	1000				
b)	Transformer Augumentations (Projects)						
	(Projects) Substation & Scope	MBR	MVA/MVAR	Date (COD)	Districts	Circle/Zone	Remark
1	220kV Pimpalgaon substation 1x 100MVA, 220/132kV ICT-II	BR 34/4, dt 04.10.2008	100	06-Aug-22	Nashik	Nashik Nashik	Substation commissioned on 220kV level on 09.04.2022.
2	220KV Shendra substation 2 x 100MVA, 220/132kV ICTs	BR 130/12 Dt.27.08.2018	200	29-Mar-23	Aurangabad	Aurangabad Aurangabad	132KV Level creation at existing 220KV Shendra (old)Substation.
		SubTotal	300				
c)	Transformer Augumentations (O & M)						
	(O&M) Substation & Scope	MBR	MVA/MVAR	Date (COD)	Districts	Circle/Zone	Remark
1	220kV Satara MIDC substation 1X100MVA, 220/132kV ICT	BR No.126/12 dt.23.02.2018	100	02-May-22	Satara	Karad Karad	
2	220kV Balapur substation 1 x100MVA, 220/132kV ICT-III	BR 126/09 dt 23.02.2018	100	13-Jul-22	Akola	Akola Amravati	
3	132kV Kedgaon substation 1 x50 MVA, 132/33kV T/F	BR 142/17 dt 10.09.2020	50	27-Aug-22	Ahmednagar	Nashik Nashik	
4	220kV Malegaon substation 1 x 50MVA, 220/33kV T/F	BR 142/17 dt 10.09.2020	50	18-Oct-22	Nashik	Nashik Nashik	
5	220kV Bhose substation 1 x 50 MVA, 220/33kV T/F	BR 137/06 dt 05.09.2019	50	12-Nov-22	Ahmednagar	Nashik Nashik	
6	220kV Niwaliphata substation 1x100MVA, 220/132kV ICT	CMD/MSETC L/3174 dt 22.10.2019	100	30-Jan-23	Ratnagiri	Kolhapur Karad	

7	132kV Dindori Substation 1 x50 MVA, 132/33kV T/F	BR 142/17 dt. 10-09-2020	50	31-Jan-23	Nashik	Nashik Nashik	
8	400kV Akola substation 3 x167MVA, 400/220kV ICT	BR 126/09 dt 23.02.2018	500	22-Mar-23	Akola	Akola Amravati	
9	220kV Malegaon Substation 1 x100MVA, 220/132kV ICT	BR 139/15 dt 12/12/2019	100	24-Mar-23	Washim	Amravati Amravati	
10	220kV Anjangaon substation 1 x 100MVA, 220/132kV ICT	BR 139/15 dt 12/12/2019	100	29-Mar-23	Amravati	Amravati Amravati	
11	220kV Ambazari substation 2x25 MVA, 132/33kV T/F	BR 141/13 dt.29-05-202	50	31-Mar-23	Nagpur	Nagpur Nagpur	
12	132kV Nilanga substation 1x 50 MVA, 132/33kV T/F	BR 142/18 dt.10-09-2020	50	31-Mar-23	Latur	Aurangabad Aurangabad	
13	400kV New Koyna substation 3x105 MVA, 400/220kV ICT	BR 126/12 Dtt 23.02.2018	315	31-Mar-23	Satara	Kolhapur Karad	
		SubTotal	**1615**				
d)	**Transformer Replacements**						
	Substation & Scope	**MBR**	**MVA/MVAR**	**Date (COD)**	**Districts**	**Circle/Zone**	**Remark**
1	220kV Bhalwani substation 1x (50-25) MVA, 220/33kV T/F	BR 142/15 dt 10.09.2020	25	03-Apr-22	Solapur	Pune Pune	
2	132kV Walchandnagar 1X(50-25), 132/33kV T/F	BR. No. 142/15 dt 10.09.2020	25	07-Apr-22	Solapur	Pune Pune	
3	220kV Bhalwani substation 1x (50-25), 220/33kV T/F-II	BR.No. 142/15 dt 10.09.2020	25	07-May-22	Solapur	Pune Pune	
4	132kV Chandur Bazar substation 1 x (50-25) MVA, 132/33kV T/F	CMD/536 dt 17.09.2020	25	30-Aug-22	Amravati	Amravati Amravati	
5	132kV Gunj substation 1x(50-25) MVA, 132/33kV T/F	CMD/MSETC L/3112 dt 03.10.2019	25	03-Sep-22	Yawatmal	Amravati Amravati	
6	132kV Gunj substation 1x(50-25) MVA, 132/33kV T/F	CMD/MSETC L/3112 dt03.10.2019	25	22-Oct-22	Yawatmal	Amravati Amravati	
7	132kV Chandur Bazar substation 1x(50-25) MVA, 132/33kV T/F	BR CMD/MSETC L/536 dt17.09.2020	25	28-Nov-22	Amravati	Amravati Amravati	
8	132kV Purandwade substation 1x (50-25) MVA,132/33kV T/F	BR 142/15 dt.10.09.2020	25	14-Mar-23	Solapur	Pune Pune	
		SubTotal	**200**				
		SubTotal A	**3115**				
B	**ORC Projects**						
a)	**New Substations**						
	Substation & Scope	**MBR**	**MVA/MVAR**	**Date (COD)**	**Districts**	**Circle/Zone**	**Remark**
1	110kV Karad TSS 2x110 kV Feeder bays	CMD-1639 dt 16.03.2019	0	30-Apr-22	Satara	Karad Karad	
2	220KV Panvel TSS Only bays	CMD-444 dt 04.04.2018	0	23-Jun-22	Thane	Kalwa Washi	
3	110kV Ratnagiri TSS 2 x 110kv Bays	Dir(OP)-1627 Dt. 18.10.2017	0	27-Jul-22	Ratnagiri	Kolhapur Karad	
4	132kV Hirdamali TSS Only bays	CMD/1138 dt 29.09.2016	0	13-Jan-23	Gondia	Nagpur Nagpur	
5	132kV Satara TSS Only bays	CMD/MSETC L/1900 dt 08.05.2019	0	13-Jan-23	Satara	Kolhapur Karad	
6	132kV Kharepatan (Chinchwali) TSS. Only bays	CMD/MSETC L/78 dt 18.01.2018	0	16-Jan-23	Sindhudurg	Kolhapur Karad	
7	132kV Borvihir TSS only Bays.	BR	0	19-Jan-23	Dhule	Nashik Nashik	

8	132kV Rotegaon TSS Only bays	CMD-2018 Dt.03.06.2019	0	02-Mar-23	Aurangabad	Aurangabad Aurangabad	
9	132kV Kalamb Road TSS 2 x 132kV Bays	CMD-2038 Dt. 03.06.2019	0	14-Mar-23		Aurangabad Aurangabad	
10	220kV Karanjade TSS 2 x 200kV bays	CMD/1227 dt 21.11.2017	0	21-Mar-23	Raigad	Kalwa Washi	
11	132kV Manwat Road TSS Only bays	CMD/1000 dtd. 18.06.2020	0	25-Mar-23	Parbhani	Aurangabad Aurangabad	
12	220kV Panchali TSS 2 x 220kV Bays	CMD/5921, Dt. 05.07.19.	0	26-Mar-23	Thane	Kalwa Washi	
13	132kV Umri TSS only bays	CMD/776 dtd. 31.03.2020	0	29-Mar-23	Jalna	Aurangabad Aurangabad	
		Subtotal B	**0**				
		Total MVA (A+B)	**3115**				

EHV Transmission Lines commissioned during the F.Y. 2022-23

Annexure - II

A - MSETCL Projects

SN	Line Name	MBR	Ckm	COD	Type	Circle/ Zone	Remark
1	220KV D/C Pimpalgaon - Eklahare line for 220kV Pimpalgaon Substation.	BR 34/04 dt. 04-10-2008	88	09-04-2022	D/C D/C	Nashik Nashik	
2	220kV Amrapur - Thaptitanda D/C Line	BR 117/13 dt. 19-06-2017	144.91	28-07-2022	D/C D/C	Nashik Nashik	Line was test charged on 31.03.2022 and reorientation work completed on 28.07.2022.
3	LILO on 220kV Ahmednagr-Bhose(Belwandi) substation at 400kV Karjat (Siddhatek) substation	BR 118/08 Dt 15.07.2017	72.36	07-09-2022	LILO	Nashik Nashik	
4	LILO on 132 kV Chakur - Ahmedpur SCDC line at 220 kV Jalkot	BR 104/14 Dtd.03.12.2015	64.58	31-10-2022	LILO	Aurangabad Aurangabad	
5	132KV LILO on Mankapur - Hingna-I at Lendra Park (U/G cable portion)	BR 135/ 34 dt. 06.06.2019	8.5	31-10-2022	U/G cable	Nagpur Nagpur	
6	LILO on 400kV Lonikand - Karad line at 400kV Jejuri substation.	Dir(op) 241 Dt.16.02.2018	22.176	03-11-2022	LILO	Pune Pune	Corridor from 400kV Jejuri S/S to loc no 33 of 400kV Jejuri - Hinjewadi line is utilized for making LILO arrangement of this line. 400kV Karad- Jejuri commissioned on 03.11.2022 & 400kV Lonikand -Jejuri commissioned on 04.11.2022.
7	11OkV SCDC line from Jaysingpur S/s upto crossing point of Tilwani-Miraj line Loc. No. 71-72.	BR 130/10 dt. 27.08.2018	5.029	14-11-2022	S/C D/C	Kolhapur Karad	
8	LILO on 220kV Girwali - Hingoli line at 220kV Kurunda S/stn (only stringing from M/C loc 219 to Kurunda ss, commom portion)	MBR 115/21 dt 20.04.2017	1	21-11-2022	LILO	Aurangabad Aurangabad	
9	110 KV LILO on Doodhganga - Radhanagari line for Bidri S/Stn.	CMD/MSETCL/564 dtd. 25.07.2018	9.8	21-11-2022	LILO	Kolhapur Karad	
10	220KV LILO on Kharghar-Kalwa (TIFFI)-(Trombay section) at Pawne Substation by underground cable.	120/15 dt. 14-09-2017	1.25	12-12-2022	U/G cable	Kalwa Washi	
11	132kV Kudal Kankavali line loc 94 to 104 (Balance work).	MSETCL/Dir/1858 dt.22.10.2018	2.96	02-01-2023	S/C D/C	Karad Karad	Entire line commissioned on 02.01.2023.
12	LILO on 132kV Babhaleshwar-Kopargaon at 132/33kV Shaha substation.	BR 120/05 dt 14.09.2017	54.14	11-01-2023	LILO	Nashik Nashik	
13	220KV Koradi-II- Uppalwadi DC (O/H+ U/G) line	BR 131/61 dt. 02.11.2018	14.088	14-01-2023	D/C D/C	Nagpur Nagpur	
14	Bus extension from old switchyard to newswitchyard for 1 evacuation arrangement for x 660MW generation of Bhusawal.	BR 139/23 dt 12.12.2019	1.38	24-01-2023	D/C D/C	Nashik Nashik	
15	132KV Majalgaon- Pathri SCDC line	BR 130/11 dt. 27-08-2018	35.5	02-02-2023	S/C D/C	Aurangabad Aurangabad	
16	LILO on 220kV Nalasopara - Boisar (PG) Line at 220kV Palghar SS	BR 121/04 dt 27-09-17	4.8	31-03-2023	LILO	Kalwa Washi	

17	132 KV LILO on old Jalna (Kanhaiya Nagar) - Partur line at Utwad Substation	BR 145/10 Dt. 22.01.2021	9.89	31-03-2023	LILO	Aurangabad Aurangabad	
18	Construction of 132 KV Link between 110 KV Jaysingpur S/s & 110 KV Kurundwad S/s b) 132kV Miraj- Kurundwad- 2nd ckt stringing work & c) 132 kV Miraj- Jaysingpur line	BR 130/10 dt. 27.08.2018	22.353	31-03-2023	S/C D/C	Kolhapur Karad	
		Subtotal A	**562.716**				
B- ORC Projects							
1	132Kv SCDC line from 132kV Saoner substation to 132kV Atlantic Urja Solar plant.	BR	7.296	1-Apr-2022	S/C D/C	Nagpur Nagpur	
2	132 KV SCDC line from 132 KV Vaijapur to Rotegaon TSS (Upto loc no 31)	CMD-2018 Dt.03.06.2019	9.09	1-Apr-2022	S/C D/C	Aurangabad Aurangabad	
3	110 KV DC line from 220 KV Ogalewadi S/s to Karad TSS	CMD-1639 dt 16.03.2019	1.6	30-Apr-2022	D/C	Karad Karad	
4	132kV Solar park Dolhara substation to 220kV Partur substation	BR	8.293	18-May-2022	S/C	Aurangabad Aurangabad	
5	LILO on 132kV Akot- Hiwarkhed ckt-II for 25MW Solar Park by M/s Downing Gridco pvt Ltd at Talegaon, Tq. Telhara, Dist Akola	BR	0.7	19-May-2022	LILO	Amravati Amravati	
6	132kV SCDC line from 132kV Arni substation to 80 MW Solar power plant of M/s Juniper green field Pvt ltd. At Shipur, Tq Arni Dist Yavatmal.	BR	4.61	29-May-2022	S/C D/C	Amravati Amravati	
7	LILO on 220 KV ONGC - Panvel SS at 220kV Panvel TSS	CMD-444 dt 04.04.2018	1.6	23-Jun-2022	LILO	Kalwa Washi	
8	132 kV SC underground EHV cable from132 kV Waluj S/s to M/s Cosmo Films switchyard.	CMD/MSETC L/50 dtd 13.01.2022	2	2-Jul-2022	U/G cable	Aurangabad Aurangabad	
9	132kV D/C UG cable from 220kV Chinchwad-I Ss to 132kV Pimpri RSS (Mahametro) Circuit -1	MSETCL/CO/ 1801 dtd16.02.2018	5.02	18-Jul-2022	U/G cable	Pune Pune	
10	LILO on 110KV Niwali phata- Ratnagiri line at 110KV Ratnagiri TSS.	Dir(OP)-1627 Dt. 18.10.2017	1.566	26-Jul-2022	LILO	Kolhapur Karad	
11	LILO on 132KV Malkapur- Khadka ckt for 80MW Solar power project setup by M/s Juniper Green Field Pvt Ltd at village TigharaTq- Malkapur Dist Buldhana.	BR	1.6	30-Jul-2022	LILO	Amravati Amravati	
12	Diversion of 132 KV DC Wardha Deoli &Wardha Pulgaon Transmission line passing through M/s Uttam Galva Metallic Ltd plant premises (M/s UGML).	BR	5.1	30-Jul-2022	D/C	Nagpur Nagpur	
13	220kV SCDC Vairag- Avaada Solar Park set up by M/s Avaada MH sustainable Pvt Ltd at Pangaon, Tal Barshi, Dist Solapur.	BR	25.76	3-Aug-2022	S/C D/C	Pune Pune	
14	220kV LILO on 220kV Badnera - Dhamangaon line for 150 MW Solar plant of M/s Avadhaa at Dhamangaon, Dist Amravati.	BR	19.4	29-Aug-2022	LILO	Amravati Amravati	
15	132kV DC underground cable from 132kV Ganeshkhind substation to 132kV Rangehill RSS (Mahametro) circuit -II.	PS/2085 dtd 23.02.2018	3.43	19-Sep-2022	U/G cable	Pune Pune	
16	132kV LILO on Shivajinagar- Dhule line for 100MW M/s. Huoban Solar Park.	BR	2.42	19-Sep-2022	LILO	Nashik Nashik	
17	Tap on 220kV Chakan Ph-II - Bridgestone line for power supply to M/s Tetra Pak India Pvt Ltd.	CMD/838 dtd 01.11.2021.	0.115	21-Sep-2022	S/C	Pune Pune	

18	LILO on 132kV Dhule- Wonder Cement line at M/s Ultratech Cement Ltd at Nardana MIDC, Waghode, Tq Shindkhed, Dhule.	BR	6.176	8-Oct-2022	LILO	Nashik Nashik	
19	132kV Tap line on Someshwar-Phaltan line at loc no 45 for M/s . Shri Dutt India Pvt Ltd Sakharwadi Co-gen.	BR	2.817	20-Oct-2022	S/C	Kolhapur Karad	
20	132 kV SCDC Purna- Chudawa TSS line from 132 kV Purna substation to Loc.no. 54	CMD/MSETC L/20I8 dt.03.06.2019	11.84	20-Oct-2022	S/C D/C	Aurangabad Aurangabad	
21	132 KV SCDC line from 132 KV Umari (MSETCL) S/s to 132 KV Umari TSS.	CMD-2018 Dt.03.06.2019	1.655	31-Oct-2022	S/C D/C	Aurangabad Aurangabad	
22	220kV SCDC line from 220kV Ner substation to 100MW Solar power plant by M/s. Avaada MH Solar Pvt.Ltd.	BR	14	29-Dec-2022	S/C D/C	Amravati Amravati	
23	132kV Gondia to Hiradamali SCDC line for	CMD/1138 dt	17.17	13-Jan-2023	S/C D/C	Nagpur	
24	132kV DC line from Satara MIDC to Satara TSS	CMD/MSETC L/1900 dt 08.05.2019	7.2	13-Jan-2023	D/C	Kolhapur Karad	
25	LILO on 110kV Kavathemahankal - Jath line at 110kV Shripati Sugar & Power Ltd, Dafalapur, Sangli.	BR	6.37	18-Jan-2023	LILO	Kolhapur Karad	Circuit -I test charged on 17.01.2023 & circuit -II on 18.01.2023.
26	132 KV SCDC Pathri to Manvat Road TSS line.	CMD-2018 Dt.03.06.2019	16.756	2-Feb-2023	S/C D/C	Aurangabad Aurangabad	
27	132kV SCDC line from 220kV Nandgaon substation to 50 MW Solar Power plant of M/s. Renew Green Energy Solutions Pvt Ltd at Kekatpur, Amravati.	CMD/MSETC L/684 dt 16.06.2022	7.4	3-Feb-2023	S/C D/C	Amravati Amravati	
28	132 KV SCDC line from 132 KV Vaijapur to Rotegaon TSS (Balance work from loc no 31 to TSS)	CMD/	2.126	2-Mar-2023	S/C D/C	Aurangabad Aurangabad	
29	132kV Ghansawangi to Solar park of M/s. Solenco Renewables Pvt Lt.	BR	6.2	6-Mar-2023	S/C D/C	Aurangabad Aurangabad	
30	LILO on 132 KV Kalmaba - Paranda to 132 KV Kalmba Road TSS	CMD-2038 Dt. 03.06.2019	49.6	14-Mar-2023	LILO	Aurangabad Aurangabad	
31	132kV LILO on Waluj bajaj line at Garware substation.	BR	0.4	19-Mar-2023	S/C D/C	Aurangabad Aurangabad	
32	220kV LILO on Panvel TSS-ONGC Panvel at Karanjade TSS	CMD/1227 dtd 21.11.2017	3.8	21-Mar-2023	LILO	Kalwa Washi	
33	LILO on 220 KV Nalasopara - Boisar(PG) at 220kV Panchali TSS.	CMD/822 dtd 02.08.2017	2.4	26-Mar-2023	LILO	Kalwa Washi	
		Subtotal B	**255.51**				
		Total Ckm (A+B)	**818.226**				

Annexure-III

Form No. MR-3
SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2023

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

I, Ajit Y. Sathe, Proprietor of A. Y. Sathe & Co., Practicing Company Secretary, Mumbai, have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **MAHARASHTRA STATE ELECTRICITY TRANSMISSION COMPANY LIMITED (CIN - U40109MH2005SGC153646)** (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing my opinion thereon.

Based on my verification of the company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, the explanations and clarifications given to us, the representations made by the Management, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2023 ('Audit Period') complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

The verification/ examination of documents, books, papers, minute books, forms, returns is on the basis of documents/ information/ declarations given during the course of Audit.

As sent in email, I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2023 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the Companies Act, 1956 (to the extent applicable) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder; ***(not applicable as the Company is Public Unlisted Company);***
- (iii) The Depositories Act, 1996 and the Regulations and by - laws framed thereunder; ***(not applicable as Company's shares are in physical form);***
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings; ***(not applicable to the Company during the audit period);***
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') **were not applicable during the audit period as the Company is Unlisted Public Company: -**
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - (d) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
  - (e) The Securities and Exchange Board of India [Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999] which is now The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 & The Securities and Exchange Board of India Securities and Exchange Board of India (Share Based Employee Benefits) (Amendment) Regulations, 2015;
  - (f) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
  - (g) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - (h) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
  - (i) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998
- (vi) In respect of other laws specifically applicable to the Company, the below-mentioned other law is specifically applicable to the Company:

Electricity Act, 2003

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India **(applicable with effect from 1st July, 2015 and 1st October, 2017).**
- (ii) The Listing Agreements entered into by the Company with BSE Limited and National Stock Exchange of India Limited **(not applicable to the Company during Audit Period, being Public Unlisted Company).**

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

I further report that -
The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views, if any, are captured and recorded as part of the minutes.
I further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.
I further report that, during the audit period there were no instances of:

i) Public / Preferential issue of shares / debentures / sweat equity, etc.
ii) Redemption / buy-back of securities;
iii) Major decisions taken by the members in pursuance to Section 180 of the Companies Act, 2013
iv) Merger / amalgamation / reconstruction, etc.
v) Foreign technical collaborations.

For A. Y. Sathe & Co.
Company Secretaries

Sd/-
CS Ajit Sathe
Proprietor
FCS No.2899 COP No. 738

UDIN: F002899E003017460
Peer Review Certificate no. 1585/2021

Place: Thane
Date: 22/12/2023

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

Annexure - I to Form MR-3

To,
The Members,
MAHARASHTRA STATE ELECTRICITY TRANSMISSION COMPANY LIMITED
Prakashganga, Plot No. C-19,
E BlockBandra Kurla Complex,
Bandra (East),
Mumbai - 400 051.

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

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

For A. Y. Sathe & Co.
Company Secretaries

Sd/-
CS Ajit Sathe
Proprietor

FCS No.2899; COP No. 738

UDIN: F002899E003017460
Peer Review Certificate no. 1585/2021

Place: Thane
Date: 22/12/2023

For and on behalf of the Board of Directors

Sd/-
Dr. Sanjeev Kumar
Chairman & Managing Director

Place : Mumbai
Date :29-12-2023

Annexure IV

FORM NO. MGT 9
EXTRACT OF ANNUAL RETURN
As on financial year ended on 31.03.2023
Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management & Administration) Rules, 2014.

I. REGISTRATION & OTHER DETAILS :

1.	CIN	**U40109MH2005SGC153646**
2.	Registration Date	31.05.2005
3.	Name of the Company	Maharashtra State Electricity Transmission Company Limited
4.	Category/Sub-category of the Company	Company limited by shares / State Government Company
5.	Address of the Registered office & contact details	Prakashganga, Plot No. C-19, "E" Block, Bandra-Kurla Complex, Bandra (E), Mumbai-400 051. 022-26595000
6.	Whether listed company	Unlisted
7.	Name, Address & contact details of the Registrar & Transfer Agent, if any.	Not applicable

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

Sr. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1	Transmission of Power	351-Electric Power Generation, Transmission and Distribution	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

Sr. No.	Name	Address of the Company	CIN / GLN	Holding / Subsidiary/ Associate	% of shares held	Applicable Section
1	MSEB Holding Company Limited	MSEB Holding Company Hongkong bank Bldg 3rd & 4th Floor Mahatma Gandhi Road Fort, Mumbai- 400001	U40100MH2005SGC153649	Holding	100%	Section 2(46)
2	Maharashtra Transmission Communication Infrastructure Limited	Prakashganga, Plot No. C-19, “E” Block, Bandra-Kurla Complex, Bandra (E), Mumbai-400 051.	U64201MH2012PLC234316	Associate	49%	Section 2(46)
3	Jaigad PowerTransco Limited	JSW Centre Bandra-Kurla Complex, Bandra (E), Mumbai-400 051.	U40102MH2008PLC181433	Associate	26%	Section 2(46)

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

Note: As per Section 2(71) and 3(1)(a) of the Companies Act, 2013 read together the minimum number of members for forming a Public Company are SEVEN.
In the (f) Any other there are six individual shareholders who are holding shares on behalf of MSEBHCL i.e. the promoters. Therefore the entire shareholding is held by MSEBHCL and its represented six individuals (in their ex-officio capacities).

Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year (As on 31-March-2022)				No. of Shares held at the end of the year (As on 31-March-2023)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian	-	-	-	-	-	-	-	-	-
a) Individual/ HUF	-	-	-	-	-	-	-	-	-
b) Central Govt	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) State Govt(s)	N.A.	8984974673	8984974673	99.99	N.A.	8984974673	8984974673	99.99	-
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any other	N.A.	60	60	0.11	N.A.	60	60	0.11	-
Total shareholding of Promoter (A)	**N.A.**	**8984974733**	**8984974733**	**100%**	**N.A.**	**8984974733**	**8984974733**	**100%**	**NIL**
B. Public Shareholding									
1. Institutions	-	-	-	-	-	-	-	-	-
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks / FI	-	-	-	-	-	-	-	-	-
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital - Funds	-	-	-	-	-	-	-	-	
f) Insurance - Companies	-	-	-	-	-	-	-	-	
g) FIIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture - Capital Funds	-	-	-	-	-	-	-	-	
i) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B)(1):-	-	-	-	-	-	-	-	-	-
2. Non-Institutions									
a) Bodies Corp.	-	-	-	-	-	-	-	-	-
i) Indian	-	-	-	-	-	-	-	-	-
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals	-	-	-	-	-	-	-	-	-
i) Individual - shareholders holding nominal share capital up to Rs. 1 lakh	-	-	-	-	-	-	-	-	
ii) Individual - shareholders holding nominal share capital in excess of Rs 1 lakh	-	-	-	-	-	-	-	-	
c) Others (specify)	-	-	-	-	-	-	-	-	-
Non Resident Indians	-	-	-	-	-	-	-	-	-
Overseas Corporate Bodies	-	-	-	-	-	-	-	-	-

Foreign Nationals	-	-	-	-	-	-	-	-	-
Clearing Members	-	-	-	-	-	-	-	-	-
Trusts	-	-	-	-	-	-	-	-	-
Foreign Bodies - D R	-	-	-	-	-	-	-	-	-
Sub-total (B)(2):-	-	-	-	-	-	-	-	-	-
Total Public Shareholding (B)=(B)(1) + (B)(2)	-	-	-	-	-	-	-	-	-
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	**N.A.**	**8984974733**	**8984974733**	**100%**	**N.A.**	**8984974733**	**8984974733**	**100%**	**NIL**

B) Shareholding of Promoter-

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	MSEB Holding CO. Ltd.	8984974733	100	-	8984974733	100	-	NIL

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

Sr. No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
	At the beginning of the year	8984974673	100	8984974673	100
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment /transfer / bonus/ sweat equity etc.):	No change	No change	No change	No change
	At the end of the year	8984974673	100	8984974673	100

D) Shareholding Pattern of top ten Shareholders: (Other than Directors, Promoters and Holders of GDRs and ADRs): Nil

E) Shareholding of Directors and Key Managerial Personnel:

1. Shri Dinesh T. Waghmare, Chairman & Managing Director

Sr. No.	Shareholding of each Directors and each Key Managerial Personnel	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
	At the beginning of the year -	**10**	**Negligible**	**10**	**0**
	Date wise Increase / Decrease in Promoters No change	-	-	-	-
	At the end of the year -	**10**	**Negligible**	**10**	**Negligible**

2. Smt. Abha Shukla, Nominee Director

Sr. No.	Shareholding of each Directors and each Key Managerial Personnel	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
	At the beginning of the year -	0	Nil	0	Nil
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.): Shri Dinesh Waghmare ceased to be Nominee Director w.e.f. 04.11.2022 and share were transferred to Smt. Abha Shukla w.e.f. 04.11.2022	10	Negligible	10	Negligible
	At the end of the year -	10	Negligible	10	Negligible

3. Shri. Quadri Nasir Syed Mazhar , Whole-Time Director (Projects)

Sr. No.	Shareholding of each Directors and each Key Managerial Personnel	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
	At the beginning of the year -	10	Negligible	10	0
	Date wise Increase / Decrease in Promoters	-	-	-	-
	At the end of the year -				
		10	Negligible	10	Negligible

4. Shri . Ashok Phalnikar, Whole-Time Director (Finance)

Sr. No.	Shareholding of each Directors and each Key Managerial Personnel	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
	At the beginning of the year -	10	Negligible	10	Negligible
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.): No change	00	Nil	0	Nil
	At the end of the year -	10	Negligible	10	Negligible

5. Shri . Sandeep Kalantri, Whole-Time Director (Operations) (A/C)

Sr. No.	Shareholding of each Directors and each Key Managerial Personnel	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
	At the beginning of the year -	0	Nil	0	Nil
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.): Shri Anil V. Kolap ceased to be Director (Operations) w.e.f. 15.12.2022 and share were transferred to Shri Sandeep Kalantri p w.e.f. 29.12.2022	10	Negligible	10	Negligible
	At the end of the year -	10	Negligible	10	Negligible

6. Ms. Vineeta Shriwani, Company Secretary

Sr. No.	Shareholding of each Directors and each Key Managerial Personnel	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
	At the beginning of the year -	0	0	0	0
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):	0	0	0	0
	At the end of the year -	0	0	0	0

V. INDEBTEDNESS -Indebtedness of the Company including interest outstanding/accrued but not due for payment.

(Rs. In Lakhs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	501711	0	0	501711
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	**2807**	**0**	**0**	**2807**
Total (i+ii+iii)	**504518**	**0**	**0**	**504518**
Change in Indebtedness during the financial year				
*** Addition**	**66906**	**0**		**66906**
*** Reduction**	**85099**	**0**		**85099**
Net Change	**-18193**	**0**	**0**	**-18193**
Indebtedness at the end of the financial year				
i) Principal Amount	483649	0	0	483649
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	**2323**	**0**	**0**	**2323**
Total (i+ii+iii)	**485972**	**0**	**0**	**485972**

Note : Figures includes Ind AS adjustment

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL-

A. Remuneration to Managing Director, Whole-time Directors and/or Manager: **(Amount in Rs.)**

SN	Particulars of Remuneration	Chairman and Managing Director	Whole Time Director				Total Amount
		Shri. Dinesh Waghmare (04.11.2022-31.03.2023)	Shri Ashok Phalnikar Dir(F) & CFO (01.04.2022-31.03.2023)	Shri Anil Kolap Dir(Op) (05.10.2022-31.03.2023)	Quadri Nasir Syed Mazhar Dir(P) (05.10.2022-31.03.2023)	Shri Sugat Gamare Dir(HR) (10.01.2022-31.03.2023)	
1	Gross salary						
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	12,47,914	34,03,056	22,19,846	3460560	39,78,643	1,43,10,019
	(b) Value of perquisites u/s 17(2) Income-tax Act 1961	60,000	1,44,000	2,51,217	3,70,942	3,82,444	12,08,603
	(c) Profits in lieu of salary under section 17(3) Income-tax Act 1961	-	-	-	-	-	-
2	Stock Option	-	-	-	-	-	
3	Sweat Wquity	-	-	-	-	-	-
4	Commission	-	-	-	-	-	-
	-as % of profit	-	-	-	-	-	-
	Others, specify…	-	-	-	-	-	-
5	Others, please specify Reimbursements-Book/Orderly/Ent.allow/Prof.Pursuit	1,22,850	3,78,000	2,83,500	3,78,000	3,78,000	15,40,350
	Total(A)	**14,30,764**	**39,25,056**	**27,54,563**	**42,09,502**	**47,39,087**	**1,70,58,972**

B. Remuneration to other directors

(Amount in Rs.)

SN	Particulars of Remuneration	Name of Directors				Total Amount
1	**Independent Directors:**					
	Fee for attending board and committee meetings – Rs.5000/- per Meeting	**Shri Vishwas Pathak 35000**				**35000**
	Commission	-	-	-	-	-
	Others, please specify	-	-	-	-	-
	Total (1)					
2	**Other Non-Executive Directors**	-	-	-	-	-
	Fee for attending board committee meetings	**Smt. Trupti Mudholkar 30000**				**30000**
	Commission	-	-	-	-	-
	Others, please specify	-	-	-	-	-
	Total (2)	-	-	-	-	-
	Total (B)=(1+2)					**65000**
	Total Managerial Remuneration					**1,71,23,972**

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

(Amount in Rs.)

SN	Particulars of Remuneration	Key Managerial Personnel			
		CEO	CS Ms. Vineeta Shriwani (01.04.2022 to 31.03.2023)	CFO	Total
1	Gross salary	NA		NA	
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	27,22,020		
	(b) Value of perquisites u/s 17(2) Income--tax Act, 1961		6,33,668		
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961		0		0
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission	-	-	-	-
	- as % of profit	-	-	-	-
	others, specify…	-	-	-	-
5	Others, please specify	-			
	Total		33,55,688		

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding f ees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
A. COMPANY			Nil		
Penalty					
Punishment					
Compounding					
B. DIRECTORS			Nil		
Penalty					
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT			Nil		
Penalty					
Punishment					
Compounding					

For and on behalf of the Board of Directors

Sd/-
Dr. Sanjeev Kumar
Chairman & Managing Director

Place : Mumbai
Date : 29-12-2023

Annexure V

Annual Report on Corporate Social Responsibility

The Company has constituted a Corporate Social Responsibility (CSR) Committee in accordance with the provisions of the Companies Act, 2013 and the Rules made thereunder. The Company has framed Corporate Social Responsibility (CSR) policy duly approved by the Board of Directors.

The CSR Policy of the Company was approved by the Board of Directors in its 104th meeting held on 03.12.2015. The Policy is available on company's website https://mahatransco.in/information/details/corporate_social_responsibility

The aims & objectives of this Policy are as under -

1.1 Improving socio-economic status of Persons who are residing in adjoining areas of Stations and Sub-stations of MSETCL.

1.2 Providing opportunities for sustainable improvement in the fields of income generation, skill development, health, education and such other fields.

1.3 To adopt a holistic approach to community development of Project Affected Areas and ensuring that the people of such areas improve or at least regain their previous standards of living.

1.4 Carrying out community development activities in a transparent and participative manner.

1.5 Ensuring participation and consultation with the local public representatives and setting up of institutional mechanisms for carrying out CSR activities in Project Affected Areas and Power station area.

1.6 Integrated growth of all stakeholders (Corporate & Society - communities, employees, consumers, environment, and all other members of the public sphere);

1.7 To minimize the difference of opinion between society and company through concentrating public issues under CSR;

1.8 To create a sensitivity between corporate & society toward social development and consider CSR as responsibility not charity to develop trust and cooperation within the wider stakeholder community;

1.9 High standard of authenticity, responsibility and accountability toward all stakeholders including employee, community, consumers, government etc.;

1.10 Promote Socio-economic development through community development initiatives;

1.11 To bring an attitudinal change in MSETCL employee and society about the idea/ perception of CSR;

1.12 The policy will create a frame work, procedure for assessment, implementation and monitoring of any activity under CSR.

1.13 The policy will cover up the work of similar nature and purpose in relation of sister concern companies like Genco and Discom as they are supporting the business activities of MSETCL.

Funding of CSR activities:

The Corporation will be required to spend annually at least two percent of the average net profit made during the three immediately preceding financial years on CSR Policy.

The composition of the CSR Committee.

- Chairman & Managing Director
- Director (Finance)
- Director (Project)
- Independent Director

Details of CSR Fund for the F.Y. 2022-23

It is to state that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.

Average Net Profit of the company for last three financial years (Rs. In Crores)	CSR Fund (2% of Average Net Profit) (Rs. In Crores)	Amount unspent, if any	Reason for not spending
1123.69	22.47	Nil	Nil

CSR Funds Sanctioned/ Spent during the F.Y. 2022-23 (Rs. In Crores)

SN	Project	(Rs. In Crores)
1	Provding Electrification facilities in connection with organization of All India Hindu Gaur Bhanjara & Labana-nayakada Samaj Kumbh Mela - 2023 at Godri, Tal - Jamner, Dist - Jalgaon.	1.96
2	Carrying out various additional works in the premises of Koradi Devi Mandir	2.98
3	Proposal for running Study Guidance Centre, Toys & Books Library and Competitive Exam Study Centre & Library received from Surajya Sarvangin Vikas Prakalp, Pune	0.26
4	Proposal for Girls Hostel at Sanmitra Nagar, Bording Road, Ratnagiri, recivied from Rashtriya Seva Samiti, Ranagiri.	0.50
5	Assistance for up gradation of health care services at Swami Vivekanand Medical Mission Hospital Khapri-Parsode, Wardha Road, Nagpur	1.00
6	Conducting health camp in Nagpur Cluster (33 Health Camps). The proposal received from Y4D foundation, Pune.	0.50
7	To carry out various activites relevant to assistance to Several Members of Society viz., financial awarance program (24 Nos.) medical camp (6 villages). Scholarship to under privileged students publications of books and its distrubutions setting up library etc. recived from The Late Shree DattopantMhaskar Trust, Pune.	0.17
8	The proposal received from Mahila Jagruti Jankalyan Bahuddeshiya Sanstha, Nagpur relevant to training to Needy Woman, providing sewing machine, embroidry machine, cloth and furniture providing hall for training etc.	0.20
9	The proposal received from Go Vigyan Ansanddhan Kendra, Nagpur Scientific Research on cow, cow based agriculture, cow products based health care, cow based economics, mass awareness, various activites to serve cow.	2.00
10	The proposal of comprehensive Arogaya Vardhan proposal to run OPDs in slum areas (6 Slums) received from Seva Arogya Foundation, Pune.	0.20
11	Financial assistance to the project run by Samarth Bharat Vyaspeeth, Thane at 25 Vasti in Navi Mumbai and Thane Learing Centre, Library, Career Guidance, Adult Literacy Class, Social Value Education).	0.30
12	Providing advance machine for improving working of Dr. Hedgewar Raktapedhi, Akola.	0.32
13	Providing Educational Material and Study Centre through Vyekatesh Bapat Charitable Trust, Nashik.	0.26
14	Construction of New Building for Self Development Centre, Training Centre, College Student Hostel from Shree Laxmikeshav Pratishthan, Satara.	1.17
15	Construction of New School Building of Kendriya Prathmik Shala, Gadmudshingi, Tal. Karveer, Dist. Kolahapur. Received from Hon. Ex. MLA Amal Mahadik.	6.86
16	The proposal received by Lok Vikas Mandal, Pune for providing funds for continuing ongoing projects for next FY (12 months) to run 30 Abhyasicas. Expense for Abhyasika Teacher, Co-ordinator, Rent, Training and Orientation, Study Material, Activity Charges, Study Tour, Eelctrycity Charges, Printing and Stationary, Admin Expenses etc.	0.31
17	The proposal received by Janaseva Nyas, Pune for providing funds for continuing ongoing projects for next FY (12 months) to run 30 Abhyasicas. Expense for Abhyasika Teacher (Level 1 and 2), Team Leader, Rent, Co-ordinator, Training , Study Material, Games, Activity Charges, Printing and Stationary, Admin Expenses etc.	0.27
18	The proposal received from Lok Seva Mandal, Khadkeshwar, Aurangabad to facilated the access to better health care to needy rural patients in 7 district in Maharashtra.	0.27
19	Financial assistance to the project run by Vivek Vyaspeeth, Pune at 36 Vasti in Vasai, Virar, Navi Mumbai, Meera Bhainder, Thane Area. (Abhyasica, Library, Center for Competitive Exam, Social Value Education).	0.40
20	Providing Computer Lab and Digital Classroom at Abhudaya Global Village, School, Nagpur run by Vikalpa Society.	0.75
21	Providing Computer System, Solar Panel for School, water purify system with storage tank and Study Material Received from Dhruv Pratishthan Pune	0.25

22	Providing Dilesys Machine (3 Nos.) at Shri Guruji Rugnalay, Chhatrapati Chauk, Purna Road, Nanded (Received from Nandigram Vaidyakiya Sahakari Sanstha, Nanded	0.27
23	Providing School buses (2 Nos.), Computers (20 Nos.), Projector (1 No.) to Shri. Sanchareshwar Prathamik Vidyalay, Jintur, Dist - Parbhani	0.50
24	Providing Mobile Hospitals cum Ambulances, Medical equipments to Shwas Foundation, Nashik	2.29
25	Proposal of Digging Up Water Body at Dongargaon, Umred, Dist. Nagpur, Janakalyankari Samittee, Nagpur	0.251
26	Roof Top Solar P.V System Installation at Shirdi Sansthan, Shirdi	4.00
27	Development of pilgrim Pandharpur	10.00
28	Construction of 51 houses for 51 PAPs (46+5) of Nimna Wardha Projects. [Per house Rs.2,00,000, therefore 2,00,000*51]	1.02
29	Proposal received from Janakalyan Blood Centre, Pune. Providing free Bags for Thalassemia Patients, E-Vehicle for Blood Bag Trransport.	0.25
30	Proposal received from Rajarshi Shahu Maharaj Sanstha for Fencing School Campus, Automatic Roti Maker with dough ball maker & Heavy Duty Laundry Machine at Arya Chanakya Vidyadham.	0.15
31	Tulaja Bhavani Sanstha	0.37
32	The proposal from Swanand Janakalyan Pratishthan, Pune for improving human values in children (30 Classes in 30 Slums) - 915 students	0.24
33	The proposal by NGO - Sevavardhini, Pune for Capacity Building of Social Organizations.	0.25
34	The Proposal by Prayas Charitable Trust, Mumbai for value education and health of children in slums of western suburbs	0.25
35	Samarasta Sahitya Parishad	0.10
36	Installation of Water supply scheme and Solar system at Grampanchayat Katlabodi, Tal - Katol, Dist - Nagpur.	0.20
37	Construction of building of public library and making available furniture and books at Grampanchayat Katlabodi, Tal - Katol, Dist - Nagpur	0.25
38	Adopting Anganvadis in the vicinity of MSETCL work places.	4.00
39	Construction of Cement Road and Study Centre at Sindi, Tal & Dist - Wardha	0.30
40	Providing Training and counselling on Menstruation Cycle to adolescent girls and women in rural and city area from Pune and Nashik.	0.39
41	Solar Project at Grampanchayat Ralegansiddhi, Tal - Parner, Dist - Ahmednagar.	4.50
42	Proposal of Mahatma Gandhi Institute of Medical Sciences, Wardha. (Procurement of 34 seater, diesel, non-AC bus)	0.31
43	Work of Supply, Installation and Commissioning of Grid connected Solar Roof Top Panel along with all Accessories at Deekshabhoomi Smarak & its affiliated building under the premises of Dr. Ambedkar College, Deekshabhoomi, Nagpur	1.09
44	Setting up 2 MW on Grid photo voltaic Solar Power Plant with DC optimized system at Indian Institute of Management (IIM), Nagpur	4.50
45	Proposal for organization of Dhammachakra Pravartan Vardhapan Sohala from 4th October to 6th October, 2023.	0.50
46	Financial Assistance for Anandashram Project Welfare of Senior Citizens, Widows & Handicapped Persons	0.25
47	Proposal of Fixing Computer Lab, Fixing Gybsum Sheet, Applying of POP Punning to all Walls, Fixing Wooden Flooring, Chairs, Plywood Panaling, Fixing Computers (50 Nos.), Fixing Curtain, Electrication Work, Paint to Internal Wall etc. (Proposal received from Sambodhi Acadmy, Maharashtra, Parbhani) (Also Received from Hon. Shri. Atul Save, Minister of Co-operation, OBC Welfare, Maharashtra.	0.33
48	Proposal of Grampanchayat, Goji, Tal. Wardha, Dist. Wardha for providing Abhyasika and Gym material, books, chair and benches, cupboard and construction of building.	0.30

For and on behalf of the Board of Directors

Sd/-
Dr. Sanjeev Kumar
Chairman & Managing Director

Place : Mumbai
Date : 29-12-2023

Annexure-VI

Reply to the Statutory Auditors qualifications on the Audit Report for the financial year 2022-23
(Refer Basis for qualified opinion on Audit Report)

Sr. No.	Statutory Auditors Opinion	MSETCL's Reply
	Report on the Audit of the Standalone Financial Statements	
	Qualified Opinion	
1	We have audited the accompanying standalone financial statements of Maharashtra State Electricity Transmission Company Limited ("the Company") which comprise the Balance Sheet as at March 31, 2023, and the Statement of Profit and Loss (including Other Comprehensive Income), Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information.	Factual
2	In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matters described in the Basis for Qualified Opinion section of our report, the aforesaid standalone financial statements give the information required by the Companies Act, 2013, ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with Companies (Indian Accounting Standards) Rules, 2015, as amended ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2023, and its profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.	Factual
3	**Basis for Qualified Opinion**	
(a)	Other Income includes supervision fees amounting to Rs. 4,962.71 Lakhs. The Company recognises supervision fees on upfront basis instead of recognising the same over the period of the Outright Contracts, which is not in accordance with the provisions of Ind AS 115 "Revenue from Contracts with Customers". Accordingly, other income and Profit before tax is overstated and other liability is understated to such extent.	As per Para 35 of Ind AS 115 An entity transfers control of a goods or service over time and, therefore, satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met: (a) the customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs (b) the entity's performance creates or enhances an asset (for example, work in progress) that the customer controls as the asset is created or enhanced, or (c) the entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date. MSETCL does not fulfil any of the above criteria and hence recognizes revenue on the basis of receipts in its books of Accounts. Moreover, the supervision charges collected are of non refundable nature, hence the same are treated as Revenue Nature upfront.
(b)	Other Income includes income from the sale of scrap asset and sale of scrap inventory aggregating to Rs. 2,163.48 Lakhs. The entire selling price of the scrap asset / scrap inventory is credited to the respective accounts instead of recognising the profit/loss on such sale, which is not in accordance with the provisions of Ind AS 16 "Property, Plant and Equipment" and Ind AS 2 "Inventories".	Necessary instructions have been given to Field Units to adhere proper accounting treatment while booking of profit/loss on sale of scrap/assets.

(c)	Current Liability include Goods Receipt/ Invoice Receipt balances amounting to Rs. 5,377.65 Lakhs, which are outstanding for a considerable period of time, even beyond 3 years as on March 31, 2023, due to delay in processing of invoices. As these are temporary balances, accordingly, we are unable to comment on the completeness of the trade payables/ liabilities.	These balances are mainly due to non submission of invoices/documents by Vendors for which treatment for clearance of GRIR balance would be done by concerned Field and CO Units accordingly.
(d)	In terms of the provisions of Ind AS 101, “First Time Adoption of Indian Accounting Standards”, the Company had availed option of Cost model of accounting for its Property, Plants and Equipment’s (‘PPE’). Accordingly, the carrying values of PPE on the transition date were taken as deemed cost and depreciation is calculated thereon manually on electronic spreadsheets considering the balance useful lives of items of PPE but without considering the residual value limits laid down by MERC regulations. As a result, several instances of charging excess depreciation on assets were noted. Further, in several cases the deprecation is manually calculated and provided at Head office for the assets located in Zone or Region for the reason of mismatches in dates of capitalization, critical spare items capitalization, etc. In the absence of complete data/ details of such instances, the combined impact of such erroneous depreciation is not ascertainable. In view of the above, we are unable to comment on the consequential impact on the depreciation expense and net carrying value of the PPE.	The Company has appropriately done adjustment of deemed cost for PPE as on 01.04.2015.The consideration of net block as deemed cost is done as per guidance note on Ind AS Schedule II by ICAI read with Ind AS 101 and appropriate disclosures have been made in the financial statements. Depreciation as per Ind AS on amount as per orginal cost method or as per carrying cost method comes to the same figure, as in SAP-ERP depreciation will be calculated on the original amount, also the residual value of 10% as per MERC regulations has been considered in the SAP-ERP for each assets. Adjustment of Deemed Cost is only for disclosure purpose in the financial statements. Company cannot change its present fixed assets register and fixed assets schedule in the system.
		In respect to depreciation for assets whose date of commissioning is prior to April 2022, the same needs to be manually calculated and entered in SAP/ERP System. This is due to late receipt of Work Completion Report (WCR). However, procedures are being devised for the generation of WCR through SAP/ERP itself, which would eliminate the manual depreciation entry in future.
(e)	PPE amounts to Rs. 24,69,971.86 Lakhs (Gross block) as on March 31, 2023. The Company has not carried out the physical verification of the PPE during the year or in previous years and PPE Register does not provide all requisite details, due to which we are unable to comment on the existence of the PPE.	In this respect, ED(Operations) vide Circular No 6885 Dt 27.09.2022 has provided guidelines for physical verification of PPE of MSETCL.
	Further, depreciation on PPE is to be calculated by Company in accordance with MERC Regulations, which stipulates stage-wise calculation. The accounting system of the Company does not provide detailed report to identify the stage of PPE, due to which we are unable to recompute depreciation. Accordingly, we are unable to comment on completeness and accuracy of depreciation amounting to Rs. 1,34,190.30 Lakhs and net carrying value of PPE.	The SAP/ERP system is already calculating depreciation in accordance with the MERC Regulations, which stipulates stagewise calculation i.e depreciation in SLM upto 70% and balance 20% in equally during the balance useful life. Necessary development is being initiated in SAP/ERP to generate such report which would provide more details for the stage of PPE in the Financials.

(f)	Title deeds and Documents are not available with the Company with respect to all Freehold Land included in PPE. Further, certain Leasehold Land are classified under freehold Land and vice versa. Accordingly, classification of Land into Freehold and Leasehold may not be appropriate, thereby impacting the calculation of Right of Use Assets and amortisation thereof. Consequentially, accounting treatment is not in accordance with Ind AS 116 " Leases" in relation to the aforesaid. The impact, if any, of the same on the Standalone Financial Statements is currently not ascertainable.	Compilation of requisite documents of land/leasehold lands is in process at Civil Section of MSETCL. However, it would take time since the same is to be collected from various land authorities from various Zone Offices.
(g)	The Company is having transmission network level ranging from 66 KV to 765 KV. As informed to us, it was decided to abolish/eliminate 66 KV from the transmission network of the Company and most of the abolished and decommissioned sub-stations and lines at 66 KV level were handed over to MSEDCL. Further, remaining sub-stations and lines were to be handed over to MSEDCL or would be utilized by MSETCL for up-gradation work, if any. We were further informed that the Company is in discussion with technical team to conclude on modalities of de-recognition, disposal and for determining consideration for such transfer of Assets in accordance with Ind AS-16. However, during the course of audit, no further action/ documentation in this regard was provided to us. Accordingly, gross block of fixed assets, accumulated depreciation and net carrying cost are overstated to the extent of Rs. 14,096.62 Lakhs, Rs. 10,587.85 Lakhs and Rs. 3,508.77 Lakhs, respectively. Further, the Company has not recognised amount receivable from MSEDCL amounting to Rs. 2,473 Lakhs and also not recognised differential amount on account of loss on transfer of PPE amounting to Rs. 1,035.77 Lakhs.	The 66KV lines and S/S are in operation, however, for ease of operation and maintenance , these assets have been entrusted to MSEDCL by handing over the said assets. Director (Operations) has issued guidelines vide Circular No 3533 Dt 12.05.2022 to field Units for the procedures to be followed for decommissioning of 66 KV Assets and booking of appropriate consideration from MSEDCL as Receivables in the Financial Statements.
(h)	The Company undertakes certain activities with respect to preparing the land for the purposes of erecting sub-stations. Till the financial year 2020-21 such costs were capitalised along with land which were later capitalised under a separate head 'Other Civil Works' and grouped under Property, Plant and Equipment and depreciation is charged as per MERC Regulation. Due to the above, opening balance of land includes such capitalisations. We are unable to comment on the impact, if any, of the corresponding depreciation/amortisation of ROU of opening balance of leasehold land/freehold land.	Land Development Cost incurred are recognised as Other Civil Works in the Property, Plant and Equipment Note. Depreciation is however charged as per the rates specified for cost of clearing site , by MERC MYT Regulation, 2019.
(i)	Details in relation to "Assets not in use – held for sale" having net carrying value of Rs. 5,119.09 Lakhs as on March 31, 2023, were not made available to us. Further, such assets are carried at their carrying value instead of "lower of carrying value or net realizable value". This is not in accordance with the requirements of Ind AS 105 - "Non-current Assets Held for Sale and Discontinued Operations". The impact, if any, of the same on the Standalone Financial Statements and related disclosures is currently not ascertainable.	Trans O&M Section has issued guidelines for physical verification of assets is to be carried out to update the Fixed Asset Register. This activity would also cover the verification/reconciliation of Asset Not in use component.
(j)	Deposits on account of completed outright contracts are set off against CWIP giving rise to negative capital expenditure balances for which reconciliation is not made available. Accordingly, Assets under Construction ('AUC')/ Capital Work in Progress ("CWIP") in the Balance Sheet is understated to such extent. Further, there is no movement in some AUC line items since last more than three years. However, impairment assessment has not been performed by the Management of the Company with respect to the same in accordance with the requirements of Ind AS 36 -"Impairment of Assets". Accordingly, we are unable to comment on the consequential impact of the same on the Standalone Financial Statements.	Field Units has adjusted the CWIP for previous years in the current year. hence the capex during the year shows negative amounts. Necessary instructions have given to Field Units to reconcile the entries causing negative Capex in the Report. No movement in AUC line items is due to various issues like RoW, forest clearance, etc. Hence, there is no need for making provision of impairment of AUC.

(k)	The Company accepts outright contribution contracts against which it receives deposits from the relevant parties. Such deposits are not evaluated on annual basis and are not set off against the relevant balances outstanding under capital work in progress on evaluation / completion of the project. The balance outstanding against ORC deposit as on March 31, 2023 amount to Rs. 6,808.26 Lakhs. In certain cases, net amount is grouped under Other Miscellaneous Receipts (NON- GST) instead of other income. Accordingly, we are unable to comment on the completeness and accuracy of the said balances.	Necessary instructions have been issued to adjust the ORC deposit received against existing completed assets. The Proposed process of physical verification of PPE would help to identify the asset which is to be adjused against the ORC Deposit.
(l)	The Company had made a decision to dismantle certain tower foundations and towers constructed which are currently lying in CWIP amounting to Rs. 2,517 Lakhs. However, The Holding Company has not taken any action to write off or impair the said amount and has not provided for dismantling expenses which is not in accordance with Ind AS 16 " Property, Plant and Equipment".	This pertains to diversion of 400KV Babhaleshwar – Kudus line which was revised and revalidated for this line diversion. The proposal for write off of capex expenditure is under process. The actual accounting effect for write off of exact loss/expenditure will be carried out after finalisation of proposal.
(m)	The Company does not maintain details pertaining to the net realizable value (NRV) of its inventory. The inventories are valued at cost instead of being stated at lower of cost and NRV, which deviates from the accounting policy mentioned in Note No. 2.14 and the provisions of Ind AS 2 Inventories". The impact, if any, of such deviation on the Standalone Financial Statements is currently not ascertainable.	The Core business of MSETCL is construction and maintenance of substation and lines. The inventory procured is of specific nature and is not for sale in the market.
(n)	Certain assets like transformers and sub-station parts are sent for repair by zonal offices to vendors. In few zones, we observed that the records pertaining to such dispatch and its return including qualitative aspects of such repairs are not adequately maintained.	Trans O&M Section has directed to field offices that care should be taken while issuing work order to the repairing agencies as per the following guidelines: 1) Work order shall be issued by taking into account the existing work load of repairer and preferably the nearest agency. 2) Priority shall be given to those repairer who can deliver the repaired Transformers / ICTs within schedule time. 3) Allocation to repairer agency shall be consented from Corporate Office only.
	Further, these assets are classified under "Assets not in Use - Held for Sale" which is not in accordance with Ind AS 16 PPE. In the absence of such details, we are unable to comment on the impact, if any, thereof on the Standalone Financial Statements.	Sub-station Equipments /Transformers parts sent for repairs are removed from PPE to stop the charging of depreciation on such assets.
(o)	The trade receivables as on March 31, 2023 amounts to Rs. 3,76,763.54 Lakhs. We are unable to comment on the existence, accuracy and valuation of trade receivables balance on account of the following:	
i	The party-wise breakdown and ageing of trade receivables generated from the system are inaccurate, accordingly, we are unable to comment upon the accuracy of the amounts disclosed in Note 33 concerning the aging of trade receivables in the Standalone Financial Statements.	The details regarding ageing of trade receivables were provided in excel worksheets. The Company appropriates the money received from Distribution Utilities towards the clearance of old dues first, hence, the outstanding dues pertains to latest invoices. Accordingly, ageing analysis were provided during the course of audit.

ii	The Company does not make provisions for Expected Credit Loss ("ECL") on long outstanding balances, which is inconsistent with the requirements of Ind AS 109 “Financial Instruments”.	Considering the behaviourial pattern of customers in Trade Receivable in terms of payments made (especially MSEDCL , being sister concern, who is the major paying party), MSETCL has not made the provision for Expected Credit Loss.
iii	Additionally, one of the parties is under Insolvency Resolution Process, wherein the Company has not provided for the credit loss on the outstanding receivables amounting to Rs. 1141 Lakhs.	Receivables in respect to ECI-Shanghai Ltd are appearing in the Financials amounting to Rs 1141 lakhs which seems to be doubtful as the vendor is under Insolvency Resolution Process and may not materialise. This calls for Provision of loss . But there is payable balance of Rs 12,400 lakhs in terms of Risk & Cost Adjustment pertaining to ECI Shanghai ltd. Necessary adjustment would be done after appropriate reconciliation , hence Reserve for Doubtful Debts provision is not made.
iv	We were unable to obtain independent confirmations and unable to perform alternative procedures on the balances of trade receivables. Accordingly, we are unable to comment on their accuracy and valuation, as these balances may be subject to consequent reconciliation.	Vendors are requested to provide necessary balance confirmation to the Auditors as per procedures.
(p)	Statutory dues like TDS, Provident Fund and Profession Tax amounting to Rs. 3,028.81 Lakhs contains old liabilities which is subject to reconciliation. We are unable to comment upon the adjustments / settlements arising from such reconciliation.	Proper yearwise reconciliation is under process.
(q)	The Company's internal controls concerning the data provided to the actuary for the purposes of actuarial valuation of gratuity and compensated absences are inadequate. Consequently, we are unable to comment upon the provisions made for compensated absences and gratuity. The potential impact, if any, on the Standalone Financial Statements is currently not ascertainable.	HR Deptt , CO has issued directions to all the offices to prepare data of fresh leave quota on the basis of Service Book updations and upload the same in SAP/ERP HR Module, which would resolve this issue .
(r)	The short-term provisions include both provisions for expenses and provisions for tree/crop compensation, aggregating to Rs. 5,325.88 lakhs. However, detailed listing and the underlying basis for these provisions are not available. Consequently, we are unable to comment on the completeness and accuracy of the said provisions. The potential impact, if any, on the Standalone Financial Statements is currently not ascertainable.	Trans O&M Section has issued guidelines to field units for closure of schemes by making provision of Tree/crop Compensation (upto Rs 1 crs).
(s)	Long term provisions consists of provision for capital works amounting to Rs. 12,680.61 lakhs for which detailed listing and basis of provision are not available. Accordingly, we are unable to comment on completeness and accuracy of the said provisions. The potential impact of the adjustments arising from review of the basis of these provisions, if any, on the Standalone Financial Statements is currently not ascertainable.	Necessary instructions have been issued to adjust the excess Outstanding Liability Provisions made during previous years against completed works.
(t)	The Company has collected security deposits amounting to Rs. 3,786.11 lakhs, which have remained outstanding for a period exceeding three years which is neither refunded to the respective parties nor transferred to other income in accordance with the Company's policy. Further the classification of the total balances outstanding against security deposit into current and non-current is not appropriate. Given that certain amounts have been outstanding for more than 365 days, the Company is not in compliance with the provisions of sections 73 to 76 of the Act.	Security Deposit collected can be adjusted as income only on completion of said scheme or to be refunded as per terms and conditions of the Contract.

(u)	Liquidated damages deducted and EMD received by the Company amounting to Rs. 7,986.11 Lakhs and Rs. 387.17 Lakhs respectively are outstanding for more than 3 years which are neither refunded to the respective parties nor transferred to other income (in accordance with the Company's policy). Further, the classification of the total balances outstanding against liquidated damages and EMD into current and non-current is not appropriate. Impact, if any, of the adjustment arising on account of not following the Company's policy, on the Standalone Financial Statements is currently not ascertainable.	Retention kept against liquidity damages are appropriately treated as income , if the competent autority passed the order with penalty for Liquidity Damages. Till that time , Liquidity Damages Retention is kept as outstanding liability in Financials. In context to EMD, the same are refunded , if acquired through SRM Module.
(v)	The Company has encountered differences resulting from price escalation due to the disengagement of vendor during the contract's tenure, and these differences are not appropriately identifiable. These adjustments are currently reflected in the "Risk and Cost Adjustment" ledger, with corresponding outstanding amounts in "Retention Money Receivable" ledger. However, detailed party-wise information and ageing of data related to these accounts are not available. Further the classification of the total balances outstanding against retention money into current and non- current is not appropriate. As a result, we are unable to comment on the existence and accuracy of these balances.	Retention against Risk & Cost Adjustments are kept for adjustment of excess capex incurred during completion of the Scheme. The Reconciliation is in process for adjustment in case of completed Schemes.
(w)	The Company has received Government Grants earmarked for capital assets related to specific projects, with an outstanding balance as of March 31, 2023, amounting Rs. 29,527.65 Lakhs. These grants are deferred for recognition as revenue. However, detailed information regarding these grants, including asset specifications and the associated conditions that need to be fulfilled are not available. Consequently, we are unable to comment on the completeness and accuracy of these deferred amounts i.e., whether such deferment is in accordance with the stipulated schemes or the conditions, nor can we ascertain whether the accounting treatment is in accordance with the provisions of Ind AS 20 "Accounting for Government Grants and Disclosure of Government Assistance". The potential impact, if any, on the Standalone Financial Statements is currently not ascertainable.	The Government Grant is received for the construction of Sub-Stations and Lines in the Rural Areas as per the GoM Policy. The Assets wise list was submitted to the GoM for grant requirement. The grant for these assets is given by GoM on lumpsum basis and not asset wise. MSETCL bifurcated the grant based on the cost of the assets.
(x)	The Company has disclosed prior period income and expenses in Note 49 of the financial statements. However, these items have not been restated in the respective previous years, which deviates from the requirements of Ind AS 8 "Accounting Policies, Changes in Accounting Estimates and Errors". The impact, if any, of the same on the Standalone Financial Statements is currently not ascertainable.	Reversal of Income booked in Previous period is done as per the CERC Order. Depreciation for previous period is computed as Work Completion Report (WCR) has been received in FY 2022-23. Hence, the same have not been restated. The said fact has been disclosed in Note No 49.
(y)	Contingent Liability as stated in Note no. 38 amount to Rs. 4,77,086.15. Lakhs. Further, an amount of Rs. 859.26 Lakhs under current liability and Rs. 6,551.19 Lakhs under Other Current Financial Assets is on account of certain compensation/ payments against the said cases. In the absence of detailed listing of cases, respective amounts, and status thereon, we are unable to comment on the completeness and accuracy of contingent Liability.	Necessary template has been developed in SAP/ERP System, wherein all the details will be made available for verification.

(z)	We have not received certain details w.r.t the following balances:			
	Particulars	**Amount (Rs in lakhs)**	**Remarks**	
	Liability towards staff welfare Fund with Board	713.16	Listing and details not available. Impacts accuracy and completeness.	Necessary reconciliation is under process based on current status of liabilities. Procedures for writeback of old untracable balances will be submitted to Competent Authority for approval.
	Sundry Creditors Payable Domestic (other than	2372.96	Unexplained debit balance under Trade payables. Impacts accuracy.	Necessary reconciliation is under process based on current status of liabilities. Procedures for writeback of old untracable balances will be submitted to Competent Authority for approval.
	Board of Trustees P.F. & Final Settlement	2,094.09	Listing and details not available. Impacts accuracy and completeness.	Necessary reconciliation of field units balance and CPF Section is under process. Necessary writeback would be initiated based on current status of liability.
	Advances to Contractors /Suppliers - O&M	5148.99	Unexplained credit balance under Advances. Impacts accuracy.	Necessary reconciliation is under process. Procedures for writeoff of old untracable balances will be submitted to Competent Authority for approval.
	Capital Advance for Projects	602.13	Listing and details not available. Impacts completeness, accuracy and valuation.	Necessary reconciliation is under process. Procedures for writeoff of old untracable balances will be submitted to Competent Authority for approval.
(aa)	The Company has calculated Deferred Tax Asset/ Liability on the basis of books of account. We are unable to comment on the said amount as calculated which may undergo change due to consequential impact of the aforesaid qualification in the Basis for Qualification para from point 3 (a) to 3(aa).			Deferred Tax Asset/Liability is computed on components of Profit & Loss statement which emerge for Timing Difference for Income Tax Computation. In terms of qualifications , necessary responses have been given in appropriate places.
4	We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("ICAI") together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our qualified opinion.			Factual
	Information Other than the Standalone Financial Statements and Auditor's Report Thereon			
5	The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Director's Report including Annexures to Director's Report, but does not include the standalone financial statements and our auditor's report thereon.			Factual
6	Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.			Factual

7	In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. The other information included in Director's Report have not been adjusted for the impacts as described in the Basis for Qualified section above. Accordingly, we are unable to conclude whether the other information is materially misstated with respect to this matter.	Factual
	Responsibilities of Management for the Standalone Financial Statements	
8	The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.	Factual
9	In preparing the standalone financial statements, the Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.	Factual
10	Those Board of Directors are also responsible for overseeing the Company's financial reporting process.	Factual
	Auditor's Responsibilities for the Audit of the Standalone Financial Statements	
11	Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.	Factual
	We give in "Annexure A" a detailed description of Auditor's responsibilities for Audit of the Standalone Financial Statements.	Appropriate Responses have been provide to concern matters

	Other Matters	
12	The standalone financial statements of the Company for the year ended March 31, 2022 were audited by another auditor. They had modified their report dated October 17, 2022, with respect to various matters which are included in para 3.1 to 3.19 of the said auditors' report.	Appropriate Responses were provided to concern matters in the Director's Report for FY 2021-22.
	Report on Other Legal and Regulatory Requirements	
13	As required by the "Directions and sub directions issued by office of the Principal Accountant General -III, Maharashtra in terms of section 143(5) of the Act, we give in the "Annexure B" a statement on the directions and sub-directions.	Appropriate Responses have been provide to concern matters
14	As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure C" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.	Appropriate Responses have been provide to concern matters
15	As required by Section 143(3) of the Act, we report that:	
(a)	We have sought and obtained, except for the possible effects of the matters described in the Basis for Qualified Opinion section above, all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.	Factual
(b)	Except for the possible effects of the matters described in the Basis for Qualified Opinion section above, in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.	Factual
(c)	The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), the Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the books of account.	Factual
(d)	Except for the possible effects of the matters described in the Basis for Qualified Opinion section above, in our opinion, the aforesaid standalone financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act.	Factual
(e)	The matters as described in Basis for Qualified Opinion section above and as described in Basis for Qualified Opinion section of the Annexure D, in our opinion, may have an adverse effect on the functioning of the Company.	Appropriate Responses have been provide to concern matters
(f)	In view of exemption given vide notification no.463(E) dated 5 June 2015, issued by the Ministry of Corporate Affairs , the Company being a Government company within the meaning of section 2(45) of the Act, provisions of section 164(2) of the Act pertaining to disqualification of Directors, are not applicable to the Company.	Factual
(g)	With respect to the adequacy of the internal financial controls with reference to standalone financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure D".	Appropriate Responses have been provide to concern matters
(h)	With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:	Appropriate Responses have been provide to concern matters
i	Except as noted in para 3 (aa) above, the Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements - Refer Note no. 38 to the standalone financial statements;	Factual

ii	The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;	Factual
iii	There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.	Factual
iv		
	(1) The Management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.	Factual
	(2) The Management has represented, that, to the best of its knowledge and belief, no funds have been received by the Company from any persons or entities, including foreign entities (Funding Parties), with the understanding, whether recorded in writing or otherwise, as on the date of this audit report, that the Company shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.	Factual
	(3) Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances, and according to the information and explanations provided to us by the Management in this regard nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e) as provided under (1) and (2) above, contain any material mis-statement.	Factual
v	The Company has neither declared nor paid any dividend during the year.	Factual
vi	As proviso to rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable for the Company only w.e.f. April 1, 2023, reporting under this clause is not applicable.	Factual
16	In view of exemption given vide notification no.463(E) dated 05 June 2015, issued by the Ministry of Corporate Affairs, the Company being a Government Company within the meaning of section 2(45) of the Act, provisions of section 197 of the Act pertaining to managerial remuneration, are not applicable to the Company.	Factual

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT ON EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF MAHARASHTRA STATE ELECTRICITY TRANSMISSION COMPANY LIMITED

Statutory Auditors Opinion	MSETCL's Replies
Auditor's Responsibilities for the Audit of the Standalone Financial Statements	
As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:	
• Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.	Factual
• Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to standalone financial statements in place and the operating effectiveness of such controls.	Appropriate Responses have been provided to concern matters.
• Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.	Factual
• Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.	Factual
• Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone1 financial statements represent the underlying transactions and events in a manner that achieves fair presentation.	Factual
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.	Factual
We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.	Factual

Annexure B to the Independent Auditor's Report on the Standalone Financial Statements of the Maharashtra State Electricity Transmission Company Limited for the year ended 31 March 2023

[Referred to in paragraph 11 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date]

Sr. No.	Directives/Sub-directives	Auditor's Comment	MSETCL's Response
Directions under sub-section (5) of section 143 of the Companies Act, 2013			
Our report/findings on directions and sub-direction of CAG should be read in conjunction with our statutory audit report of even date on the Standalone Financial Statements of the Company for the year ended 31 March 2023.			
1	**Whether the company has system in place to process all the accounting transactions through IT system? If yes, the implications of processing accounting transactions outside IT system on the integrity of the accounts along with the financial implications, if any, may be stated.**	Yes, the Company has an ERP i.e. SAP system to process all the accounting transactions through IT system. During the course of audit, we noticed that the invoices generated by the profit centers are raised by State Transmission Utility (STU) and are fed into the system. Further, the Company does manual calculations with respect to unplanned depreciation, ageing adjustments, interest calculations on borrowings, amortization of premium on investments, deferment of grant, EIR calculation, apportionment of general establishment charges.	Invoices for Monthly Transmission Charges (MTC) are raised by STU to Distribution Licensees considering the arrears for outstanding amounts. In respect to depreciation for assets whose date of commissioning is prior to April 2022, the same needs to be manually calculated and entered in SAP/ERP System. This is due to late receipt of Work Completion Report (WCR) .However, procedures are being devised for the generation of WCR through SAP/ERP itself, which would eliminate the manual depreciation entry in future.
2	**Whether there is any restructuring of an existing loan or cases of waiver/write off debts/loans/interest etc. made by a lender of the company due to company's inability to repay the loan? If yes, the financial impact may be stated. Whether such cases are properly accounted for? (In case, lender is a Government company, then this direction is also applicable for statutory auditor of lender Company).**	There were no such instances during the year under audit.	Factual
3	**Whether funds (grants/subsidy etc.) received/receivable for the specific schemes from Central/State Government or its agencies were properly accounted for/utilized as per its term and conditions? List the cases of deviation.**	Government Grants received by the Company towards capital assets for specific projects, outstanding as on March 31, 2023 amount to Rs. 29527.65 Lakhs which are deferred for recognition as revenue. Details of such grants along with asset specifications, conditions to be satisfied are not made available to us. Further, the recognition of the deferment is not in accordance with the underlying scheme / conditions. (Refer Para 3 (x) of our Audit report of even date)	The Government Grant is received for the construction of Sub-Stations and Lines in the Rural Areas as per the GoM Policy in FY 2006-07 to FY 2008-09. The Assetswise list was submitted to the GoM for grant requirement. The grant for these assets is given by GoM

<table>
<tr><td></td><td></td><td></td><td>on lumpsum basis and not assetwise. MSETCL bifurcated the grant based on the cost of the assets.</td></tr>
<tr><td></td><td colspan="3">Sector specific Sub-directions under sub-section (5) of section 143 of the Companies Act, 2013</td></tr>
<tr><td>(i)</td><td>Whether there is appropriate classification of Inventory with value such as Scrap, Obsolete Material etc.</td><td>The following classification of Inventory has been made by the Company.
<table>
<tr><th>Description</th><th>Amount as at 31st March 2023 (Rs. In Lakhs)</th><th>Note no. of Financial Statements</th></tr>
<tr><td>Steel</td><td>1,044.60</td><td rowspan="10">Note no. 9 “Inventories” of financial statements</td></tr>
<tr><td>Transformers</td><td>14,017.10</td></tr>
<tr><td>Metering equipment & substation equipment</td><td>10,370.23</td></tr>
<tr><td>Cables & Conductors</td><td>7,324.95</td></tr>
<tr><td>Spares</td><td>1,266.62</td></tr>
<tr><td>Others</td><td>3,487.46</td></tr>
<tr><td>Loss due to Material pending investigation</td><td>167.15</td></tr>
<tr><td>MASA Stock</td><td>(114.34)</td></tr>
<tr><td>Obsolete materials stock (including scrap)</td><td>922.63</td></tr>
<tr><td>Provision for loss pending investigation</td><td>(1,089.78)</td></tr>
</table>
With respect to the valuation of inventory refer Para 3(m) of our Audit report of even date</td><td></td></tr>
<tr><td>(ii)</td><td>Negative balances under “Advances to Contract” may be analyzed and commented with reasons and impact on financial statements</td><td>We have verified the balances of ‘Advance to Contract’ on overall basis at Company level, and have noted that there are no negative balances (net) as on 31 March 2023. Also, refer to Para 3(aa) of our Audit report of even date</td><td>Factual</td></tr>
<tr><td>(iii)</td><td>Whether Profit / Loss mentioned in Audit Report is as per Profit & Loss Accounts of the Company?</td><td>Yes, however impact, if any, on account of matters stated under basis of qualification under para 3 of Auditor’s Report to be considered.</td><td>Factual</td></tr>
<tr><td>(iv)</td><td>Is the system of evacuation of power commensurate with power available for transmission with the generating company? If not, loss, if any, claimed by the generating company may be commented.</td><td>We have not carried out technical verification of the information required under this clause. Based on the information, explanation and representations received from the Management the transmission network of the company is given in the table below:
<table>
<tr><th>Voltage Level</th><th>EHV Substation</th><th>Transformation Capacity (MVA)</th><th>EHV Lines (CKT KM.)</th><th>Reactive Power Compensation (MVAR)</th></tr>
<tr><td>765 KV</td><td>1</td><td>3,000</td><td>0</td><td>720**</td></tr>
<tr><td>500KV HVDC</td><td>2</td><td>3,582</td><td>1,504</td><td>0</td></tr>
<tr><td>400KV</td><td>33</td><td>33,548</td><td>8,464</td><td>3540*</td></tr>
<tr><td>220KV</td><td>250</td><td>60,090</td><td>19,366</td><td>25</td></tr>
<tr><td>132KV</td><td>356</td><td>31,005</td><td>18,209</td><td>2,810.00</td></tr>
<tr><td>110KV</td><td>40</td><td>2,480</td><td>1,788</td><td>130</td></tr>
<tr><td>100KV</td><td>39</td><td>2,823</td><td>706</td><td>0</td></tr>
<tr><td>66KV</td><td>7</td><td>171</td><td>595</td><td>0</td></tr>
<tr><td>33/22/ 11 KV</td><td>0</td><td>0</td><td>0</td><td>2628</td></tr>
<tr><td>Total</td><td>728</td><td>136698</td><td>50631.42</td><td>9853</td></tr>
</table></td><td>Factual</td></tr>
</table>

As further informed by the management of the Company, present transmission system availability and losses as against MERC benchmark are narrated as under:

HVAC System (MERC Benchmark 98%)

Year	2022-23	2021-22
Availability	99.65%	99.67%

HVDC System (MERC Benchmark 95%)

Year	2022-23	2021-22
Availability	95.34%	**94.27%

* Emergency Outage of 983.49 hours availed on HVDC Pole 2 to attend the major problem of smoothing Reactor.

** Annual Outage of 410 hours availed on HVDC Pole 1&2. Emergency Outage of 156 hours availed on HVDC Pole 2 to attend the oil leakage of smoothing Reactor. 253 hours for Pole-2 Converter transformer replacement.

(V) **How much transmission loss in excess of prescribed norms has been incurred during the year and whether the same been properly accounted for in the books of accounts**

We have not carried out technical verification of the information required under this clause. Based on the information, explanation and representation received from the management the information in this regard is furnished as under.

The benchmark set by MERC for Transmission Losses is 4.85% and the Transmission Losses incurred by MSETCL during the FY 2022-23 as computed by Maharashtra State Load Dispatch Center (MSLDC) are tabulated below:

Intra State Transmission System (In. STS) Grid Loss for FY 2022-23	Energy Input Intra STS	Energy Output Intra STS	Transmission Loss
Month	**(In Million Units)**	**(In Million Units)**	**(In %)**
Apr - 22	17282.16	16688.83	3.43%
May - 22	17343.22	16777.47	3.26%
Jun - 22	15230.54	14729.13	3.29%
Jul - 22	13253.21	12793.97	3.47%
Aug - 22	13770.29	13328.79	3.21%
Sep - 22	13284.87	12844.34	3.32%
Oct - 22	13378.48	12977.2	3.00%
Nov - 22	14766.03	14293.87	3.20%
Dec - 22	15893.29	15396.31	3.13%
Jan - 23	15769.6	15277.76	3.12%
Feb - 23	15251.37	14728.29	3.43%
Mar - 23	16909.89	16362.35	3.23%
Total	**182132.95**	**176198.31**	**3.26%**

From perusal of the table above, it is evident that Transmission Losses incurred by MSETCL was 3.26% which is below the MERC's benchmark. The said loss in accounting parlance is to be termed as "Normal Loss" not requiring any separate accounting in the books of accounts.

(vi) **Whether the assets have been constructed and completed on behalf of other agencies and handed over to them has been properly accounted for in the books of Accounts.**

The Company has divided its field operations amongst seven different zones in the state of Maharashtra. The major activity of the company is 'transmission of power'. The Company also undertakes construction of small sub-stations, towers, plants etc., for the supply of power to other agencies on 'order specific basis'. Such works are identified in the company as 'ORC Works'. The Company charges 'Supervision Fees' over and above the expenditure

<table>
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<td>incurred for executing such 'ORC Works', which gets recognized as the Company's revenue.
The ORC details location wise which are made available to us by the management are as follows:
<table>
<tr><th>Sr. No.</th><th>Zones</th><th>ORC works as at 01.04.22 (Nos.)</th><th>ORC works added during the year (Nos.)</th><th>ORC works completed during the year (Nos.)</th><th>Balance ORC works remaining as at 31.03.23 (Nos.)</th></tr>
<tr><td>1</td><td>Amravati</td><td>8</td><td>12</td><td>4</td><td>16</td></tr>
<tr><td>2</td><td>Aurangabad</td><td>15</td><td>2</td><td>5</td><td>12</td></tr>
<tr><td>3</td><td>Karad</td><td>8</td><td>4</td><td>5</td><td>7</td></tr>
<tr><td>4</td><td>Nagpur</td><td>26</td><td>3</td><td>5</td><td>24</td></tr>
<tr><td>5</td><td>Nasik</td><td>16</td><td>1</td><td>2</td><td>15</td></tr>
<tr><td>6</td><td>Pune</td><td>117</td><td>14</td><td>8</td><td>123</td></tr>
<tr><td>7</td><td>Vashi</td><td>73</td><td>8</td><td>11</td><td>70</td></tr>
<tr><td></td><td>**Total**</td><td>**263**</td><td>**44**</td><td>**40**</td><td>**267**</td></tr>
</table>
</td>
<td>Factual</td>
</tr>
<tr>
<td></td>
<td></td>
<td>During the year, outstanding balances of deposits taken from parties are Rs. 1,24,988.85 Lakhs (Previous Year: Rs 1,23,145.85 Lakhs) out of which deposits amounting to Rs. 6,808.26 Lakhs are unreconciled and information for the same is not available with the Company. Further, the ultimate ownership of such assets is with the Company. The deposits collected from them is adjusted against the Assets constructed and a nominal value of Re. 1 is kept in the Asset Master for identification purposes.
Company also executes projects for evacuation of power in case of generation of energy from non-conventional sources. As per accounting policy 2.19(B), 50% of the cost of such power evacuation project is borne by the Company and balance 50% is to be reimbursed by Maharashtra Energy Development Agency (MEDA) to the respective private developer. In such cases also, there is no handover of the assets to the other agencies.
Execution of MEDA project is done in two ways. (i) Wherein the vendor gives the entire amount beforehand for execution of the project to the Company as ORC deposit and the Company after the execution of project reimburses 50% of the cost to the vendor and creates the asset of the same value and the remaining 50% is paid by MEDA to the vendor. (ii) Wherein the vendor itself executes the project and the Company subsequently pays 50% of the cost of project to the vendor and MEDA reimburses the remaining 50% to vendor. Complete details of such projects falling under MEDA grant are not readily available with the Company. As a result, whether Asset Capitalization of such MEDA projects are accurate or not cannot be commented upon. Due to which any amount falling under GL Code 123100 and 131010) with respect to MEDA Project cannot be commented upon.</td>
<td></td>
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<tr>
<td>**(vii)**</td>
<td>**Examine whether the provisions of the Companies Act were followed w.r.t reporting and disclosures of CSR Activities.**</td>
<td>Yes, Appropriate disclosure has been provided under note no 45 of financial statements .</td>
<td>Factual</td>
</tr>
<tr>
<td>**(viii)**</td>
<td>**Items contained in the inspection report of CAG in previous year and remaining open till the date of Balance Sheet under report.**</td>
<td>Refer Appendix 1(a), (b) & (c) to this report.</td>
<td>Appropriate Responses are given on relevant points in the Annexure.</td>
</tr>
</table>

(ix)	**Other Matters**	1. The Company has to prepare Risk control Matrix and policies and procedures with respect to key areas and update the existing Risk Control Matrix.	MSETCL has initiated process for appointing an Expert Professional to guide the Company for the development / updation of internal control processes, which would exhibit the adequecy commensurating with the size of the Company and the nature of its business.
		2. The scope and coverage of internal audit should be enhanced.	Scope of Internal Auditor is being reframed to resolve any untouched matter.

Appendix 1 (a) - Items contained in the Inspection report of CAG for FY 2021-22 and remaining open as at 31 March 2023

Sr. No.	CAG's Comments	MSETCL's Current Response	Auditors' Remarks
A	**Comments on Profitability**		
	Statement of Profit & Loss		
	Revenue		
	Revenue from operations (Note 21) : Rs.4863.80 crore		
	Additional Transmission and regulatory charges- Rs. 112.12 crore		
1	This includes Rs.55.35 crore towards Additional Transmission charges receivable from Maharashtra state Electricity Distribution Company Limited (MSEDCL) for the period November 2020 to March 2021. This has resulted in overstatement of total Comprehensive income and understatement of opening Retained Earnings by Rs 55.35 crore	Additional Transmission Charges for FY 2020-21 were booked as income of FY 2021-22. In FY 2022-23, there is no impact of this transaction'.	This does not pertain to the year under audit.
	Expenses		
	Employee Benefit expenses (Note 24): Rs 1164.26 crore		
	Staff welfare expenses : Rs 49.55 crore		
2a	Above does not include claims Rs 4.60 crore received by the families of deceased employees (due to covid pandemic) in 2021-22 towards Ex gratia and Group Insurance	Reimbursement of death claim due to covid for FY 2020-21 were booked as expenses of FY 2021-22. In FY 2022-23, there is no impact of this transaction'.	This does not pertain to the year under audit.
2b	The above also does not include Rs. 0.09 crore being expenses for medical health checkup incurred for 250 employees of Company in March 2022. This has resulted in overstatement of Total Comprehensive Income and understatement of Provision (Note 20) under Current Lability by Rs 4.69 crores.	Payment of Medical Health checkup for FY 2020-21 were booked as expenses of FY 2021-22. In FY 2022-23, there is no impact of this transaction.	This does not pertain to the year under audit.
	Other expenses- (Note 26) Rs.403.15 crore		
	Rates and Taxes- Rs.16.72 crore		
3	This includes Rs. 0.99 crore towards property taxes for the period 2009-2010 to 2020-21 Accounting of property taxes for earlier years in current year resulted in understatement of Total Comprehensive Income and overstatement of opening Retained Earnings Rs 0.99 crore.	Payment of Property Tax period prior to FY 2020-21 were booked as expenses of FY 2021-22. In FY 2022-23, there is no impact of this transaction.	This does not pertain to the year under audit.
B	**Comments on Financial Position**		
	Balance Sheet		
	Assets		
	Non-current Assets		
	Property, Plant and Equipment (Note: 4.1): Rs. 15812.02 crore		
1	The Company did not capitalize assets valued at Rs 4.11 crore being the claim towards the cost of quantity variations in respect of construction of 132 kv SCDC kankavali- kudal line along with end bay each at kankavali and kudal as per the disclosed Accounting Policies at Note No 2.6 . This was proposed and discussed in the 152nd Board meeting held on 29 December 2021 and later approved in 156th meeting of the Board held on 04.08.2022 (prior to approval to the Annual Accounts of the Company) This has resulted in understatement of Property, Plant and Equipment (PPE) (Note 4.1) and consequent understatement of Trade Payable under Current Liabilities (Note 18.2) by Rs 4.11 crore.	Revised Final Quantity Variation (QV) proposal amounting to Rs.4.11 crore was sanctioned vide B.R.No.156/35 dated 26.08.2022, however due to non-availability of the enhanced additional budget provision could not be made in the system.	Issue is status quo. We inquired about the matter during our audit for the financial year 2022-23, and the management's response was consistent with what has been provided here.

<table>
<tr><td rowspan="2">2</td><td colspan="4">The Property, Plant and Equipment (PPE) do not include Rs 51.02 crore on 56 differentcompleted / availableforuse /charged/commissioned works prior to 31st March 2022. These works should have been capitalized in accordance with the disclosed Accounting Policies of the Company with regard to PPE (Note 2 (2.6)) and depreciation (Note 2.9)</td><td rowspan="2">The said transaction has already been done in FY 2022-23.</td><td rowspan="2">The management has passed the requisite entries during FY 2022-23.We have verified the same.</td></tr>
<tr><td colspan="4">Non capitalisation of above resulted in understatement of Property, Plant and Equipment (Note: 4.1) and overstatement of Capital work in Progress (CWIP) (Note 4.2) by Rs 51.02 crore . This has also resulted in non charging of depreciation for the year to the extent of Rs 1.28 crore with corresponding overstatement of Total Comprehensive Income for the current year and overstatement of opening balance of Retained Earnings by Rs. 1.05 crore pertaining to the previous year</td></tr>
<tr><td></td><td colspan="4"><i>1.includes Rs.1.48 crore towards crop compensation, General Establishment Charges (GEC) and Interest During Construction (IDC) in respect one work, Rs.1.21 crore being GEC of one work, Rs.23.80 croes being the cost of one substation work which had to be capitalised as per circular No.8315 (Capex circular No.1) dated 31/05/2012 regarding capitalization of assets (in case of new substations, where the transfomers/ICTs gets charged, the Sub-station should be capitalized, though the scheme has not been completed.) and Rs.24.53 crore on 53 other different works.</i></td><td></td><td></td></tr>
<tr><td></td><td colspan="6">Current Assets</td></tr>
<tr><td></td><td colspan="6">Other Current financial Assets (Note 10.5) : Rs 51.29 crore</td></tr>
<tr><td></td><td colspan="6">Other receivable - Rs.7.31 crore</td></tr>
<tr><td>3</td><td colspan="4">Above does not include Rs 3.03 crore being short deposit by Maharashtra Rail Infrastructure Development Corp Ltd. for Outright Contribution work (ORC deposit work) (132 KV power supply of EHV level for traction substation at village Patansaongi). As against the total cost of Rs 12.80 crore ORC deposit work (cost inclusive of expenditure actually incurred and supervision charges, GST) executed by the Company as on 31 March 2022, it received deposit of only Rs 9.77 crore from ORC consumer. the Company creates Current Liability on receipt of deposit from ORC consumers and during execution of work, CWIP is debited and on completion of work, the CWIP is adjusted against the current liability created earlier on receipt of deposit.</td><td>The amount of Rs.3.03 crore is accounted as receivable from Rail Vikas Nigam Ltd. (RVNL) in this financial year 2022-23 vide document no.100179933 dt:-30.11.22.</td><td>The management has passed the requisite entries during FY 2022-23. We have verified the same.</td></tr>
<tr><td></td><td colspan="4">Non accounting of Rs 3.03 crore as receivable from ORC consumer resulted in understatement of Other Receivables under Other Current Financial Assets and understatement of Current Liabilities by Rs 3.03 crore.</td><td></td><td></td></tr>
<tr><td></td><td colspan="6">Equity and Liabilities</td></tr>
<tr><td></td><td colspan="6">Liabilities</td></tr>
<tr><td></td><td colspan="6">Non-current liabilities</td></tr>
<tr><td></td><td colspan="6">Financial Liabilities</td></tr>
<tr><td></td><td colspan="6">Other non-current financial liabilities (Note 14.2) : Rs 2,464.20 crore</td></tr>
<tr><td></td><td colspan="6">Deposit received from consumer under ORC schemes : Rs 1,231.46 crore.</td></tr>
<tr><td rowspan="3">4</td><td colspan="6">The above includes deposits received for ORC works, which have been completed as detailed in the below table :</td></tr>
<tr><td>Sr. No.</td><td>Name of the work</td><td>Date of Completion</td><td>Amount (Rs in crore)</td><td></td><td></td></tr>
<tr><td>1</td><td>220 KV Kharbao TSS included under 220 KV Kamba Kharbao and Kolshet Kharbao lines</td><td>05.02.2022</td><td>7.02</td><td>As the relevant expenditure booking is still going on for these projects after</td><td>Issue is status quo. Based on our inquiry with the management we were informed that</td></tr>
</table>

<table>
<tr><td rowspan="7"></td><td>**Sr. No.**</td><td>**Name of the work**</td><td>**Date of Completion**</td><td>**Amount (Rs in crore)**</td><td rowspan="7">commissioning, i.e. compensation etc., final expenditure will be adjusted against underlined deposit after completion of the scheme.</td><td rowspan="7">the said deposits will be adjusted on the completion of the project instead of FY 22-23. The concerned matter is covered in Para 3(k) under 'Basis for Qualified Opinion' section of our "Report on the Audit of the Standalone Financial Statements for FY 2022-23</td></tr>
<tr><td>2</td><td>220 KV Tarapur 37 Boiser line Location</td><td>28.02.2022</td><td>0.83</td></tr>
<tr><td>3</td><td>220 KV Vasai 54-58 PGCIL line location</td><td>27.01.2020</td><td>0.37</td></tr>
<tr><td>4</td><td>Rerouting of 132 KV Dahanu (MIDC) - Boisar line between loc no 62 to 64 including work of rerouting of 132 KV dahanu (MIDC) - Boisar line between loc no 62 to 64.</td><td>26.03.2021 and 27.03.2021</td><td>1.62</td></tr>
<tr><td>5</td><td>Shifting / Height raising of 220 KV DC Kharghar Top worth and Kharghar Panvel TSS line between loc no 646 to 649.</td><td>15.02.2019</td><td>0.87</td></tr>
<tr><td>6</td><td>Height raising of 220 KV S/C Umred - Top with Urja feeder at Loc No 19 to 23 executed for Maharashtra Rail Infrastructure Development Corp Ltd.</td><td>13.02.2022</td><td>1.26</td></tr>
<tr><td></td><td>**Total**</td><td></td><td>**11.97**</td></tr>
<tr><td></td><td colspan="4">Thus, non adjustment of above completed works from CWIP against the existing Current Liability, resulted in overstatement of Current Liabilities and overstatement of CWIP to the extent of Rs 11.97 crore.</td><td></td><td></td></tr>
<tr><td></td><td colspan="4">[2] Works at Sr No 1 to 5 amounting to Rs 10.71 crore was executed and charge/completed for Dedicated Freight Corridor Corporation of India Ltd., under ORC deposit work</td><td></td><td></td></tr>
</table>

Appendix 1 (b) - Items contained in the Inspection report of CAG for FY 2020-21 and remaining open as at 31 March 2023

Sr.No.	CAG's Comments	MSETCL's Current Response	Auditors' Remarks
A	**Comments on Financial Position**		
	Balance Sheet		
1	**Property, Plant and Equipment (Note: 4.1) : Rs.16,224.71 Crore**		
(a)	The Company had handed over most of the 66 kV sub-stations and lines to M/s MSEDCL between 1989 and 2021, however, these assets were not removed from the fixed assets as mandatorily required under Ind AS 16. This has resulted in -	The Company was having transmission network level ranging from 66 KV to 765 KV. In order to standardize the transmission level throughout Maharashtra, it was decided to abolish/eliminate 66 KV from the transmission network of the Company. Most of the abolished and decommissioned sub-stations and lines at 66 KV level were handed over to M/s MSEDCL and remaining sub-stations and lines would be handed over to MSEDCL or will be utilized by MSETCL for up-gradation work, if any, in near future after ensuring arrangement for feeding the existing consumers.	The concerned matter is covered in Para 3(g) under 'Basis for Qualified Opinion' section of our "Report on the Audit of the Standalone Financial Statements for FY 2022-23. As further Noticed, handing over of 66KV sub stations/ TL to MSEDCL is not supported or reflected by any written document or execution of transfer agreements
	1. Overstatement of gross block of fixed assets, accumulated depreciation and carrying cost to the extent of Rs. 140.24 Crore, Rs. 102.78 Crore and Rs. 37.46 Crore respectively.	With regard to the above facts the modalities of de-recognition, disposal and for determining consideration for such transfer of Assets of 66 KV level will be decided in consultation with technical team and necessary accounting entries will be passed accordingly in compliance with Ind AS-16.	
	2. Understatement of trade receivables from MSEDCL to the extent of Rs. 24.73 Crore.	Necessary policy framing for the treatment of 66KV Assets in the books of MSETCL is under process.	
	3. Provision for expected loss of Rs. 12.731 Crore towards impairment loss not charged to profit and loss account; consequently, profit for the year was overstated to the same extent.		
	4. Carrying cost of the 174.24 kms of dismantled lines amounting to Rs. 0.80 Crore was not recognized as loss resulting in overstatement of profit for the year to the extent of Rs. 0.80 Crore.		
(b)	This included unused assets with a gross block of Rs. 144.67 Crore, accumulated depreciation of Rs. 109.14 Crore and carrying cost of Rs. 35.53 Crore. The Company has not ascertained the indication of impairment of these assets. Loss on this account and consequent overstatement of profit could not be ascertained for want of details.	As per the details available in field units, the GL 222010 "Asset not in use" includes material/assets which are removed from Asset Register as the same are not in active use. This group consist of items which are sent for repair which may again be put to use after repairs and items of scrapable in nature which are to be disposed off after proper approval of the Competent Authority. These assets being not in active use are not offered for impairment test as items of scrapable nature would be disposed off with or without gain in the realizable value. The proper treatment can only be ascertained after the scraping procedure is completed.	The concerned matter is covered in Para 3(i) under 'Basis for Qualified Opinion' section of our "Report on the Audit of the Standalone Financial Statements for FY 2022-23.

		MSETCL would initiate a process of physical verification of Fixed Assets which would appropriately bifurcate the items appearing under "Asset not in Use" head as Scrapable or Reusable. Necessary accounting treatment in the Books of Accounts would be done after the said activity.	
2	**Capital Work in Progress (Note 4.2):Rs.3,342.81 Crore**		
	The Company decided to dismantle 79 tower foundations and 69 towers constructed at a cost of Rs. 25.17 Crore in the Giant Metrewave Radio Telescope (GMRT) area of the National Centre for Radio Astrophysics (NCRA). As no future economic benefits can be derived from the same, cost of the towers should have been withdrawn from the WIP in terms Ind AS 16 and the Accounting Policy of the Company, which was not done.	1) With regard to 400KV Babhaleshwar – Kudus line, since the work of 79 foundations and 60 erections was executed by the agency, the above expenditure is booked and considered in the actual cost of Project. Since this had become an unidentified additional expense, considering this expenditure, the budget enhancement proposal was proposed and has got approved from Competent Authority. Further, considering the additional work of these abandoned towers, and their dismantling work, the quantity variation proposal was proposed and has got approved from Competent Authority.	
		2) As per the expert committee recommendation, the additional material required for diversion of line as per technical specifications given by expert committee, the extra item proposal was proposed and has got approved from Competent Authority. Thus, the Competent Authority has revised and revalidated the MBR 56/20 Dt.24.08.2010 considering all the additional expenses required for this line diversion and have approved the new MBR No. 146/21 Dtd.16.03.2021.	The concerned matter is covered in Para 3(g) under 'Basis for Qualified Opinion' section of our "Report on the Audit of the Standalone Financial Statements for FY 2022-23. As further
	This has resulted in-	The 60 Nos of towers which will be dismantled are to be reutilized to other locations (Vashi Zone and Nashik Zone). The cost of these towers are Rs.21.94 Cr. The work of dismantling is under progress and the process of requisite entries is being done in SAP accordingly. Proposal has been submitted by the Nashik Project Circle to CO for approval. However queries are raised by CO , which are in process.	
	a. Overstatement of Capital Work-in-progress to the extent of Rs. 25.17 crores.		
	b. Understatement of expenses to the extent of Rs. 3.23 Crore being the irrecoverable cost of the civil foundation of towers and consequent overstatement of profits for the year to the extent of Rs. 3.23 Crore.		
	c. Out of Rs. 21.94 Crore, cost of useable towers should have been taken into stock and the balance charged to profit and loss account. Financial impact on this account is not ascertainable for want of details.		

B	**Comments on Disclosures**		
	In response to the CAG Comments on the Standalone Financial Statements for the year 2019-20, the Company assured to pass necessary corrective entries during 2020-21. However, the following assurances were not complied with.		
	Decommissioning of transformers costing ₹ 8.32 crore due to theft of copper in it by the repairing agency.	The Company is in the process of identifying and de-recognition of Assets given to M/s Aditya Vidyut Appliances for repair purpose.	Issue is status quo .We inquired about the matter during our audit for the financial year 2022-23, and the management's response was consistent with what has been provided here.
C	**Comments on Auditors' Report**		
	Under para 2.18 and 2.22 of the modified Opinion of the Auditors on the Standalone Financial Statements, the Auditors have modified on the non-furnishing of details/data (19 general ledgers) and non-conformation and reconciliation of the data (116 general ledgers) by the Company. The modified opinion of the Auditors has been given in general and non-specific terms by including a list of most of the important general ledger balances which have major financial impact on the financial statements.	All the available data and supporting details were submitted to the Auditors for verification. However, there are several items of old nature whose supporting is not available in Accounting Units. Necessary decision for the write off/writeback of such old amounts would be done after due approval of Competent Authority.	Not Applicable as we are appointed as statutory auditors for the Financial Year 2022-23.
	The modified opinion does not include specific observations on the financial activities of the Company and its impact on the financial statements. Thus, the members of the company and other stakeholders are not appraised of the modified opinion on many financial aspects of the standalone financial statements.		

Appendix 1 (c) - Items contained in the Inspection report of CAG for prior to FY 2020-21 and remaining open as at 31 March 2023

Sr.No.	CAG's Comments	MSETCL's Current Response	Auditors' Remarks
A	**Comment on Profitability**		
	Statement of Profit & Loss		
1	**Other Income (Note 22) :**		
(a)	This includes Rs. 3.81 Crores, being the supervision charges deposited by third parties in three circles for Outright Consumers works for which the works are not taken up/completed. This resulted in overstatement of Other Income and profit and understatement of Other Non-current Liabilities by Rs. 3.81 Crores.	As per Para 35 of Ind AS 115, an entity transfers control of a good or service over time and, therefore, satisfies a performance obligation and recognizes revenue over time, if one of the following criteria is met: a) the customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs, or b) the entity's performance creates or enhances an asset (for example, work in progress) that the customer controls as the asset is created or enhanced, or. c) the entity's performance does not create an asset withan alternative use to the entity and the entity has an enforceable right to payment for performance completed to date. MSETCL does not fulfil any of the above criteria and hence recognizes revenue on the basis of receipts in its books of Accounts.	The concerned matter is covered in Paragraph 3 (a) within the 'Basis for Qualified Opinion' section of our 'Report on the Audit of the Standalone Financial Statements for FY 2022-23.
(b)	This does not include Rs. 30.46 Crores being interest recoverable on mobilisation advances which should have been recognised. Non recognition is not in conformity with the accounting policy adopted by the Company. This resulted in understatement of other miscellaneous income and profit for the year by Rs. 30.46 Crores and understatement of Trade Receivables to that extent.	As per the accounting policy of the company disclosed under Note No 2.15 of the Standalone Financial Statements, interest income is accounted on accrual basis considering the certainty of the revenue. Further, the purpose of retention amount and bank guarantees with the Company is to secure performance of the contract and not to recover interest which is yet to be accepted by the agencies. With regard to the interest on mobilization advance given to contractors, the company has initiated the process to recover the same and its recognition as income in books of account.	Issue is status quo .We inquired about the matter during our audit for the financial year 2022-23, and the management's response was consistent with what has been provided here.
2	**Other Expenses (Note 26): Security Expenses**		
	This does not include Rs. 6.39 Crores being applicable GST on security expenses for the year. Non provision for GST resulted in understatement of expenses and overstatement of profits by Rs.6.39 Crores and understatement of Other Current Financial Liabilities to the extent of Rs.14.08 Crores (including Rs. 7.69 Crores GST liability for the previous years).	As per Circular No. 89/7/2006- ST Dated: 18th December, 2006, sovereign/public authorities (i.e. an agency constituted/set up by government) perform certain functions/ duties, which are statutory in nature. These functions are performed in terms of specific responsibility assigned to them under the law in force. The activities performed by the sovereign/public authorities under the provision of law are in the nature of statutory obligations which are to be fulfilled in accordance with law. Such activity is purely in public interest and it is undertaken as mandatory and statutory function. These are not in the nature of service to any particular individual for any consideration. Therefore, such an activity performed by a	Issue is status quo .We inquired about the matter during our audit for the financial year 2022-23, and the management's response was consistent with what has been provided here.

		sovereign/public authority under the provisions of law does not constitute provision of taxable service to a person and, therefore, no service tax is leviable on such activities. Considering the above facts security expenses being charged by SGB to MSETCL is exclusive of GST.	
3	**Other Expenses (Note 26) : Miscellaneous Losses and Provisions**		
	This does not include provision on disputed transmission charges of Rs.49.68 crore already recognised but pending before the Appellate Tribunal for Electricity. The transmission licensee (M/s Sai Wardha Power Generation Ltd.) is also under the Corporate Insolvency Resolution Process. Non-Provision on the disputed claim is not in conformity with Ind AS 18 - Revenue resulting in understatement of other expenses and over statement of trade receivables with consequent overstatement of profit for the year by Rs.49.68 crore.	There is a valid Bulk Power Transmission Agreement (BPTA) with M/s SWPL in pursuance of which invoices has been raised for transmission charges for the allocated capacity of 130/135 MW coupled with favourable decision of Hon'ble MERC in the instant matter. Though the matter is further pending with APTEL for its final decision, NCLT has initiated corporate insolvency proceeding against M/s SWPL under Insolvency and Bankruptcy Code 2016 (IBC), wherein IRP has been appointed and admitted a claim of Rs. 34.00 crore against the total claim lodged by the Company of Rs. 119.51 crore keeping the balance amount of claim as contingent claim. It is noteworthy that the IRP has not rejected any amount of claim made by the company. Recently, NCLT has issued an order dated 17/10/2019 in the matter of IBC proceedings against M/s SWPL approving the Resolution plan submitted by the Resolution applicant wherein the admitted and contingent claim of operational creditors has been proposed to be paid in the phased manner within a period of 24 months as per the Resolution plan incorporated in the said order. In view of above, the provision for doubtful debts (Rs.8851.41 Lakhs) made in the books of accounts for the said receivable amount seems to be sufficient and hence no further provision has been made in the F.Y. 2021-22. MSETCL received Rs. 15 lakhs vide NCLT order no. 275/7/HDB/2019 dated 17/10/2019 as against the company claim of Rs. 119.51 crore. Further, MSETCL filed for appeal in NCLAT. NCLAT dismissed the appeal in Order No. 1401/2019 dated 03/02/2020. MSETCL has filed for appeal in SC to challenge NCLAT order.	Issue is status quo .We inquired about the matter during our audit for the financial year 2022-23, and the management's response was consistent with what has been provided here.
B	**Comments on Financial Position**		
	Balance Sheet		
1	**Capital Work-in –Progress (Note 4.2) :**		
(a)	This includes Rs. 2.70 Crores being deposits taken from parties for construction of bays which had been allotted during the year. However, the amount was not adjusted from deposits. This resulted in overstatement of Other Non-current Financial Liabilities (Other deposits) and overstatement of other non-current assets by Rs. 2.70 Crores.	The reconciliation is in process and the deposit will be knocked off against the assets in FY 2022-23.	The concerned matter is covered in Paragraph 3 (j) within the 'Basis for Qualified Opinion' section of our 'Report on the Audit of the Standalone Financial Statements for FY 2022-23.

<table>
<tr>
<td>(b)</td>
<td>This includes Rs 217.00 Lakhs incurred by the Company towards the security charges at work site which was recoverable from the Contractors. This has resulted in overstatement of Capital Work-in-progress and understatement of Other Receivables to the extent of Rs. 217.00 Lakhs.</td>
<td>MSETCL had awarded the work of 220KV Nandgaon Peth Substation (“S/Stn”) and 220KV Anjangaon S/Stn along with its associated lines in Amravati District and 220 KV Malegaon S/St and 132 KV Jalgaon Jamod S/Stn along with their associated lines in Buldhana District to M/s ECI -Shanghai JV. However, due to non-performance of M/s ECI-Shanghai JV, MSETCL had terminated their EPC contract vide letter MSETCL/ED(P)/EPC/6243 dated 08/05/12.

In order to safeguard the materials and assets w.r.t. the above-mentioned projects lying at the above-mentioned sites and to avoid the possibility of theft, the competent authority decided to provide MSETCL’s security at those sites. Thus, the expenditure so incurred on providing services of security guards during the period 2011-12 to March 2017 was accounted for under Capital Work in Progress.
MSETCL, in turn has awarded the contract on ‘risk and cost basis to other contractors for completion of above-mentioned schemes of M/s ECI Shanghai. The company will certainly initiate recovery of such excess charges incurred from the erring contractor i.e., M/s ECI Shanghai. There are no future claims expected from M/s ECI, so option of encashment of BG is being explored. However, the matter is subjudised. The decision will be taken subject to final decision of the Court.</td>
<td>Issue is status quo .We inquired about the matter during our audit for the financial year 2022-23, and the management's response was consistent with what has been provided here.</td>
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<td>(c)</td>
<td>This also includes Rs 159.42 Lakhs being ineligible price variation paid to the contractors on the tax element included in the price of the materials which resulted in overstatement of Capital Work-in-progress and understatement of Other Receivables by Rs 159.42 Lakhs. Excess payment of price variation of Rs. 31.20 Lakhs due to incorrect basis price.</td>
<td>Recovery of excess PV amounting to Rs. 169.73 Lakhs was recovered from the following contractors:
(Rs. In Lakhs)
<table>
<tr><th>Name of agency</th><th>Excess PV Recovery</th></tr>
<tr><td>M/s ECI</td><td>23.53</td></tr>
<tr><td>M/s KPTL</td><td>44.90</td></tr>
<tr><td>M/s KEC</td><td>77.09</td></tr>
<tr><td>M/s JSL</td><td>8.90</td></tr>
<tr><td>M/s GE (Alstom)</td><td>15.31</td></tr>
<tr><td>Total</td><td>169.73</td></tr>
</table>
Excess price variations paid to M/s. ABB in r/o 132KV Karanja SS. EHV Project division Akola has deducted to the tune of Rs. 10.04 Lakhs vide Document no. 100161751 dated 18 December 2022.</td>
<td>Issue is status quo .We inquired about the matter during our audit for the financial year 2022-23, and the management's response was consistent with what has been provided here.</td>
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<tr>
<td>2</td>
<td colspan="3">Trade Receivables (Note 10.2):</td>
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<td></td>
<td>This does not include the differential amount of ORC receivable from Maharashtra Eastern Grid Power Transmission Company Limited (“MEGPTCL”), resulting in understatement of trade receivables and overstatement of ORC work-in-progress by Rs. 18.68 Crores.</td>
<td>As far as the matter of accounting based on demand notice is concerned towards interest income of Rs. 12.63 Crores, the company does not recognize any income on the basis of issuance of demand notice as is evidenced from the accounting policy adopted by the company as per Note No. 2.15 to the Standalone Financial Statements. The issue of demand notice doesn’t entail into accrual of income.
As also with regard to ORC deposit, the same is accounted on the basis of receipt of the same, as issuance of demand notice doesn’t result in increase in receivable and depends whether the other party is agreeing to it.</td>
<td>Issue is status quo .We inquired about the matter during our audit for the financial year 2022-23, and the management's response was consistent with what has been provided here.</td>
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3	**Other Equity (Note 13) - Reserves and Surplus - Retained Earnings**		
(b)	Central Electricity Regulatory commission (CERC) restricted (December 2017) yearly inter-state transmission charges of nine transmission assets at Rs. 5.99 Crores. Though the company recognized the decreed transmission charges of Rs. 5.99 Crores each during 2018-19 and 2019-20, the excess transmission charges already recognized during 2014-15 to 2017-18 amounting to Rs. 251.11 Crores was not derecognized. This has resulted in overstatement of retained earnings to the extent of Rs. 251.11 Crores with corresponding understatement of advance from customers under current liabilities to the same extent. Interest on Rs. 439.07 Crores (Rs. 251.11 Crores for 2014-17 and Rs. 187.96 Crores for 2018-20) was also not provided resulting in overstatement of retained earnings and understatement of advances from customers. Interest payable is not ascertainable for want of details from the Company.	As per CERC order in Petition No. 256/TT/2013 dated 18.05.2015 in which tariff for FY 2013-14 was Rs. 77.10 Crores (per year) which is revised by CERC order in Petition No. 173/TT/2016 dated 19.12.2017 for FY 2014-15 Rs. 5.99 Crores (per year). However even after revised order by CERC payment made by PGCIL was on the basis of earlier order till September 2019. After that there was no receipt by PGCIL. MSETCL is initiating the necessary reconciliation with PGCIL. MSETCL is filing a petition to CERC for the methodology to be adopted for the adjustment of excess Transmission Charges received. Balance reconciliation with PGCIL is in process.	Issue is status quo .We inquired about the matter during our audit for the financial year 2022-23, and the management's response was consistent with what has been provided here.
4	**Other Equity (Note no 13): Reserves and Surplus**		
	This includes Rs 449.00 lakh being the cost of ORC works treated as Income during FY 2014-15. The Company assured to make necessary adjustment during FY 2016-17. The non-compliance of the assurance resulted in continuance of the overstatement of Reserves and Surplus and Fixed Assets to the extent of Rs 449.00 Lakhs with consequent effect on the depreciation and loss for the year.	The Company had already initiated the necessary reconciliation drive in the field offices since previous years and the reconciliation process is in progress. After reconciliation of the same, the ORC deposit will be adjusted against concerned assets.	The concerned matter is covered in Paragraph 3 (k) within the 'Basis for Qualified Opinion' section of our 'Report on the Audit of the Standalone Financial Statements for FY 2022-23.

5	**Other Equity (Note 13): Special Reserve Fund: Rs. 139.39 Crores**		
	This includes Rs. 76.58 Crores appropriated from profits during 2013-14 and 2014-15 as per the provisions of MERC Regulations, 2005. Though the constitution of Special Reserve Fund (SRF) was repealed by the MERC (MYT) Regulation, 2011 the Company continued the appropriation during 2013-14 and 2014-15 (even though the new regulations were applicable to the company during this period) resulting in unauthorized appropriation to SRFs and understatement of Retained Earning to the extent of Rs. 76.58 Crores. Accumulated SRF of Rs. 139.39 Crores has also been lying since April 2015.	As per MERC Regulations 2005, out of the total amount of Efficiency gain/losses, 1/3rd was to be shared with the TSU, 1/3rd was to be retained as special reserve to be offset against the future losses due to controllable factors (if any) and the remaining 1/3rd is to be shared with MSETCL. Accordingly, MSETCL has appropriated the 1/3rd amount of efficiency gain as Special Reserve in the respective years where the said regulation was applicable. Further, MSETCL had asked for deferment from MERC MYT Regulation 2011, which was applicable from FY 2011-12 to FY 2012-13. Thus, MERC Regulation 2005 was made applicable to FY 2011-12 and FY 2012-13 also. Vide the Tariff Order in Case No 207 of 2014 dated 26 June 2015 MERC directed that the 1/3rd of the Efficiency gain for FY 2012-13 be appropriated to the Special Reserve during the true up of FY 2012-13. Accordingly, the shortfall on the special reserve accounts was provided during FY 2014-15. Thus, there was no violation of regulation and the amount provided for during FY 2013-14 and FY 2014-15 were the shortfall pertaining to FY 2011-12 and FY 2012-13 respectively. Furthermore, as per Regulation 19.1(b) the special reserve is to be offset against the future losses due to controllable factors (if any). The O&M Expenses claimed by MSETCL are below the normative and thus there has been no loss till the last true up order hence the special reserve could not be utilised by MSETCL in the past years. If any such Efficiency loss arises in future, then the special reserve will be utilised in future. However, As per MERC Order Dt 30.03.2023, it has adjusted the said amount of Special Reserve while computing the ARR of MSETCL for FY 2023-24 & 2024-25. Hence, the Special Reserve would be adjusted against the MTC receivables in FY 2023-24.	This adjustment pertains to the year earlier than period under audit. We have inquired with the management and have been informed that the transaction is given effect to in the earlier years. We are unable to comment as we are appointed as statutory auditors for the financial year 2022-23.
6	**Other Non-Current Financial Liabilities (Note: 14.2)**		
(a)	This includes Rs 400.00 Lakhs being deposit for construction of bays under ORC works against which the existing bays were allotted to the parties. As such, the deposits of Rs. 400 Lakhs should have been set off by transferring the same to Other Income. This has resulted in understatement of Other Income and Overstatement of Non-current liabilities and loss to the extent of Rs. 400 Lakhs.	In order to execute ORC works, deposits are taken from the parties for whom company performs/executes such ORC works. Aurangabad EHV O&M Circle has executed 7 ORC works with Rs. 221 Lakhs including supervision charges and Nagpur O&M Circle had completed 8 ORC works worth Rs. 237 Lakhs. Work Completion Report (WCR) against all the ORC works executed were received in the month of November 2017. Necessary accounting entry will be passed when the assets will be identified in Fixed Asset Register in accordance with the guidelines issued in context to Ind AS Policy. MSETCL is in the process of carrying out physical verification of Fixed assets, on completion of the same, the identification of proper assets and its value for adjustment against the ORC deposit amount would be done.	Issue is status quo .We inquired about the matter during our audit for the financial year 2022-23, and the management's response was consistent with what has been provided here.

(b)	In response to the Audit Comments for FY 2015-16, the Company assured to adjust the deposits pertaining to the completed ORC works amounting to Rs. 9,026.00 Lakhs during FY 2016-17 against Fixed Assets. The non-compliance of the assurance resulted in continuance of overstatement of Non-current Liabilities and Fixed Assets to the extent of Rs. 9,026.00 Lakhs with consequent effect on the depreciation and the Loss for the year.	The Company had already initiated the necessary reconciliation drive in the field offices since previous years and the reconciliation process is in progress. After reconciliation of the same, the ORC deposit will be adjusted against concerned assets.	The concerned matter is covered in Paragraph 3 ((j) & (k) within the 'Basis for Qualified Opinion' section of our 'Report on the Audit of the Standalone Financial Statements for FY 2022-23.
(c)	This includes deposit of Rs. 45.09 Crores in respect of ORC works completed and commissioned during FY 2018-19. Non-adjustment of the deposits resulted in overstatement of deposits by Rs. 45.09 Crores and consequent overstatement of ORC work-in-progress under Capital Work-in-progress to that extent.	Three ORC works with capex expenditure amounting to Rs. 40.97 Crores have been capitalized by knocking off the deposit in FY 2018-19. Five ORC works having capex expenditure amounting to Rs. 4.12 Crores will be capitalized after finalizing QV / Final bills.	The concerned matter is covered in Paragraph 3 ((j) & (k) within the 'Basis for Qualified Opinion' section of our 'Report on the Audit of the Standalone Financial Statements for FY 2022-23.
7	**Other current Financial Liabilities (Note: 18.3)**		
	This did not include Rs. 11.24 Crores being insurance premium charges recoverable from contractors and payable to Government of Maharashtra. Non-recovery of the same from the contractors has resulted in understatement of other current Financial Liabilities to the extent of Rs. 11.24 Crores with corresponding understatement of other current Assets to the same extent.	Necessary instructions are being issued to field Units to issue demand notes to the concerned Vendors for recovery of Insurance Charges. The same would also be adjusted against any amount of retentions withheld by MSETCL during the processing of RA Bills.	Issue is status quo. We inquired about the matter during our audit for the financial year 2022-23, and the management's response was consistent with what has been provided here.

8	**Other Current Liabilities (Note No.19) :**		
(a)	This does not include Rs. 13.06 Crores being non-assessment and non-recovery of the labour cess for the period July 2010 to March 2018 (Nashik Project Circle).	The labour cess is recovered and paid to the concerned authority in time. The balance amount would be recovered from the upcoming bills of the Vendors and the payment would be made immediately.	The matter in question is addressed in Paragraph 3 (aa) within the 'Basis for Qualified Opinion' section of our 'Report on the Audit of the Standalone Financial Statements for FY 2022-23.
	This resulted in understatement of Other Receivables and Other Current Liabilities by Rs. 13.06 crores.	Amount of Rs. 7.75 Crores has been recovered till date. The statement of the same is enclosed herewith. Further it is stated that Labour Cess of Rs.0.97 Crores could not be recovered on the Work Orders issued to M/s Areva T&D India Ltd as per Letter No. MSETCL/CO/F&A/9156 dated 03.12.2019 which is also enclosed herewith.	
(b)	Goods and Service Tax (GST) is applicable to deposits received as consideration for the supply of goods or rendering services in terms of section 2(31) of the CGST Act, 2017. The Company has not collected and deposited GST on ORC deposits resulting in short assessment and collection of GST by Rs. 43.13 Crores (*) with consequent understatement of other current liabilities and other current assets to that extent.	In case of ORC works, MSETCL collects deposits from Outright Consumers before executing the works and treats as ORC Deposits in the books of accounts of MSETCL. It is shown in the liability side of the balance sheet of the MSETCL. This amount is finally set off against the actual cost of the construction/works at the time of completion of all activities of the works. Till the constructions stage, the expenditure incurred on these works is shown as Capital WIP and finally on completion of the works this deposit amount is set-off against the total works cost. The Asset is capitalized in the books of MSETCL at Re. 1. The Operation & Maintenance (O&M) of asset is carried out by MSETCL. As Asset is not transferred to the ORC Consumers, there was an ambiguity whether it is supply service or otherwise.	Issue is status quo. We inquired about the matter during our audit for the financial year 2022-23, and the management's response was consistent with what has been provided here.
		MSETCL has submitted Application for Advance Ruling vide ARN AD270419019782S dated 25.04.2019 to Authority of Advance Ruling (AAR), GST Department regarding Applicability of GST on Deposit for Dedicated Distribution Facility (DDF)/ Dedicated Transmission System (DTS) /Out-right Contracts (ORC). The same is "Pending for Order" till date. However, as a conservative measure, MSETCL has issued Circular in May-19 for charging GST on the estimated cost of the ORC Works including supervision charges and same is paid to GST Authority.	
		The decision regarding collection of GST on ORC deposit for the period from July'17 to March'19 shall be acted upon Order/Ruling from AAR in this regard. Order / Ruling from AAR is still awaited, meanwhile MSETCL has initiated the correspondence with AAR vide letter no.- 446 dated: 17.01.2020 & no.2650 dated 31/07/2020	

C	**Other Comments**		
1	**Significant Accounting Policies**		
(a)	As against the Corporate Social Responsibility (CSR) provision of Rs. 95.20 Crores during the years 2014-15 to 2016-17 and in 2019-20, the Company could spend only Rs. 20.37 Crores during the period from 2016-17 to 2019-20 on CSR projects and Rs. 74.83 Crores (78.60 per cent) remained unspent as of March 2020. However, the reasons for the non-utilisation were not specified by the Board in its report for the year 2018- 19 made under clause (o) of sub-section (3) of section 134 of the Act.	The Company has transferred the following amounts unspent as on April 30, 2021 in respect of Provisions made till FY 20-21 into a separate bank a/c. 1) Rs. 2716.53 Lakhs – 30 April 2021 2) Rs. 2500.00 Lakhs – 25 May 2021 3) Rs. 2848.01 Lakhs – 28 May 2021 Further, the Company has transferred unspent amount of Rs. 1743.26 Lakhs on 29 April 2022 in respect of provision made for FY 21-22 into a separate bank account. The Fact has been disclosed in the Financials.	The concerned matter is covered in Paragraph XX (a) and (b) within Annexure C of our 'Report on the Audit of the Standalone Financial Statements for FY 2022-23

ANNEXURE C TO THE INDEPENDENT AUDITORS' REPORT ON THE STANDALONE FINANCIAL STATEMENTS OF THE MAHARASHTRA STATE ELECTRICITY TRANSMISSION COMPANY LIMITED FOR THE YEAR ENDED 31 MARCH 2023

[Referred to in paragraph 12 under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditors' Report]

<table>
<tr><th>Sr. No.</th><th colspan="2">Statutory Auditor Opinion</th><th>MSETCL Reply</th></tr>
<tr><td>(i)</td><td colspan="2"></td><td></td></tr>
<tr><td rowspan="4"></td><td colspan="2">(a) The Company has not maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment and relevant details of right-of-use assets. The details of the same are as below :</td><td>MSETCL has implemented SAP/ERP and exercise was carried out to update the Fixed Assets Registers by incorporating the quantative details. Field Units are instructed to complete the assigned work on urgent basis.</td></tr>
<tr><td>Description of Property, Plant and Equipment, and relevant details of right-of-use assets</td><td>Amount (Rs. In Lakhs)</td><td rowspan="3"></td></tr>
<tr><td>PPE</td><td>15,70,322.95</td></tr>
<tr><td>ROU</td><td>8,932.56</td></tr>
<tr><td rowspan="3"></td><td colspan="2">The Company has not maintained proper records showing full particulars of intangible assets. The details of the same are as below:</td><td rowspan="3">MSETCL has implemented SAP/ERP and exercise was carried out to update the Fixed Assets Registers by incorporating the quantative details. Field Units are instructed to complete the assigned work on urgent basis.</td></tr>
<tr><td>Description of Intangible Assets</td><td>Amount (Rs. In Lakhs)</td></tr>
<tr><td>Deviation Settlement Mechanism Software</td><td>61.98</td></tr>
<tr><td></td><td colspan="2">(b) Property, Plant and Equipment and right of use assets of the Company have not been physically verified by the management during the year. Accordingly, material discrepancies, if any, could not be ascertained and therefore, we are unable to comment on whether such material discrepancies have been properly dealt with in the books of account.</td><td>Necessary policy framing for the physical verification of PPE on periodical basis in under process by the Company.</td></tr>
<tr><td></td><td colspan="2">(c) The records relating to title deeds of all the immovable properties as reflected in the standalone financial statements (i.e Land Title, 7/12 extract etc.) are not maintained/updated and the same are not reconciled with the Standalone Financial Statements as at 31st March, 2023. In the absence of appropriate and complete records, we are unable to state whether all such immovable properties are in the name of the Company.</td><td>Compilation of ready made documents of land/leasehold lands is in process. However, it would take time since the same is to be collected from various land authorities from various Zone Offices.</td></tr>
<tr><td></td><td colspan="2">(d) According to the information and explanations given to us, the Company has not revalued its property, plant and Equipment (including Right of Use assets) or intangible assets or both during the year. Accordingly, the requirements under paragraph 3(i)(d) of the Order are not applicable to the Company.</td><td>Factual</td></tr>
<tr><td></td><td colspan="2">(e) According to the information and explanations given to us, no proceeding has been initiated or pending against the Company for holding benami property under the Benami Transactions (Prohibition) Act, 1988, as amended and rules made thereunder. Accordingly, the provisions stated in paragraph 3(i) (e) of the Order are not applicable to the Company.</td><td>Factual</td></tr>
<tr><td>ii</td><td colspan="2"></td><td></td></tr>
<tr><td></td><td colspan="2">(a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification, coverage & procedure of such verification is reasonable and appropriate having regard to the size of the Company and the nature of its operations. Discrepancies have been identified and adjusted by the Company , however the same can not be specifically identified. Accordingly, we are unable to comment whether such discrepancies are of 10% or more in the aggregate for each class of inventories. Further, with respect to inventories lying with third parties, written confirmations have not been obtained.</td><td>Necessary instructions for proper reconciliation of excess/shortage found in physical stock and in the books of accounts by respective stores are given by the Management.</td></tr>
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<tr><td></td><td>(b) During the year the Company has been sanctioned working capital limits in excess of Rs. 5 crores in aggregate from Banks. However as informed to us the aforesaid sanctions are not secured on the basis of security of current assets. Hence, furnishing periodic returns to the banks are not required.</td><td>Factual</td></tr>
<tr><td>iii</td><td></td><td></td></tr>
<tr><td></td><td>(a) According to the information explanation provided to us, the Company has not made any investments in, provided any guarantee or security, or granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or any other parties. Hence, the requirements under paragraph 3(iii) of the Order are not applicable to the Company.</td><td>Factual</td></tr>
<tr><td></td><td>(b) According to the information explanation provided to us, the Company has not any granted loans and / or advances in the nature of loans. Hence, the requirements under paragraph 3(iii)(f) of the Order are not applicable to the Company.</td><td>Factual</td></tr>
<tr><td>iv</td><td>According to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Act, in respect of loans, investments, guarantees and security made.</td><td>Factual</td></tr>
<tr><td>v</td><td>According to the information and explanations given to us, the Company has outstanding balances exceeding 365 days in security deposits which are deemed to be deposits under the provisions of section 73. Accordingly, the Company has contravened the provisions of Section 73 to 76 of the Act. Details are as follows:
<table>
<tr><th>Deposit accepted</th><th>Nature of Contravention</th><th>Amount (Rs. In Lakhs)</th></tr>
<tr><td>Security Deposit</td><td>Amount outstanding for More than 365 days</td><td>7,533.17</td></tr>
</table></td><td>Security Deposit against work orders are refunded after completion of the contract, provided no penalty is imposed for any recovery which would be adjusted against the Security Deposit payables. However, it is to mention that these Security Deposits from Vendors are for contract obligations and not public deposits.</td></tr>
<tr><td>vi</td><td>We have broadly reviewed the books of account maintained by the Company pursuant Rules made by the Central Government for the maintenance of cost records under Section 148(1) of the Act and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete. The company is currently in the process of conducting cost audit for the FY 22-23.</td><td>The Cost Audit is completed and Cost Auditor has issued the Cost Audit Report.</td></tr>
<tr><td>vii</td><td></td><td></td></tr>
<tr><td></td><td>(a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, undisputed statutory dues including Goods and Services tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess, and other statutory dues have generally been regularly deposited with the appropriate authorities though there has been slight delays in few cases.</td><td>Factual</td></tr>
<tr><td></td><td>Attention is drawn to para 3(q) under “Basis for Qualified Opinion” section of our audit report wherein we have mentioned that details with respect to stat dues amounting to Rs.3.028.81 Lakhs contains old liabilities which is subject to reconciliation. We are unable to comment upon the adjustments / settlements arising from such reconciliation. Subject to aforesaid outstanding statutory dues there are no undisputed statutory dues payable in respect to above statutes, outstanding as at 31 March 2023 for a period of more than six months from the date they became payable.</td><td></td></tr>
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<tr><td></td><td colspan="4">(b) According to the information and explanation given to us and examination of records of the Company, details of statutory dues referred to in sub-Clause (a) above which have not been deposited as on March 31, 2023 on account of any dispute, are as follows:</td><td></td></tr>
<tr><th>Name of the Statute</th><th>Nature of the Dues</th><th>Amount Demanded (Rs. In Lakhs)</th><th>Period to which the amount relates</th><th>Forum where dispute is pending</th><th>MSETCL's Response</th></tr>
<tr><td>Income Tax Act, 1961</td><td>Income Tax</td><td>19,000.84</td><td>2009-10</td><td>Assessing Officer</td><td>Hearing is awaited.</td></tr>
<tr><td>Income Tax Act, 1961</td><td>Income Tax</td><td>310.35</td><td>2010-11</td><td>The Commissioner of Income-tax (Appeals)</td><td>Hearing is awaited.</td></tr>
<tr><td>Income Tax Act, 1961</td><td>Income Tax</td><td>5,372.58</td><td>2010-11</td><td>Assessing Officer</td><td>ITAT has allowed the appeal of the Company in terms of an Order dated 14 June 2022 - the AO to give effect to the Order of the ITAT</td></tr>
<tr><td>Income Tax Act, 1961</td><td>Income Tax</td><td>1,853.10</td><td>2011-12</td><td>The Commissioner of Income-tax (Appeals)</td><td>Hearing is awaited.</td></tr>
<tr><td>Income Tax Act, 1961</td><td>Income Tax</td><td>70.06</td><td>2011-12</td><td>The Commissioner of Income-tax (Appeals)</td><td>Hearing is awaited.</td></tr>
<tr><td>Income Tax Act, 1961</td><td>Income Tax</td><td>4.64</td><td>2011-12</td><td>The Commissioner of Income-tax (Appeals)</td><td>ITAT has allowed the appeal of the Company in terms of an Order dated 01 January 2023 - the AO to give effect to the Order of the ITAT</td></tr>
<tr><td>Income Tax Act, 1961</td><td>Income Tax</td><td>9.71</td><td>2012-13</td><td>The Commissioner of Income-tax (Appeals)</td><td>Hearing is awaited.</td></tr>
<tr><td>Income Tax Act, 1961</td><td>Income Tax</td><td>4,212.98</td><td>2013-14</td><td>The Commissioner of Income-tax (Appeals)</td><td>Hearing is awaited.</td></tr>
<tr><td>Income Tax Act, 1961</td><td>Income Tax</td><td>311.05</td><td>2012-13</td><td>Assessing Officer</td><td>Matter was heard by ITAT on 31 March 2021 - Order dated 22 April 2021 passed by ITAT dismissing the appeal filed by the department</td></tr>
<tr><td>Income Tax Act, 1961</td><td>Income Tax</td><td>936.87</td><td>2013-14</td><td>The Commissioner of Income-tax (Appeals)</td><td>Hearing is awaited.</td></tr>
<tr><td>Income Tax Act, 1961</td><td>Income Tax</td><td>17,524,47</td><td>2014-15</td><td>The Commissioner of Income-tax (Appeals)</td><td>As per records, submissions were filed in 2018, Matter was heard. Order yet to be passed - No new notice received</td></tr>
<tr><td>Income Tax Act, 1961</td><td>Income Tax</td><td>7,107.68</td><td>2016-17</td><td>The Commissioner of Income-tax (Appeals)</td><td>Hearing is awaited.</td></tr>
<tr><td>Income Tax Act, 1961</td><td>Income Tax</td><td>4.037.20</td><td>2017-18</td><td>The Commissioner of Income-tax (Appeals)</td><td>Hearing is awaited.</td></tr>
<tr><td>Income Tax Act, 1961</td><td>Income Tax</td><td>14.27</td><td>2018-19</td><td>The Commissioner of Income-tax (Appeals)</td><td>Hearing is awaited.</td></tr>
<tr><td>Income Tax Act, 1961</td><td>Income Tax</td><td>8,504.92</td><td>2020-21</td><td>The Commissioner of Income-tax (Appeals)</td><td>In terms of Order dated 24 September 2022 passed under section 143(3) of the Income-tax Act, 1961. The Company has also filed an appeal to the CIT(A) and the hearing of which is, as yet, awaited.</td></tr>
<tr><td>Income Tax Act, 1961</td><td>Income Tax</td><td>96.60</td><td>2021-22</td><td>The Commissioner of Income-tax (Appeals)</td><td>The demand is in terms of Intimation dated 13 November 2022 - a 154 has been filed against the same and written/legal submissions filed - Order of the CIT(A) awaited</td></tr>
<tr><td>viii</td><td colspan="4">According to the information and explanations given to us, there are no transactions which are not accounted in the books of account which have been surrendered or disclosed as income during the year in Tax Assessment of the Company. Also, there are no previously unrecorded income which has been now recorded in the books of account. Hence, the provision stated in paragraph 3(viii) of the Order is not applicable to the Company.</td><td>Factual</td></tr>
<tr><td>ix</td><td colspan="4"></td><td></td></tr>
<tr><td></td><td colspan="4">(a) In our opinion and according to the information and explanations given to us, the Company has not defaulted in</td><td>Factual</td></tr>
</table>

	repayment of loans or borrowings or in payment of interest thereon to any lender.	
	(b) According to the information and explanations given to us and on the basis of our audit procedures, we report that the Company has not been declared willful defaulter by any bank or financial institution or government or any government authority.	Factual
	(c) In our opinion and according to the information explanation provided to us, money raised by way of term loans during the year have been applied for the purpose for which they were raised.	Factual
	(d) According to the information and explanation provided to us, there are no funds raised on short term basis. Accordingly, the provision stated in paragraph 3(ix)(d) of the Order is not applicable to the Company.	Factual
	(e) According to the information explanation given to us and on an overall examination of the standalone financial statements of the Company, we report that the Company has not taken any funds from an any entity or person on account of or to meet the obligations of its associates.	Factual
	(f) According to the information and explanations given to us and procedures performed by us, we report that the Company has not raised loans during the year on the pledge of securities held in its joint ventures or associate companies. Hence, reporting under the Clause 3(ix)(f) of the order is not applicable to the Company.	Factual
x		
	(a) In our opinion and according to the information explanation given to us, the Company did not raise any money by way of initial public offer or further public offer (including debt instruments) during the year. Hence, the provisions stated in paragraph 3 (x)(a) of the Order are not applicable to the Company.	Factual
	(b) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully, partly, or optionally convertible debentures during the year. Hence, the provisions stated in paragraph 3 (x)(b) of the Order are not applicable to the Company.	Factual
xi		
	(a) Based on 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 report that no fraud by the Company nor on the Company has been noticed or reported during the course of our audit.	Factual
	(b) We have not come across of any instance of fraud by the Company or on the Company during the course of audit of the standalone financial statement for the year ended March 31, 2023, accordingly the provisions stated in paragraph (xi)(b) of the Order is not applicable to the Company.	Factual
	(c) As represented to us by the Management, there are no whistle-blower complaints received by the Company during the year, under its vigilance department.	Factual
xii		
	(a) The Company is not a Nidhi Company. Accordingly, the provisions stated in paragraph 3(xii) (a) to (c) of the Order are not applicable to the Company.	Factual

xiii	According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with Sections177 and 188 of the Act, where applicable and details of such transactions have been disclosed in the standalone1 financial statements as required by applicable accounting standards.	Factual
xiv		
	(a) In our opinion and based on our examination, the Company has an internal audit system under Section 138 of the Act. However, the same is not commensurate with the size and nature of its business.	Scope of Internal Auditor is being reframed to resolve any untouched matter.
	(b) We have considered internal audit reports of the Company issued till date, for the period under audit.	Factual
xv	According to the information and explanations given to us, in our opinion, during the year the Company has not entered into non-cash transactions with directors or persons connected with its directors and hence, provisions of Section 192 of the Act are not applicable to Company.	Factual
xvi		
	(a) The Company is not required to be registered under Section 45 IA of the Reserve Bank of India Act, 1934 and accordingly, the provisions stated in paragraph 3 (xvi)(a) of the Order are not applicable to the Company.	Factual
	(b) The Company is not required to be registered under Section 45 IA of the Reserve Bank of India Act, 1934 and accordingly, the provisions stated in paragraph 3 (xvi)(b) of the Order are not applicable to the Company.	Factual
	(c) The Company is not a Core investment Company (CIC) as defined in the regulations made by Reserve Bank of India. Hence, the reporting under paragraph 3 (xvi)(c) of the Order are not applicable to the Company.	Factual
	(d) The Group does not have any CIC as part of its group. Hence the provisions stated in paragraph 3 (xvi) (d) of the order are not applicable to the Company.	Factual
xvii	Based on the overall review of standalone financial statements, the Company has not incurred cash losses in the current financial year and in the immediately preceding financial year. Hence, the provisions stated in paragraph 3 (xvii) of the Order are not applicable to the Company.	Factual
xviii	There has been no resignation of the statutory auditors during the year. Hence, the provisions stated in paragraph 3 (xviii) of the Order are not applicable to the Company.	Factual
xix	According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the standalone financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.	Factual

XX				
	(a) In respect of other than ongoing projects, the Company has transferred unspent amount to a Fund specified in schedule VII of the Act within a period of six months of the expiry of the financial year in compliance second proviso to sub-Section (5) of Section 135 of the Act.			Factual
	(b) In respect of ongoing projects, the Company has transferred unspent amount to a special account within a period of thirty days from the end of the financial year in compliance with Section 135(6) of the said Act, except in respect of the following:			
Financial year*	**Amount unspent on Corporate Social Responsibility activities "Ongoing Projects" (Rs. In Lakhs)**	**Amount transferred to special Account within 30 days from the end of the financial year (Rs. In Lakhs)**	**Amount transferred after the due date (specify the date of transfer) (Rs. In Lakhs)**	
(a)	(b)	(c)	(d)	
FY 20-21 and Earlier years	8,126.80	2,716.53 Transfer date : 30 April 2021	2,500.00 Transfer Date: 25th May 2021	Based on the availability of fund, the Company has transferred the appropriate amounts to the CSR Unspent Account in FY 2020-21
			2,848.01 Transfer Date: 28th May 2021	
xxi.	The reporting under Clause 3(xxi) of the Order is not applicable in respect of audit of standalone financial statements. Accordingly, no comment in respect of the said Clause has been included in the report.			Not applicable for Standalone Financials

ANNEXURE D TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF MHARASHTRA STATE ELECTRICITY TRANSMISSION COMPANY LIMITED

[Referred to in paragraph 13(g) under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditors' Report of even date to the Members of Maharashtra State Electricity Transmission Company Limited on the Financial Statements for the year ended March 31, 2023]

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

Statutory Auditor Opinion	MSETCL's Replies
Qualified Opinion	
We have audited the internal financial controls with reference to standalone financial statements of Maharashtra State Electricity Transmission Company Limited ("the Company") as of March 31, 2023 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.	Factual
In our opinion, except for the possible effects of the material weaknesses described in Basis for Qualified Opinion section below on the achievement of the objectives of the control criteria, the Company has maintained, in all material respects, adequate internal financial controls with reference to standalone financial statements and such internal financial controls with reference to standalone financial statements were operating effectively as of March 31, 2023, based on the internal control with reference to standalone financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI) (the "Guidance Note").	Factual
We have considered the material weaknesses identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the March 31, 2023 standalone financial statements of the Company, and these material weaknesses does affect our opinion on the standalone financial statements of the Company.	Factual
Basis for Qualified Opinion	
According to the information and explanations given to us and based on our audit, the following material weakness/es has / have been identified as at March 31, 2023:	
a) The Company did not have an appropriate formal documentation and risk control matrix with respect to Revenue to Receivable, Other Expense, Other Income, Financial Reporting Closure Process.	MSETCL has initiated process for appointing an Expert Professional to guide the Company for the development/updation of internal control processes, which would exhibit the adequecy commensurating with the size of the Company and the nature of its business.
b) The Company did not have documented policies and procedures pertaining to materials/equipment's given to vendors/third parties on loan basis.	MSETCL Project units provide the spare materials to the vendors for installation/commissioning of the Project on returnable basis by taking the approval of the Comptent Authority. The details are maintained manually through official registers. Necessary instructions have been provided to all Field Units to maintain all the relevant records in such cases and provide the same to Auditors for verification.

c) The Company did not have documented policies and procedures pertaining to write back of old balances and write off of old outstanding balances.	Necessary reconciliation is under process for drafting policies and procedures for write back of old balances and write off of old outstanding with the approval of Board.
d) The company does not have laid down policies and procedures pertaining to the tendering process.	MSETCL has initiated process for appointing an Expert Professional to guide the Company for the development/updation of internal control processes, which would exhibit the adequecy commensurating with the size of the Company and the nature of its business.
e) The company did not have documented policies and procedures with respect to documentation of deviation for tendering process pertaining to repairs and maintenance.	
f) The Company did not have appropriate controls to track and capitalize Property, Plant & Equipment on timely basis.	Procedures are being deviced for the generation of WCR through SAP/ERP itself, which would capitalised the asset in real time.
In addition to above, we also refer to 'Basis for Qualified Opinion' section of our audit report dated October 27, 2023 and the consequential impact it may have on Company's processes and internal controls, and to that extent, we are unable to comment on whether there is any material weakness in the Company's internal controls as at March 31, 2023.	Appropriate Responces have been provide to concern matters
A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control with reference to standalone financial statements, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis.	
Management's Responsibility for Internal Financial Controls	
The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control with reference to standalone financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.	Factual
Auditors' Responsibility	
Our responsibility is to express an opinion on the Company's internal financial controls with reference to standalone financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to standalone financial statements was established and maintained and if such controls operated effectively in all material respects.	Factual
Our audit involves performing procedures to obtain audit evidence about the adequacy of internal financial controls with reference to standalone financial statements and their operating effectiveness. Our audit of internal financial controls with reference to standalone financial statements included obtaining an understanding of internal financial controls with reference to standalone financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the	Factual

auditor's judgement, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error.	
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion on the Company's internal financial controls with reference to standalone financial statements.	Factual
Meaning of Internal Financial Controls with reference to Standalone Financial Statements	
A Company's internal financial control with reference to standalone financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control with reference to standalone financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of standalone financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the standalone financial statements.	Factual
Inherent Limitations of Internal Financial Controls with reference to Standalone Financial Statements	
Because of the inherent limitations of internal financial controls with reference to standalone financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to standalone financial statements to future periods are subject to the risk that the internal financial control with reference to standalone financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.	Factual

INDEPENDENT AUDITOR'S REPORT
To the Members of Maharashtra State Electricity Transmission Company Limited
Report on the Audit of the Consolidated Financial Statements

Sr. No.	Statutory Auditor Opinion	MSETCL's Replies
	Qualified Opinion	
1	We have audited the accompanying consolidated financial statements of Maharashtra State Electricity Transmission Company Limited (hereinafter referred to as the "Holding Company") and its associates, which comprise the Consolidated Balance Sheet as at March 31, 2023, and the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year then ended, and notes to the Consolidated Financial Statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").	Factual
2	In our opinion and to the best of our information and according to the explanations given to us, and based on consideration of reports of other auditors on separate financial statements and on the other financial information of associates, except for the possible effects of the matter described in Basis for Qualified Opinion section of our report, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with Companies (Indian Accounting Standards) Rules, 2015, as amended ("Ind AS") and other accounting principles generally accepted in India, of their consolidated state of affairs of the Holding Company and its associates, as at March 31, 2023, consolidated profit and other comprehensive income, consolidated changes in equity and its consolidated cash flows for the year then ended.	Factual
3	**Basis for Qualified Opinion**	
(a)	Other Income includes supervision fees amounting to Rs. 4,962.71 Lakhs. The Holding Company recognises supervision fees on upfront basis instead of recognising the same over the period of the Outright Contracts, which is not in accordance with the provisions of Ind AS 115 "Revenue from Contracts with Customers". Accordingly, other income and Profit before tax is overstated and other liability is understated to such extent.	As per Para 35 of Ind AS 115 An entity transfers control of a goods or service over time and, therefore, satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met: (a) the customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs (b) the entity's performance creates or enhances an asset (for example, work in progress) that the customer controls as the asset is created or enhanced, or (c) the entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date. MSETCL does not fulfil any of the above criteria and hence recognizes revenue on the basis of receipts in its books of Accounts. Moreover, the supervision charges collected are of non refundable nature, hence the same are treated as Revenue Nature upfront.

(b)	Other Income includes income from the sale of scrap asset and sale of scrap inventory aggregating to Rs. 2,163.48 Lakhs. The entire selling price of the scrap asset / scrap inventory is credited to the respective accounts instead of recognising the profit/loss on such sale, which is not in accordance with the provisions of Ind AS 16 "Property, Plant and Equipment" and Ind AS 2 "Inventories".	Necessary instructions have been given to Field Units to adhere proper accounting treatment while booking of profit/loss on sale of scrap/assets.
(c)	Current Liability include Goods Receipt/ Invoice Receipt balances amounting to Rs. 5,377.65 Lakhs, which are outstanding for a considerable period of time, even beyond 3 years as on March 31, 2023, due to delay in processing of invoices. As these are temporary balances, accordingly, we are unable to comment on the completeness of the trade payables/ liabilities.	These balances are mainly due to non submission of invoices/documents by Vendors for which treatment for clearance of GRIR balance would be done by concerned Field and CO Units accordingly.
(d)	In terms of the provisions of Ind AS 101, "First Time Adoption of Indian Accounting Standards", The Holding Company had availed option of Cost model of accounting for its Property, Plants and Equipment's ('PPE'). Accordingly, the carrying values of PPE on the transition date were taken as deemed cost and depreciation is calculated thereon manually on electronic spreadsheets considering the balance useful lives of items of PPE but without considering the residual value limits laid down by MERC regulations. As a result, several instances of charging excess depreciation on assets were noted.	The Company has appropriately done adjustment of deemed cost for PPE as on 01.04.2015.The consideration of net block as deemed cost is done as per guidance note on Ind AS Schedule II by ICAI read with Ind AS 101 and appropriate disclosures have been made in the financial statements. Depreciation as per Ind AS on amount as per orginal cost method or as per carrying cost method comes to the same figure, as in SAP-ERP depreciation will be calculated on the original amount, also the residual value of 10% as per MERC regulations has been considered in the SAP-ERP for each assets. Adjustment of Deemed Cost is only for disclosure purpose in the financial statements. Company cannot change its present fixed assets register and fixed assets schedule in the system.
	Further, in several cases the deprecation is manually calculated and provided at Head office for the assets located in Zone or Region for the reason of mismatches in dates of capitalization, critical spare items capitalization, etc. In the absence of complete data/ details of such instances, the combined impact of such erroneous depreciation is not ascertainable. In view of the above, we are unable to comment on the consequential impact on the depreciation expense and net carrying value of the PPE.	In respect to depreciation for assets whose date of commissioning is prior to April 2022, the same needs to be manually calculated and entered in SAP/ERP System. This is due to late receipt of Work Completion Report (WCR) .However, procedures are being devised for the generation of WCR through SAP/ERP itself, which would eliminate the manual depreciation entry in future.
(e)	PPE amounts to Rs. 24,69,971.86 Lakhs (Gross Block) as on March 31, 2023. The Holding Company has not carried out the physical verification of the PPE during the year or in previous years and PPE Register does not provide all requisite details, due to which we are unable to comment on the existence of the PPE.	In this respect, ED(Operations) vide Circular No 6885 Dt 27.09.2022 has provided guidelines for physical verification of PPE of MSETCL.
	Further, depreciation on PPE is to be calculated by Company in accordance with MERC Regulations, which stipulates stage-wise calculation. The accounting system of The Holding Company does not provide detailed report to identify the stage of PPE, due to which we are unable to recompute depreciation. Accordingly, we are unable to comment on completeness and accuracy of depreciation amounting to Rs. 1,34,190.30 Lakhs and net carrying value of PPE.	The SAP/ERP system is already calculating depreciation in accordance with the MERC Regulations, which stipulates stagewise calculation i.e depreciation in SLM upto 70% and balance 20% in equally during the balance useful life. Necessary development is being initiated in SAP/ERP to generate such report which would provide more details for the stage of PPE in the Financials.

(f)	Title deeds and Documents are not available with The Holding Company with respect to all Freehold Land included in PPE. Further, certain Leasehold Land are classified under freehold Land and vice versa. Accordingly, classification of Land into Freehold and Leasehold may not be appropriate, thereby impacting the calculation of Right of Use Assets and amortisation thereof. Consequentially, accounting treatment is not in accordance with Ind AS 116 " Leases" in relation to the aforesaid. The impact, if any, of the same on the Consolidated Financial Statements is currently not ascertainable.	Compilation of requisite documents of land/leasehold lands is in process at Civil Section of MSETCL. However, it would take time since the same is to be collected from various land authorities from various Zone Offices.
(g)	The Holding Company is having transmission network level ranging from 66 KV to 765 KV. As informed to us, it was decided to abolish/eliminate 66 KV from the transmission network of The Holding Company and most of the abolished and decommissioned sub-stations and lines at 66 KV level were handed over to MSEDCL. Further, remaining sub-stations and lines were to be handed over to MSEDCL or would be utilized by MSETCL for up-gradation work, if any. We were further informed that The Holding Company is in discussion with technical team to conclude on modalities of de-recognition, disposal and for determining consideration for such transfer of Assets in accordance with Ind AS-16. However, during the course of audit, no further action/ documentation in this regard was provided to us. Accordingly, gross block of fixed assets, accumulated depreciation and net carrying cost are overstated to the extent of Rs. 14,096.62 Lakhs, Rs. 10,587.85 Lakhs and Rs. 3,508.77 Lakhs, respectively. Further, The Holding Company has not recognised amount receivable from MSEDCL amounting to Rs. 2,473.00 Lakhs and also not recognised differential amount on account of loss on transfer of PPE amounting to Rs. 1,035.77 Lakhs.	The 66KV lines and S/S are in operation, however, for ease of operation and maintenance , these assets have been entrusted to MSEDCL by handing over the said assets. Director (Operations) has issued guidelines vide Circular No 3533 Dt 12.05.2022 to field Units for the procedures to be followed for decommissioning of 66 KV Assets and booking of appropriate consideration from MSEDCL as Receivables in the Financial Statements.
(h)	The Holding Company undertakes certain activities with respect to preparing the land for the purposes of erecting sub-stations. Till the financial year 2020-21 such costs were capitalised along with land which were later capitalised under a separate head 'Other Civil Works' and grouped under Property, Plant and Equipment and depreciation is charged as per MERC Regulation. Due to the above, opening balance of land includes such capitalisations. We are unable to comment on the impact, if any, of the corresponding depreciation/amortisation of ROU of opening balance of leasehold land/freehold land.	Land Development Cost incurred are recognised as Other Civil Works in the Property, Plant and Equipment Note. Depreciation is however charged as per the rates specified for cost of clearing site , by MERC MYT Regulation, 2019.
(i)	Details in relation to “Assets not in use – held for sale” having net carrying value of Rs. 5,119.09 Lakhs as on March 31, 2023, were not made available to us. Further, such assets are carried at their carrying value instead of “lower of carrying value or net realizable value”. This is not in accordance with the requirements of Ind AS 105 - "Non-current Assets Held for Sale and Discontinued Operations". The impact, if any, of the same on the Consolidated Financial Statements and related disclosures is currently not ascertainable.	Trans O&M Section has issued guidelines for physical verification of assets is to be carried out to update the Fixed Asset Register. This activity would also cover the verification/reconciliation of Asset Not in use component.
(j)	Deposits on account of completed outright contracts are set off against CWIP giving rise to negative capital expenditure balances for which reconciliation is not made available. Accordingly, Assets under Construction (‘AUC’)/ Capital Work in Progress (“CWIP”) in the Balance Sheet is understated to such extent. Further, there is no movement in some AUC line items since last more than three years. However, impairment	Field Units has adjusted the CWIP for previous years in the current year. hence the capex during the year shows negative amounts. Necessary instructions have given to Field Units to reconcile the entries causing negative Capex in the Report. No movement in AUC line items is due to

	assessment has not been performed by the Management of The Holding Company with respect to the same in accordance with the requirements of Ind AS 36 -"Impairment of Assets". Accordingly, we are unable to comment on the consequential impact of the same on the Consolidated Financial Statements.	various issues like RoW, forest clearance, etc. Hence, there is no need for making provision of impairment of AUC.
(k)	The Holding Company accepts outright contribution contracts against which it receives deposits from the relevant parties. Such deposits are not evaluated on annual basis and are not set off against the relevant balances outstanding under capital work in progress on evaluation / completion of the project. The balance outstanding against ORC deposit as on March 31, 2023 amount to Rs. 6,808.26 Lakhs. In certain cases, net amount is grouped under Other Miscellaneous Receipts (NON- GST) instead of other income. Accordingly, we are unable to comment on the completeness and accuracy of the said balances.	Necessary instructions have been issued to adjust the ORC deposit received against existing completed assets. The Proposed process of physical verification of PPE would help to identify the asset which is to be adjused against the ORC Deposit.
(l)	The Holding Company had made a decision to dismantle certain tower foundations and towers constructed which are currently lying in CWIP amounting to Rs. 2,517 Lakhs. However, The Holding Company has not taken any action to write off or impair the said amount and has not provided for dismantling expenses which is not in accordance with Ind AS 16 " Property, Plant and Equipment".	This pertains to diversion of 400KV Babhaleshwar - Kudus line which was revised and revalidated for this line diversion. The proposal for write off of capex expenditure is under process. The actual accounting effect for write off of exact loss/expenditure will be carried out after finalisation of proposal.
(m)	The Holding Company does not maintain details pertaining to the net realizable value (NRV) of its inventory. The inventories are valued at cost instead of being stated at lower of cost and NRV, which deviates from the accounting policy mentioned in Note No. 2.14 and the provisions of Ind AS 2 Inventories". The impact, if any, of such deviation on the Consolidated Financial Statements is currently not ascertainable.	The Core business of MSETCL is construction and maintenance of substation and lines. The inventory procured is of specific nature and is not for sale in the market.
(n)	Certain assets like transformers and sub-station parts are sent for repair by zonal offices to vendors. In few zones, we observed that the records pertaining to such dispatch and its return including qualitative aspects of such repairs are not adequately maintained.	Trans O&M Section has directed to field offices that care should be taken while issuing work order to the repairing agencies as per the following guidelines: 1) Work order shall be issued by taking into account the existing work load of repairer and preferably the nearest agency. 2) Priority shall be given to those repairer who can deliver the repaired Transformers/ICTs within schedule time. 3) Allocation to repairer agency shall be consented from Corporate Office only.
	Further, these assets are classified under "Assets not in Use - Held for Sale" which is not in accordance with Ind AS 16 PPE. In the absence of such details, we are unable to comment on the impact, if any, thereof on the Consolidated Financial Statements.	Sub-station Equipments /Transformers parts sent for repairs are removed from PPE to stop the charging of depreciation on such assets.
(o)	The trade receivables as on March 31, 2023 amounts to Rs. 3,76,763.54 Lakhs. We are unable to comment on the existence, accuracy and valuation of trade receivables balance on account of the following: (a) The party-wise breakdown and ageing of trade receivables generated from the system are inaccurate, accordingly, we are unable to comment upon the accuracy of the amounts disclosed in Note 33 concerning the aging of trade receivables in the Consolidated Financial Statements.	The details regarding ageing of trade receivables were provided in excel worksheets. The Company appropriates the money received from Distribution Utilities towards the clearance of old dues first, hence, the outstanding dues pertains to latest invoices. Accordingly, ageing analysis were provided during the course of audit.

	(b) The Holding Company does not make provisions for Expected Credit Loss ("ECL") on long outstanding balances, which is inconsistent with the requirements of Ind AS 109 "Financial Instruments".	Considering the behaviorial pattern of customers in Trade Receivable in terms of payments made (especially MSEDCL , being sister concern ,who is the major paying party), MSETCL has not made the provision for Expected Credit Loss.
	(c)Additionally, one of the parties is under Insolvency Resolution Process, wherein The Holding Company has not provided for the credit loss on the outstanding receivables amounting to Rs. 1,141 Lakhs.	Receivables in respect to ECI-Shanghai Ltd are appearing in the Financials amounting to Rs 1141 lakhs which seems to be doubtful as the vendor is under Insolvency Resolution Process and may not materialise. This calls for Provision of loss . But there is payable balance of Rs 12400 lakhs in terms of Risk & Cost Adjustment pertaining to ECI Shanghai ltd. Necessary adjustment would be done after appropriate reconciliation , hence Reserve for Doubtful Debts provision is not made.
	(d) We were unable to obtain independent confirmations and unable to perform alternative procedures on the balances of trade receivables. Accordingly, we are unable to comment on their accuracy and valuation, as these balances may be subject to consequent reconciliation.	Vendors are requested to provide necessary balance confirmation to the Auditors as per procedures.
(p)	Statutory dues like TDS, Provident Fund and Profession Tax amounting to Rs. 3,028.81 Lakhs contains old liabilities which is subject to reconciliation. We are unable to comment upon the adjustments / settlements arising from such reconciliation.	Proper yearwise reconciliation is under process.
(q)	The Holding Company's internal controls concerning the data provided to the actuary for the purposes of actuarial valuation of gratuity and compensated absences are inadequate. Consequently, we are unable to comment upon the provisions made for compensated absences and gratuity. The potential impact, if any, on the Consolidated Financial Statements is currently not ascertainable.	HR Deptt , CO has issued directions to all the offices to prepare data of fresh leave quota on the basis of Service Book updations and upload the same in SAP/ERP HR Module, which would resolve this issue.
(r)	The short-term provisions include both provisions for expenses and provisions for tree/crop compensation, aggregating to Rs. 5,325.88. However, detailed listing and the underlying basis for these provisions are not available. Consequently, we are unable to comment on the completeness and accuracy of the said provisions. The potential impact, if any, on the Consolidated Financial Statements is currently not ascertainable.	Trans O&M Section has issued guidelines to field units for closure of schemes by making provision of Tree/crop Compensation (upto Rs 1 crs).
(s)	Long term provisions consists of provision for capital works amounting to Rs. 12,680.61 lakhs for which detailed listing and basis of provision are not available. Accordingly, we are unable to comment on completeness and accuracy of the said provisions. The potential impact of the adjustments arising from review of the basis of these provisions, if any, on the Consolidated Financial Statements is currently not ascertainable.	Necessary instructions have been issued to adjust the excess Outstanding Liability Provisions made during previous years against completed works.
(t)	The Holding Company has collected security deposits amounting to Rs. 3,786.11 Lakhs, which have remained outstanding for a period exceeding three years which is neither refunded to the respective parties nor transferred to other income in accordance with The Holding Company's policy). Further the classification of the total balances outstanding against security deposit into current and non- current is not appropriate. Given that certain amounts have been outstanding for more than 365 days, The Holding Company is not in compliance with the provisions of sections 73 to 76 of the Act.	Security Deposit collected can be adjusted as income only on completion of said scheme or to be refunded as per terms and conditions of the Contract.

(u)	Liquidated damages deducted and EMD received by The Holding Company amounting to Rs. 7,986.11 Lakhs and Rs. 387.17 Lakhs respectively are outstanding for more than 3 years which are neither refunded to the respective parties nor transferred to other income (in accordance with The Holding Company's policy). Further, the classification of the total balances outstanding against liquidated damages and EMD into current and non-current is not appropriate. Impact, if any, of the adjustment arising on account of not following The Holding Company's policy, on the Consolidated Financial Statements is currently not ascertainable.	Retention kept against liquidity damages are appropriately treated as income , if the competent autority passed the order with penalty for Liquidity Damages. Till that time , Liquidity Damages Retention is kept as outstanding liability in Financials. In context to EMD, the same are refunded , if acquired through SRM Module.
(v)	The Holding Company has encountered differences resulting from price escalation due to the disengagement of vendor during the contract's tenure, and these differences are not appropriately identifiable. These adjustments are currently reflected in the "Risk and Cost Adjustment" ledger, with corresponding outstanding amounts in "Retention Money Receivable" ledger. However, detailed party-wise information and ageing of data related to these accounts are not available. Further the classification of the total balances outstanding against retention money into current and non- current is not appropriate. As result, we are unable to comment on the existence and accuracy of these balances.	Retention against Risk & Cost Adjustments are kept for adjustment of excess capex incurred during completion of the Scheme. The Reconciliation is in process for adjustment in case of completed Schemes.
(w)	The Holding Company has received Government Grants earmarked for capital assets related to specific projects, with an outstanding balance as of March 31, 2023, amounting Rs. 29,527.65 Lakhs. These grants are deferred for recognition as revenue. However, detailed information regarding these grants, including asset specifications and the associated conditions that need to be fulfilled are not available. Consequently, we are unable to comment on the completeness and accuracy of these deferred amounts i.e., whether such deferment is in accordance with the stipulated schemes or the conditions, nor can we ascertain whether the accounting treatment is in accordance with the provisions of Ind AS 20 "Accounting for Government Grants and Disclosure of Government Assistance". The potential impact, if any, on the Consolidated Financial Statements is currently not ascertainable.	The Government Grant is received for the construction of Sub-Stations and Lines in the Rural Areas as per the GoM Policy. The Assets wise list was submitted to the GoM for grant requirement. The grant for these assets is given by GoM on lumpsum basis and not asset wise. MSETCL bifurcated the grant based on the cost of the assets.
(x)	The Holding Company has disclosed prior period income and expenses in Note 49 of the financial statements. However, these items have not been restated in the respective previous years, which deviates from the requirements of Ind AS 8 "Accounting Policies, Changes in Accounting Estimates and Errors". The impact, if any, of the same on the Consolidated Financial Statements is currently not ascertainable.	Reversal of Income booked in Previous period is done as per the CERC Order. Depreciation for previous period is computed as Work Completion Report (WCR) has been received in FY 2022-23. Hence, the same have not been restated. The said fact has been disclosed in Note No 49.
(y)	Contingent Liability as stated in Note no. 38 amount to Rs. 4,77,086.15. Lakhs. Further, an amount of Rs. 859.26 Lakhs under current liability and Rs. 6,551.19 Lakhs under Other Current Financial Assets is on account of certain compensation/ payments against the said cases. In the absence of Detailed listing of cases, respective amounts, and status thereon, we are unable to comment on the completeness and accuracy of contingent Liability.	Necessary template has been developed in SAP/ERP System, wherein all the details will be made available for verification.
(z)	We have not received certain details w.r.t the following balances:	

	Particulars	Amount	Remarks	
	Liability towards staff welfare Fund with Board	713.16	Listing and details not available. Impacts accuracy and completeness.	Necessary reconciliation is under process based on current status of liabilities. Procedures for writeback of old untracable balances will be submitted to Competent Authority for approval.
	Sundry Creditors Payable Domestic (other than	2,372.96	Unexplained positive balance under Trade payables. Impacts accuracy.	Necessary reconciliation is under process based on current status of liabilities. Procedures for writeback of old untracable balances will be submitted to Competent Authority for approval.
	Board of Trustees P.F. & Final Settlement	2,094.09	Listing and details not available. Impacts accuracy and completeness.	Necessary reconciliation of field units balance and CPF section is under process. Necessary write back would be initiated based on current status of liability.
	Advances to Contractors /Suppliers - O&M	5,148.99	Unexplained positive balance under Trade payables. Impacts accuracy.	Necessary reconciliation is under process. Procedures for writeoff of old untracable balances will be submitted to Competent Authority for approval.
	Capital Advance for Projects	602.13	Listing and details not available. Impacts accuracy and completeness.	Necessary reconciliation is under process. Procedures for writeoff of old untracable balances will be submitted to Competent Authority for approval.
(aa)	The Holding Company has calculated Deferred Tax Asset/ Liability on the basis of books of account. We are unable to comment on the said amount as calculated which may undergo change due to consequential impact of the aforesaid qualification in the Basis for Qualification para from point 3 (a) to 3(aa).			Deferred Tax Asset/Liability is computed on components of Profit & Loss statement which emerge for Timing Difference for Income Tax Computation. In terms of qualifications , necessary responses have been given in appropriate places.
(ab)	The Holding Company has investments in two associates. The following adjustments have been carried out in the current year instead of the corresponding previous years which would warrant restatement of these consolidated financial statements.			
(a)	Dividend declared by one of the associates (Jaigad Powertransco Limited) in the previous years had not been appropriately accounted for.			Dividend received from Jaigad Power Transmission Limited (JPTL) was considered as Income by MSETCL instead of reduceing it from the carrying cost of the equity investment which has been rectified in FY 2022-23.
(b)	Share of profit pertaining to earlier years for one of the associates (Jaigad Powertransco Limited) was not accounted for in accordance with equity method of accounting as required under Ind AS 28 "Investment in Associates and Joint Ventures".			
(c)	Inappropriate Share of profit / loss pertaining to earlier years for another associate (Maharashtra Transmission Communication Infrastructure Limited) was accounted for, which lead to inaccurate carrying amount of investments in the consolidated financial statements. Accordingly, the aforesaid adjustments and presentation disclosed in the consolidated financial statements are not in accordance with the requirements of Ind AS 8 "Accounting Policy, Changes in Accounting Estimates and Errors".			In case of Maharashtra Transmission Communication Infrastructure Limited (MTCIL) , profit/loss earned in previous years was considered at 49% (i.e. MSETCL's investment share in the JV). However, since 20% of the investment made is in Preference shares, MTCIL has shown the effective equity share holding @ 35.02 %. This caused more deduction in the carrying cost due to loss incured in previous years by MTCIL. However, in FY 2023-24, MSETCL is proposing MTCIL to convert the 15% Non cumulative, participating, redeemable Preference Shares(which is 20% of MSTECL's investment) in to fully paid Equity shares, which would re-instate the investment ratio to 49% as per original JV agreement.

4	We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company, its associates in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in terms of the Code of Ethics issued by the Institute of Chartered Accountant of India ("ICAI") and the relevant provisions of the Act and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained and on consideration of audit reports of other auditors referred to in paragraph (a) of the "Other Matters" section below, is sufficient and appropriate to provide a basis for our qualified opinion.	Factual
	Information Other than the Consolidated Financial Statements and Auditor's Report Thereon	
5	The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report but does not include the consolidated financial statements and our auditor's report thereon.	Factual
6	Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.	Factual
7	In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. The other information included in the Annual Report have not been adjusted for the impacts as described in the Basis for Qualified section above. Accordingly, we are unable to conclude whether or not the other information is materially misstated with respect to this matter.	Factual
	Responsibilities of Management for the Consolidated Financial Statements	
8	The Company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Holding Company and its Associates in accordance with the accounting principles generally accepted in India, including the Accounting Standards ("Ind AS") specified under section 133 of the Act. The respective Board of Directors of the Holding Company and of its associates are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Holding Company and of its associates for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to	Factual

	fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.	
9	In preparing the consolidated financial statements, the respective Board of Directors of Holding Company and of its associates are responsible for assessing the ability of the Holding Company and of its associates to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Management either intends to liquidate the Holding Company or to cease operations, or has no realistic alternative but to do so.	Factual
10	The respective Board of Directors of the Holding Company are responsible for overseeing the financial reporting process of the Holding Company.	Factual
	Auditor's Responsibilities for the Audit of the Consolidated Financial Statements	
11	Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards of Auditing ("SAs") will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.	Factual
12	We give in "Annexure A" a detailed description of Auditor's responsibilities for Audit of the Consolidated Financial Statements.	Appropriate Responces have been provide to concern matters
	Other Matters	
13	The consolidated financial statements includes the Holding Company's share of net profit (including other comprehensive income) of Rs. 1,477.67 Lakhs for the year ended March 31, 2023, as considered in the consolidated financial statements, in respect of two associates, whose financial statements have not been audited by us. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these associates, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid associates, is based solely on the reports of the other auditors.	Factual
14	The consolidated financial statements of the Company for the year ended March 31, 2022 were audited by another auditor. They had modified their report dated October 17, 2022 with respect to various matters which are included in para 3.1 to 3.19 of the said auditors' report.	Factual
15	Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.	Factual
	Reports on Other Legal and Regulatory Requirement	
16	As required by Section 143(3) of the Act, we report, to the extent applicable, that:	
(a)	We have sought and, except for the possible effect of the matter described in the Basis for Qualified Opinion above, obtained all	Factual

	the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.	
(b)	In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors except for the relevant matters stated in the Basis for Qualified Opinion above.	Factual
(c)	The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including other comprehensive income), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.	Factual
(d)	Except for the effects of the matter described in Basis for Qualified Opinion section above, in our opinion, the aforesaid consolidated financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act.	Factual
(e)	The basis of qualified opinion as described in Annexure B, in our opinion, may have an adverse effect on the functioning of the Company.	Appropriate Responces have been provide to concern matters
(f)	In view of exemption given vide notification no. 463(E) dated 5 June 2015, issued by the Ministry of Corporate Affairs, the Company being a Government company within the meaning of section 2(45) of the Act, provisions of section 164(2) of the Act pertaining to disqualification of Directors, are not applicable to the Holding Company. On the basis of the reports of the other auditors of associate companies incorporated in India, none of the directors of its associate companies incorporated in India are disqualified as on 31 March 2023 from being appointed as a director in terms of Section 164(2) of the Act	Factual
(g)	With respect to the adequacy of internal financial controls with reference to consolidated financial statements of the Holding Company and its associate companies incorporated in India and the operating effectiveness of such controls, refer to our separate report in "Annexure B".	Appropriate Responces have been provide to concern matters
(h)	With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:	Factual
i	Except as noted in para 3 (aa) above, the consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Holding Company and its associates- Refer Note 39 to the consolidated financial statements.	Factual
ii	The Holding Company and its associates did not have any material foreseeable losses on long-term contracts including derivative contracts.	Factual
iii	There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company, and associate companies.	Factual
iv	(1) The Management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company or its associates to or in any other person or entities, including foreign entities ("Intermediaries"), with the understanding,	Factual

	whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.	
	(2) The Management has represented, that, to the best of its knowledge and belief, no funds have been received by the Company or its associates from any person or entities, including foreign entities (Funding Parties), with the understanding, whether recorded in writing or otherwise, as on the date of this audit report, that the Company shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.	Factual
	(3) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances performed by us and that performed by the auditors of the subsidiaries which are companies incorporated in India whose financial statements have been audited under the Act, and according to the information and explanations provided to us by the Management of the Holding company in this regard nothing has come to our or other auditors' notice that has caused us or the other auditors to believe that the representations under sub-clause (i) and (ii) of Rule 11(e) as provided under (1) and (2) above, contain any material mis-statement.	Factual
v	Holding Company has neither declared nor paid any dividend during the year. the final dividend paid by associate companies during the year in respect of the same declared for the previous year is in accordance with section 123 of the Companies Act 2013 to the extent it applies to payment of dividend.	Factual
vi	As proviso to rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable for the Holding Company and its associate companies incorporated in India only w.e.f. April 1, 2023, reporting under this clause is not applicable.	Factual
17	In view of exemption given vide notification no.463(E) dated 05 June 2015, issued by the Ministry of Corporate Affairs, the Company being a Government Company within the meaning of section 2(45) of the Act, provisions of section 197 of the Act pertaining to managerial remuneration, are not applicable to the Holding Company. Based on the reports of the other auditors of associate companies incorporated in India which were not audited by us, the said section is not applicable to one associate company. Further, in case of one associate company, it has not paid any remuneration to its directors.	Factual
18	According to the information and explanations given to us and based on the CARO reports issued by us for the Holding Company and on consideration of CARO reports issued by the statutory auditors of associates included in the consolidated financial statements to which reporting under CARO is applicable, we report that there are no Qualifications/adverse remarks.	Factual

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT ON EVEN DATE ON THE CONSOLIDATED FINANCIAL STATEMENTS OF MAHARASHTRA STATE ELECTRICITY TRANSMISSION COMPANY LIMITED

Auditor Opinion	MSETCL's Replies
Auditor's Responsibilities for the Audit of the Consolidated Financial Statements	
As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:	
• Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.	Factual
• Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to consolidated financial statements in place and the operating effectiveness of such controls.	Appropriate Responses have been provided to concern matters
• Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.	Factual
• Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its associates to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its associates to cease to continue as a going concern.	Factual
• Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.	Factual
• Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Holding Company and its associates to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.	Factual
We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.	Factual
We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.	Factual

ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE CONSOLIDATED FINANCIAL STATEMENTS OF MAHARASHTRA STATE ELECTRICITY TRANSMISSION COMPANY LIMITED

[Referred to in paragraph 16(g) under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditors' Report of even date to the Members of Maharashtra State Electricity Transmission Company Limited on the consolidated Financial Statements for the year ended 31st March, 2023]

Auditor Opinion	MSETCL's Responses
Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")	
In conjunction with our audit of the consolidated financial statements of the Maharashtra State Electricity Transmission Company Limited (hereinafter referred to as the "Holding Company") as of and for the year ended March 31, 2023, we have audited the internal financial controls with reference to consolidated financial statements of the Holding Company and its associate companies, which are companies incorporated in India, as of that date.	
Qualified Opinion	
In our opinion, to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors referred to in the Other Matter paragraph below, except for the possible effects of the material weaknesses described in Basis for Qualified Opinion section below on the achievement of the objectives of the control criteria, the Holding company and its associate companies, which are companies incorporated in India have, in all material respects, maintained adequate internal financial controls with reference to consolidated financial statements as of March 31, 2023, and such internal financial controls with reference to consolidated financial statements were operating effectively as at March 31, 2023, based on the criteria for internal financial control with reference to financial statements criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI") (the "Guidance Note").	
We have considered the material weaknesses identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the consolidated financial statements of the Holding Company for the year ended March 31, 2023, and we have issued a qualified opinion on the said consolidated financial statements of the Holding Company.	
Basis for Qualified Opinion	
According to the information and explanations given to us and based on our audit, the following material weaknesses have been identified as at March 31, 2023:	
a) The Holding Company did not have an appropriate formal documentation and the risk control matrix with respect to Revenue to Receivables, Other Expense, Other Income and Financial Reporting Closure Process.	MSETCL has initiated process for appointing an Expert Professional to guide the Company for the development/updation of internal control processes, which would exhibit the adequecy commensurating with the size of the Company and the nature of its business.
b) The Holding Company did not have documented policies and procedures pertaining to materials/equipment given to vendors or third parties on loan basis.	MSETCL Project units provide the spare materials to the vendors for installation/commissioning of the Project on returnable basis by taking the approval of the Comptent Authority. The details are maintained manually through official registers. Necessary instructions have been provided to all Field Units to maintain all the relevant records in such cases and provide the same to Auditors for verification.

c) The Holding Company did not have documented policies and procedures pertaining to write back of and write off of old outstanding balances.	Necessary reconciliation is under process for drafting policies and procedures for write back of old balances and write off of old outstanding with the approval of Board.
d) The Holding Company did not have documented policies and procedures pertaining to the tendering process.	MSETCL has initiated process for appointing an Expert Professional to guide the Company for the development/updation of internal control processes, which would exhibit the adequecy commensurating with the size of the Company and the nature of its business.
e) The Holding Company did not have documented policies and procedures with respect to documentation of deviation for tendering process pertaining to repairs and maintenance.	
f) The Holding Company did not have appropriate controls to track and capitalize Property, Plant and Equipment on timely basis.	MSETCL has rolled out the Auto WCR module in the SAP/ERP System, which would ensure the auto capitalisation of PPE on real time basis.
In addition to above, we also refer to 'Basis for Qualified Opinion' section of our audit report dated 27 October 2023 and the consequential impact it may have on Holding Company's processes and internal controls, and to that extent, we are unable to comment on whether there is any material weakness in the Holding Company's internal controls as at March 31, 2023.	Appropriate Responces have been provide to concern matters
A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control with reference to consolidated financial statements, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis.	
Management's Responsibility for Internal Financial Controls	
The respective Board of Directors of the Holding Company and associate companies are responsible for establishing and maintaining internal financial controls based on the internal financial control with reference to consolidated financial statements criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.	Factual
Auditor's Responsibility	
Our responsibility is to express an opinion on the internal financial controls with reference to consolidated financial statements of the Holding Company and associate companies based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to consolidated financial statements was established and maintained and if such controls operated effectively in all material respects.	Factual
Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to consolidated	

financial statements included obtaining an understanding of internal financial controls with reference to consolidated financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error.	Factual
We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matter paragraph below, is sufficient and appropriate to provide a basis for our qualified audit opinion on the internal financial controls with reference to these consolidated financial statements.	Factual
Meaning of Internal Financial Controls With reference to Consolidated Financial Statements	
A company's internal financial control with reference to consolidated financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to consolidated financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the consolidated financial statements.	Factual
Inherent Limitations of Internal Financial Controls With reference to Consolidated Financial Statements	
Because of the inherent limitations of internal financial controls with reference to consolidated financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to consolidated financial statements to future periods are subject to the risk that the internal financial control with reference to consolidated financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.	Factual
Other Matter	
Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to consolidated financial statements insofar as it relates to two associate companies, which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India.	Factual
Our opinion is not modified in respect of the above matter.	

Annexure-VII

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) READ WITH SECTION 129(4) OF THE COMPANIES ACT, 2013 ON THE CONSOLIDATED FINANCIAL STATEMENTS OF MAHARASHTRA STATE ELECTRICITY TRANSMISSION COMPANY LIMITED FOR THE YEAR ENDED 31st MARCH 2023

The preparation of consolidated financial statement of **Maharashtra State Electricity Transmission Company Limited** for the year ended 31st March 2023 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 is the responsibility of the management of the Company. The Statutory Auditors appointed by the Comptroller and Auditor General of India under Section 139(5) read with Section 129(4) of the Act are responsible for expressing opinion on the financial statement under section 143 read with section 129 (4) of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated **27 October 2023.**

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the consolidated financial statements of **Maharashtra State Electricity Transmission Company Limited**, Mumbai for the year ended 31 March 2023 under section 143(6)(a) read with the section 129 (4) of the Act. We conducted a supplementary audit of the financial statements of **Maharashtra State Electricity Transmission Company Limited**, Mumbai but did not conduct supplementary audit of the financial statements of **Jaigad Power Transmission Limited** and **Maharashtra Transmission Communication Infrastructure Limited** for the year ended on that date. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records.

On the basis of my supplementary audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to statutory auditor's report under section 143(6)(b) to the Act.

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

Sd/-
(R. Thiruppathi Venkatasamy)
Accountant General (Audit)-II, Maharashtra

Place: Nagpur
Date: 29/12/2023

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE STANDALONE FINANCIAL STATEMENTS OF MAHARASHTRA STATE ELECTRICITY TRANSMISSION COMPANY LIMITED FOR THE YEAR ENDED 31 MARCH 2023

The preparation of Financial Statements of **Maharashtra State Electricity Transmission Company Limited** for the year ended **3l March 2023** in accordance with the financial reporting framework prescribed under the Companies Act, 2013 is the responsibility of the management of the Company. The Statutory Auditors appointed by the Comptroller and Auditor General of India under section 139 (5) of the Act are responsible for expressing opinion on the Financial Statements under section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated **27 October 2023.**

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the Financial Statements of **Maharashtra State Electricity Transmission Company Limited** for the year ended **31 March 2023** under section 143(6)(a) of the Act. This supplementary audit has been carried out independently without access to the working papers of the Statutory Auditors and is limited primarily to inquiries of the Statutory Auditors and Company personnel and a selective examination of some of the accounting records.

Based on my supplementary audit, I would like to highlight the following significant matters under section 143(6)(b) of the Act, which have come to my attention and which in my view are necessary for enabling a better understanding of the Financial Statements and the related Audit Report.

A. COMMENTS ON PROFITABILITY

Revenue from Operations (Note No.22) : Rs.4,895.63 crore

Transmission Charges (Others) : Rs. 23.47 crore

1. This includes Rs.1.14 crore being the differential Transmission Charges for the period April 2020 to March 2022 in respect of M/s.Osmanabad Solar Energy Ltd. (ESSEL M P ENERGY).

This has resulted in overstatement of Revenue from Operations and understatement of opening Retained Earnings by Rs.1.14 crore.

B. COMMENTS ON FINANCIAL POSITION

Balance Sheet
Liabilities
Non-Current Liabilities
Other Non-Current Liabilities (Note No.18)
Deposit received from consumers under ORC schemes: Rs. 1,249.89 crores.

2. The above includes Rs.15.57 crore being deposits received for ORC work which were completed prior to 31.03.2023. Non adjustment of deposit received for ORC work in respect of completed work has resulted in overstatement of deposit received from consumers under ORC scheme and overstatement of Capital Work in Progress by Rs.15.57 crore.

For and on behalf of
Comptroller and Auditor General of India

Sd/-
(R. Thiruppathi Venkatasamy)
Accountant General (Audit)-II, Maharashtra

Place: Nagpur
Date: 29/12/2023

COMMENTS OF COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE STANDALONE FINANCIAL STATEMENTS OF MAHARASHTRA STATE ELECTRICITY TRANSMISSION COMPANY LIMITD FOR THE YEAR ENDED 31 MARCH 2023 AND MSETCL'S RESPONSE THEREUPON

Sr. No.	CAG's COMMENTS	MSETCL's Reply
	Qualified Opinion	
A	**Comments on Profitability** **Revenue from operations (Note No.22): Rs.4,895.63 crore** **Transmission Charges (Others) Rs. 23.47 crore**	
1	This includes Rs.1.14 crore being the differential Transmission Charges for the period April 2020 to March 2022 in respect of M/s. Osmanabad Solar Energy Ltd. (ESSEL MP ENERGY). This has resulted in overstatement of Revenue from Operations and understatement of opening Retained Earnings by Rs.1.14 crore.	M/s.Osmanbad Solar Energy Limited (OSEL) is solar power project and is billed as per the MERC Terms & conditions for Determination of RE Tariff Regulations and MERC InSTS tariff Regulation. As per MERC Terms & conditions for Determination of RE Tariff Regulations, 2010, the minimum Capacity Utilisation Factor (CUF) of a Solar Thermal Power Project shall be considered as 19% for the purpose of tariff determination. Accordingly, the billing was done to M/s.OSEL, considering CUF @ 19%. Meanwhile, Hon'ble MERC published Terms & conditions for Determination of RE Tariff Regulations, 2019 applicable from April-20. As per clause no.(66), of said Regulation the minimum Capacity Utilisation Factor (CUF) of a Solar Thermal Power Project changed from 19% to 28% for the purpose of tariff determination. However, the bills from April-20 onwards were inadvertently raised to M/s.OSEL with CUF @ 19%. The same was rectified by STU in the June-2022 and MTC bill raised to M/s.OSEL and the transmission charges from April-20 to May-22 were recovered completely from M/s.OSEL.
B	**Comments on Financial Position** **Balance Sheet** **Liabilities** **Non-current Liabilities** **Other Non-current Liabilities (Note No.18):** **Deposit received from consumers under ORC schemes: Rs.1,249.89 crore**	
2	The above includes Rs.15.57 crore being deposits received for ORC work which were completed prior to 31.03.2023. Non adjustment of deposit received for ORC work in receipt of completed work has resulted in overstatement of deposit received from consumers under ORC scheme and overstatement of Capital Work in Progress by Rs.15.57 crore	The Company had already initiated the necessary reconciliation drive in the field offices since previous years and the reconciliation is in progress and accordingly the ORC deposit will be adjusted against concerned assets.

For and on behalf of the Board of Directors

Dr. Sanjeev Kumar

Chairman & Managing Director

Place: Mumbai
Date:29-12-2023

INDEPENDENT AUDITOR'S REPORT
To the Members of Maharashtra State Electricity Transmission Company Limited
Report on the Audit of the Standalone Financial Statements

Qualified Opinion

1. We have audited the accompanying standalone financial statements of Maharashtra State Electricity Transmission Company Limited ("the Company") which comprise the Balance Sheet as at March 31, 2023, and the Statement of Profit and Loss (including Other Comprehensive Income), Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information.

2. In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matters described in the Basis for Qualified Opinion section of our report, the aforesaid standalone financial statements give the information required by the Companies Act, 2013, ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with Companies (Indian Accounting Standards) Rules, 2015, as amended ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2023, and its profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Qualified Opinion

3.

(a) Other Income includes supervision fees amounting to Rs. 4,962.71 Lakhs. The Company recognises supervision fees on upfront basis instead of recognising the same over the period of the Outright Contracts, which is not in accordance with the provisions of Ind AS 115 "Revenue from Contracts with Customers". Accordingly, other income and Profit before tax is overstated and other liability is understated to such extent.

(b) Other Income includes income from the sale of scrap asset and sale of scrap inventory aggregating to Rs. 2,163.48 Lakhs. The entire selling price of the scrap asset / scrap inventory is credited to the respective accounts instead of recognising the profit/loss on such sale, which is not in accordance with the provisions of Ind AS 16 "Property, Plant and Equipment" and Ind AS 2 "Inventories".

(c) Current Liability include Goods Receipt/ Invoice Receipt balances amounting to Rs. 5,377.65 Lakhs, which are outstanding for a considerable period of time, even beyond 3 years as on March 31, 2023, due to delay in processing of invoices. As these are temporary balances, accordingly, we are unable to comment on the completeness of the trade payables/ liabilities.

(d) In terms of the provisions of Ind AS 101, "First Time Adoption of Indian Accounting Standards", the Company had availed option of Cost model of accounting for its Property, Plants and Equipment's ('PPE'). Accordingly, the carrying values of PPE on the transition date were taken as deemed cost and depreciation is calculated thereon manually on electronic spreadsheets considering the balance useful lives of items of PPE but without considering the residual value limits laid down by MERC regulations. As a result, several instances of charging excess depreciation on assets were noted. Further, in several cases the deprecation is manually calculated and provided at Head office for the assets located in Zone or Region for the reason of mismatches in dates of capitalization, critical spare items capitalization, etc. In the absence of complete data/ details of such instances, the combined impact of such erroneous depreciation is not ascertainable.

In view of the above, we are unable to comment on the consequential impact on the depreciation expense and net carrying value of the PPE.

(e) PPE amounts to Rs. 24,69,971.86 Lakhs (Gross block) as on March 31, 2023. The Company has not carried out the physical verification of the PPE during the year or in previous years and PPE Register does not provide all requisite details, due to which we are unable to comment on the existence of the PPE.

Further, depreciation on PPE is to be calculated by Company in accordance with MERC Regulations, which stipulates stage-wise calculation. The accounting system of the Company does not provide detailed report to identify the stage of PPE, due to which we are unable to recompute depreciation. Accordingly, we are unable to comment on completeness and accuracy of depreciation amounting to Rs. 1,34,190.30 Lakhs and net carrying value of PPE.

(f) Title deeds and Documents are not available with the Company with respect to all Freehold Land included in PPE. Further, certain Leasehold Land are classified under freehold Land and vice versa. Accordingly, classification of Land into Freehold and Leasehold may not be appropriate, thereby impacting the calculation of Right of Use Assets and amortisation thereof. Consequentially, accounting treatment is not in accordance with Ind AS 116 " Leases" in relation to the aforesaid. The impact, if any, of the same on the Standalone Financial Statements is currently not ascertainable.

(g) The Company is having transmission network level ranging from 66 KV to 765 KV. As informed to us, it was decided to abolish/eliminate 66 KV from the transmission network of the Company and most of the abolished and decommissioned sub-stations and lines at 66 KV level were handed over to MSEDCL. Further, remaining sub-stations and lines were to be handed over to MSEDCL or would be utilized by MSETCL for up-gradation work, if any.

We were further informed that the Company is in discussion with technical team to conclude on modalities of de-recognition, disposal and for determining consideration for such transfer of Assets in accordance with Ind AS-16.

However, during the course of audit, no further action/ documentation in this regard was provided to us.

Accordingly, gross block of fixed assets, accumulated depreciation and net carrying cost are overstated to the extent of Rs. 14,096.62 Lakhs, Rs. 10,587.85 Lakhs and Rs. 3,508.77 Lakhs, respectively. Further, the Company has not recognised amount receivable from MSEDCL amounting to Rs. 2,473.00 Lakhs and also not recognised differential amount on account of loss on transfer of PPE amounting to Rs. 1,035.77 Lakhs.

(h) The Company undertakes certain activities with respect to preparing the land for the purposes of erecting sub-stations. Till the financial year 2020-21 such costs were capitalised along with land which were later capitalised under a separate head 'Other Civil Works' and grouped under Property, Plant and Equipment and depreciation is charged as per MERC Regulation. Due to the above, opening balance of land includes such capitalisations. We are unable to comment on the impact, if any, of the corresponding depreciation/amortisation of ROU of opening balance of leasehold land/freehold land.

(i) Details in relation to "Assets not in use - held for sale" having net carrying value of Rs. 5,119.09 Lakhs as on March 31, 2023, were not made available to us. Further, such assets are carried at their carrying value instead of "lower of carrying value or net realizable value". This is not in accordance with the requirements of Ind AS 105 - "Non-current Assets Held for Sale and Discontinued Operations". The impact, if any, of the same on the Standalone Financial Statements and related disclosures is currently not ascertainable.

(j) Deposits on account of completed outright contracts are set off against CWIP giving rise to negative capital expenditure balances for which reconciliation is not made available. Accordingly, Assets under Construction ('AUC')/ Capital Work in Progress ("CWIP") in the Balance Sheet is understated to such extent. Further, there is no movement in some AUC line items since last more than three years. However, impairment assessment has not been performed by the Management of the Company with respect to the same in accordance with the requirements of Ind AS 36 - "Impairment of Assets". Accordingly, we are unable to comment on the consequential impact of the same on the Standalone Financial Statements.

(k) The Company accepts outright contribution contracts against which it receives deposits from the relevant parties. Such deposits are not evaluated on annual basis and are not set off against the relevant balances outstanding under capital work in progress on evaluation / completion of the project. The balance outstanding against ORC deposit as on March 31, 2023 amount to Rs. 6,808.26 Lakhs. In certain cases, net amount is grouped under Other Miscellaneous Receipts (NON- GST) instead of other income. Accordingly, we are unable to comment on the completeness and accuracy of the said balances.

(l) The Company had made a decision to dismantle certain tower foundations and towers constructed which are currently lying in CWIP amounting to Rs. 2,517 Lakhs. However, the Company has not taken any action to write off or impair the said amount and has not provided for dismantling expenses which is not in accordance with Ind AS 16 " Property, Plant and Equipment".

(m) The Company does not maintain details pertaining to the net realizable value (NRV) of its inventory. The inventories are valued at cost instead of being stated at lower of cost and NRV, which deviates from the accounting policy mentioned in Note No. 2.14 and the provisions of Ind AS 2 Inventories". The impact, if any, of such deviation on the Standalone Financial Statements is currently not ascertainable.

(n) Certain assets like transformers and sub-station parts are sent for repair by zonal offices to vendors. In few zones, we observed that the records pertaining to such dispatch and its return including qualitative aspects of such repairs are not adequately maintained. Further, these assets are classified under "Assets not in Use - Held for Sale" which is not in accordance with Ind AS 16 PPE. In the absence of such details, we are unable to comment on the impact, if any, thereof on the Standalone Financial Statements.

(o) The trade receivables as on March 31, 2023 amounts to Rs. 3,76,763.54 Lakhs. We are unable to comment on the existence, accuracy and valuation of trade receivables balance on account of the following:

  i The party-wise breakdown and ageing of trade receivables generated from the system are inaccurate, accordingly, we are unable to comment upon the accuracy of the amounts disclosed in Note 33 concerning the aging of trade receivables in the Standalone Financial Statements.

  ii The Company does not make provisions for Expected Credit Loss ("ECL") on long outstanding balances, which is inconsistent with the requirements of Ind AS 109 "Financial Instruments".

  iii Additionally, one of the parties is under Insolvency Resolution Process, wherein the Company has not provided for the credit loss on the outstanding receivables amounting to Rs. 1,141 Lakhs.

  iv We were unable to obtain independent confirmations and unable to perform alternative procedures on the balances of trade receivables. Accordingly, we are unable to comment on their accuracy and valuation, as these balances may be subject to consequent reconciliation.

(p) Statutory dues like TDS, Provident Fund and Profession Tax amounting to Rs. 3,028.81 Lakhs contains old liabilities which is subject to reconciliation. We are unable to comment upon the adjustments / settlements arising from such reconciliation.

(q) The Company's internal controls concerning the data provided to the actuary for the purposes of actuarial valuation of gratuity and compensated absences are inadequate. Consequently, we are unable to comment upon the provisions made for compensated absences and gratuity. The potential impact, if any, on the Standalone Financial Statements is currently not ascertainable.

(r) The short-term provisions include both provisions for expenses and provisions for tree/crop compensation, aggregating to Rs. 5,325.88 Lakhs. However, detailed listing and the underlying

basis for these provisions are not available. Consequently, we are unable to comment on the completeness and accuracy of the said provisions. The potential impact, if any, on the Standalone Financial Statements is currently not ascertainable.

(s) Long term provisions consists of provision for capital works amounting to Rs. 12,680.61 Lakhs for which detailed listing and basis of provision are not available. Accordingly, we are unable to comment on completeness and accuracy of the said provisions. The potential impact of the adjustments arising from review of the basis of these provisions, if any, on the Standalone Financial Statements is currently not ascertainable.

(t) The Company has collected security deposits amounting to Rs. 3,786.11 Lakhs, which have remained outstanding for a period exceeding three years which is neither refunded to the respective parties nor transferred to other income in accordance with the Company's policy. Further the classification of the total balances outstanding against security deposit into current and non- current is not appropriate. Given that certain amounts have been outstanding for more than 365 days, the Company is not in compliance with the provisions of sections 73 to 76 of the Act.

(u) Liquidated damages deducted and EMD received by the Company amounting to Rs. 7,986.11 Lakhs and Rs. 387.17 Lakhs respectively are outstanding for more than 3 years which are neither refunded to the respective parties nor transferred to other income (in accordance with the Company's policy). Further, the classification of the total balances outstanding against liquidated damages and EMD into current and non-current is not appropriate. Impact, if any, of the adjustment arising on account of not following the Company's policy, on the Standalone Financial Statements is currently not ascertainable.

(v) The Company has encountered differences resulting from price escalation due to the disengagement of vendor during the contract's tenure, and these differences are not appropriately identifiable. These adjustments are currently reflected in the "Risk and Cost Adjustment" ledger, with corresponding outstanding amounts in "Retention Money Receivable" ledger. However, detailed party-wise information and ageing of data related to these accounts are not available. Further the classification of the total balances outstanding against retention money into current and non- current is not appropriate. As a result, we are unable to comment on the existence and accuracy of these balances.

(w) The Company has received Government Grants earmarked for capital assets related to specific projects, with an outstanding balance as of March 31, 2023, amounting Rs. 29,527.65 Lakhs. These grants are deferred for recognition as revenue. However, detailed information regarding these grants, including asset specifications and the associated conditions that need to be fulfilled are not available. Consequently, we are unable to comment on the completeness and accuracy of these deferred amounts i.e., whether such deferment is in accordance with the stipulated schemes or the conditions, nor can we ascertain whether the accounting treatment is in accordance with the provisions of Ind AS 20 "Accounting for Government Grants and Disclosure of Government Assistance". The potential impact, if any, on the Standalone Financial Statements is currently not ascertainable.

(x) The Company has disclosed prior period income and expenses in Note 49 of the financial statements. However, these items have not been restated in the respective previous years, which deviates from the requirements of Ind AS 8 "Accounting Policies, Changes in Accounting Estimates and Errors". The impact, if any, of the same on the Standalone Financial Statements is currently not ascertainable.

(y) Contingent Liability as stated in Note no. 38 amount to Rs. 4,77,086.15. Lakhs. Further, an amount of Rs. 859.26 Lakhs under current liability and Rs. 6,551.19 Lakhs under Other Current Financial Assets is on account of certain compensation/ payments against the said cases. In the absence of detailed listing of cases, respective amounts, and status thereon, we are unable to comment on the completeness and accuracy of contingent Liability.

(z) We have not received certain details w.r.t the following balances:

Particulars	Amount (In Lakhs)	Remarks
Liability towards staff welfare Fund with Board	713.16	Listing and details not available. Impacts accuracy and completeness.
Sundry Creditors Payable Domestic (others)	2,372.96	Unexplained debit balance under Trade payables. Impacts accuracy.
Board of Trustees P.F. & Final Settlement	2,094.09	Listing and details not available. Impacts accuracy and completeness.
Advances to Contractors /Suppliers - O&M	5,148.99	Unexplained credit balance under Advances. Impacts accuracy.
Capital Advance for Projects	602.13	Listing and details not available. Impacts completeness, accuracy and valuation.

(aa) The Company has calculated Deferred Tax Asset/ Liability on the basis of books of account. We are unable to comment on the said amount as calculated which may undergo change due to consequential impact of the aforesaid qualification in the Basis for Qualification para from point 3 (a) to 3(aa).

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

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

5. The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Director's Report including Annexures to Director's Report, but does not include the standalone financial statements and our auditor's report thereon.

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

7. In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. The other information included in Director's Report have not been adjusted for the impacts as described in the Basis for Qualified section above. Accordingly, we are unable to conclude whether the other information is materially misstated with respect to this matter.

Responsibilities of Management for the Standalone Financial Statements

8. The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and

fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for

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

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

10. Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

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

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

We give in "Annexure A" a detailed description of Auditor's responsibilities for Audit of the Standalone Financial Statements.

Other Matters

12. The standalone financial statements of the Company for the year ended March 31, 2022 were audited by another auditor. They had modified their report dated October 17, 2022, with respect to various matters which are included in para 3.1 to 3.19 of the said auditors' report.

Report on Other Legal and Regulatory Requirements

13. As required by the "Directions and sub directions issued by office of the Principal Accountant General -III, Maharashtra in terms of section 143(5) of the Act, we give in the "Annexure B" a statement on the directions and sub-directions.

14. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure C" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

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

(a) We have sought and obtained, except for the possible effects of the matters described in the Basis for Qualified Opinion section above, all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

(b) Except for the possible effects of the matters described in the Basis for Qualified Opinion section above, in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

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

(d) Except for the possible effects of the matters described in the Basis for Qualified Opinion section above, in our opinion, the aforesaid standalone financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act.

(e) The matters as described in Basis for Qualified Opinion section above and as described in Basis for Qualified Opinion section of the Annexure D, in our opinion, may have an adverse effect on the functioning of the Company.

(f) In view of exemption given vide notification no.463(E) dated 5 June 2015, issued by the Ministry of Corporate Affairs, the Company being a Government company within the meaning of section 2(45) of the Act, provisions of section 164(2) of the Act pertaining to disqualification of Directors, are not applicable to the Company.

(g) With respect to the adequacy of the internal financial controls with reference to standalone financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure D".

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

   i. Except as noted in para 3 (aa) above, the Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements - Refer Note no. 38 to the standalone financial statements;

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

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

iv.

(1) The Management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(2) The Management has represented, that, to the best of its knowledge and belief, no funds have been received by the Company from any persons or entities, including foreign entities (Funding Parties), with the understanding, whether recorded in writing or otherwise, as on the date of this audit report, that the Company shall, directly or indirectly, lend or

invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(3) Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances, and according to the information and explanations provided to us by the Management in this regard nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e) as provided under (1) and (2) above, contain any material mis-statement.

v. The Company has neither declared nor paid any dividend during the year.

vi. As proviso to rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable for the Company only w.e.f. April 1, 2023, reporting under this clause is not applicable.

16. In view of exemption given vide notification no.463(E) dated 05 June 2015, issued by the Ministry of Corporate Affairs, the Company being a Government Company within the meaning of section 2(45) of the Act, provisions of section 197 of the Act pertaining to managerial remuneration, are not applicable to the Company.

For M S K A & Associates
Chartered Accountants
ICAI Firm Registration No. 105047W
Sd/-
Vaijayantimala Belsare
Partner
Membership No. 049902
UDIN: 23049902BGXVSK9607
Place: Mumbai
Date: October 27, 2023

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT ON EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF MAHARASHTRA STATE ELECTRICITY TRANSMISSION COMPANY LIMITED

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

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

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

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

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

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

- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone1 financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

For M S K A & Associates
Chartered Accountants
ICAI Firm Registration No. 105047W

Sd/-
Vaijayantimala Belsare
Partner
Membership No. 049902
UDIN: 23049902BGXVSK9607
Place: Mumbai
Date: October 27, 2023

To Office of The Comptroller And Auditor General of India, 10, Bahadur Shah Zafar Marg, New Delhi - 110 124

Our report on directions under sub-section (5) of section 143 of the Companies Act, 2013

Annexure B to the Independent Auditor's Report on the Standalone Financial Statements of the Maharashtra State Electricity Transmission Company Limited ("MSETCL") for the year ended 31 March 2023

(Referred to in paragraph 11 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Sr. No.	Directives/Sub-directives	MSKA Response
Directions under sub-section (5) of section 143 of the Companies Act, 2013		
Our report/findings on directions and sub-direction of CAG should be read in conjunction with our statutory audit report of even date on the Standalone Financial Statements of the Company for the year ended 31 March 2023.		
1	**Whether the company has system in place to process all the accounting transactions through IT system? If yes, the implications of processing accounting transactions outside IT system on the integrity of the accounts along with the financial implications, if any, may be stated.**	Yes, the Company has an ERP i.e. SAP system to process all the accounting transactions through IT system. During the course of audit, we noticed that the invoices generated by the profit centers are raised by State Transmission Utility (STU) and are fed into the system. Further, the Company does manual calculations with respect to unplanned depreciation, ageing adjustments, interest calculations on borrowings, amortization of premium on investments, deferment of grant, EIR calculation, apportionment of general establishment charges.
2	**Whether there is any restructuring of an existing loan or cases of waiver/write off debts/loans/interest etc. made by a lender of the company due to company's inability to repay the loan? If yes, the financial impact may be stated. Whether such cases are properly accounted for? (In case, lender is a Government company, then this direction is also applicable for statutory auditor of lender Company).**	There were no such instances during the year under audit.
3	**Whether funds (grants/subsidy etc.) received/receivable for the specific schemes from Central/State Government or its agencies were properly accounted for/utilized as per its term and conditions? List the cases of deviation.**	Government Grants received by the Company towards capital assets for specific projects, outstanding as on March 31, 2023 amount to Rs. 29527.65 Lakhs which are deferred for recognition as revenue. Details of such grants along with asset specifications, conditions to be satisfied are not made available to us. Further, the recognition of the deferment is not in accordance with the underlying scheme / conditions. (Refer Para 3 (x) of our Audit report of even date)

Sector specific Sub-directions under sub-section (5) of section 143 of the Companies Act, 2013

(i) **Whether there is appropriate classification of Inventory with value such as Scrap, Obsolete Material etc.**

The following classification of Inventory has been made by the Company.

Description	Amount as at 31st March 2023 (Rs. In Lakhs)	Note no. of Financial Statements
Steel	1,044.60	Note no. 9 "Inventories" of financial statements
Transformers	14,017.10	
Metering equipment & substation equipment	10,370.23	
Cables & Conductors	7,324.95	
Spares	1,266.62	
Others	3,487.46	
Loss due to Material pending investigation	167.15	
MASA Stock	-114.34	
Obsolete materials stock (including scrap)	922.63	
Provision for loss pending investigation	-1,089.78	

With respect to the valuation of inventory refer Para 3(m) of our Audit report of even date

(ii) **Negative balances under "Advances to Contract" may be analyzed and commented with reasons and impact on financial statements**

We have verified the balances of 'Advance to Contract' on overall basis at Company level, and have noted that there are no negative balances (net) as on 31 March 2023. Also, refer to Para 3(aa) of our Audit report of even date

(iii) **Whether Profit / Loss mentioned in Audit Report is as per Profit & Loss Accounts of the Company?**

Yes, however impact, if any, on account of matters stated under basis of qualification under para 3 of Auditor's Report to be considered.

(iv) **Is the system of evacuation of power commensurate with power available for transmission with the generating company? If not, loss, if any, claimed by the generating company may be commented.**

We have not carried out technical verification of the information required under this clause. Based on the information, explanation and representations received from the Management the transmission network of the company is given in the table below:

Voltage Level	EHV Substation	Transformation Capacity (MVA)	EHV Lines (CKT KM.)	Reactive Power Compensation (MVAR)
765 KV	1	3,000	0	720**
500KV HVDC	2	3,582	1,504	0
400KV	33	33,548	8,464	3540*
220KV	250	60,090	19,366	25
132KV	356	31,005	18,209	2,810.00
110KV	40	2,480	1,788	130
100KV	39	2,823	706	0
66KV	7	171	595	0
33/22/11 KV	0	0	0	2628
Total	728	136698	50631.42	9853

As further informed by the management of the Company, present transmission system availability and losses as against MERC benchmark are narrated as under:

HVAC System (MERC Benchmark 98%)

Year	2022-23	2021-22
Availability	99.65%	99.67%

HVDC System (MERC Benchmark 95%)

Year	2022-23	2021-22
Availability	95.34%	**94.27%

* Emergency Outage of 983.49 hours availed on HVDC Pole 2 to attend the major problem of smoothing Reactor.

** Annual Outage of 410 hours availed on HVDC Pole 1&2. Emergency Outage of 156 hours availed on HVDC Pole 2 to attend the oil leakage of smoothing Reactor. 253 hours for Pole-2 Converter transformer replacement.

(V) **How much transmission loss in excess of prescribed norms has been incurred during the year and whether the same been properly accounted for in the books of accounts?**

We have not carried out technical verification of the information required under this clause. Based on the information, explanation and representation received from the management the information in this regard is furnished as under.

The benchmark set by MERC for Transmission Losses is 4.85% and the Transmission Losses incurred by MSETCL during the FY 2021-22 as computed by Maharashtra State Load Dispatch Center (MSLDC) are tabulated below:

Intra State Transmission System (In. STS) Grid Loss for FY 2022-23	Energy Input Intra STS	Energy Output Intra STS	Transmission Loss
Month	**(In Million Units)**	**(In Million Units)**	**(In %)**
Apr - 22	17282.16	16688.83	3.43%
May - 22	17343.22	16777.47	3.26%
Jun - 22	15230.54	14729.13	3.29%
Jul - 22	13253.21	12793.97	3.47%
Aug - 22	13770.29	13328.79	3.21%
Sep - 22	13284.87	12844.34	3.32%
Oct - 22	13378.48	12977.2	3.00%
Nov - 22	14766.03	14293.87	3.20%
Dec - 22	15893.29	15396.31	3.13%
Jan - 23	15769.6	15277.76	3.12%
Feb - 23	15251.37	14728.29	3.43%
Mar - 23	16909.89	16362.35	3.23%
Total	**182132.95**	**176198.31**	**3.26%**

From perusal of the table above, it is evident that Transmission Losses incurred by MSETCL was 3.26% which is below the MERC's benchmark. The said loss in accounting parlance is to be termed as "Normal Loss" not requiring any separate accounting in the books of accounts.

(Vi) **Whether the assets have been constructed and completed on behalf of other agencies and handed over to them has been properly accounted for in the books of Accounts.**

The Company has divided its field operations amongst seven different zones in the state of Maharashtra. The major activity of the company is 'transmission of power'. The Company also undertakes construction of small sub-stations, towers, plants etc., for the supply of power to other agencies on 'order specific basis'. Such works are identified in the company as 'ORC Works'. The Company charges 'Supervision Fees' over and above the expenditure incurred for executing such 'ORC Works', which gets recognized as the Company's revenue.

The ORC details location wise which are made available to us by the management are as follows:

Sr. No.	Zones	ORC works as at 01.04.22 (Nos.)	ORC works added during the year (Nos.)	ORC works completed during the year (Nos.)	Balance ORC works remaining as at 31.03.23 (Nos.)
1	Amravati	8	12	4	16
2	Aurangabad	15	2	5	12
3	Karad	8	4	5	7
4	Nagpur	26	3	5	24
5	Nasik	16	1	2	15
6	Pune	117	14	8	123
7	Vashi	73	8	11	70
	Total	**263**	**44**	**40**	**267**

During the year, outstanding balances of deposits taken from parties are Rs. 1,24,988.85 Lakhs (Previous Year: Rs 1,23,145.85 Lakhs) out of which deposits amounting to Rs. 6,808.26 Lakhs are unreconciled and information for the same is not available with the Company. Further, the ultimate ownership of such assets is with the Company. The deposits collected from them is adjusted against the Assets constructed and a nominal value of Re. 1 is kept in the Asset Master for identification purposes.

Company also executes projects for evacuation of power in case of generation of energy from non-conventional sources. As per accounting policy 2.19(B), 50% of the cost of such power evacuation project is borne by the Company and balance 50% is to be reimbursed by Maharashtra Energy Development Agency (MEDA) to the respective private developer. In such cases also, there is no handover of the assets to the other agencies.

		Execution of MEDA project is done in two ways. (i) Wherein the vendor gives the entire amount beforehand for execution of the project to the Company as ORC deposit and the Company after the execution of project reimburses 50% of the cost to the vendor and creates the asset of the same value and the remaining 50% is paid by MEDA to the vendor. (ii) Wherein the vendor itself executes the project and the Company subsequently pays 50% of the cost of project to the vendor and MEDA reimburses the remaining 50% to vendor. Complete details of such projects falling under MEDA grant are not readily available with the Company. As a result, whether Asset Capitalization of such MEDA projects are accurate or not cannot be commented upon. Due to which any amount falling under GL Code 123100 and 131010) with respect to MEDA Project cannot be commented upon.
(vii)	**Examine whether the provisions of the Companies Act were followed w.r.t reporting and disclosures of CSR Activities.**	Yes, Appropriate disclosure has been provided under note no 45 of financial statements .
(viii)	**Items contained in the inspection report of CAG in previous year and remaining open till the date of Balance Sheet under report.**	Refer Appendix 1(a), (b) & (c) to this report
(ix)	**Other Matters**	1. The Company has to prepare Risk control Matrix and policies and procedures with respect to key areas and update the existing Risk Control Matrix. 2. The scope and coverage of internal audit should be enhanced.

For M S K A & Associates
Chartered Accountants
ICAI Firm Registration No. 105047W

Sd/-
Vaijayantimala Belsare
Partner
Membership No. 049902
UDIN: 23049902BGXVSM3780

Place: Mumbai
Date: October 27, 2023

Appendix 1 (a) - Items contained in the Inspection report of CAG for FY 2021-22 and remaining open as at 31 March 2023

Sr. No.	CAG's Comments	MSETCL's Reply	Auditors' Remarks
A	**Comments on Profitability**		
	Statement of Profit & Loss		
	Revenue		
	Revenue from operations (Note 21): Rs.4863.80 crore		
	Additional Transmission and regulatory charges- Rs. 112.12 crore		
1	This includes Rs.55.35 crore towards Additional Transmission charges receivable from Maharashtra state Electricity Distribution Company Limited (MSEDCL) for the period November 2020 to March 2021. This has resulted in overstatement of total Comprehensive income and understatement of opening Retained Earnings by Rs 55.35 crore	Additional Transmission Charges for FY 2020-21 were booked as income of FY 2021-22. In FY 2022-23, there is no impact of this transaction'.	This does not pertain to the year under audit.
	Expenses		
	Employee Benefit expenses (Note 24): Rs 1164.26 crore		
	Staff welfare expenses : Rs 49.55 crore		
2a	Above does not include claims Rs 4.60 crore received by the families of deceased employees (due to covid pandemic) in 2021-22 towards Ex gratia and Group Insurance	Reimbursement of death claim due to covid for FY 2020-21 were booked as expenses of FY 2021-22. In FY 2022-23, there is no impact of this transaction'.	This does not pertain to the year under audit.
2b	The above also does not include Rs. 0.09 crore being expenses for medical health checkup incurred for 250 employees of Company in March 2022. This has resulted in overstatement of Total Comprehensive Income and understatement of Provision (Note 20) under Current Lability by Rs 4.69 crores.	Reimbursement of death claim due to covid for FY 2020-21 were booked as expenses of FY 2021-22. In FY 2022-23, there is no impact of this transaction'.	This does not pertain to the year under audit.
	Other expenses- (Note 26) Rs.403.15 crore		
	Rates and Taxes- Rs.16.72 crore		
3	This includes Rs. 0.99 crore towards property taxes for the period 2009-2010 to 2020-21 Accounting of property taxes for earlier years in current year resulted in understatement of Total Comprehensive Income and overstatement of opening Retained Earnings Rs 0.99 crore.	Payment of Medical Health checkup for FY 2020-21 were booked as expenses of FY 2021-22. In FY 2022-23, there is no impact of this transaction	This does not pertain to the year under audit.
B	**Comments on Financial Position**		
	Balance Sheet		
	Assets		
	Non-current Assets		
	Property, Plant and Equipment (Note: 4.1): Rs. 15812.02 crore		
1	The Company did not capitalize assets valued at Rs 4.11 crore being the claim towards the cost of quantity variations in respect of construction of 132 kv SCDC kankavali- kudal line along with end bay each at kankavali and kudal as per the disclosed Accounting Policies at Note No 2.6 . This was proposed and discussed in the 152nd Board meeting held on 29 December 2021 and later approved in 156th meeting of the Board held on 04.08.2022 (prior to approval to the Annual Accounts of the Company) This has resulted in understatement of Property, Plant and Equipment (PPE) (Note 4.1) and consequent understatement of Trade Payable under Current Liabilities (Note 18.2) by Rs 4.11 crore.	Revised Final Quantity Variation (QV) proposal amounting to Rs.4.11 crore was sanctioned vide B.R.No.156/35 dated 26.08.2022, however due to non-availability of the enhanced additional budget provision could not be made in the system.	Issue is status quo. We inquired about the matter during our audit for the financial year 2022-23, and the management's response was consistent with what has been provided here.

2	The Property, Plant and Equipment (PPE) do not include Rs 51.02 crore on 56 differentcompleted / availableforuse /charged/commissioned works prior to 31st March 2022. These works should have been capitalized in accordance with the disclosed Accounting Policies of the Company with regard to PPE (Note 2 (2.6)) and depreciation (Note 2.9) Non capitalisation of above resulted in understatement of Property, Plant and Equipment (Note: 4.1) and overstatement of Capital work in Progress (CWIP) (Note 4.2) by Rs 51.02 crore . This has also resulted in non charging of depreciation for the year to the extent of Rs 1.28 crore with corresponding overstatement of Total Comprehensive Income for the current year and overstatement of opening balance of Retained Earnings by Rs. 1.05 crore pertaining to the previous year *1.includes Rs.1.48 crore towards crop compensation, General Establishment Charges (GEC) and Interest During Construction (IDC) in respect one work, Rs.1.21 crore being GEC of one work, Rs.23.80 croes being the cost of one substation work which had to be capitalised as per circular No.8315 (Capex circular No.1) dated 31/05/2012 regarding capitalization of assets (in case of new substations, where the transfomers/ICTs gets charged, the Sub-station should be capitalized, though the scheme has not been completed.) and Rs.24.53 crore on 53 other different works.*	The said transaction has already been done in FY 2022-23.	The management has passed the requisite entries during FY 2022-23.We have verified the same.
	Current Assets		
	Other Current financial Assets (Note 10.5) : Rs 51.29 crore		
	Other receivable - Rs.7.31 crore		
3	Above does not include Rs 3.03 crore being short deposit by Maharashtra Rail Infrastructure Development Corp Ltd. for Outright Contribution work (ORC deposit work) (132 KV power supply of EHV level for traction substation at village Patansaongi). As against the total cost of Rs 12.80 crore ORC deposit work (cost inclusive of expenditure actually incurred and supervision charges, GST) executed by the Company as on 31 March 2022, it received deposit of only Rs 9.77 crore from ORC consumer. the Company creates Current Liability on receipt of deposit from ORC consumers and during execution of work, CWIP is debited and on completion of work, the CWIP is adjusted against the current liability created earlier on receipt of deposit. Non accounting of Rs 3.03 crore as receivable from ORC consumer resulted in understatement of Other Receivables under Other Current Financial Assets and understatement of Current Liabilities by Rs 3.03 crore.	The amount of Rs.3.03 crore is accounted as receivable from Rail Vikas Nigam Ltd. (RVNL) in this financial year 2022-23 vide document no.100179933 dt:-30.11.22.	The management has passed the requisite entries during FY 2022-23. We have verified the same.
	Equity and Liabilities		
	Liabilities		
	Non-current liabilities		
	Financial Liabilities		
	Other non-current financial liabilities (Note 14.2) : Rs 2,464.20 crore		
	Deposit received from consumer under ORC schemes : Rs 1,231.46 crore.		
4	The above includes deposits received for ORC works, which have been completed as detailed in the below table :		

Sr. No.	Name of the work	Date of Completion	Amount (Rs in crore)		
1	220 KV Kharbao TSS included under 220 KV Kamba Kharbao and Kolshet Kharbao lines	05.02.2022	7.02	As the relevant expenditure booking is still going on for these projects after	Issue is status quo. Based on our inquiry with the management we were informed that

<table>
<tr><td rowspan="7"></td><td>Sr. No.</td><td>Name of the work</td><td>Date of Completion</td><td>Amount (Rs in crore)</td><td rowspan="7">commissioning, i.e. compensation etc., final expenditure will be adjusted against underlined deposit after completion of the scheme.</td><td rowspan="7">the said deposits will be adjusted on the completion of the project instead of FY 22-23. The concerned matter is covered in Para 3(k) under 'Basis for Qualified Opinion' section of our "Report on the Audit of the Standalone Financial Statements for FY 2022-23</td></tr>
<tr><td>2</td><td>220 KV Tarapur 37 Boiser line Location</td><td>28.02.2022</td><td>0.83</td></tr>
<tr><td>3</td><td>220 KV Vasai 54-58 PGCIL line location</td><td>27.01.2020</td><td>0.37</td></tr>
<tr><td>4</td><td>Rerouting of 132 KV Dahanu (MIDC) - Boisar line between loc no 62 to 64 including work of rerouting of 132 KV dahanu (MIDC) - Boisar line between loc no 62 to 64.</td><td>26.03.2021 and 27.03.2021</td><td>1.62</td></tr>
<tr><td>5</td><td>Shifting / Height raising of 220 KV DC Kharghar Top worth and Kharghar Panvel TSS line between loc no 646 to 649.</td><td>15.02.2019</td><td>0.87</td></tr>
<tr><td>6</td><td>Height raising of 220 KV S/C Umred - Top with Urja feeder at Loc No 19 to 23 executed for Maharashtra Rail Infrastructure Development Corp Ltd.</td><td>13.02.2022</td><td>1.26</td></tr>
<tr><td></td><td>Total</td><td></td><td>11.97</td></tr>
<tr><td></td><td colspan="4">Thus, non adjustment of above completed works from CWIP against the existing Current Liability, resulted in overstatement of Current Liabilities and overstatement of CWIP to the extent of Rs 11.97 crore.</td><td></td><td></td></tr>
<tr><td></td><td colspan="4">2 Works at Sr No 1 to 5 amounting to Rs 10.71 crore was executed and charge/completed for Dedicated Freight Corridor Corporation of India Ltd., under ORC deposit work</td><td></td><td></td></tr>
</table>

Appendix 1 (b) - Items contained in the Inspection report of CAG for FY 2020-21 and remaining open as at 31 March 2023

Sr.No.	CAG's Comments	MSETCL's Current Response	Auditors' Remarks
A	**Comments on Financial Position**		
	Balance Sheet		
1	**Property, Plant and Equipment (Note: 4.1) : Rs.16,224.71 Crore**		
(a)	The Company had handed over most of the 66 kV sub-stations and lines to M/s MSEDCL between 1989 and 2021, however, these assets were not removed from the fixed assets as mandatorily required under Ind AS 16. This has resulted in -	The Company was having transmission network level ranging from 66 KV to 765 KV. In order to standardize the transmission level throughout Maharashtra, it was decided to abolish/eliminate 66 KV from the transmission network of the Company. Most of the abolished and decommissioned sub-stations and lines at 66 KV level were handed over to M/s MSEDCL and remaining sub-stations and lines would be handed over to MSEDCL or will be utilized by MSETCL for up-gradation work, if any, in near future after ensuring arrangement for feeding the existing consumers.	The concerned matter is covered in Para 3(g) under 'Basis for Qualified Opinion' section of our "Report on the Audit of the Standalone Financial Statements for FY 2022-23. As further
	1. Overstatement of gross block of fixed assets, accumulated depreciation and carrying cost to the extent of Rs. 140.24 Crore, Rs. 102.78 Crore and Rs. 37.46 Crore respectively.	With regard to the above facts the modalities of de-recognition, disposal and for determining consideration for such transfer of Assets of 66 KV level will be decided in consultation with technical team and necessary accounting entries will be passed accordingly in compliance with Ind AS-16.	Noticed, handing over of 66KV sub stations/ TL to MSEDCL is not supported or reflected by any written document or execution of transfer agreements
	2. Understatement of trade receivables from MSEDCL to the extent of Rs. 24.73 Crore.	Necessary policy framing for the treatment of 66KV Assets in the books of MSETCL is under process.	
	3. Provision for expected loss of Rs. 12.731 Crore towards impairment loss not charged to profit and loss account; consequently, profit for the year was overstated to the same extent.		
	4. Carrying cost of the 174.24 kms of dismantled lines amounting to Rs. 0.80 Crore was not recognized as loss resulting in overstatement of profit for the year to the extent of Rs. 0.80 Crore.		
(b)	This included unused assets with a gross block of Rs. 144.67 Crore, accumulated depreciation of Rs. 109.14 Crore and carrying cost of Rs. 35.53 Crore. The Company has not ascertained the indication of impairment of these assets. Loss on this account and consequent overstatement of profit could not be ascertained for want of details.	As per the details available in field units, the GL 222010 "Asset not in use" includes material/assets which are removed from Asset Register as the same are not in active use. This group consist of items which are sent for repair which may again be put to use after repairs and items of scrapable in nature which are to be disposed off after proper approval of the Competent Authority. These assets being not in active use are not offered for impairment test as items of scrapable nature would be disposed off with or without gain in the realizable value. The proper treatment can only be ascertained after the scraping procedure is completed.	The concerned matter is covered in Para 3(i) under 'Basis for Qualified Opinion' section of our "Report on the Audit of the Standalone Financial Statements for FY 2022-23.

		MSETCL would initiate a process of physical verification of Fixed Assets which would appropriately bifurcate the items appearing under "Asset not in Use" head as Scrapable or Reusable. Necessary accounting treatment in the Books of Accounts would be done after the said activity.	
2	**Capital Work in Progress (Note 4.2):Rs.3,342.81 Crore**		
	The Company decided to dismantle 79 tower foundations and 69 towers constructed at a cost of Rs. 25.17 Crore in the Giant Metrewave Radio Telescope (GMRT) area of the National Centre for Radio Astrophysics (NCRA). As no future economic benefits can be derived from the same, cost of the towers should have been withdrawn from the WIP in terms Ind AS 16 and the Accounting Policy of the Company, which was not done.	1) With regard to 400KV Babhaleshwar – Kudus line, since the work of 79 foundations and 60 erections was executed by the agency, the above expenditure is booked and considered in the actual cost of Project. Since this had become an unidentified additional expense, considering this expenditure, the budget enhancement proposal was proposed and has got approved from Competent Authority. Further, considering the additional work of these abandoned towers, and their dismantling work, the quantity variation proposal was proposed and has got approved from Competent Authority.	
		2) As per the expert committee recommendation, the additional material required for diversion of line as per technical specifications given by expert committee, the extra item proposal was proposed and has got approved from Competent Authority. Thus, the Competent Authority has revised and revalidated the MBR 56/20 Dt.24.08.2010 considering all the additional expenses required for this line diversion and have approved the new MBR No. 146/21 Dtd.16.03.2021.	The concerned matter is covered in Para 3(l) under 'Basis for Qualified Opinion' section of our "Report on the Audit of the Standalone Financial Statements for FY 2022-23. As further
	This has resulted in-	The 60 Nos of towers which will be dismantled are to be reutilized to other locations (Vashi Zone and Nashik Zone). The cost of these towers are Rs.21.94 Cr. The work of dismantling is under progress and the process of requisite entries is being done in SAP accordingly. Proposal has been submitted by the Nashik Project Circle to CO for approval. However queries are raised by CO , which are in process.	
	a. Overstatement of Capital Work-in-progress to the extent of Rs. 25.17 crores.		
	b. Understatement of expenses to the extent of Rs. 3.23 Crore being the irrecoverable cost of the civil foundation of towers and consequent overstatement of profits for the year to the extent of Rs. 3.23 Crore.		
	c. Out of Rs. 21.94 Crore, cost of useable towers should have been taken into stock and the balance charged to profit and loss account. Financial impact on this account is not ascertainable for want of details.		

B	**Comments on Disclosures**		
	In response to the CAG Comments on the Standalone Financial Statements for the year 2019-20, the Company assured to pass necessary corrective entries during 2020-21. However, the following assurances were not complied with.		
	Decommissioning of transformers costing ₹ 8.32 crore due to theft of copper in it by the repairing agency.	The Company is in the process of identifying and de-recognition of Assets given to M/s Aditya Vidyut Appliances for repair purpose.	Issue is status quo .We inquired about the matter during our audit for the financial year 2022-23, and the management's response was consistent with what has been provided here.
C	**Comments on Auditors' Report**		
	Under para 2.18 and 2.22 of the modified Opinion of the Auditors on the Standalone Financial Statements, the Auditors have modified on the non-furnishing of details/data (19 general ledgers) and non-conformation and reconciliation of the data (116 general ledgers) by the Company. The modified opinion of the Auditors has been given in general and non-specific terms by including a list of most of the important general ledger balances which have major financial impact on the financial statements.	All the available data and supporting details were submitted to the Auditors for verification. However, there are several items of old nature whose supporting is not available in Accounting Units. Necessary decision for the write off/writeback of such old amounts would be done after due approval of Competent Authority.	Not Applicable as we are appointed as statutory auditors for the Financial Year 2022-23.
	The modified opinion does not include specific observations on the financial activities of the Company and its impact on the financial statements. Thus, the members of the company and other stakeholders are not appraised of the modified opinion on many financial aspects of the standalone financial statements.		

Appendix 1 (c) - Items contained in the Inspection report of CAG for prior to FY 2020-21 and remaining open as at 31 March 2023

Sr.No.	CAG's Comments	MSETCL's Current Response	Auditors' Remarks
A	**Comment on Profitability**		
	Statement of Profit & Loss		
1	**Other Income (Note 22) :**		
(a)	This includes Rs. 3.81 Crores, being the supervision charges deposited by third parties in three circles for Outright Consumers works for which the works are not taken up/completed. This resulted in overstatement of Other Income and profit and understatement of Other Non-current Liabilities by Rs. 3.81 Crores.	As per Para 35 of Ind AS 115, an entity transfers control of a good or service over time and, therefore, satisfies a performance obligation and recognizes revenue over time, if one of the following criteria is met: a) the customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs, or b) the entity's performance creates or enhances an asset (for example, work in progress) that the customer controls as the asset is created or enhanced, or. c) the entity's performance does not create an asset withan alternative use to the entity and the entity has an enforceable right to payment for performance completed to date. MSETCL does not fulfil any of the above criteria and hence recognizes revenue on the basis of receipts in its books of Accounts.	The concerned matter is covered in Paragraph 3 (a) within the 'Basis for Qualified Opinion' section of our 'Report on the Audit of the Standalone Financial Statements for FY 2022-23.
(b)	This does not include Rs. 30.46 Crores being interest recoverable on mobilisation advances which should have been recognised. Non recognition is not in conformity with the accounting policy adopted by the Company. This resulted in understatement of other miscellaneous income and profit for the year by Rs. 30.46 Crores and understatement of Trade Receivables to that extent.	As per the accounting policy of the company disclosed under Note No 2.15 of the Standalone Financial Statements, interest income is accounted on accrual basis considering the certainty of the revenue. Further, the purpose of retention amount and bank guarantees with the Company is to secure performance of the contract and not to recover interest which is yet to be accepted by the agencies. With regard to the interest on mobilization advance given to contractors, the company has initiated the process to recover the same and its recognition as income in books of account.	Issue is status quo .We inquired about the matter during our audit for the financial year 2022-23, and the management's response was consistent with what has been provided here.
2	**Other Expenses (Note 26): Security Expenses**		
	This does not include Rs. 6.39 Crores being applicable GST on security expenses for the year. Non provision for GST resulted in understatement of expenses and overstatement of profits by Rs.6.39 Crores and understatement of Other Current Financial Liabilities to the extent of Rs.14.08 Crores (including Rs. 7.69 Crores GST liability for the previous years).	As per Circular No. 89/7/2006- ST Dated: 18th December, 2006, sovereign/public authorities (i.e. an agency constituted/set up by government) perform certain functions/ duties, which are statutory in nature. These functions are performed in terms of specific responsibility assigned to them under the law in force. The activities performed by the sovereign/public authorities under the provision of law are in the nature of statutory obligations which are to be fulfilled in accordance with law. Such activity is purely in public interest and it is undertaken as mandatory and statutory function. These are not in the nature of service to any particular individual for any consideration. Therefore, such an activity performed by a	Issue is status quo .We inquired about the matter during our audit for the financial year 2022-23, and the management's response was consistent with what has been provided here.

		sovereign/public authority under the provisions of law does not constitute provision of taxable service to a person and, therefore, no service tax is leviable on such activities. Considering the above facts security expenses being charged by SGB to MSETCL is exclusive of GST.	
3	**Other Expenses (Note 26) : Miscellaneous Losses and Provisions**		
	This does not include provision on disputed transmission charges of Rs.49.68 crore already recognised but pending before the Appellate Tribunal for Electricity. The transmission licensee (M/s Sai Wardha Power Generation Ltd.) is also under the Corporate Insolvency Resolution Process. Non-Provision on the disputed claim is not in conformity with Ind AS 18 - Revenue resulting in understatement of other expenses and over statement of trade receivables with consequent overstatement of profit for the year by Rs.49.68 crore.	There is a valid Bulk Power Transmission Agreement (BPTA) with M/s SWPL in pursuance of which invoices has been raised for transmission charges for the allocated capacity of 130/135 MW coupled with favourable decision of Hon'ble MERC in the instant matter. Though the matter is further pending with APTEL for its final decision, NCLT has initiated corporate insolvency proceeding against M/s SWPL under Insolvency and Bankruptcy Code 2016 (IBC), wherein IRP has been appointed and admitted a claim of Rs. 34.00 crore against the total claim lodged by the Company of Rs. 119.51 crore keeping the balance amount of claim as contingent claim. It is noteworthy that the IRP has not rejected any amount of claim made by the company.	Issue is status quo .We inquired about the matter during our audit for the financial year 2022-23, and the management's response was consistent with what has been provided here.
		Recently, NCLT has issued an order dated 17/10/2019 in the matter of IBC proceedings against M/s SWPL approving the Resolution plan submitted by the Resolution applicant wherein the admitted and contingent claim of operational creditors has been proposed to be paid in the phased manner within a period of 24 months as per the Resolution plan incorporated in the said order.	
		In view of above, the provision for doubtful debts (Rs.8851.41 Lakhs) made in the books of accounts for the said receivable amount seems to be sufficient and hence no further provision has been made in the F.Y. 2021-22.	
		MSETCL received Rs. 15 lakhs vide NCLT order no. 275/7/HDB/2019 dated 17/10/2019 as against the company claim of Rs. 119.51 crore. Further, MSETCL filed for appeal in NCLAT. NCLAT dismissed the appeal in Order No. 1401/2019 dated 03/02/2020. MSETCL has filed for appeal in SC to challenge NCLAT order.	
B	**Comments on Financial Position**		
	Balance Sheet		
1	**Capital Work-in –Progress (Note 4.2) :**		
(a)	This includes Rs. 2.70 Crores being deposits taken from parties for construction of bays which had been allotted during the year. However, the amount was not adjusted	The reconciliation is in process and the deposit will be knocked off against the assets in FY 2022-23.	The concerned matter is covered in Paragraph 3 (j) within the 'Basis for Qualified Opinion' section of our 'Report on the Audit of the Standalone Financial Statements for FY 2022-23.

<table>
<tr><td></td><td>from deposits. This resulted in overstatement of Other Non-current Financial Liabilities (Other deposits) and overstatement of other non-current assets by Rs. 2.70 Crores.</td><td></td><td></td></tr>
<tr><td rowspan="3">(b)</td><td rowspan="2">This includes Rs 217.00 Lakhs incurred by the Company towards the security charges at work site which was recoverable from the Contractors. This has resulted in overstatement of Capital Work-in-progress and understatement of Other Receivables to the extent of Rs. 217.00 Lakhs.</td><td>MSETCL had awarded the work of 220KV Nandgaon Peth Substation (“S/Stn”) and 220KV Anjangaon S/Stn along with its associated lines in Amravati District and 220 KV Malegaon S/St and 132 KV Jalgaon Jamod S/Stn along with their associated lines in Buldhana District to M/s ECI -Shanghai JV. However, due to non-performance of M/s ECI-Shanghai JV, MSETCL had terminated their EPC contract vide letter MSETCL/ED(P)/EPC/6243 dated 08/05/12.</td><td rowspan="2">Issue is status quo .We inquired about the matter during our audit for the financial year 2022-23, and the management's response was consistent with what has been provided here.</td></tr>
<tr><td>In order to safeguard the materials and assets w.r.t. the above-mentioned projects lying at the above-mentioned sites and to avoid the possibility of theft, the competent authority decided to provide MSETCL’s security at those sites. Thus, the expenditure so incurred on providing services of security guards during the period 2011-12 to March 2017 was accounted for under Capital Work in Progress.</td></tr>
<tr><td></td><td>MSETCL, in turn has awarded the contract on ‘risk and cost basis to other contractors for completion of above-mentioned schemes of M/s ECI Shanghai. The company will certainly initiate recovery of such excess charges incurred from the erring contractor i.e., M/s ECI Shanghai. There are no future claims expected from M/s ECI, so option of encashment of BG is being explored. However, the matter is subjudised. The decision will be taken subject to final decision of the Court.</td><td></td></tr>
<tr><td>(c)</td><td>This also includes Rs 159.42 Lakhs being ineligible price variation paid to the contractors on the tax element included in the price of the materials which resulted in overstatement of Capital Work-in-progress and understatement of Other Receivables by Rs 159.42 Lakhs. Excess payment of price variation of Rs. 31.20 Lakhs due to incorrect basis price.</td><td>Recovery of excess PV amounting to Rs. 169.73 Lakhs was recovered from the following contractors:
(Rs. In Lakhs)<table><tr><th>Name of agency</th><th>Excess PV Recovery</th></tr><tr><td>M/s ECI</td><td>23.53</td></tr><tr><td>M/s KPTL</td><td>44.90</td></tr><tr><td>M/s KEC</td><td>77.09</td></tr><tr><td>M/s JSL</td><td>8.90</td></tr><tr><td>M/s GE (Alstom)</td><td>15.31</td></tr><tr><td>Total</td><td>169.73</td></tr></table>Excess price variations paid to M/s. ABB in r/o 132KV Karanja SS. EHV Project division Akola has deducted to the tune of Rs. 10.04 Lakhs vide Document no. 100161751 dated 18 December 2022.</td><td>Issue is status quo .We inquired about the matter during our audit for the financial year 2022-23, and the management's response was consistent with what has been provided here.</td></tr>
<tr><td>2</td><td colspan="3">Trade Receivables (Note 10.2):</td></tr>
<tr><td></td><td>This does not include the differential amount of ORC receivable from Maharashtra Eastern Grid Power Transmission</td><td>As far as the matter of accounting based on demand notice is concerned towards interest income of Rs. 12.63 Crores, the company does not recognize any income on the basis of issuance of demand notice as is evidenced from the accounting policy adopted by</td><td>Issue is status quo .We inquired about the matter during our audit for the financial year 2022-23, and the management's</td></tr>
</table>

	Company Limited ("MEGPTCL"), resulting in understatement of trade receivables and overstatement of ORC work-in-progress by Rs. 18.68 Crores.	the company as per Note No. 2.15 to the Standalone Financial Statements. The issue of demand notice doesn't entail into accrual of income. As also with regard to ORC deposit, the same is accounted on the basis of receipt of the same, as issuance of demand notice doesn't result in increase in receivable and depends whether the other party is agreeing to it.	response was consistent with what has been provided here.
3	**Other Equity (Note 13) - Reserves and Surplus - Retained Earnings**		
	Central Electricity Regulatory commission (CERC) restricted (December 2017) yearly inter-state transmission charges of nine transmission assets at Rs. 5.99 Crores. Though the company recognized the decreed transmission charges of Rs. 5.99 Crores each during 2018-19 and 2019-20, the excess transmission charges already recognized during 2014-15 to 2017-18 amounting to Rs. 251.11 Crores was not derecognized. This has resulted in overstatement of retained earnings to the extent of Rs. 251.11 Crores with corresponding understatement of advance from customers under current liabilities to the same extent. Interest on Rs. 439.07 Crores (Rs. 251.11 Crores for 2014-17 and Rs. 187.96 Crores for 2018-20) was also not provided resulting in overstatement of retained earnings and understatement of advances from customers. Interest payable is not ascertainable for want of details from the Company.	As per CERC order in Petition No. 256/TT/2013 dated 18.05.2015 in which tariff for FY 2013-14 was Rs. 77.10 Crores (per year) which is revised by CERC order in Petition No. 173/TT/2016 dated 19.12.2017 for FY 2014-15 Rs. 5.99 Crores (per year). However even after revised order by CERC payment made by PGCIL was on the basis of earlier order till September 2019. After that there was no receipt by PGCIL. MSETCL is initiating the necessary reconciliation with PGCIL. MSETCL is filing a petition to CERC for the methodology to be adopted for the adjustment of excess Transmission Charges received. Balance reconciliation with PGCIL is in process.	Issue is status quo .We inquired about the matter during our audit for the financial year 2022-23, and the management's response was consistent with what has been provided here.
4	**Other Equity (Note no 13): Reserves and Surplus**		
	This includes Rs 449.00 lakh being the cost of ORC works treated as Income during FY 2014-15. The Company assured to make necessary adjustment during FY 2016-17. The non-compliance of the	The Company had already initiated the necessary reconciliation drive in the field offices since previous years and the reconciliation process is in progress. After reconciliation of the same, the ORC deposit will be adjusted against concerned assets.	The concerned matter is covered in Paragraph 3 (k) within the 'Basis for Qualified Opinion' section of our 'Report on the Audit of the Standalone Financial Statements for FY 2022-23.

	assurance resulted in continuance of the overstatement of Reserves and Surplus and Fixed Assets to the extent of Rs 449.00 Lakhs with consequent effect on the depreciation and loss for the year.		
5	**Other Equity (Note 13): Special Reserve Fund: Rs. 139.39 Crores**		
	This includes Rs. 76.58 Crores appropriated from profits during 2013-14 and 2014-15 as per the provisions of MERC Regulations, 2005. Though the constitution of Special Reserve Fund (SRF) was repealed by the MERC (MYT) Regulation, 2011 the Company continued the appropriation during 2013-14 and 2014-15 (even though the new regulations were applicable to the company during this period) resulting in unauthorized appropriation to SRFs and understatement of Retained Earning to the extent of Rs. 76.58 Crores. Accumulated SRF of Rs. 139.39 Crores has also been lying since April 2015.	As per MERC Regulations 2005, out of the total amount of Efficiency gain/losses, 1/3rd was to be shared with the TSU, 1/3rd was to be retained as special reserve to be offset against the future losses due to controllable factors (if any) and the remaining 1/3rd is to be shared with MSETCL. Accordingly, MSETCL has appropriated the 1/3rd amount of efficiency gain as Special Reserve in the respective years where the said regulation was applicable. Further, MSETCL had asked for deferment from MERC MYT Regulation 2011, which was applicable from FY 2011-12 to FY 2012-13. Thus, MERC Regulation 2005 was made applicable to FY 2011-12 and FY 2012-13 also. Vide the Tariff Order in Case No 207 of 2014 dated 26 June 2015 MERC directed that the 1/3rd of the Efficiency gain for FY 2012-13 be appropriated to the Special Reserve during the true up of FY 2012-13. Accordingly, the shortfall on the special reserve accounts was provided during FY 2014-15. Thus, there was no violation of regulation and the amount provided for during FY 2013-14 and FY 2014-15 were the shortfall pertaining to FY 2011-12 and FY 2012-13 respectively. Furthermore, as per Regulation 19.1(b) the special reserve is to be offset against the future losses due to controllable factors (if any). The O&M Expenses claimed by MSETCL are below the normative and thus there has been no loss till the last true up order hence the special reserve could not be utilised by MSETCL in the past years. If any such Efficiency loss arises in future, then the special reserve will be utilised in future. However, As per MERC Order Dt 30.03.2023, it has adjusted the said amount of Special Reserve while computing the ARR of MSETCL for FY 2023-24 & 2024-25. Hence, the Special Reserve would be adjusted against the MTC receivables in FY 2023-24.	This adjustment pertains to the year earlier than period under audit. We have inquired with the management and have been informed that the transaction is given effect to in the earlier years. We are unable to comment as we are appointed as statutory auditors for the financial year 2022-23.
6	**Other Non-Current Financial Liabilities (Note: 14.2)**		
(a)	This includes Rs 400.00 Lakhs being deposit for construction of bays under ORC works against which the existing bays were allotted to the parties. As such, the deposits of Rs. 400 Lakhs should have been set off by transferring the same	In order to execute ORC works, deposits are taken from the parties for whom company performs/executes such ORC works. Aurangabad EHV O&M Circle has executed 7 ORC works with Rs. 221 Lakhs including supervision charges and Nagpur O&M Circle had completed 8 ORC works worth Rs. 237 Lakhs. Work Completion Report (WCR) against all the ORC works executed were received in the month of November 2017. Necessary accounting entry will be passed when the assets will	Issue is status quo .We inquired about the matter during our audit for the financial year 2022-23, and the management's response was consistent with what has been provided here.

	to Other Income. This has resulted in understatement of Other Income and Overstatement of Non-current liabilities and loss to the extent of Rs. 400 Lakhs.	be identified in Fixed Asset Register in accordance with the guidelines issued in context to Ind AS Policy. MSETCL is in the process of carrying out physical verification of Fixed assets, on completion of the same, the identification of proper assets and its value for adjustment against the ORC deposit amount would be done.	
(b)	In response to the Audit Comments for FY 2015-16, the Company assured to adjust the deposits pertaining to the completed ORC works amounting to Rs. 9,026.00 Lakhs during FY 2016-17 against Fixed Assets. The non-compliance of the assurance resulted in continuance of overstatement of Non-current Liabilities and Fixed Assets to the extent of Rs. 9,026.00 Lakhs with consequent effect on the depreciation and the Loss for the year.	The Company had already initiated the necessary reconciliation drive in the field offices since previous years and the reconciliation process is in progress. After reconciliation of the same, the ORC deposit will be adjusted against concerned assets.	The concerned matter is covered in Paragraph 3 ((j) & (k) within the 'Basis for Qualified Opinion' section of our 'Report on the Audit of the Standalone Financial Statements for FY 2022-23.
(c)	This includes deposit of Rs. 45.09 Crores in respect of ORC works completed and commissioned during FY 2018-19. Non-adjustment of the deposits resulted in overstatement of deposits by Rs. 45.09 Crores and consequent overstatement of ORC work-in-progress under Capital Work-in-progress to that extent.	Three ORC works with capex expenditure amounting to Rs. 40.97 Crores have been capitalized by knocking off the deposit in FY 2018-19. Five ORC works having capex expenditure amounting to Rs. 4.12 Crores will be capitalized after finalizing QV / Final bills.	The concerned matter is covered in Paragraph 3 ((j) & (k) within the 'Basis for Qualified Opinion' section of our 'Report on the Audit of the Standalone Financial Statements for FY 2022-23.
7	**Other current Financial Liabilities (Note: 18.3)**		
	This did not include Rs. 11.24 Crores being insurance premium charges recoverable from contractors and payable to Government of Maharashtra. Non-recovery of the same from the contractors has resulted in understatement of other current Financial Liabilities to the extent of Rs. 11.24 Crores with corresponding understatement of other current Assets to the same extent.	Necessary instructions are being issued to field Units to issue demand notes to the concerned Vendors for recovery of Insurance Charges. The same would also be adjusted against any amount of retentions withheld by MSETCL during the processing of RA Bills.	Issue is status quo. We inquired about the matter during our audit for the financial year 2022-23, and the management's response was consistent with what has been provided here.

8	**Other Current Liabilities (Note No.19) :**		
(a)	This does not include Rs. 13.06 Crores being non-assessment and non-recovery of the labour cess for the period July 2010 to March 2018 (Nashik Project Circle).	The labour cess is recovered and paid to the concerned authority in time. The balance amount would be recovered from the upcoming bills of the Vendors and the payment would be made immediately.	The matter in question is addressed in paragraph 3(aa) within the 'Basis for qualified opinion' section of our report on the audit of the Standalone Financial Statements for F.Y. 2022-23
	This resulted in understatement of Other Receivables and Other Current Liabilities by Rs. 13.06 crores.	Amount of Rs. 7.75 Crores has been recovered till date. The statement of the same is enclosed herewith. Further it is stated that Labour Cess of Rs.0.97 Crores could not be recovered on the Work Orders issued to M/s Areva T&D India Ltd as per Letter No. MSETCL/CO/F&A/9156 dated 03.12.2019 which is also enclosed herewith.	
(b)	Goods and Service Tax (GST) is applicable to deposits received as consideration for the supply of goods or rendering services in terms of section 2(31) of the CGST Act, 2017. The Company has not collected and deposited GST on ORC deposits resulting in short assessment and collection of GST by Rs. 43.13 Crores (*) with consequent understatement of other current liabilities and other current assets to that extent.	In case of ORC works, MSETCL collects deposits from Outright Consumers before executing the works and treats as ORC Deposits in the books of accounts of MSETCL. It is shown in the liability side of the balance sheet of the MSETCL. This amount is finally set off against the actual cost of the construction/works at the time of completion of all activities of the works. Till the constructions stage, the expenditure incurred on these works is shown as Capital WIP and finally on completion of the works this deposit amount is set-off against the total works cost. The Asset is capitalized in the books of MSETCL at Re. 1. The Operation & Maintenance (O&M) of asset is carried out by MSETCL. As Asset is not transferred to the ORC Consumers, there was an ambiguity whether it is supply service or otherwise.	Issue is status quo. We inquired about the matter during our audit for the financial year 2022-23, and the management's response was consistent with what has been provided here.
		MSETCL has submitted Application for Advance Ruling vide ARN AD270419019782S dated 25.04.2019 to Authority of Advance Ruling (AAR), GST Department regarding Applicability of GST on Deposit for Dedicated Distribution Facility (DDF)/ Dedicated Transmission System (DTS) /Out-right Contracts (ORC). The same is "Pending for Order" till date. However, as a conservative measure, MSETCL has issued Circular in May-19 for charging GST on the estimated cost of the ORC Works including supervision charges and same is paid to GST Authority. The decision regarding collection of GST on ORC deposit for the period from July'17 to March'19 shall be acted upon Order/Ruling from AAR in this regard.	
		Order / Ruling from AAR is still awaited, meanwhile MSETCL has initiated the correspondence with AAR vide letter no.- 446 dated: 17.01.2020 & no.2650 dated 31/07/2020	

C	**Other Comments**		
1	**Significant Accounting Policies**		
(a)	As against the Corporate Social Responsibility (CSR) provision of Rs. 95.20 Crores during the years 2014-15 to 2016-17 and in 2019-20, the Company could spend only Rs. 20.37 Crores during the period from 2016-17 to 2019-20 on CSR projects and Rs. 74.83 Crores (78.60 per cent) remained unspent as of March 2020. However, the reasons for the non-utilisation were not specified by the Board in its report for the year 2018- 19 made under clause (o) of sub-section (3) of section 134 of the Act.	The Company has transferred the following amounts unspent as on April 30, 2021 in respect of Provisions made till FY 20-21 into a separate bank a/c. 1) Rs. 2716.53 Lakhs – 30 April 2021 2) Rs. 2500.00 Lakhs – 25 May 2021 3) Rs. 2848.01 Lakhs – 28 May 2021 Further, the Company has transferred unspent amount of Rs. 1743.26 Lakhs on 29 April 2022 in respect of provision made for FY 21-22 into a separate bank account. The Fact has been disclosed in the Financials.	The concerned matter is covered in Paragraph XX (a) and (b) within Annexure C of our 'Report on the Audit of the Standalone Financial Statements for FY 2022-23

ANNEXURE C TO INDEPENDENT AUDITORS' REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF MAHARASHTRA STATE ELECTRICITY TRANSMISSION COMPANY LIMITED FOR THE YEAR ENDED 31ST MARCH, 2023.

[Referred to in paragraph 12 under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditors' Report]

i.

(a) The Company has not maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment and relevant details of right-of-use assets. The details of the same are as below :

Description of Property, Plant and Equipment, and relevant details of right-of-use assets	**Amount (Rs. In Lakhs)**
PPE	15,70,322.95
ROU	8,932.58

The Company has not maintained proper records showing full particulars of intangible assets. The details of the same are as below:

Description of Intangible Assets	**Amount (Rs. In Lakhs)**
Deviation Settlement Mechanism Software	61.98

(b) Property, Plant and Equipment and right of use assets of the Company have not been physically verified by the management during the year. Accordingly, material discrepancies, if any, could not be ascertained and therefore, we are unable to comment on whether such material discrepancies have been properly dealt with in the books of account.

(c) The records relating to title deeds of all the immovable properties as reflected in the standalone financial statements (i.e Land Title, 7/12 extract etc.) are not maintained/updated and the same are not reconciled with the Standalone Financial Statements as at 31st March, 2023. In the absence of appropriate and complete records, we are unable to state whether all such immovable properties are in the name of the Company.

(d) According to the information and explanations given to us, the Company has not revalued its property, plant and Equipment (including Right of Use assets) or intangible assets or both during the year. Accordingly, the requirements under paragraph 3(i)(d) of the Order are not applicable to the Company.

(e) According to the information and explanations given to us, no proceeding has been initiated or pending against the Company for holding benami property under the Benami Transactions (Prohibition) Act, 1988, as amended and rules made thereunder. Accordingly, the provisions stated in paragraph 3(i) (e) of the Order are not applicable to the Company.

ii

(a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification, coverage & procedure of such verification is reasonable and appropriate having regard to the size of the Company and the nature of its operations. Discrepancies have been identified and adjusted by the Company , however the same can not be specifically identified. Accordingly, we are unable to comment whether such discrepancies are of 10% or more in the aggregate for each class of inventories. Further, with respect to inventories lying with third parties, written confirmations have not been obtained.

(b) During the year the Company has been sanctioned working capital limits in excess of Rs. 5 crores in aggregate from Banks. However as informed to us the aforesaid sanctions are not secured on the basis of security of current assets. Hence, furnishing periodic returns to the banks are not required.

iii

(a) According to the information explanation provided to us, the Company has not made any investments in, provided any guarantee or security, or granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or any other parties. Hence, the requirements under paragraph 3(iii) of the Order are not applicable to the Company.

(b) According to the information explanation provided to us, the Company has not any granted loans and / or advances in the nature of loans. Hence, the requirements under paragraph 3(iii)(f) of the Order are not applicable to the Company.

iv. According to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Act, in respect of loans, investments, guarantees and security made.

v. According to the information and explanations given to us, the Company has outstanding balances exceeding 365 days in security deposits which are deemed to be deposits under the provisions of section 73. Accordingly, the Company has contravened the provisions of Section 73 to 76 of the Act. Details are as follows:

Deposit accepted	**Nature of Contravention**	**Amount (Rs. In Lakhs)**
Security Deposit	Amount outstanding for More than 365 days	7,533.17

vi. We have broadly reviewed the books of account maintained by the Company pursuant Rules made by the Central Government for the maintenance of cost records under Section 148(1) of the Act and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete. The company is currently in the process of conducting cost audit for the FY 22-23.

vii

(a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, undisputed statutory dues including Goods and Services tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess, and other statutory dues have generally been regularly deposited with the appropriate authorities though there has been slight delays in few cases.

Attention is drawn to para 3(q) under "Basis for Qualified Opinion" section of our audit report wherein we have mentioned that details with respect to stat dues amounting to Rs.3.028.81 Lakhs contains old liabilities which is subject to reconciliation. We are unable to comment upon the adjustments / settlements arising from such reconciliation. Subject to aforesaid outstanding statutory dues there are no undisputed statutory dues payable in respect to above statutes, outstanding as at 31 March 2023 for a period of more than six months from the date they became payable.

(b) According to the information and explanation given to us and examination of records of the Company, details of statutory dues referred to in sub-Clause (a) above which have not been deposited as on March 31, 2023 on account of any dispute, are as follows:

Name of the Statute	**Nature of the Dues**	**Amount (Rs. In Lakhs)**	**Period to which the amount relates**	**Forum where dispute is pending**
Income Tax Act, 1961	Income Tax	19,000.84	2009-10	Assessing Officer
Income Tax Act, 1961	Income Tax	310.35	2010-11	The Commissioner of Income-tax (Appeals)
Income Tax Act, 1961	Income Tax	5,372.58	2010-11	Assessing Officer
Income Tax Act, 1961	Income Tax	1,853.10	2011-12	The Commissioner of Income-tax (Appeals)
Income Tax Act, 1961	Income Tax	70.06	2011-12	The Commissioner of Income-tax (Appeals)
Income Tax Act, 1961	Income Tax	4.64	2011-12	The Commissioner of Income-tax (Appeals)
Income Tax Act, 1961	Income Tax	9.71	2012-13	The Commissioner of Income-tax (Appeals)
Income Tax Act, 1961	Income Tax	4,212.98	2013-14	The Commissioner of Income-tax (Appeals)
Income Tax Act, 1961	Income Tax	311.05	2012-13	Assessing Officer
Income Tax Act, 1961	Income Tax	936.87	2013-14	The Commissioner of Income-tax (Appeals)
Income Tax Act, 1961	Income Tax	17,524,47	2014-15	The Commissioner of Income-tax (Appeals)
Income Tax Act, 1961	Income Tax	7,107.68	2016-17	The Commissioner of Income-tax (Appeals)
Income Tax Act, 1961	Income Tax	4.037.20	2017-18	The Commissioner of Income-tax (Appeals)
Income Tax Act, 1961	Income Tax	14.27	2018-19	The Commissioner of Income-tax (Appeals)
Income Tax Act, 1961	Income Tax	8,504.92	2020-21	The Commissioner of Income-tax (Appeals)
Income Tax Act, 1961	Income Tax	96.60	2021-22	The Commissioner of Income-tax (Appeals)

viii. According to the information and explanations given to us, there are no transactions which are not accounted in the books of account which have been surrendered or disclosed as income during the year in Tax Assessment of the Company. Also, there are no previously unrecorded income which has been now recorded in the books of account. Hence, the provision stated in paragraph 3(viii) of the Order is not applicable to the Company.

ix

(a) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings or in payment of interest thereon to any lender.

(b) According to the information and explanations given to us and on the basis of our audit procedures, we report that the Company has not been declared willful defaulter by any bank or financial institution or government or any government authority.

(c) In our opinion and according to the information explanation provided to us, money raised by way of term loans during the year have been applied for the purpose for which they were raised.

(d) According to the information and explanation provided to us, there are no funds raised on short term basis. Accordingly, the provision stated in paragraph 3(ix)(d) of the Order is not applicable to the Company.

(e) According to the information explanation given to us and on an overall examination of the standalone financial statements of the Company, we report that the Company has not taken any funds from an any entity or person on account of or to meet the obligations of its associates.

(f) According to the information and explanations given to us and procedures performed by us, we report that the Company has not raised loans during the year on the pledge of securities held in its joint ventures or associate companies. Hence, reporting under the Clause 3(ix)(f) of the order is not applicable to the Company.

x

(a) In our opinion and according to the information explanation given to us, the Company did not raise any money by way of initial public offer or further public offer (including debt instruments) during the year. Hence, the provisions stated in paragraph 3 (x)(a) of the Order are not applicable to the Company.

(b) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully, partly, or optionally convertible debentures during the year. Hence, the provisions stated in paragraph 3 (x)(b) of the Order are not applicable to the Company.

xi

(a) Based on 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 report that no fraud by the Company nor on the Company has been noticed or reported during the course of our audit.

(b) We have not come across of any instance of fraud by the Company or on the Company during the course of audit of the standalone financial statement for the year ended March 31, 2023, accordingly the provisions stated in paragraph (xi)(b) of the Order is not applicable to the Company.

(c) As represented to us by the Management, there are no whistle-blower complaints received by the Company during the year, under its vigilance department.

xii

(a) The Company is not a Nidhi Company. Accordingly, the provisions stated in paragraph 3(xii) (a) to (c) of the Order are not applicable to the Company.

xiii. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with Sections177 and 188 of the Act, where applicable and details of such transactions have been disclosed in the standalone1 financial statements as required by applicable accounting standards.

xiv

(a) In our opinion and based on our examination, the Company has an internal audit system under Section 138 of the Act. However, the same is not commensurate with the size and nature of its business.

(b) We have considered internal audit reports of the Company issued till date, for the period under audit.

xv. According to the information and explanations given to us, in our opinion, during the year the Company has not entered into non-cash transactions with directors or persons connected with its directors and hence, provisions of Section 192 of the Act are not applicable to Company.

xvi

(a) The Company is not required to be registered under Section 45 IA of the Reserve Bank of India Act, 1934 and accordingly, the provisions stated in paragraph 3 (xvi)(a) of the Order are not applicable to the Company.

(b) The Company is not required to be registered under Section 45 IA of the Reserve Bank of India Act, 1934 and accordingly, the provisions stated in paragraph 3 (xvi)(b) of the Order are not applicable to the Company.

(c) The Company is not a Core investment Company (CIC) as defined in the regulations made by Reserve Bank of India. Hence, the reporting under paragraph 3 (xvi)(c) of the Order are not applicable to the Company.

(d) The Group does not have any CIC as part of its group. Hence the provisions stated in paragraph 3 (xvi) (d) of the order are not applicable to the Company.

xvii. Based on the overall review of standalone financial statements, the Company has not incurred cash losses in the current financial year and in the immediately preceding financial year. Hence, the provisions stated in paragraph 3 (xvii) of the Order are not applicable to the Company.

xviii. There has been no resignation of the statutory auditors during the year. Hence, the provisions stated in paragraph 3 (xviii) of the Order are not applicable to the Company.

xix. According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the standalone financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

xx

(a) In respect of other than ongoing projects, the Company has transferred unspent amount to a Fund specified in schedule VII of the Act within a period of six months of the expiry of the financial year in compliance second proviso to sub-Section (5) of Section 135 of the Act.

(b) In respect of ongoing projects, the Company has transferred unspent amount to a special account within a period of thirty days from the end of the financial year in compliance with Section 135(6) of the said Act, except in respect of the following:

Financial Year	Amount unspent on Corporate Social Responsibility activities "Ongoing Projects" (Rs. In Lakhs)	Amount transferred to special Account within 30 days from the end of the financial year (Rs. In Lakhs)	Amount transferred after the due date (specify the date of transfer) (Rs. In Lakhs)
(a)	(b)	(c)	(d)
FY 20-21 and Earlier years	8,126.80	2,716.53	2,500.00
		Transfer date : 30 April 2021	Transfer Date: 25th May 2021
			2,848.01
			Transfer Date: 28th May 2021

xxi. The reporting under Clause 3(xxi) of the Order is not applicable in respect of audit of standalone financial statements. Accordingly, no comment in respect of the said Clause has been included in the report.

For M S K A & Associates
Chartered Accountants
ICAI Firm Registration No. 105047W

Sd/-
Vaijayantimala Belsare
Partner
Membership No. 049902
UDIN: 23049902BGXVSK9607

Place: Mumbai
Date: October 27, 2023

ANNEXURE D TO THE INDEPENDENT AUDITOR’S REPORT EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF MAHARASHTRA STATE ELECTRICITY TRANSMISSION COMPANY LIMITED

[Refer to in paragraph 13(g) under ‘Report on Other Legal and Regulatory requirements’ in the Independent auditor’s Report of even date to the Members of Maharashtra State Electricity Transmission Company Limited on the Financial Statements for the year ended March 31, 2023]

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

Qualified Opinion

We have audited the internal financial controls with reference to standalone financial statements of Maharashtra State Electricity Transmission Company Limited (“the Company”) as of March 31, 2023 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

In our opinion, except for the possible effects of the material weaknesses described in Basis' for Qualified Opinion section below on the achievement of the objectives of the control criteria, the Company has maintained, in all material respects, adequate internal financial controls with reference to standalone financial statements and such internal financial controls with reference to standalone financial statements were operating effectively as of March 31, 2023, based on the internal control with reference to standalone financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI) (the "Guidance Note").

We have considered the material weaknesses identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the March 31, 2023 standalone financial statements of the Company, and these material weaknesses does affect our opinion on the standalone financial statements of the Company.

Basis for Qualified Opinion

According to the information and explanations given to us and based on our audit, the following material weakness/es has / have been identified as at March 31, 2023:

a) The Company did not have an appropriate formal documentation and risk control matrix with respect to Revenue to Receivable, Other Expense, Other Income, Financial Reporting Closure Process.

b) The Company did not have documented policies and procedures pertaining to materials/equipment given to vendors/third parties on loan basis.

c) The Company did not have documented policies and procedures pertaining to write back of old balances and write off of old outstanding balances.

d) The company does not have laid down policies and procedures pertaining to the tendering process.

e) The company did not have documented policies and procedures with respect to documentation of deviation for tendering process pertaining to repairs and maintenance.

f) The Company did not have appropriate controls to track and capitalize Property, Plant and Equipment on timely basis.

In addition to above, we also refer to ‘Basis for Qualified Opinion’ section of our audit report dated October 27, 2023 and the consequential impact it may have on Company’s processes and internal controls, and to that extent, we are unable to comment on whether there is any material weakness in the Company’s internal controls as at March 31, 2023.

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

Management’s Responsibility for Internal Financial Controls

The Company’s Management is responsible for establishing and maintaining internal financial controls based on the internal control with reference to standalone financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors’ Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to standalone financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to standalone financial statements was established and maintained and if such controls operated effectively in all material respects.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion on the Company’s internal financial controls with reference to standalone financial statements.

Meaning of Internal Financial Controls with reference to Standalone Financial Statements

A Company's internal financial control with reference to standalone financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control with reference to standalone financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of standalone financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the standalone financial statements.

Inherent Limitations of Internal Financial Controls with reference to Standalone Financial Statements

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

For M S K A & Associates
Chartered Accountants
ICAI Firm Registration No. 105047W

Sd/-
Vaijayantimala Belsare
Partner
Membership No. 049902
UDIN: 23049902BGXVSK9607

Place: Mumbai
Date: October 27, 2023

Standalone Financial Statements

Maharashtra State Electricity Transmission Company Limited
CIN : U40109MH2005SGC153646
Standalone Balance Sheet as at 31st March 2023

(Rs. in lakhs)

	Particulars	Note No	As at 31.03.2023	As at 31.03.2022
I	**ASSETS**			
(1)	**Non-Current Assets**			
	(a) Property, Plant and Equipment	4.1	15,70,322.95	15,81,201.63
	(b) Capital Work-in-Progress	4.2	3,78,377.14	3,41,932.91
	(c) Intangible Assets	4.3	61.98	163.45
	(d) Right of Use Assets	4.4	8,932.58	17,744.03
	(e) Financial Assets			
	(i) Investment			
	- Investments in Subsidiaries, Associates and Joint Ventures	5.1	5,335.92	5,335.92
	- Other Investments	5.2	1,29,651.86	1,00,018.21
	(ii) Loans	6	137.35	124.49
	(iii) Other Non-Current Financial Assets			
	(f) Non Current Tax Assets (Net)	7	77,856.55	73,679.73
	(g) Other Non-Current Assets	8	9,119.07	8,965.85
	Total Non-Current Assets		**21,79,795.40**	**21,29,166.23**
(2)	**Current Assets**			
	(a) Inventories	9	37,396.62	28,116.79
	(b) Financial Assets			
	(i) Investments	10.1	2,739.24	15,314.50
	(ii) Trade Receivables	10.2	3,76,763.54	3,19,197.80
	(iii) Cash and Cash Equivalents	10.3	62,973.30	66,636.38
	(iv) Other Bank balances	10.4	23,861.78	22,759.62
	(v) Loans	10.5	265.35	250.89
	(vi) Other Current Financial Assets	10.6	9,770.43	5,128.47
	(c) Other Current Assets	11	649.39	845.40
	(d) Assets Classified as Held for Sale		5,119.09	5,517.75
	Total Current Assets		5,19,538.74	4,63,767.60
	TOTAL ASSETS		**26,99,334.13**	**25,92,933.83**
II	**EQUITY AND LIABILITIES**			
(1)	**Equity**			
	(a) Equity Share capital	12	8,98,497.47	8,98,497.47
	(b) Other Equity	13	5,27,540.38	4,25,252.52
	Total Equity		**14,26,037.85**	**13,23,749.99**
(2)	**Liabilities**			
	Non-Current Liabilities			
	(a) Financial Liabilities			
	(i) Borrowings	14.1	3,96,297.24	4,20,249.56
	(ii) Lease Liabilities	28	41.24	31.13
	(iii) Other Non-Current Financial Liabilities	14.2	1,40,118.70	1,23,273.97
	(b) Provisions	15	1,14,377.57	1,03,377.12
	(c) Deferred Tax Liabilities (Net)	16	2,45,110.12	2,46,674.17
	(d) Non Current Tax Liabilities (Net)	17	42,408.02	42,408.02
	(e) Other Non-Current Liabilities	18	1,54,516.50	1,54,594.59
	Total Non-Current Liabilities		**10,92,869.39**	**10,90,608.55**
	Current Liabilities			
	(a) Financial Liabilities			
	(i) Borrowings	19.1	87,354.53	81,462.01
	(ii) Lease Liabilities	28	35.90	1,947.42
	(iii) Trade Payables	19.2		
	total outstanding dues of micro enterprises and small enterprises		430.13	283.73
	total outstanding dues of creditors other than micro enterprises and small enterprises		24,103.03	24,761.38
	(iv) Other Current Financial Liabilities	19.3	12,662.58	13,132.49
	(b) Provisions	20	29,912.98	27,398.25
	(c) Other Current Liabilities	21	25,927.74	29,590.02
	Total Current Liabilities		**1,80,426.89**	**1,78,575.30**
	TOTAL EQUITY AND LIABILITIES		**26,99,334.13**	**25,92,933.83**
	Significant Accounting Policies	1 to 3		

The accompanying notes are an integral part of these Standalone Financial Statements
As per our attached report of even date

For M S K A & Associates
Chartered Accountants
Firm Registration Number - 105047W

Sd/-
Vaijayantimala Belsare
Partner
ICAI Membership No. 049902

Place : Mumbai
Date : October 27,2023

For Maharashtra State Electricity Transmission Company Limited

Sd/-
Santosh Amberkar
Chief General Manager (F&A)

Sd/-
Ashok Phalnikar
Director (Finance)
(DIN. 08908820)

Sd/-
Dr. Sanjeev Kumar
Chairman & Managing Director
(DIN. 08352295)

Sd/-
Vineeta Shriwani
Company Secretary
(Membership No. A21814)

Maharashtra State Electricity Transmission Company Limited
CIN : U40109MH2005SGC153646
Standalone Statement of Profit and Loss for the year ended 31st March, 2023

(Rs. in lakhs)

	Particulars	Note No	Year ended 31 March 2023	Year ended 31 March 2022
	Revenue			
I	Revenue from Operations	22	4,89,563.46	4,86,379.78
II	Other Income	23	78,622.20	33,941.95
III	**Total Income (I + II)**		**5,68,185.66**	**5,20,321.73**
IV	**Expenses**			
	Repairs & Maintenance Expenses	24	55,075.35	39,174.54
	Employee Benefits Expense	25	1,35,092.79	1,16,426.06
	Finance Costs	26	38,695.62	41,897.51
	Depreciation and Amortization Expense		1,34,190.30	1,21,957.84
	Other Expenses	27	48,735.36	40,314.45
	Total Expenses (IV)		**4,11,789.42**	**3,59,770.40**
V	**Profit Before Exceptional Items and Tax Expense (III-IV)**		**1,56,396.24**	**1,60,551.33**
VI	**Exceptional Items**			
	Repairs & Maintenance Expenses	50	0.00	41,548.65
VII	**Profit before tax (V - VI)**		1,56,396.24	1,19,002.68
VIII	**Tax Expense:**			
	(1) Current tax		(53,834.73)	(35,139.69)
	(2) Deferred tax		1,106.66	11,672.96
IX	**Profit for the Year (VII - VIII)**		**1,03,668.17**	**95,535.95**
X	**Other Comprehensive Income**			
	(i) Items that will not be reclassified to profit or loss			
	- Remeasurement of defined benefit plans		(1,308.90)	(3,297.40)
	(ii) Income tax relating to items that will not be reclassified to profit or loss		457.38	1,152.24
	Total Other Comprehensive Income for the year, net of income tax (X)		**(851.52)**	**(2,145.16)**
XI	**Total Comprehensive Income for the Year (IX + X)**		**1,02,816.65**	**93,390.79**
XII	Basic and Diluted Earnings per Share (in Rs.) (Face Value Rs 10/-)	32	1.15	1.06
	Significant Accounting Policies	1 to 3		

The accompanying notes are an integral part of these Standalone Financial Statements
As per our attached report of even date

For M S K A & Associates
Chartered Accountants
Firm Registration Number - 105047W

Sd/-
Vaijayantimala Belsare
Partner
ICAI Membership No. 049902

Place : Mumbai
Date : October 27, 2023

For Maharashtra State Electricity Transmission Company Limited

Sd/-
Santosh Amberkar
Chief General Manager (F&A)

Sd/-
Ashok Phalnikar
Director (Finance)
(DIN. 08908820)

Sd/-
Dr. Sanjeev Kumar
Chairman & Managing Director
(DIN. 08352295)

Sd/-
Vineeta Shriwani
Company Secretary
(Membership No. A21814)

Maharashtra State Electricity Transmission Company Limited

CIN : U40109MH2005SGC153646

Standalone Statement of Cash Flows for the year ended 31st March, 2023

(Rs. in lakhs)

Particulars	For Year Ended 31-03-2023	For Year Ended 31-03-2022
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit Before Tax	**1,56,396.24**	**1,19,002.68**
Adjustment for :		
Depreciation and Amortisation	1,34,190.30	1,21,957.84
Amortisation of government grants		
Gain on disposal of property, plant and equipments	(1,603.75)	(1,218.81)
Gain on sale of investments	-	-
Proceeds from sale of scrap Assets	(2.66)	(105.40)
Dividends received	(132.07)	-
Interest received	(10,692.88)	(11,134.40)
Finance costs	45,135.85	49,260.94
Loss due to Foreign Exchange Rate Variation	547.20	0.37
Sundry Balances W/Off	379.97	430.08
Income Tax Refund	-	-
Operating Profit Before Working Capital Changes	**3,24,218.20**	**2,78,193.30**
Movements in Working Capital		
(Increase) in Inventory	(9,279.83)	(8,994.08)
(Increase) in Trade Receivable	(57,945.71)	(18,496.09)
(Increase)/Decrease in Short Term Loan and Advance	(14.46)	26.29
(Increase) in Other Current Assets	(4,445.95)	(2,228.59)
Increase in Long Term Provisions	11,000.45	8,278.43
Increase/(Decrease) in Provisions	2,514.73	(8,916.08)
(Increase)/Decrease in Other Non-Current Assets		
Capital Advances	(60.04)	(0.80)
Unamortised transaction cost	(1,601.32)	(5.59)
Balances with group companies	-	(0.07)
Security Deposits	2,597.65	1,560.09
Advances to Suppliers	(1,094.09)	(560.87)
Advances and Recoverables	4.58	0.18
In Other non current financial liabilities		
Retention Money	5,143.85	162.61
Security Deposits	8,022.48	(2,320.94)
Other deposits	3,678.40	(821.16)
(Decrease) in Trade Payables	(511.95)	(4,087.61)
(Decrease) in Other Current Liabilities	(15,876.03)	(21,392.90)
Increase/(Decrease) in Other Long Term Liabilities		
Cash generated from operations	**2,66,350.96**	**2,20,396.11**
Taxes Paid	(47,576.61)	(35,218.25)
NET CASH FROM OPERATING ACTIVITIES	**2,18,774.35**	**1,85,177.86**
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Property,Plant and Equipments including Captail Work in Progress and Capital Advance (Net of Sale Proceeds)	(1,49,515.43)	(88,802.74)
Receipts of government grants	(1,772.28)	1,631.94
Long term loans and advances	(12.86)	(0.35)
Other non-current assets		
Receipts of ORC Deposits	1,843.00	9,506.28
Investment in Associates/Joint Ventures	-	-
(Purchase)/Sale in Investment	(18,160.55)	(3,004.57)
Interest Received	-	-
Dividends received	132.07	-
Interest received	10,692.88	11,134.40
NET CASH USED IN INVESTING ACTIVITIES	**(1,56,793.17)**	**(69,535.04)**

(Rs. in lakhs)

Particulars	For Year Ended 31-03-2023	For Year Ended 31-03-2022
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds/(Repayment) from Borrowings	(18,607.00)	(37,076.10)
Payment of Lease Liabilities	(1,901.41)	(1,737.86)
Interest paid / Finance costs	(45,135.85)	(49,260.95)
NET CASH USED IN FINANCING ACTIVITIES	**(65,644.26)**	**(88,074.91)**
Net (Decrease) in Cash & Cash Equivalents (A+B+C)	**(3,663.09)**	**27,567.92**
Opening Balance of Cash & Cash Equivalents	66,636.38	39,068.47
Closing Balance of Cash & Cash Equivalents	**62,973.29**	**66,636.38**

Components of Cash & Cash Equivalents at	For Year Ended 31-03-2023	For Year Ended 31-03-2022
Balances with Banks		
In Current Accounts	7,706.93	6,705.31
In Fixed Deposit Accounts (with original maturity of less than 3 months)	33,987.70	37,709.55
Cash and Stamps on Hand	12.57	12.42
In Designated Current Account operated and maintained in terms of MERC Regulation	21,266.10	22,209.10
Cash & Cash Equivalents at the end of the year	**62,973.30**	**66,636.38**

The Statement of Cash Flows has been prepared under the “Indirect method” as set out in Indian Accounting Standard 7-Statement of Cash Flows.

As per our attached report of even date

For M S K A & Associates
Chartered Accountants
Firm Registration Number - 105047W

Sd/-
Vaijayantimala Belsare
Partner
ICAI Membership No. 049902

Place : Mumbai
Date : October 27, 2023

For Maharashtra State Electricity Transmission Company Limited

Sd/-
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Chief General Manager (F&A)

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Chairman & Managing Director
(DIN. 08352295)

Sd/-
Vineeta Shriwani
Company Secretary
(Membership No. A21814)

Maharashtra State Electricity Transmission Company Limited
CIN : U40109MH2005SGC153646
Standalone Statement of Changes in Equity for the year ended 31st March, 2023

A. Equity Share Capital

For the year ended 31st March, 2023 **(Rs. in lakhs)**

Balance as at 1st April, 2022	Changes during the Year	Balance as at 31st March, 2023
8,98,497.47	-	898,497.47

For the year ended 31st March, 2022 **(Rs. in lakhs)**

Balance as at 1st April, 2021	Changes during the Year	Balance as at 31st March, 2022
8,98,497.47	-	898,497.47

B. Other Equity

For the year ended 31st March, 2023 **(Rs. in lakhs)**

Particulars	Reserves & Surplus				Total Equity
	Contingency Reserve Fund	Special Reserve Fund	Load Despatch Center Empowerment Reserve (LDCD) Fund	Retained Earnings	
Balance as at 1st April, 2022	**77,978.00**	**13,939.00**	**4,283.76**	**3,29,051.76**	**4,25,252.52**
Profit for the year				1,03,668.17	1,03,668.17
Other comprehensive income				(851.52)	(851.52)
Total Comprehensive Income	-	-	-	**1,02,816.65**	**1,02,816.65**
Transfer to Retained Earnings	-	-	-	0.89	0.89
Transfer from Retained Earnings	7,323.00	-	-	(7,323.00)	-
Utilisation for Capex (allowed by MERC)	-	-	(529.68)	-	(529.68)
Balance as at 31st March, 2023	**85,301.00**	**13,939.00**	**3,754.08**	**4,24,546.30**	**5,27,540.38**

For the year ended 31st March, 2022 **(Rs. in lakhs)**

Particulars	Reserves & Surplus				Total Equity
	Contingency Reserve Fund	Special Reserve Fund	Load Despatch Center Empowerment Reserve (LDCD) Fund	Retained Earnings	
Balance as at 1st April, 2021	**69,643.00**	**13,939.00**	**6,941.56**	**2,42,138.89**	**3,32,662.45**
Profit for the year				95,535.95	95,535.95
Other comprehensive income				(2,145.16)	(2,145.16)
Total Comprehensive Income	-	-	-	**93,390.79**	**93,390.79**
Transfer from Retained Earnings	8,335.00	-	(1,857.08)	(6,477.92)	-
Utilisation for Capex (allowed by MERC)	-	-	(800.72)	-	(800.72)
Balance as at 31st March, 2022	**77,978.00**	**13,939.00**	**4,283.76**	**3,29,051.76**	**4,25,252.52**

As per our attached report of even date

For M S K A & Associates
Chartered Accountants
Firm Registration Number - 105047W

Sd/-
Vaijayantimala Belsare
Partner
ICAI Membership No. 049902

Place : Mumbai
Date : October 27, 2023

For Maharashtra State Electricity Transmission Company Limited

Sd/-
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Chief General Manager (F&A)

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Ashok Phalnikar
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(DIN. 08908820)

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Dr. Sanjeev Kumar
Chairman & Managing Director
(DIN. 08352295)

Sd/-
Vineeta Shriwani
Company Secretary
(Membership No. A21814)

Notes to Standalone Financial Statements for the year ended 31st March, 2023

1 Corporate and General Information

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 Scheme was approved by Government of Maharashtra (GoM) on 31.03.2016. The transfer of Assets and Liabilities under the above Transfer Scheme was made by the GoM. As decided the consideration for the transfer of undertaking being excess of assets over liabilities is discharged by issue of Equity Shares of Rs. 898,497.47 lakh to MSEB Holding Company Limited(the Holding Company).

Maharashtra State Electricity Transmission Company Limited ('MSETCL' or 'the Company') is a leading state transmission utility in the country. MSETCL owns and operates most of Maharashtra's Electric Power Transmission System. The Company is a wholly owned corporate entity under the Maharashtra Government incorporated and domiciled in India on May 31, 2005 after restructuring the erstwhile Maharashtra State Electricity Board to transmit electricity from its point of generation to its point of distribution.

The Company is notified as the State Transmission Utility (STU) under The Electricity Act, 2003. Its registered office of business is located at Prakashganga, C-19, E Block, Bandra Kurla Complex, Mumbai and is principally engaged in planning, implementation, operation and maintenance of Intra-State Transmission System (ISTS),

2 Statement of significant Accounting Policies

2.1 Statement of Compliance

The financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act), Companies (Indian Accounting Standards) Rules, 2015 and the relevant provisions of the Companies Act, 2013, and the provisions of the Electricity Act, 2003 to the extent applicable and as amended thereafter. Accounting policies have been consistently applied to all the years presented unless otherwise stated.

2.2 Basis of preparation and presentation

The financial statements have been prepared on accrual basis and under the historical cost convention except following which have been measured at fair value;

- Certain financial assets and liabilities that are measured at fair value;
- Assets held for sale - measured at lower of carrying amount or fair value less cost to sell;
- Defined benefit plans - plan assets measured at fair value;

The Company has prepared the financial statements on the basis that it will continue to operate as a going concern.

2.3 Current and Non-current Classification

The Company presents assets and liabilities in the balance sheet based on current / non-current classification. An

- expected to be realised or intended to be sold or consumed in normal operating cycle,
- held primarily for the purpose of trading,
- expected to be realised within twelve months after the reporting period, or
- cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- it is expected to be settled in normal operating cycle,
- it is held primarily for the purpose of trading,
- it is due to be settled within twelve months after the reporting period, or
- there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents.

The Company has identified twelve months as its operating cycle.

2.4 Rounding of amounts

All amounts disclosed in the financial statements and notes have been rounded off to the nearest lakh as per the requirement of Schedule III, unless otherwise stated.

2.5 Use of estimates and judgments

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

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

- Estimates of useful lives, residual value and impairment of Property, Plant and Equipments and Intangible Assets;
- Valuation of Inventories;
- Measurement of Defined Benefit Obligations and actuarial assumptions;
- Provisions;
- Evaluation of recoverability of deferred tax assets; and
- Contingencies.

Revisions to accounting estimates are recognized prospectively in the Statement of Profit and Loss in the period in which the estimates are revised and in any future periods affected.

2.6 Property, Plant and Equipment (Ind AS 16)

Property, Plant and Equipment is initially measured at cost of acquisition/construction including any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. After initial recognition, Property, Plant and Equipment is carried at cost less accumulated depreciation / amortization and accumulated impairment losses, if any.

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

Property, Plant and Equipment acquired as replacement of the existing assets are capitalized and its corresponding replaced assets removed/ retired from active use are derecognized. If the cost of the replaced part or earlier inspection is not available, the estimated cost of similar new parts/inspection is used as an indication of what the cost of the existing part/ inspection component was when the item was acquired or inspection was carried out.

In the case of commissioned assets, contracts for construction of Sub-station and Transmission Lines where final settlement of bills with contractors is yet to be effected, capitalization is done on provisional basis subject to necessary adjustments in the year of final settlement.

The cost of land includes payments/liabilities towards compensation and other expenses wherever possession of land is taken.

Expenditure on levelling, clearing and grading of land is capitalized as cost of Land Development.

Spare parts, standby equipment and servicing equipment whose cost is Rs.10,00,000/- and above, which meets the recognition criteria of Property, Plant and Equipment were capitalized by the Company. However due to the introduction of MERC Capex Regulation 2022, wherein any replacement scheme and procurement of Standby spares would not be allowed as Capex Scheme and needs to be carried out under R&M Scheme. Hence, from FY 2021-22, the Company follows the MERC Regulation as, being an Regulatory Business, the ARR is approved by MERC

An item of Property, Plant and Equipment is derecognized when no future economic benefits are expected from their use or upon disposal.

Cost of ORC Assets constructed are knocked off against the respective ORC Deposits received from the Customers and such assets are recognised at nominal value of Rupee 1 for identification and not at its cost of construction.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in the Statement of Profit and Loss on the date of disposal or retirement.

2.7 Capital Work-In-Progress (CWIP) (Ind AS 16)

Cost of material, erection charges and other expenses incurred for the construction of Property, Plant and Equipment are shown as CWIP based on progress of erection work till the date of capitalization.

Expenditure of Project Offices, attributable to construction of property, plant and equipment are identified and allocated on a systematic basis to the cost of the related assets.

Unsettled liability for price variation/exchange rate variation in case of contracts is accounted for on estimated basis as per terms of the contracts.

Costs incurred on identification, survey and feasibility studies of a project under sanctioned scheme are shown as a distinct item under 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 Statement of Profit and Loss in the year of rejection.

2.8 Intangible Assets (Ind AS 38)

Intangible assets are measured on initial recognition at cost. After initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses.

Subsequent expenditure on already capitalized Intangible assets is capitalized when it increases the future economic benefits embodied in an existing asset and is amortized prospectively.

The cost of software (which is not an integral part of the related hardware) acquired for internal use and resulting in significant future economic benefits is recognized as an intangible asset when the same is ready for its use.

An item of Intangible asset is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit and Loss when the asset is derecognized.

2.9 Depreciation/Amortization (Ind AS 16)

Depreciation/amortization on the assets related to transmission business is provided on straight line method following the rates and methodology notified by the Maharashtra Electricity Regulatory Commission (MERC) for the purpose of recovery of tariff.

Cost of software capitalized as intangible asset is amortized over the period of legal right to use or 4 years, whichever is less with nil residual value.

Mobile Phones are charged off within 3 years from the date of Purchase.

Depreciation/ Amortization on additions to/deductions from property, plant and equipment during the year is charged on pro-rata basis from/up to the date on which the asset is available for use/disposed.

Where the cost of depreciable property, plant and equipment has undergone a change due to increase/decrease on account of price adjustment, change in duties or similar factors, the unamortized balance of such asset is depreciated retrospectively at the rates and methodology as specified by the MERC Tariff Regulations.

The residual values, useful lives and methods of depreciation for assets other than assets related to transmission business are reviewed at each financial year end and adjusted prospectively, wherever required.

Property, Plants & Equipments costing Rs. 5,000/- or less, are fully depreciated in the year of acquisition.

Leasehold land (Except Considered as ROU under Ind AS-116 as referred in para 2.12) is fully amortized over lease period in accordance with the rates and methodology specified in MERC Tariff Regulation.

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

Particulars	Rate
Tangible Assets	
Hydraulic Works	5.28%
Buildings & Other Civil Works	3.34%
Plant & Machinery	5.28%
Transmission lines, Cable Network etc.	5.28%
Furniture, Fixtures and Office Equipments	5.28 % to 15%
Vehicles	6.33%

2.10 Borrowing costs (Ind AS 23)

Borrowing costs consist of interest and other costs incurred in connection with the borrowing of funds. Borrowing costs also include exchange differences to the extent regarded as an adjustment to the borrowing costs.

Interest during construction (IDC) and expenditure (net) allocated to construction as per policy referred at 2.7 above are kept as a separate item under CWIP and apportioned to the assets being capitalized in proportion to the closing balance of CWIP. Actual IDC is calculated for schemes where it is possible. In case of remaining scheme, debt equity ratio of 75:25 is considered for calculating of IDC for opening capex as well as capex incurred during the year. FIFO method is followed while considering the capitalization i e first capitalization of asset will be taken place from opening balance of capex. The weighted average rate of interest of each financial institution and banks is applied for calculating IDC.

Borrowing costs that are attributable to the acquisition or construction of qualifying assets (i.e. an asset that necessary takes a substantial period of time to get ready for its intended use) are capitalized as a part of cost of such assets. All other borrowing costs are charged to the Statement of Profit and Loss.

Capitalization of Borrowing cost ceases when substantially all the activities necessary to prepare the qualifying assets for their intended use are completed

Investment income earned on temporary investment of funds of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

2.11 Non-current assets held for sale (Ind AS 105)

Non-current assets are classified as held for sale if their carrying amounts will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sale of such assets.

Non-current assets are classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell.

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

2.12 Leases (Ind AS 116)

A contract is, or contain, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange of consideration.

Company as a lessee

The Company accounts for each lease component within the contract as a lease separately from non-lease components of the contract and allocate the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone of the non-lease components.

The Company recognises right of use asset representing its right to use the underlying asset for the lease term at the lease commencement date. The cost of the right-0f-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any incentives received, plus any initial direct costs incurred and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset or restoring the underlying asset or site on which it is located. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any measurement of the lease liability. The right-of-use assets is depreciated using the straight line method from the commencement date over the shorter of lease term or useful life of right-of –use asset. The estimated useful life if right-of-use assets are determined on the same basis as those of property, plant and equipment. Right-of-Use Asset are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable, impairment loss, if any, is recognised in the statement of profit and loss.

The Company measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses borrowing rate of 10.04% as considered by MERC during the approval of Interest Expenses on Normative Loans in its ARR Orders. For leases with reasonably similar characteristic's , the Company, on a lease by lease basis, may adopt either the incremental borrowing rate specific to the lease or the incremental borrowing rate for the portfolio as a whole. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modification or to reflect revised in-substance fixed lease payments. The Company recognises the amount of re-measurement of lease liability due to modification as an adjustment to the right-of-use asset and statement of profit and loss depending upon the nature of modification. Where the carrying amount of right-of-use asset is reduced to zero and there is further reduction in the measurement of the lease liability, the Company recognises any remaining amount of the re-measurement in statement of profit and loss.

The Company has elected not to apply the requirement of Ind AS 116 Leases to short-term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease payment associated with these leases are recognised as an expense on a straight line basis over the lease term.

On transition, the Company recognised a lease liability measured at the present value of the remaining lease payments. The right-of-use asset is recognised at its carrying amount as if the standard had been applied since the commencement of the lease, but discounted using the lessees' incremental borrowing rate as at April 1, 2019. The Company has leases that were classified as finance leases applying Ind AS 17. For such leases, the carrying amount of the right-of-use asset and the lease liability at the date of initial application of Ind AS 116 is the carrying amount of the lease asset and lease liability on the transition date as measured applying Ind AS 17.

Company as a lessor

At the inception of the lease the Company classifies each of its leases as either an operating lease or a finance lease. The company recognises lease payments received under operating leases as income on straight line basis over the lease term. In case of finance lease, finance income is recognised over the lease term based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the lease. When the Company is an intermediate lessor it accounts for its interests in the head lease.

If an arrangement contains lease and non lease components, the Company applies Ind AS 115 Revenue from Contracts with Customers to allocate the consideration in the contract.

The Company has adopted Ind AS 116, effective annual reporting period beginning April 1, 2019 and applied the standard to its leases, modified retrospective approach. Accordingly, the Company has not restated comparative information. The lease contracts entered by the Company majorly pertains for Land and buildings taken on lease to conduct its business in the ordinary course. The Company does not have any lease restrictions and commitment towards variable rent as per the contract.

The Company is not required to make any adjustments on transition to Ind AS 116 for leases in which it acts as a lesser. The Company accounted for its leases in accordance with Ind AS 116 from the date of initial application.

2.13 Impairment of Non-financial assets, other than inventories (Ind AS 36)

Cash generating units as defined in Ind AS 36 'Impairment of Assets' are identified at the Balance Sheet date. At the date of Balance Sheet, if there is any indication of impairment and the carrying amount of the cash generating unit exceeds its recoverable amount (i.e. the higher of the fair value less costs of disposal and value in use), an impairment loss is recognized. The carrying amount is reduced to the recoverable amount and the reduction is recognized as an impairment loss in the Statement of Profit and Loss. The impairment loss recognized in the prior accounting period is reversed to the extent of increase in the estimate of recoverable amount. Post impairment, depreciation is provided on the revised carrying value of the impaired asset over its remaining useful life.

2.14 Inventories (Ind AS 2)

Inventories are valued at Lower of cost and net realizable value. The cost of inventories is determined on weighted average basis.

Cost of inventories comprises of cost of purchase and other costs incurred in bringing the inventories to its present location and condition. Inventories are issued on First In First Out (FIFO) basis.

Obsolete, slow moving and unserviceable stocks are identified at the time of physical verification of stocks and where necessary, provision is made for such stocks.

2.15 Revenue Recognition (Ind AS 115)

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates.

Transmission Income

Revenue from Transmission of Electricity received from Distribution Licensees is accounted for based on Monthly Intra State Transmission Tariff Order issued by the Maharashtra Electricity Regulatory Commission (MERC).

Revenue from Operations such as Open Access charges, SLDC Charges, Rescheduling Charges are recognized as per MERC Orders.

Dividend Income

Dividend income is recognized when the right to receive payment is established.

Interest Income

Interest income is accounted on accrual basis.

Sale of Scrap

Income from sale of scrap is accounted for on realization basis.

Supervision charges

The supervision charges received from Outright Consumers Contribution is recognised in the year of the collection.

Other Income

Other Income is recognized on accrual basis except when ultimate realization of such income is uncertain.

2.16 Employee Benefits (Ind AS 19)

Short Term Employee Benefits:

Short term employee benefits are recognized at the undiscounted amount in the Statement of Profit and Loss in the year in which the related services are rendered.

Other long-term employee benefit obligations

The liabilities for earned leave and sick leave that are not expected to be settled wholly within 12 months are measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method based on Actuarial Valuation.

The benefits are discounted using the yields of Corporate Bonds at the end of the reporting period that have terms approximating to the terms of the related obligation.

Re-measurements as a result of experience adjustments and changes in actuarial assumptions are recognised in the Statement of Profit and Loss.

Post- employment benefits:

The Company operates the following post-employment schemes:

(i) Defined Benefit Plans such as gratuity; and

(ii) Defined contribution plans such as provident fund.

Defined Benefit Plan

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

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Defined Contribution Plan

Defined Contribution Plans such as Provident Fund etc. are charged to the Statement of Profit and Loss as incurred. Further for certain employees, the monthly contribution for Provident Fund is made to a separate trust which also manages funds of other group companies. The minimum rate of interest payable by the Trust is in accordance with rate notified by the Government. The Company has an obligation to make good the shortfall, if any.

2.17 Foreign Currency Transactions (Ind AS 21)

(i) Functional and presentation currency

The financial statements are presented in Indian rupee (INR), which is Company's functional and presentation currency.

(ii) Transactions and balances

Transactions in foreign currencies are recognized at the prevailing exchange rates on the transaction dates. Realized gains and losses on settlement of foreign currency transactions are recognized in the Statement of Profit and Loss.

Monetary foreign currency assets and liabilities at the year-end are translated at the year-end exchange rates and the resultant exchange differences are recognized in the Statement of Profit and Loss.

2.18 Investment in Associates and Joint Ventures (Ind AS 27)

The investment in associates is carried at cost as per Ind AS 27. The cost comprises price paid to acquire investment and directly attributable cost.

2.19 A) Government Grants (Ind AS 20)

Grants from the government are recognized at their fair value where there is reasonable assurance that the grant will be received and the Company will comply with all attached conditions.

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

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to Profit and Loss on a straight - line basis over the expected life of related assets and presented within other income.

B) Accounting of Maharashtra Energy Development Agency (MEDA) Projects

As per the 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.

C) Accounting of Contributions received from Consumers against Outright Right Works (ORC Schemes)

Outright Consumer Contributions received is being treated as follows

1) If advance is received for expenditures still to be incurred on creation of Fixed Assets , same is treated as Non Current Liabilities till the completion of that Fixed Assets.

2) If contribution is received on account of Supervision Charges only, the same is recognised as Other Income in the year of receipt.

3) If contribution is received on account of already created assets, the same is reduced against that asset in the year of receipt.

2.20 Provisions and Contingent Liabilities (Ind AS 37)

a) Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are discounted. Unwinding of the discount is recognized in the Statement of Profit and Loss as a finance cost. Provisions are reviewed at each Balance Sheet date and are adjusted to reflect the current best estimate.

b) Contingencies

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made. Information on contingent liability is disclosed in the Notes to the Financial Statements. Contingent assets are not recognized. These are reviewed at each Balance Sheet date and are adjusted to reflect the current management estimates.

2.21 Fair Value Measurement (Ind AS 113)

The Company measures certain financial instruments at fair value at each reporting date.

Certain accounting policies and disclosures require the measurement of fair values, for both financial and non financial assets and liabilities.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability also reflects its non-performance risk.

The best estimate of the fair value of a financial instrument on initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Company determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique that uses only data from observable markets, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price.

Subsequently that difference is recognized in Statement of Profit and Loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

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

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

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

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

When quoted price in active market for an instrument is available, the Company measures the fair value of the instrument using that price. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. If there is no quoted price in an active market, then the Company uses a valuation technique that maximises the use of relevant observable inputs and minimises the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The Company regularly reviews significant unobservable inputs and valuation adjustments. If the third party information, such as broker quotes or pricing services, is used to measure fair values, then the Company assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of Ind AS, including the level in the fair value hierarchy in which the valuations should be classified.

2.22 Financial Assets (Ind AS 32)

Initial recognition and measurement

Trade Receivables and debt securities issued are initially recognised when they are originated. All other financial assets are initially recognised when the Company becomes a party to the contractual provisions of the instrument. All financial assets other than those measured subsequently at fair value through profit and loss, are recognised initially at fair value plus transaction costs that are attributable to the acquisition of the financial asset.

Subsequent measurement

Subsequent measurement is determined with reference to the classification of the respective financial assets. Based on the business model for managing the financial assets and the contractual cash flow characteristics of the financial asset, the Company classifies financial assets as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit and loss.

Debt instruments at amortized cost

A ‘debt instrument’ is measured at the amortized cost if both the following conditions are met:

The asset is held within a business model whose objective is:

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

After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method. Amortized cost is calculated by taking into account any discount or premium and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the Statement of Profit and Loss. The losses arising from impairment are recognized in the Statement of Profit and Loss.

Debt instruments at Fair Value through Other Comprehensive Income (FVOCI)

A 'debt instrument' is measured at the fair value through Other Comprehensive Income if both the following conditions are met:

The asset is held within a business model whose objective is achieved by both:

- collecting contractual cash flows and selling financial assets and
- contractual terms of the asset give rise on specified dates to cash flows that are SPPI on the principal amount outstanding.

After initial measurement, these assets are subsequently measured at fair value. Interest income under effective interest method, foreign exchange gains and losses and impairment losses are recognized in the Statement of Profit and Loss. Other net gains and losses are recognized in other comprehensive Income.

Debt instruments at Fair Value through Profit or Loss (FVTPL)

Fair Value through Profit or Loss is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization at amortized cost or as FVOCI, is classified as FVTPL.

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

Equity investments

All equity investments within the scope of Ind AS 109 are measured at fair value. Such equity instruments which are held for trading are classified as FVTPL. For all other such equity instruments, the Company decides to classify the same either as FVOCI or FVTPL. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable. For equity instruments classified as FVOCI, all fair value changes on the instrument, excluding dividends, are recognized in Other Comprehensive Income. Dividends on such equity instruments are recognized in the Statement of Profit or Loss. Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of Profit and Loss.

De-recognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e. removed from the Company's Balance Sheet) when-

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

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

The Company has transferred substantially all the risks and rewards of the asset, or

The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

On de-recognition, any gains or losses on all debt instruments (other than debt instruments measured at FVOCI) and equity instruments (measured at FVTPL) are recognised in the Statement of Profit and Loss. Gains and losses in respect of debt instruments measured at FVOCI and that are accumulated in OCI are reclassified to profit or loss on de-recognition. Gains or losses on equity instruments measured at FVOCI that are recognised and accumulated in OCI are not reclassified to profit or loss on de-recognition.

Impairment of financial assets

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

Loss allowances on trade receivables are measured following the 'simplified approach' at an amount equal to the lifetime ECL at each reporting date. In respect of other financial assets such as debt securities and bank balances, the loss allowance is measured at 12 month ECL only if there is no significant deterioration in the credit risk since initial recognition of the asset or assets is determined to have a low credit risk at the reporting date.

The Company had recognized Expected Credit Loss (ECL) on Trade receivables and other financial assets. The ECL primarily comprises of two main factors, viz. Time loss (money value) and Credit loss. Time loss is computed considering an appropriate discount rate. The management believes that the rate used in determining the actuarial valuation of employment benefits is reflective of the loss it suffers due to delays in collection. This rate is reviewed once a year. The Credit loss is calculated on the basis of the credit spread of Corporate Bonds having tenure of 10 years as at the date of the balance sheet.

Trade receivables were categorized into three groups for computing ECL viz.

1) Distribution Licensees (Group Companies and Others),

2) Open Access Consumers (Long term and Short term) and

3) Regular (Other) Consumers. Time loss for all categories was considered as same, whereas Credit loss was provided on the basis of credit spread for Corporate Bonds (published by FIMMDA). The management has estimated an appropriate credit rating for each of the above three groups.

The ECL on other receivables from Group companies is provided to the extent of Time loss only.

2.23 Financial Liabilities (Ind AS 32)

Initial recognition and measurement

Financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument.

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss and at amortized cost, as appropriate.

Subsequent measurement

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

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

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognized in the Statement of Profit and Loss.

Borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in Statement of Profit and Loss when the liabilities are derecognized as well as through the EIR amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the Statement of Profit and Loss.

Borrowing Cost: Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

Financial Liabilities at Fair Value through Profit or Loss (FVTPL)

A financial liability is classified as at Fair Value through Profit or Loss (FVTPL) if it is classified as held for-trading or is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and changes therein, including any interest expense, are recognized in Statement of Profit and Loss.

Financial Liabilities at amortized cost

After initial recognition, financial liabilities other than those which are classified as FVTPL are subsequently measured at amortized cost using the effective interest rate method.

Amortized cost is calculated by taking into account any discount or premium and fees or costs that are an integral part of the EIR. The amortization done using the EIR method is included as finance costs in the Statement of Profit and Loss.

De-recognition

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

Offsetting of financial instruments

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

2.24 Taxes on Income (Ind AS 12)

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company and its subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation.

It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method on temporary differences arising between the tax bases of assets and liabilities and their carrying amount in the financial statement. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are excepted to apply when the related deferred income tax assets is realized or the deferred income tax liability is settled.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are off set where the company has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Current and deferred tax is recognised in the Statement of Profit and Loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively

Minimum Alternate Tax credit is recognised as deferred tax asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. Such asset is reviewed at each Balance Sheet date and the carrying amount of the MAT credit asset is written down to the extent there is no longer a convincing evidence to the effect that the company will pay normal income tax during the specified period.

2.25 Prior Period Items (Ind AS 8)

Material prior period errors are corrected retrospectively by restating the comparative amounts for prior period presented in which the error occurred or if the error occurred before the earliest period presented, by restating the opening statement of financial position.

2.26 Earnings per Share (Ind AS 33)

Basic earnings per share are computed using the net profit or loss for the year attributable to the shareholders and weighted average number of shares outstanding during the year.

Diluted earnings per share is computed using the net profit or loss for the year attributable to the shareholders and weighted average number of equity and potential equity shares outstanding during the year, except where the result would be anti-dilutive.

2.27 Cash and Cash Equivalents (Ind AS 7)

Cash and cash equivalents in the Balance Sheet include cash at bank, cash, cheque, draft on hand and demand deposits with an original maturity of less than three months, which are subject to an insignificant risk of changes in value.

For the purpose of Statement of Cash Flows, Cash and cash equivalents include cash at bank, cash, cheque and draft on hand. The Company considers all highly liquid investments with a remaining maturity at the date of purchase of three months or less and that are readily convertible to known amounts of cash to be cash equivalents.

2.28 Statement of Cash Flows (Ind AS 7)

Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows.

The cash flows from operating, investing and financing activities are segregated.

3 Changes in Accounting Policies and Disclosures

3.1 New and Amended Standards

Standards (including amendments) issued but not yet effective

The Ministry of Corporate Affairs ("MCA") has notified Companies (Indian Accounting Standard) Amendment Rules, 2023 dated March 31, 2023 to amend certain Ind ASs which are effective from 01 April 2023:Below is a summary of such amendments:

(i) Disclosure of Accounting Policies - Amendment to Ind AS 1 Presentation of financial statements

The MCA issued amendments to Ind AS 1, providing guidance to help entities meet the accounting policy disclosure requirements. The amendments aim to make accounting policy disclosures more informative by replacing the requirement to disclose 'significant accounting policies' with 'material accounting policy information'. The amendments also provide guidance under what circumstance, the accounting policy information is likely to be considered material and therefore requiring disclosure.

The amendments are effective for annual reporting periods beginning on or after 01 April 2023. The Company is currently revisiting their accounting policy information disclosures to ensure consistency with the amended requirements.

(ii) Definition of Accounting Estimates – Amendments to Ind AS 8 Accounting policies, changes in accounting estimates and errors

The amendment to Ind AS 8, which added the definition of accounting estimates, clarifies that the effects of a change in an input or measurement technique are changes in accounting estimates, unless resulting from the correction of prior period errors. These amendments clarify how entities make the distinction between changes in accounting estimate, changes in accounting policy and prior period errors. The distinction is important, because changes in accounting estimates are applied prospectively to future transactions and other future events, but changes in accounting policies are generally applied retrospectively to past transactions and other past events as well as the current period.

(iii) Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to Ind AS 12 Income taxes

The amendment to Ind AS 12, requires entities to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. They will typically apply to transactions such as leases of lessees and decommissioning obligations and will require the recognition of additional deferred tax assets and liabilities.

The amendment should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, entities should recognise deferred tax assets (to the extent that it is probable that they can be utilised) and deferred tax liabilities at the beginning of the earliest comparative period for all deductible and taxable temporary differences associated with:

- right-of-use assets and lease liabilities, and
- decommissioning, restoration and similar liabilities, and the corresponding amounts recognised as part of the cost of the related assets.

The cumulative effect of recognising these adjustments is recognised in retained earnings, or another component of equity, as appropriate. Ind AS 12 did not previously address how to account for the tax effects of on-balance sheet leases and similar transactions and various approaches were considered acceptable. Some entities may have already accounted for such transactions consistent with the new requirements. These entities will not be affected by the amendments.

The Company is currently assessing the impact of the amendments."

iv) The other amendments to Ind AS notified by these rules are primarily in the nature of clarifications.

Standards that became effective during the year

The Ministry of Corporate Affairs has notified Companies (Indian Accounting Standard) Amendment Rules 2022 dated March 23, 2022 to amend the following Ind AS which are effective from 01 April 2022 :

(i) Onerous Contracts- Cost of Fulfilling a Contract - Amendments to Ind AS 37

Ind AS 37 defines an onerous contract as a contract in which the unavoidable costs (costs that the Company has committed to pursuant to the contract) of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

The amendments to Ind AS 37 clarify, that the costs relating directly to the contract consist of both:

- The incremental costs of fulfilling that contract- e.g. direct labour and material; and
- An allocation of other costs that relate directly to fulfilling contracts: e.g. Allocation of depreciation charge on property, plant and equipment used in fulfilling the contract.

The Company, prior to the application of the amendments, did not have any onerous contracts.

As a result of the amendments, certain other directly related costs have now been included by the Company in determining the costs of fulfilling the contracts. The Company has therefore recognised an additional onerous contract provision as at 01 April 2022.

In accordance with the transitional provisions, the Company applies the amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application) and has not restated its comparative information.

(ii) References to the Conceptual Framework - Amendments to Ind AS 103

The amendments update a reference to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations. The amendment also add a new exception in Ind AS 103 for liabilities and contingent liabilities.

(iii) Property, Plant and Equipment: Proceeds Before Intended Use - Amendment to Ind AS 16

The amendment to Ind AS 16 clarifies that any excess of net sale proceeds of items produced over the cost of testing, if any, shall not be recognised in the profit or loss but deducted from the directly attributable costs considered as part of cost of an item of property, plant, and equipment.

These amendments had no impact on the year-end financial statements of the Company as there were no sales of such items.

(iv) Ind AS 101: First Time Adoption of Indian Accounting Standards- Subsidiary as a first time adopter

The amendment provides that a subsidiary that uses the exemption in paragraph D16(a) of Ind AS 101 may elect, in its financial statements, to measure cumulative translation differences for all foreign operations in its financial statements using the amounts reported by the parent, based on the parent's date of transition to Ind AS, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. This election is also available to an associate or joint venture that uses exemption in paragraph D16(a) of Ind AS 101.

(v) Ind AS 109 Financial Instruments - Fees in the '10 per cent' test for derecognition of financial liability

The amendment clarifies which fees an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

These amendments had no impact on the financial statements of the Company as there were no modifications of the Company's financial instruments during the year.

(vi) Taxation in fair value measurements – Amendments to Ind AS 41

The amendment removes the requirement in Ind AS 41 for entities to exclude cash flows for taxation when measuring fair value. This aligns the fair value measurement in Ind AS 41 with the requirements of Ind AS 113, Fair Value Measurement.

Notes to Standalone Financial Statements for the year ended 31st March, 2023

Note 4.1: Property, Plant & Equipment

(Rs. in Lakhs)

Particulars	Freehold Land	Buildings	Plant & Equipments	Line & Cable Networks	Hydraulic Works	Other Civil Works	Furniture & Fixtures	Vehicles	Office Equipment (Including computer)	Solar Power Generation Equipments	Total
Gross carrying amount											
Balance as at 1st April, 2021	**25,206.62**	**30,793.37**	**11,97,435.26**	**8,96,219.24**	**2,786.03**	**1,23,749.69**	**2,240.14**	**1,089.53**	**5,163.69**	**49.66**	**22,84,733.26**
Additions	1,041.60	574.50	67,429.40	55,838.06	27.02	2,897.89	196.49	-	771.86	-	1,28,776.83
Disposals	-	-	(454.85)	(738.10)	-	-	(4.98)	(35.59)	(16.06)	-	(1,249.57)
Adjustments	(193.85)	(21.14)	(51,033.51)	(3,989.73)	-	929.05	(41.14)	(18.08)	(239.03)	-	(54,607.43)
Balance as at 31st March , 2022	**26,054.37**	**31,346.74**	**12,13,376.32**	**9,47,329.47**	**2,813.06**	**1,27,576.63**	**2,390.52**	**1,035.86**	**5,680.46**	**49.66**	**23,57,653.09**
Additions	160.12	477.92	62,694.88	47,156.89	7.21	4,493.01	131.16	923.26	1,160.11	-	1,17,204.55
Disposals	-	(23.33)	(2,379.65)	(491.45)	-	(315.09)	(13.02)	(3.75)	(268.61)	-	(3,494.90)
Adjustments	112.11	(109.55)	(4,829.53)	3,476.73	-	(34.56)	-	(6.07)	-	-	(1,390.88)
Balance as at 31st March , 2023	**26,326.60**	**31,691.77**	**12,68,862.00**	**9,97,471.64**	**2,820.26**	**1,31,719.99**	**2,508.66**	**1,949.31**	**6,571.96**	**49.66**	**24,69,971.86**
Accumulated Depreciation											
Balance as at 1st April, 2021		**9,890.69**	**3,52,532.32**	**2,70,741.98**	**805.56**	**24,825.26**	**761.70**	**291.56**	**2,411.93**	**1.26**	**6,62,262.25**
Additions		1,087.83	71,266.50	46,587.12	133.80	4,656.94	153.91	77.35	450.40	2.62	1,24,416.47
Disposals		-	(163.76)	(147.93)	-	-	(4.31)	(32.03)	(10.71)	-	(358.73)
Adjustments		1.02	(10,320.34)	(33.65)	-	541.54	(21.46)	(16.47)	(19.18)	-	(9,868.52)
Balance as at 31st March , 2022	-	**10,979.55**	**4,13,314.72**	**3,17,147.52**	**939.35**	**30,023.74**	**889.84**	**320.41**	**2,832.44**	**3.88**	**7,76,451.46**
Additions		1,068.91	68,760.43	49,167.66	115.18	5,345.98	165.11	116.36	484.56	2.62	1,25,226.82
Disposals		(0.13)	(1,107.94)	(68.90)	-	(22.38)	(0.13)	(3.37)	(19.68)	-	(1,222.52)
Adjustments		(33.29)	(1,945.50)	1,177.35	-	0.02	-	(5.45)	0.01	-	(806.85)
Balance as at 31st March , 2023	-	**12,015.03**	**4,79,021.71**	**3,67,423.64**	**1,054.54**	**35,347.36**	**1,054.83**	**427.94**	**3,297.34**	**6.50**	**8,99,648.90**
Net carrying amount											
Balance as at 31st March , 2023	**26,326.60**	**19,676.74**	**7,89,840.29**	**6,30,048.00**	**1,765.73**	**96,372.63**	**1,453.83**	**1,521.36**	**3,274.62**	**43.16**	**15,70,322.95**
Balance as at 31st March, 2022	**26,054.37**	**20,367.19**	**8,00,061.60**	**6,30,181.95**	**1,873.70**	**97,552.90**	**1,500.67**	**715.46**	**2,848.02**	**45.79**	**15,81,201.63**

Please refer Note 36: Assets hypothecated / pledged as security.

* includes assets at Rs 1 for which the cost is recovered from the dedicated consumer as ORC Deposit

* includes assets which are created at 50% of the value under the scheme for evacuation of power from Non-conventional sources (MEDA Schemes).

* includes reclassification of Standby equipments from Property, Plant and Equipment (Rs 44,439.58 lakhs) along with its accumulated depreciation (Rs 6,869.56 lakhs) to Repairs & Maintenance Expenses and Inventories as per Policy referred at Note 2.6 and 50 in Previous Year 2021-22.

Title deeds of Immovable Property not held in the name of the Company

Details of all immovable property included in Property, Plant and Equipments are held in the name of the Company , except for as shown in table below:

Revelent Line Item in the Balance Sheet	Description of items of property	Gross carrying value (Rs in lakhs)	Title deeds held in the name of	Whether title deed holder is a promoter, director or relatove of promoter/director or employee of promoter/ director	Property held since which date	Reasons for not being held in the name of the Company	Dispute, if any
Property, Plant & Equipment	Land	Not Ascertainable	MSETCL-366 out of 706	N. A.	Not Ascertainable		N. A.
		Not Ascertainable	MSEB/MSEDCL/ MSPGCL (Sister Concern) - 102 out of 706	N. A.	Not Ascertainable	Lands pertaining to erstwhile MSEB were transferred to MSETCL after trifurcation in 2005. However, certain lands which are in the names of MSEDCL, MSPGCL, MSEB, Maharashtra Industrial Development Corporation (MIDC) and private parties are still to be transferred in the name of MSETCL.	
		Not Ascertainable	Lease Hold / MIDC / Private/ Other - 238 out of 706	N. A.	Not Ascertainable		
	Building	NIL					

Note 4.2: Capital work-in-progress (CWIP)

(Rs in Lakhs)

	As at 31.03.2021	Capital Expenditure during the year	Capitalisation / Adjustment during the year	As at 31.03.2022	Capital Expenditure during the year	Capitalisation / Adjustment during the year	As at 31.03.2023
Capital work-in-progress	3,34,281.27	1,38,684.90	(1,31,033.26)	3,41,932.91	1,53,911.57	(1,17,467.34)	3,78,377.14

Capital work in progress as at 31 March 2023 comprises expenditure for the new substation and Lines unit under construction. Total amount of CWIP is Rs. 378377.14 lakhs (31 March 2022: Rs. 341932.91 lakhs).

Ageing Schedule of Capital Work in Progress FY 2022-23*

(Rs in Lakhs)

Capital Work In Progress	Amount in CWIP for a period of				TOTAL
	less than 1 year	1 -2 years	2-3 years	More than 3 years	
Projects in Progress (incl ORC Scchemes)	19342.23	21514.36	32458.54	295945.41	3,69,260.54
Projects temporarily suspended				9116.60	9,116.60
Total	**19,342.23**	**21,514.36**	**32,458.54**	**3,05,062.01**	**3,78,377.14**

*Ageing Schedule of Capital Work in Progress is prepared based on the year of commencement of capex in respective Project .

Ageing Schedule of Capital Work in Progress FY 2021-22*

(Rs in Lakhs)

Capital Work In Progress	Amount in CWIP for a period of				TOTAL
	less than 1 year	1 -2 years	2-3 years	More than 3 years	
Projects in Progress	19,523.61	25,266.73	48,985.60	2,19,518.15	3,13,294.09
Projects temporarily suspended				28,638.82	28,638.82
Total	19,523.61	25,266.73	48,985.60	2,48,156.97	3,41,932.91

*Ageing Schedule of Capital Work in Progress is prepared based on the year of commencement of capex in respective Project .

Notes to Standalone Financial Statements for the year ended 31st March, 2023

Ageing Schedule of Capital Work in Progress whose completion, if overdue or, has exceeded its cost compared to its original plan and Projects Suspended.

(Rs in Lakhs)

Capital Work In Progress	Amount in CWIP for a period of				TOTAL
	less than 1 year	1 -2 years	2-3 years	More than 3 years	
Projects in Progress/Time Overrun					
RTU Scada & DC	4.43				4.43
Instalation of Nitrogen Injection System	63.33				63.33
Amravati Administrative Building	24.49				24.49
Supply ETC OF TPI Transducer	1.44				1.44
Addition of 54 nos. 33kV bays,Nasik zone	9.77				9.77
Const. of 68 nos. new 33kV bays,Aurangabad zone	51.12				51.12
Comp Wall under Vashi Zone FY 2016-17	32.95				32.95
220KV Ghatodi SS	9,050.96				9,050.96
400KV Koradi-II SS	8,222.02				8,222.02
400KV Chandrapur-II SS	826.54				826.54
R&M of 220KV Chinchwad SS	329.78				329.78
Rep of DP/TP structure of Kalwa circle	50.74				50.74
Rep of tower under Dn Kolhapur	44.64				44.64
Re ornt of 132kV Amalner chopda line	8.97				8.97
2nd Ckt. stringing under Nashik	18.84				18.84
2nd Ckt. stringing under Akola &Amravati	814.82				814.82
Repl. of Disc Insulators for 220kV Lines	7.26				7.26
Conve. of TAP to LILO of BBLR-Ahmednagar	0.62				0.62
Esta. of add. PT bays at vari.SS Nagpur Circle	169.35				169.35
400kV P.graph bus &Center brk Iso.Padghe	7.78				7.78
220KV Karad-Koyna LL	606.95				606.95
Const ofTL under GEC-Part I (Tranche II)	8,080.73				8,080.73
Strenthening of EHV Network	226.74				226.74
Estt. of 132KV Bibvewadi	372.62				372.62
132KV Waghdari	11.11				11.11
220 KV Partur SS (Revali.on 18.11.2021)	1,110.21				1,110.21
132KV Karajgi SS	42.95				42.95
220KV Warud SS	11,543.56				11,543.56
220KV Pimpalgaon (Ranwad) SS	970.60				970.60
132KV Vadjre SS	405.45				405.45
132KV Morgaon-Arjuni SS	398.08				398.08
220KV Bhokar	8.63				8.63
220 KV Krishnoor	1,382.30				1,382.30
132 KV Nanduri	14.77				14.77
220KV Walchandnagar SS	284.75				284.75
Estt. of 400KV Kudus S/S	69,319.33				69,319.33
400KV Alkud SS	1,574.88				1,574.88
400 KV Aurangabad- II (Tapti Tanda)	14,717.73				14,717.73
Estt. of 220KV Chakan-II s/s	26.58				26.58
220KV Oni	1.72				1.72
Aug by addi & replace. T/F , Nashik Zone	38.27				38.27

Capital Work In Progress	Amount in CWIP for a period of				TOTAL
	less than 1 year	1 -2 years	2-3 years	More than 3 years	
Addition/replacement of ICTS,Nasik Zone	80.85				80.85
Add. of T/Fs at 2Nos. of S/s, Nasik Zone	10.33				10.33
Add.& Repl. of ICTs ,Karad Zone	235.94				235.94
Addition. of ICTs under Amravati Zone	42.46				42.46
Administrative building Nagpur		1,123.31			1,123.31
Buscond repl at Padgha s/s		0.60			0.60
2nd ckt strg of 132kV Wardha - Seloo lin		237.02			237.02
220KV Nagpur Ring Main SS		9,923.34			9,923.34
220KV Lonand MIDC SS		1,325.57			1,325.57
132KV Jat-Tarodi SS		45.36			45.36
400KV Hinjewadi GIS SS		19,626.41			19,626.41
Est 132/33kV hybrid GIS ss at Jat Tarodi		7,659.95			7,659.95
Add. of ICTs at 2Nos. of S/s, Pune Zone		533.73			533.73
2nd Ckt. stringing under Bhusawal Circle				552.45	552.45
Projects temporarily suspended					
132KV Kalmeshwar-Hingna LL		1,241.68			1,241.68
220kV ln frm 400kV PGCIL (Kum'ri)ss-Bale		253.82			253.82
220KV Khandalgaon-Dasturi Link Line			1,437.52		1,437.52
LL from 400kV PGCIL -220kV Hinjewadi-II			1,923.87		1,923.87
LILO onboth ckts400kVTarapur-Padghe line			8.19		8.19
220 KV Narsi			1,774.55		1,774.55
Evacuation of Tarapur Extention				2,476.97	2,476.97
Total	1,31,247.40	41,970.79	5,144.13	3,029.42	1,81,391.74

Note 4.3: Intangible Assets (Computer Softwares and SAP/ERP System Licenses)

(Rs in Lakhs)

Particulars	As at 31.03.2021	Addition during the year	Disposal during the year	As at 31.03.2022	Addition during the year	Disposal during the year	As at 31.03.2023
Gross Block	1,560.40	716.02	(1,495.00)	781.42	233.52	(231.46)	783.48
Accumulated Amortisation	1,189.81	213.02	(784.86)	617.97	139.56	(36.03)	721.50
Total	**370.59**	**503.00**	**(710.14)**	**163.45**	**93.96**	**(195.43)**	**61.98**

Note 4.4 Right of Use Assets

(Rs in Lakhs)

Particulars	As at 31.03.2021	Addition during the year	Disposal during the year	As at 31.03.2022	Addition during the year	Disposal during the year	As at 31.03.2023
Leasehold Land							
Gross Block	14,482.98	1,545.03	(698.89)	16,726.91	29.27	-1.62	16,754.55
Accumulated Amortisation	1.16	-	(697.80)	698.96	7,163.53	(33.16)	7,895.66
Total	**14,481.82**	**1,545.03**	**(1.09)**	**16,027.95**	**(7,134.26)**	**31.54**	**8,858.90**
Leasehold Building							
Gross Block	6,760.48	31.18	-	6,791.66	61.97	-	6,853.63
Accumulated Amortisation	3,378.89	1,696.69	-	5,075.58	1,704.37	-	6,779.95
Total	**3,381.59**	**(1,665.51)**	**-**	**1,716.08**	**(1,642.40)**	**-**	**73.68**
Balance at the end of the year	17,863.41	(120.48)	(1.09)	17,744.03	(8,776.66)	31.54	8,932.58

Please refer Note 28

Notes to Standalone Financial Statements for the year ended 31st March, 2023

5.1 Investments in Subsidiaries, Associates and Joint Ventures

(Rs in Lakhs)

Particulars	Face Value (in Rs)	No. of Shares		Amount	
		As at 31.03.2023	As at 31.03.2022	As at 31.03.2023	As at 31.03.2022
A) Equity Instruments of Subsidiary **Unquoted -At cost** **Kharghar Vikroli Transmission Pvt. Ltd. (SPV)** **Refer Note 34 (B)**	10	-	-	-	-
Unquoted - At Cost **A) Equity Instruments of Associates/Joint Ventures** **Jaigad Power Transco Limited (JPTL)**	10	3,57,50,000	3,57,50,000	3,575.00	3,575.00
Maharashtra Transmission Communication Infrastructure Limited (MTCIL) Additional Investment made in equity during the year	10	88,04,579	88,04,579	880.46	880.46
Bonus shares 32,94,691 Nos (21,72,242 (Nos) issued during the FY 2018-19 and 11,22,449 (Nos) in 2020-21)		32,94,691	32,94,691	-	-
B) 15% Non Cumulative, Participating, Redeemable Preference Shares **Maharashtra Transmission Communication Infrastructure Limited (MTCIL)** Additional investment in Preference Shares made during the year	10	88,04,578	88,04,578	880.46	880.46
TOTAL		5,66,53,848	5,66,53,848	5,335.92	5,335.92
Aggregate amount of unquoted securities				5,335.92	5,335.92
Aggregate amount of quoted securities				-	-
Market value of quoted securities				-	-
Aggregate amount of impairment in the value of investments				-	-

5.2 Non - current Investments

(Rs in Lakhs)

Particulars	As at 31.03.2023	As at 31.03.2022
Quoted		
At amortised Cost		
Investments in Government Securities*	1,26,680.86	73,962.77
Investments in Bonds*	-	21,771.68
Un-Quoted		
Fixed Deposits with Bank	2,971.00	4,283.76
Total	**1,29,651.86**	**1,00,018.21**

* Earmarked against Contingency/Special Reserve Fund, LDCD Fund, ORC Deposit .

Contingency Reserve Fund and Special Reserve Fund	87,313.05	75,218.23
ORC Deposit	39,367.81	20,516.22
LDCD Fund	2,971.00	4,283.76
Total	**1,29,651.86**	**1,00,018.21**
Aggregate Book value of unquoted securities	-	-
Aggregate Book Value of quoted securities	1,26,680.86	95,734.45
Market value of quoted securities	1,29,420.10	96,128.66
Aggregate amount of impairment in the value of investments	-	-

6 Non-Current Loans

(Rs in Lakhs)

Particulars	As at 31.03.2023	As at 31.03.2022
Unsecured , considered good unless stated		
Loans & Advances to Employees	137.35	124.49
Total	**137.35**	**124.49**

7 Non-Current Tax Assets (Net)

(Rs in Lakhs)

Particulars	As at 31.03.2023	As at 31.03.2022
Advance Income Tax	77,856.55	73,679.73
(net of Provision for Tax Rs. 309424.32 Lakhs (Previous Year Rs. 255589.59 Lakhs)		
Total	**77,856.55**	**73,679.73**

8 Other Non-current Assets

(Rs in Lakhs)

Particulars	As at 31.03.2023	As at 31.03.2022
Unsecured, considered good unless stated otherwise		
Capital Advances	602.13	542.09
Unamortised transaction cost #	1,639.42	38.10
Balances with group companies *	2,077.97	2,077.97
Security Deposits	1,398.09	3,995.74
Advances to Suppliers	3,399.72	2,305.63
Advances and Recoverables	1.74	6.32
Total	**9,119.07**	**8,965.85**

consist of transaction cost (Premium) incurred for investment in Government Security
* Refer Note No 30 (3)

9 Inventories

(Rs in Lakhs)

Particulars	As at 31.03.2023	As at 31.03.2022
Stores & Spares (At cost)	38,486.40	28,839.44
- Provision for Material Losses Pending Investigation & Obsolete Materials	(1,089.78)	(722.65)
Total	**37,396.62**	**28,116.79**

10.1 Current Investments

(Rs in Lakhs)

Particulars	As at 31.03.2023	As at 31.03.2022
Quoted		
At amortised Cost		
Investments in Government Securities*	1,737.40	9,150.90
Investments in Bonds*	1,001.84	6,163.60
Total	**2,739.24**	**15,314.50**

* Earmarked against Contingency Reserve, Special Reserve and Exchange Fluctuation on account of Borrowings from Japan International Cooperation Agency as follows:

Contingency Reserve	2,739.24	6,516.81
Foreign Exchange Fluctuation (JICA)	-	8,797.69
Total	**2,739.24**	**15,314.50**

Aggregate Book value of unquoted securities	0.00	0.00
Aggregate Book Value of quoted securities	2,739.24	15,314.50
Market value of quoted securities	2,708.66	15,536.40
Aggregate amount of impairment in the value of investments		

10.2 Trade Receivables

(Rs in Lakhs)

Particulars	As at 31.03.2023	As at 31.03.2022
Unsecured unless stated otherwise *		
Considered Good	3,76,763.54	3,19,197.80
- Allowance as per Expected Credit Loss Model		
Considered Doubtful	11,613.59	11,613.59
- Allowance for Doubtful	(11,613.59)	(11,613.59)
Total	**3,76,763.54**	**3,19,197.80**

* Refer Note No 34

10.3 Cash and Cash Equivalants

(Rs in Lakhs)

Particulars	As at 31.03.2023	As at 31.03.2022
Cash and Cash Equivalents		
Balances with Banks		
In Current Accounts	7,706.93	6,705.31
Fixed Deposit Accounts (with original maturity of less than 3 months)	33,987.70	37,709.55
Cash and Stamps on Hand	12.57	12.42
In Designated Current Account operated and maintained in terms of MERC Regulation@	21,266.10	22,209.10
Total	**62,973.30**	**66,636.38**

@ Refer Note No 48

10.4 Other Bank Balance

(Rs in Lakhs)

Particulars	As at 31.03.2023	As at 31.03.2022
Fixed Deposit Accounts (with original maturity of more than 3 months but less than 12 months) #	23,861.78	22,759.62
Total	**23,861.78**	**22,759.62**

Under Pledge Refer Note no-36

10.5 Current Loans

(Rs in Lakhs)

Particulars	As at 31.03.2023	As at 31.03.2022
Unsecured, considered good		
Loans & Advances to Employees	265.35	250.89
Total	**265.35**	**250.89**

The Group has not granted any loans or advances in the nature of loans to Promoters, Directors, KMPs either severaly or jointly with any other person.

10.6 Other Current Financial Assets

(Rs in Lakhs)

Particulars	As at 31.03.2023	As at 31.03.2022
Unsecured , considered good unless stated otherwise		
Interest Receivable	3,196.50	4,397.03
Other Receivables	6,573.93	731.44
Total	**9,770.43**	**5,128.47**

11 Other Current Assets

(Rs in Lakhs)

Particulars	As at 31.03.2023	As at 31.03.2022
Unsecured, Considered Good		
Prepaid Expenses	531.13	724.71
Other Receivables		
Considered good	118.26	120.69
Considered doubtful	149.11	149.11
Less - Provision for Doubtful Debts	(149.11)	(149.11)
Total	**649.39**	**845.40**

Notes to Standalone Financial Statements for the year ended 31st March, 2023

12 Equity Share Capital

(Rs in Lakhs)

	Particulars	As at 31.03.2023	As at 31.03.2022
a)	**Authorised** 1500,00,00,000 Equity Shares of Rs.10/- each (Previous year 31st March, 2021 : 1500,00,00,000)	15,00,000.00	15,00,000.00
b)	**Issued, Subscribed and Paid up** 898,49,74,733 Equity Shares of Rs.10/- each (Previous year 31st March, 2021 : 898,49,74,733)	8,98,497.47	8,98,497.47
	Total	**8,98,497.47**	**8,98,497.47**

c) **Terms & Rights attached to equity shares**

The company has one class of equity shares having a par value of Rs. 10 each. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

d) **Reconciliation of the Equity shares outstanding at the beginning and at the end of the reporting period**

Equity Shares	As at 31.03.2023		As at 31.03.2022	
	Numbers	Rs. in Lakhs	Numbers	Rs. in Lakhs
Shares outstanding at the beginning of the year Add: Shares Issue during the year	8,98,49,74,733	8,98,497.47	8,98,49,74,733	8,98,497.47
Shares outstanding at the end of the year	**8,98,49,74,733**	**8,98,497.47**	**8,98,49,74,733**	**8,98,497.47**

e) **Shares held by the Promoter at the end of the year**

Shares held by the Promoter at the end of the year				% Change during the year
Promoter Name	Designation	No of Shares	% of Total Shares	
MSEB Holding Company Limited	-	8,98,49,74,673	99.99%	NIL
Smt. Abha Shukla, IAS	MD,MSEBHCL	10	0.01%	
Shri Dinesh T. Waghmare, IAS	CMD, MSETCL	10		
Shri. Balasaheb B. Thite	Dir(F)(A/C), MSEBHCL	10		
Shri Quadri Nasir Syed Mazhar	Dir(P), MSETCL	10		
Shri Sandeep S. Kalantri	Dir(O)(A/C), MSETCL	10		
Shri Ashok Phalnikar	Dir(F), MSETCL	10		

*All Individual shareholders are holding shares in their ex-officio capacity of their respective Directorship. They are nominee shareholders of MSEB Holding Co. Ltd.

f) **Shares held by shareholders each holding more than 5% of the shares**

Particulars	As at 31.03.2023		As at 31.03.2022	
	Numbers	%	Numbers	%
Equity Shares MSEB Holding Company Limited	8,98,49,74,673	99.99%	8,98,49,74,673	99.99%

As per the records of the Company, including its Register of Shareholders/Members and Other declarations received from Shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.

g) **Aggregate number of shares issued for consideration other than cash during the period of five years immediately preceding the reporting date**

	2022-23		2021-22	
Equity Shares of Rs.10 each issued in the financial year 2015-16 as fully paid up to the shareholders of MSEB Holding Company limited, pursuant to the Maharashtra State Electricity Reforms Transfer Scheme, 2005 approved by Governement of Maharashtra on 31.03.2016.	No. of Shares	Rs. in Lakhs	No. of Shares	Rs. in Lakhs
	8,98,49,74,733	8,98,497.47	8,98,49,74,733	8,98,497.47

h) No class of shares have been issued as fully paid up shares by way of Bonus shares and for consideration other than cash during the period of five years immediately preceding the reporting date

13 Other Equity

(Rs in Lakhs)

Particulars	As at 31.03.2023	As at 31.03.2022
a) Contingency Reserve Fund (Refer note (a) below)	85,301.00	77,978.00
b) Special Reserve Fund (Refer note (b) below)	13,939.00	13,939.00
c) Load Despatch Center Empowerment Reserve (LDCD) Fund (Refer note (c) below)	3,754.08	4,283.76
d) Retained Earnings	4,24,546.30	3,29,051.76
TOTAL	**5,27,540.38**	**4,25,252.52**

(Rs in Lakhs)

Particulars	As at 31.03.2023	As at 31.03.2022
Reserves & Surplus		
a) Contingency Reserve Fund (Refer note (a) below)		
Opening Balance	77,978.00	69,643.00
Transferred from retained earnings	7,323.00	8,335.00
	85,301.00	**77,978.00**
b) Special Reserve Fund (Refer note (b) below)		
Opening Balance	13,939.00	13,939.00
Add : Addition During the Year	-	-
	13,939.00	**13,939.00**
c) Load Despatch Center Empowerment Reserve (LDCD) Fund (Refer note (c) below)		
Opening Balance	4,283.76	6,941.56
Add : Addition/(Reversal) During the Year	-	(1,857.08)
Less : Utilisation for capex (allowed by MERC)	(529.68)	(800.72)
	3,754.08	**4,283.76**
d) Retained Earnings		
Opening Balance	3,29,051.76	2,42,138.89
Appropriation of Load Despatch Center Empowerment Reserve (LDCD) Fund amount from Retained Earnings of MSLDC	0.89	1,857.08
Profit for the year	1,03,668.17	95,535.95
Other comprehensive income for the year	(851.52)	(2,145.16)
Total comprehensive income for the year	**1,02,816.65**	**93,390.79**
Transfered to Contingency Reserve	(7,323.00)	(8,335.00)
Transfered to Special Reserve Fund	-	-
	4,24,546.30	3,29,051.76
TOTAL	**5,27,540.38**	**4,25,252.52**

The Description of the nature and purpose of each reserves in other equity is as follows:

a) Contingency Reserve Fund-

A contribution towards Contingency Reserves has to be made in accordance with Regulation 36 of MERC(MYT) Regulations, 2015 and which is within the prescribed limits of Regulation(not less than 0.25% and not more than 0.5% of the original cost of fixed assets annually) and is to be invested in the approved class of securities authorised under the Indian Trust Act, 1882.

b) Special Reserve Fund-

A contribution towards Special Reserve has to be made in accordance to the mechanism for sharing of gains or losses on account of controllable factors as per MERC Regulation, 2005. As per the regulation 19.1(b) one third of the amount of such gain is to be retained in a special reserve for the purpose of absorbing the impact of any future losses on account of controllable factors.

c) Load Despatch Center Empowerment Reserve (LDCD)-

A contribution towards Load Despatch Center Development Fund has been made in accordance with Regulation 12 of the CERC (Fees and Charges of RLDC and Other related matters) 2015. The said fund is to be utilised for administrating capital expenditure.The charges on account of return on equity, interest on loan, depreciation of the Regional Load Despatch Centres and National Load Despatch Centre including the registration fee, shall be deposited into the LDCD Fund after meeting the statutory tax requirements.

14.1 Non-Current Borrowings

(Rs in Lakhs)

Particulars	As at 31.03.2023	As at 31.03.2022
Secured		
Term Loans from Banks (Note 14.1.a)	1,18,017.35	1,44,064.03
Term Loans from Other Parties (Note 14.1.b)	2,78,279.89	2,76,185.53
TOTAL	**3,96,297.24**	**4,20,249.56**

(Refer Note 36 & 38.2 for details regarding terms of borrowings, nature of security, repayment terms etc.)

14.1. a. Term Loans from Banks

(Rs in Lakhs)

Name of the Bank	As at 31.03.2023	As at 31.03.2022
Canara Bank	14,080.74	15,708.11
Bank of Maharashtra	50,014.53	66,535.99
Bank of India	1,958.83	4,953.11
ICICI Bank	10,862.57	21,111.10
Bank of India - 2	22,875.58	25,660.64
Bank of India - 3	18,225.10	10,095.08
TOTAL	**1,18,017.35**	**1,44,064.03**

14.1. b. Term Loans from Other Parties

(Rs in Lakhs)

Name of the Financial Institutes	As at 31.03.2023	As at 31.03.2022
Rural Electrification Corporation Limited	2,23,252.95	2,17,536.63
Japan International Corporation Agency	0.00	0.00
Power Finance Corporation Limited	40,715.72	54,134.06
LT Special Assistance Scheme from GoM	8,446.20	0.00
Kreditanstalt für Wiederaufbau (KfW) Bank #	5,865.02	4,514.84
TOTAL	**2,78,279.89**	**2,76,185.53**

Refer Note 47

14.2 Other Non-Current Financial Liabilities

(Rs in Lakhs)

Particulars	As at 31.03.2023	As at 31.03.2022
Retention Money	1,13,006.05	1,07,862.20
Security Deposits *	23,357.81	15,335.33
Other deposits	3,754.84	76.44
TOTAL	**1,40,118.70**	**1,23,273.97**

* Security / Other Deposits from Vendors/Contractors/Customer, not being considered as Financial Liability on the basis of guidance in Ind AS 113 issued by Institute of Chartered Accountants of India (ICAI) is not fair valued.

15 Non - Current Provisions

(Rs in Lakhs)

Particulars	As at 31.03.2023	As at 31.03.2022
Provision for Employment Benefits		
Provision for Gratuity (unfunded)*	46,729.52	43,828.24
Provision for Leave Encashment (unfunded)*	54,967.44	47,474.16
Provision for Capital Expenditures	12,680.61	12,074.72
TOTAL	**1,14,377.57**	**1,03,377.12**

* Refer Note No 29

16 Deferred tax liabilities (Net)

(Rs in Lakhs)

Particulars	As at 31.03.2023	As at 31.03.2022
Deferred tax liabilities		
Property, plant and equipment (includes intangible assets and revaluation impact)	2,90,051.04	2,89,715.84
Intangible Assets	289.01	192.14
DTL	**2,90,340.05**	**2,89,907.98**
Deferred tax assets		
Right of Use Assets and its Lease Liabilities	(2,918.64)	175.81
Unamortised Transaction Cost	820.34	820.34
Employee Benefits	31,641.79	27,216.50
Impairment on trade receivables	963.09	963.09
Government grant	1,828.59	1,232.21
Amortisation of investment in govt securities	1,616.43	1,547.55
Others	7,778.41	7,778.41
DTA	**41,730.01**	**39,733.89**
Reversal of opening DTL	3,499.92	3,499.92
Net (DTA)/DTL	**2,45,110.12**	**2,46,674.17**

* Refer Note -33

17 Non Current Tax Liabilities (Net)

(Rs in Lakhs)

Particulars	As at 31.03.2023	As at 31.03.2022
Income Tax Liabilites (net of Provision for Tax Rs. 95981.12 Lakhs (Previous Year Rs. 95981.12 Lakhs)	42,408.02	42,408.02
TOTAL	**42,408.02**	**42,408.02**

18 Other Non-Current Liabilities *

(Rs in Lakhs)

Particulars	As at 31.03.2023	As at 31.03.2022
Grant : Power System Development Fund	6,062.56	6,922.54
Grant: Towards cost of capital assets	13,907.00	14,683.83
Grant : Green Energy Corridor for Projects	7,405.12	7,499.44
Grant: Tribal Sub Plan Area (TSP)	1,832.30	1,874.26
Grant: In Aid from PGCIL for REMC Assets	320.67	468.67
Deposit received from Consumers under ORC Schemes	1,24,988.85	1,23,145.85
TOTAL	**1,54,516.50**	**1,54,594.59**

* Refer Note -31

19.1 Current Borrowings

(Rs in Lakhs)

Particulars	As at 31.03.2023	As at 31.03.2022
Loan Repayable on Demand		
Secured		
Current Maturities of Term Loans from Banks	43,798.12	35,948.57
Current Maturities of Term Loans from Other Parties	43,556.41	45,513.44
TOTAL	**87,354.53**	**81,462.01**

(Refer Note 36 & 38.2 for details regarding terms of borrowings, nature of security, repayment terms etc.)

19.2 Trade payables

(Rs in Lakhs)

Particulars	As at 31.03.2023	As at 31.03.2022
Total outstanding dues of micro enterprises and small enterprises (Refer note 41)	430.13	283.73
Total outstanding dues of creditors other than micro enterprises and small enterprises	24,103.03	24,761.38
TOTAL	**24,533.16**	**25,045.11**

Refer Note no 34

19.3 Other current financial liabilities

(Rs in Lakhs)

Particulars	As at 31.03.2023	As at 31.03.2022
Other current financial liabilities - At Amortised Cost		
Interest accrued but not due on borrowings	2,323.27	2,806.83
Employee related payables	4,848.39	4,663.40
Payable to group companies *	3,498.64	4,239.89
Other payables	1,992.28	1,422.37
TOTAL	**12,662.58**	**13,132.49**

@ Refer Note No 30 (3)

20 Short term provisions

(Rs in Lakhs)

Particulars	As at 31.03.2023	As at 31.03.2022
Provision for gratuity(unfunded) *	5,784.91	4,741.70
Provision for leave encashment (unfunded)*	9,608.23	8,387.10
Provision for CSR Expenditure @	8,312.19	6,765.06
Provision for late interest payment on Service Tax	264.43	264.43
Provision for Tree/Land Compensation	1,606.34	1,428.62
Provision for Pay Revision	0.00	0.00
Provision for Shortfall on CPF Liability	544.73	2,652.91
Other Provisions #	3792.15	3158.43
TOTAL	**29,912.98**	**27,398.25**

* Refer Note No 29
@ Refer Note No 46
# Other Provisions include provisions for R&M and Other Expenses.

21 Other current liabilities

(Rs in Lakhs)

Particulars	As at 31.03.2023	As at 31.03.2022
Duties & taxes payable	1,531.42	1,389.32
Payable to MSEB CPF Trust	2,094.09	1,922.44
Advances from customers	176.87	3,662.74
Other Liability - Thrid Party (Net) (Liability in respect of Designated Accounts operated and maintained in terms of MERC Regulations) @	21,266.10	22,209.10
Other payables	859.26	406.42
TOTAL	**25,927.74**	**29,590.02**

@ Refer Note No 48

22 Revenue from operations

(Rs in Lakhs)

Particulars	Year ended 31.03.2023	Year ended 31.03.2022
Transmission charges (STU)	4,69,277.81	4,57,160.05
Transmission charges (Goa)	-	-
Transmission charges (Others)	2,346.83	13,191.97
Open Access Charges	1,262.36	934.47
SLDC Charges	3,500.49	3,238.32
Additional Transmission and Regulatory Charges	10,896.74	11,211.96
Rescheduling Charges	2,279.23	643.01
Total	**4,89,563.46**	**4,86,379.78**

23 Other Income

(Rs in Lakhs)

Particulars	Year ended 31.03.2023	Year ended 31.03.2022
Interest income	10,692.88	11,134.40
Rent	413.24	662.07
Profit on sale of Property , Plant and Equipment	1,639.47	1,330.83
Sale of tender forms	143.28	109.67
Income from sale of scrap	2,163.48	1,018.44
Government Grant	1,706.67	1,723.59
Remittance of amounts collected by Distribution Licensees from Partial Open Access Consumers	45,423.90	3,075.00
Other Miscellaneous Income	16,439.28	14,505.50
Gain on foreign currency transactions and translations (Net)	-	382.45
Total	**78,622.20**	**33,941.95**

24 Repairs & Maintenance Expenses

(Rs in Lakhs)

Particulars	Year ended 31.03.2023	Year ended 31.03.2022
Property, Plant and Equipment *	55,127.71	39,192.76
Repairs and maintenance expenses capitalised #	(52.36)	(18.22)
Total	**55,075.35**	**39,174.54**

Refer Note No 4.2
* Inventory in Previous Years , as per below mentioned table, which was been treated as Property Plant and Equipment as per Ind AS Policy , has been added back as Exceptional (Repairs & Maintenance) Items in PY 2021-22 as referred at Note No 50.

Financial Year	(Rs in lakhs)
FY 2015-16	722.74
FY 2016-17	2,140.90
FY 2017-18	2,913.39
FY 2018-19	10,295.83
FY 2019-20	5,558.32
FY 2020-21	19,917.47
TOTAL R&M charged as Exceptional items in FY 2021-22	41,548.65

25 Employee Benefits Expense

(Rs in Lakhs)

Particulars	Year ended 31.03.2023	year ended 31.03.2022
Salaries, allowances, Bonus etc.	1,07,430.71	94,917.00
Staff welfare expenses	4,859.24	4,954.94
Other staff costs*	1,610.60	-86.10
Leave encashment	15,221.47	11,155.36
Gratuity	6,520.76	5,843.25
Contribution to Provident & Other Funds	9,364.91	8,425.13
Employee costs capitalised #	(9,914.90)	(8,783.52)
Total	**1,35,092.79**	**1,16,426.06**

* Includes reversal of excess provision for CPF Plan Assets by Rs. NIL (PY Rs 941 Lakhs).
# Refer Note No 4.2

26 Finance Costs

(Rs in Lakhs)

Particulars	Year ended 31.03.2023	Year ended 31.03.2022
Interest Expense		
(i) Banks	14,005.39	13,524.00
(ii) Others	30,467.35	33,047.78
Transaction Costs	315.81	184.44
Miscellaneous Costs @	67.47	2,129.49
Amortisation of borrowings	37.10	79.10
Foreign Exchange Loss	130.08	0.00
Interest on Lease Liabilities	112.65	296.13
Interest and Finance Charges Capitalised #	(6,440.23)	(7,363.44)
Total	**38,695.62**	**41,897.51**

@ Miscellaneous Cost includes commitment charges, Bank charges and interest due to MSME Vendors.
# Refer Note No 4.2

27 Other expenses

(Rs in Lakhs)

Particulars	Year ended 31.03.2023	Year ended 31.03.2022
Advertisement Expenses	124.03	35.33
Advertisement of tenders / notices and other purchase related advertisement	433.98	309.53
Auditor's Remuneration		
Statutory Audit Fees	29.50	29.50
For Reimbursement of Expenses	9.00	9.00
For Reimbursement of GST on Audit Fee	6.93	6.93
Electricity Charges	9,716.03	6,370.02
Freight Charges	1.06	1.49
Insurance	437.27	297.57
IT & Communication related Exp	1,887.71	1,021.89
Legal & Professional (Technical/Consultancy/Other Auditors) Fees	2,155.88	923.48
Membership & Subscription	927.76	597.64
Miscellaneous Expenses	733.04	1,399.08
Balances Written off/ written back (Net)	426.15	461.85
Outsource Personnel Salary	11,352.98	10,416.82
Postage Telephone & Telex	337.82	343.76
Printing & Stationery	396.16	286.97
Rent	20.41	32.42
Rates & Taxes	1,331.07	1,671.66
Security Expenses	10,895.39	10,232.83
Travelling & Conveyance	771.15	501.87
Upkeep of office (incl Rest house maintenance)	1,250.27	1,129.44
Vehicle Running & Maintenance Expenses	552.36	456.77
Water charges	648.86	592.09
Expenditure on Hiring of Vehicles	3,648.26	3,012.22
Corporate Social Responsibility Expenses*	2,247.39	1,944.39
Expenses capitalised #	(1,605.10)	(1,770.10)
Total	**48,735.36**	**40,314.45**

* Refer Note No. 46
# Refer No 4.2

Note No 28 : Leases

I) **where company is a lessee :**

The Company has entered into leasing arrangements for land and premises usage. Majority of the leases are cancellable by the company. Right of Use and Lease Liabilities have been shown separately in the Balance Sheet.

The Company has adopted Ind AS 116 “Leases” with effect from April 1, 2019, with a modified retrospective approach. The Company has elected to account for short-term leases using the practical expedients i.e. instead of recognising right-of-use asset and lease liability, the payments in relation to these shot term leases are recognised as an expense in profit or loss. Company uses borrowing rate of 10.04% as considered by MERC during the approval of Interest Expenses on Normative Loans in its ARR Orders.

Changes in Lease Liabilities

Particulars	Category of ROU Asset		
	Leasehold Land	Building	Total
Balance as at 1 April 2021		3,716.41	3,716.41
Recognized during the year		31.17	31.17
Payments during the year		(49.09)	(49.09)
Amortisation		(1,719.94)	(1,719.94)
Balance as at 31 March 2022		**1,978.55**	**1,978.55**
Recognized during the year		61.97	61.97
Payments during the year		(52.65)	(52.65)
Amortisation		(1,910.73)	(1,910.73)
Balance as at 31 March 2023		**77.14**	**77.14**

I. Lease disclosures under Ind-AS 116 for the current year ended 31 March 2023

(i) Amount Recognised in the Balance sheet

(Rs in Lakhs)

Sr. No.	Particulars	Year ended 31.03.2023	Year ended 31.03.2022
a)	**Right-of-use assets (net)**	8,932.58	17,744.03
b)	**Lease liabilities**		
	Current	35.90	1,947.42
	Non-current	41.24	31.13
	Total Lease liabilities	**77.14**	**1,978.55**
c)	**Additions to the Right-of-use assets**	61.98	31.17

(ii) Amount recognised in the Statement of profit and Loss

(Rs in Lakhs)

Sr. No.	Particulars	Year ended 31.03.2023	Year ended 31.03.2022
a)	Depreciation charge for right-of-use assets	1,704.36	1,696.70
b)	Interest expenses (included in finance cost)	112.65	296.13
c)	Expenses relating to short-term leases		-

(iii) Maturity analysis of undiscounted lease liability

(Rs in Lakhs)

Period	Year ended 31.03.2023	Year ended 31.03.2022
Not Later than one year	2066.58	2057.78
Later than one year	65.00	32.31
Total	**2131.58**	**2090.09**

(iv) Amounts recognised in statement of Cash Flows

(Rs in Lakhs)

Particulars	Year ended 31.03.2023	Year ended 31.03.2022
Total Cash outflow for leases	1901.41	1737.86

The Company's significant leasing/ licensing arrangements are mainly in respect of office premises. Leases generally have a lease term ranging for 60 months. Most of the leases are renewable by mutual consent on mutually agreeable terms.

Finance costs includes interest expense amounting to Rs 112.65 Lakhs for the year ended 31st March 2023 on lease liablity accounted in accordance with Ind AS 116 "Leases".

II) **Where Company is a lessor:**

The Company has given land to Maharashtra Eastern Grid Power Transmission Company Limited for 20 years for construction of 765/400 sub-station. Premium in respect of lease have been received from MEGPTL.

Note 29 Employee Benefits

a) Defined Contribution Plans

The Company's contribution to the Provident Fund is remitted to separate trusts established for this purpose based on a fixed percentage of the eligible employee's salary and charged to Statement of Profit and Loss. Shortfall, if any, in the fund assets, based on the Government specified minimum rate of return, will be made good by the Company and charged to Statement of Profit and Loss. According to the Management, the Actuary has opined that actuarial valuation can not be applied reliably to measure provident fund liabilities in absence of guidance from the Actuary Society of India. The Fair value of investment is excess by Rs. 921.59 Lakhs (PY Rs. 185.79 Lakhs excess) than subscription value, hence no provision is made by the Company. The Company recognised Rs. 9298.34 lakhs (previous year Rs. 8,418.83 lakhs) for Provident Fund contribution in the Statement of Profit and Loss.The contributions payable to these plans by the Company are at rates specified in the rules of the schemes.

Provident Fund

i) 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:

(Rs in Lakhs)

Particulars	As at 31.03.2023	As at 31.03.2022
Liability for subscriptions and interest payable to employees at the end of the year	2,11,330.23	1,92,229.42
Fair value of plan assets at the end of the year	2,12,251.82	1,92,415.21
Net Liability	**(921.59)**	**(185.79)**

ii) Description of plan assets **(Rs in Lakhs)**

Particulars	As at 31.03.2023	As at 31.03.2022
Government Securities (GOI)	42.13%	6.58%
State Development Loan (SDL)	5.14%	32.83%
Other Security Gaurantee by Central/State Govt	0.00%	5.88%
Debt's and Other Related Instrument	27.87%	28.63%
Others	1.97%	1.53%
Exchange Traded Fund (ETF) SBI & UTI	4.46%	4.45%
Special Deposit Schemes(SDS)	18.43%	20.09%

b) Defined Benefit Plan : Gratuity

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

Based on the actuarial valuation obtained in this respect, the following tables sets out the status of the gratuity plan and the amounts recognised in the Company's financial statements as at balance sheet date:

Gratuity (Unfunded)

Movement in net defined benefit (asset)/ liability

i) Reconciliation of opening and closing balances of Gratuity obligation

(Rs in Lakhs)

Particulars	As at 31.03.2023	As at 31.03.2022
Defined benefit obligation at the beginning of the year	48,569.94	44,599.03
Current service cost	2,999.44	2,779.30
Past Service Cost		-
Net Interest cost	3,521.32	3,063.95
Actuarial (gain)/loss on Obligation - Due to change in Demographic Assumptions	-	-263.13
Actuarial (gain)/loss on Obligation - Due to change in Financial Assumptions	(1,083.43)	(1,570.15)
Actuarial (gain)/loss on Obligation - Due to change in Experience	2,392.33	5,130.69
Benefits paid	(3,885.18)	(5,169.75)
Defined benefit obligation at the end of the year	**52,514.42**	**48,569.94**

ii) Reconciliation of opening and closing balances of fair value of plan assets **(Rs in Lakhs)**

Particulars	As at 31.03.2023	As at 31.03.2022
Fair value of plan assets at the beginning of the year	-	-
Expected return on plan assets	-	-
Actuarial (gain)/loss	-	-
Employer contribution	-	-
Benefits paid	-	-
Fair value of plan assets as at the end of the year	-	-

iii) Reconciliation of fair value of assets and obligations:

(Rs in Lakhs)

Particulars	As at 31.03.2023	As at 31.03.2022
Fair value of plan assets as at the end of the year	-	-
Present value of obligations as at the end of the year	(52,514.42)	(48,569.94)
Unfunded (Liability)/asset recognized in the Balance Sheet	(52,514.42)	(48,569.94)

iv) Amount recognized in the Statement of Profit and Loss :

(Rs in Lakhs)

Particulars	As at 31.03.2023	As at 31.03.2022
Current service cost	2,999.44	2,779.30
Interest cost	3,521.32	3,063.95
Past Service Cost	-	-
Expected return on plan assets	-	-
Net Actuarial (gain)/loss	-	-
Total expenses recognized in the Statement of Profit and Loss account	6,520.76	5,843.25

v) Amount recognised in Other Comprehensive Income :

(Rs in Lakhs)

Particulars	As at 31.03.2023	As at 31.03.2022
Actuarial (Gains)/ Losses	-	-
- Changes in Demographic assumptions		(263.13)
- Changes in Financial arrangements	(1,083.43)	(1,570.15)
- Changes in the effect of limiting a net defined benefit asset ceiling, excluding amounts included in interest		-
- Experience adjustments	2,392.33	5,130.69

vi) Major Actuarial Assumptions

Particulars	As at 31.03.2023	As at 31.03.2022
Discount rate	7.25%	7.25%
Expected return on plan assets	NA	NA
Salary increment	5%	5%
Employee turnover	2%	2%
Mortality rate during employment	Indian Assured Lives Mortality 2012-14 (Urban)	Indian Assured Lives Mortality 2012-14 (Urban)
Mortality rate after employment	N. A.	N. A.

vii) The expected future cash flows as on :

(Rs in Lakhs)

Particulars	As at 31.03.2023	As at 31.03.2022
Projected benefits payable in future years from the date of reporting		
1st following year	5,789.27	4,741.70
2nd following year	3,383.08	3,746.84
3rd following year	4,072.74	4,099.48
4th following year	4,115.56	3,631.55
5th following year	4,271.89	3,714.62
Sum of year 6 to 10	20,219.43	18,474.03
Sum of Year 11 and above	71,749.35	65,626.54

viii) Sensitivity analysis

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

Particulars	As at 31.03.2023	As at 31.03.2022
(+) 1% change in rate of discounting	(3,968.30)	(3,738.22)
(-) 1% change in rate of discounting	4,580.38	4,331.78
(+) 1% change in rate of salary increase	4,649.63	4,386.46
(-) 1% change in rate of salary increase	(4,091.28)	(3,845.90)
(+) 1% change in rate of employee turnover	929.81	790.48
(-) 1% change in rate of employee turnover	(1,035.41)	(884.49)

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

c) Long Term Benefits: Leave Encashment

i) The Projected Benefit Obligation towards this Accumulating paid absences (Earn Leave Valuation) is tabulated below:

(Rs in Lakhs)

Particulars	As at 31.03.2023	As at 31.03.2022
Projected Benefit Obligation	46,578.44	39,340.93
Funding Status	Unfunded	Unfunded
Fund Balance	N.A	N.A

ii) Major Actuarial Assumptions (Earn Leave Valuation)

Particulars	As at 31.03.2023	As at 31.03.2022
Discount rate	7.50%	7.25%
Salary Escalation rate	5%	5%
Attrition rate	2%	2%
Mortality rate during employment	Indian Assured Lives Mortality 2012-14 (Urban)	Indian Assured Lives Mortality 2012-14 (Urban)
Retirement Age	58 & 60 years	58 & 60 years
While in service encashment rate	10% for the next year	10% for the next year

iii) The Projected Benefit Obligation towards this Accumulating paid absences (Half paid leave) is tabulated below:

(Rs in Lakhs)

Particulars	As at 31.03.2023	As at 31.03.2022
Projected Benefit Obligation	17,997.24	16,520.33
Funding Status	Unfunded	Unfunded
Fund Balance	N.A	N.A

iv) Major Actuarial Assumptions (Half paid leave)

Particulars	As at 31.03.2023	As at 31.03.2022
Discount rate	7.50%	7.25%
Salary Escalation rate	5%	5%
Attrition rate	2%	2%
Mortality rate during employment	Indian Assured Lives Mortality 2012-14 (Urban)	Indian Assured Lives Mortality 2012-14 (Urban)
Retirement Age	58 & 60 years	58 & 60 years

Note 30 : Related Party Transactions

1 **Names of related parties**

a) **Holding Company**

Name of the Company

MSEB Holding Company Limited (MSEBHCL)

b) **Associates**

Jaigad Power Transco Limited

Maharashtra Transmission Communication Infrastructure Limited

c) **Key Managerial Personnel**

Key Management Personnel Name	Designation	Tenure
Shri. Dinesh T. Waghmare, IAS	Chairman & Managing Director	23.01.2020 till 02.05.2023
Dr Shri Sanjeev Kumar, IAS	Chairman & Managing Director	03.05.2023 onwards
Shri. Nasir Syed Quadrri	Director (Projects)	05.10.2021 onwards
Shri. Anil V Kolap	Director (Operations)	05.10.2021 to 15.12.2022
Shri Sugat Gamare	Director (Human Resource)	10.01.2022 onwards
Shri. Ashok Phalnikar	CFO & Director(Finance)	05.10.2020 onwards
Smt Abha Shukla, IAS	Nominee Director	29.11.2022 onwards
Shri. Vishwas Pathak	Independent Director	28.08.2022 onwards
Smt. Trupti Nitin Mudholkar	Independent Director	22.01.2021 onwards
Smt. Vineeta Shriwani	Company Secretary	22.06.2015 onwards

d) **Remuneration paid to Key Managerial Personnel** (Rs in Lakhs)

Key Managerial Personnel Name	Year ended 31.03.2023	Year ended 31.03.2022
Shri Dinesh T. Waghmare, IAS	14.31	-
Shri. Ravindra Dinkarrao Chavan	-	102.34
Shri. Anil V Kolap	27.55	24.51
Shri Sanjay Taksande	-	3.89
Shri Nasir Syed Quadrri	42.10	21.48
Shri Ashok Phalnikar	39.25	33.00
Shri Sugat Gamare	47.39	-
Smt. Vineeta Shriwani	33.56	32.44

e) **Sitting Fees paid to Independent Directors** (Rs in Lakhs)

Name of Independent Directors	Year ended 31.03.2023	Year ended 31.03.2022
Shri Vishwas Pathak	0.45	0.00
Smt Trupti Nitin Mudholkar	0.50	0.40

f) **Transactions during the year with Subsidiaries/Associates:** (Rs in Lakhs)

Particulars	Year ended 31.03.2023	Year ended 31.03.2022
Associates		
Jaigad Power Transco Limited		
Bay Maintenance income	53.87	57.80
TOTAL	**53.87**	**57.80**
Maharashtra Transmission Communication Infrastructure Limited		
One time upfront payment	1,000.00	0.00
Total B	**1,000.00**	**0.00**
Total C= A+B	**1,053.87**	**57.80**

g) **Outstanding balances with Associates:** (Rs in Lakhs)

Name of Associates	As at 31.03.2023	As at 31.03.2022
Investments in Equity Shares		
Jaigad Power Transco Limited	3,575.00	3,575.00
Maharashtra Transmission Communication Infrastructure Limited	880.46	880.46
Investments in Preference Shares		
Maharashtra Transmission Communication Infrastructure Limited	880.46	880.46

2 Key Managerial Personnel are not entitled for post-employment benefits and other long term employee benefits recognised as per Ind AS 19 - 'Employee Benefits' in the financial statements.

3 The Company has not included disclosure in respect of following related parties which are Government related entities as per Ind AS 24 Para 25:
Maharashtra State Power Generation Company Limited (MahaGenco) (MSPGCL)
Maharashtra State Electricity Distribution Company Limited (MahaVitaran) (MSEDCL)
MSEB Holding Company Limited (MSEBHCL)

Note 31 : Government Grants for capital assets

(Rs in Lakhs)

Capital / Government grants	Amount
As at 01.04.2021	**29,965.61**
Received during FY 2021-22	3,190.00
Interest received on GEC & PSDF Grants	23.29
Refunded to Government during the year FY 2021-22	(6.57)
Government Grant amortised during FY 2021-22	(1,723.59)
As at 31.03.2022	**31,448.74**
Received during FY 2022-23	300.46
Interest received on GEC & PSDF Grants	0.00
Refunded to Government during the year FY 2022-23	(514.88)
Government Grant amortised during FY 2022-23	(1,706.67)
As at 31.03.2023	**29,527.65**

MSETCL has received Government Grant for the purpose of strengthening of Transmission Network by constructing Substations and Lines in various Districts in Maharashtra.

F. Y.	Grants Received (Rs in lakhs)	Reasons for unfulfilled conditions
Grant received for Construction of Substations and Lines for strentening of Transmission Network in 14 Districts		
2006-07	6,850.00	Total 29 Schemes out of which only 2 schemes are still ongoing, status thereof is unascertainable
2007-08	8,000.00	Total 21 Schemes out of which only 4 schemes are still ongoing, status thereof is unascertainable
2008-09	9,000.00	Total 79 Schemes out of which only 3 schemes are still ongoing, status thereof is unascertainable
Grant received as Power System Development Fund for System Improvement		
2017-18	874.40	Work in progress
2018-19	1,284.90	
2019-20	740.60	
2020-21	1,083.00	
2021-22	3,190.00	
Grant against Green Energy Corridor Project received as per the recommendation of 13th Finance Commission towards equity portion of MSETCL		
2017-18	7,500.00	Work in progress
2018-19	3,556.59	
2019-20	611.20	
2019-20(Refunded)	(3,500.00)	
2022-2023	300.46	
Grant received from State Government towards 50% construction cost of Jawahar substation in Thane district under Tribal Sub Plan Area (TSP)		
2017-18 2018-19	1,809.38 182.20	Work in progress
Grant in Aid from Ministry of Power, GoI (through PGCIL) for Renewable Energy Management Center (REMC) Assets as part of control infrastructure at Green energy corridors at 11 locations.		
2020-21	617.48	Assets handed over to SLDC by PGCIL

Interest Earned on GEC and PSDF Grant	-	

Note 32 : Earnings Per Share (EPS)

(Rs in Lakhs)

Particulars	Year ended 31.03.2023	Year ended 31.03.2022
Number of Equity Shares at the beginning of the year	8,98,49,74,733	8,98,49,74,733
Shares issued during the year (Nos)	-	-
No. of Equity Shares at the end of the year	8,98,49,74,733	8,98,49,74,733
Weighted Average No of Equity Shares	8,98,49,74,733	8,98,49,74,733
Profit for calculation of EPS (Rs in lakhs)	1,03,668.17	95,535.95
Basic and Diluted Earnings Per Share (Rs)	1.15	1.06

Note 33: Tax expense

(a) Amounts recognised in statement of profit and loss

(Rs in Lakhs)

Particulars	Year ended 31.03.2023	Year ended 31.03.2022
Current year	53,834.73	35,139.69
Short/Excess provision for earlier years	-	-
Current tax expense (A)	**53,834.73**	**35,139.69**
Origination and Reversal of Temporary Differences - Deferred Tax (Credit)/Charge	(1,106.66)	(11,672.96)
Deferred tax expense (B)	**(1,106.66)**	**(11,672.96)**
Tax expense recognised in the current statement (A) + (B)	**52,728.07**	**23,466.73**

(b) Amounts recognised in Other Comprehensive Income

(Rs in Lakhs)

Particulars	Year ended 31.03.2023			Year ended 31.03.2022		
	Before tax	Tax (expense) benefit	Net of tax	Before tax	Tax (expense) benefit	Net of tax
Items that will not be reclassified to profit or loss : Remeasurements of the defined benefit plans	(1,308.90)	457.38	(851.52)	(3,297.40)	1,152.24	(2,145.16)
	(1,308.90)	457.38	(851.52)	(3,297.40)	1,152.24	(2,145.16)

(c) Reconciliation of effective tax rate

(Rs in Lakhs)

Particulars	Year ended 31st March 2023		Year ended 31st March 2022	
	%	Rs. In lakhs	%	Rs. In lakhs
Profit before Tax		1,56,396.24		1,19,002.68
Current Tax using Applicable Tax Rate	34.94	54,651.10	34.94	41,584.30
Tax effect of:				
Non-deductible Expenses	0.01	1,684.93	1.16	1,381.04
Allowable Expenses	0.01	2,222.94	(1.78)	(2,120.92)
Deduction u/s 80-IA	(0.03)	(4,723.78)	(4.79)	(5,704.66)
DTL Reversal on Reclassification of Spares	-	-	(11.60)	(13,804.49)
DTL on Property, Plant & Equipment (incl Intangible Assets and ROUA)	0.02	3,429.65	4.32	5,146.63
DTL on Intangible Assets	0.00	96.87		
DTA on Others	(0.03)	(4,633.63)	(2.53)	(3,015.17)
Current Tax as per P&L and Effective Tax Rate	**33.71%**	**52,728.06**	**19.72**	**23,466.73**

Note 33: Tax expense (continued)

(d) Movement in deferred tax balances

(Rs in Lakhs)

					31 March 2023		
Particulars	Net balance April 1, 2022	Recognised in profit or loss	Recognised in OCI	Recognised directly in equity	Net	Deferred tax asset	Deferred tax liability
Deferred tax Asset/(Liabilities)							
Property, plant and equipment (includes intangible assets and revaluation impact)	(2,89,715.84)	(335.21)		-	(2,90,051.04)	-	(2,90,051.04)
Intangibles Assets	(192.14)	(96.87)			(289.01)	-	(289.01)
Right of Use Assets and its lease liability	175.81	(3,094.45)		-	(2,918.64)	-	(2,918.64)
Transaction Cost for Borrowings	820.34			-	820.34	820.34	-
Employee benefits	27,216.50	3,967.91	457.38	-	31,641.79	31,641.79	-
Provisions (Trade Receivables)	963.09			-	963.09	963.09	-
Government grant	1,232.21	596.38		-	1,828.59	1,828.59	-
Investment in government security	1,547.55	68.88		-	1,616.43	1,616.43	-
Other items	7,778.41			-	7,778.41	7,778.41	-
Tax assets (Liabilities)	(2,50,174.07)	1,106.66	457.38	-	(2,48,610.03)	44,648.66	(2,93,258.69)
Reversal of Opening DTL	3,499.92	-	-	-	3,499.92	3,499.92	-
Tax assets (Liabilities) (Net)	(2,46,674.15)	1,106.66	457.38	-	(2,45,110.11)	48,148.58	(2,93,258.69)

(e) Movement in deferred tax balances

(Rs in Lakhs)

					31 March 2022		
Particulars	Net balance April 1, 2021	Recognised in profit or loss	Recognised in OCI	Recognised directly in equity	Net	Deferred tax asset	Deferred tax liability
Deferred tax Asset/(Liabilities)							
Property, plant and equipment (includes intangible assets, critical spares and revaluation impact)	(2,99,616.20)	9,900.36	-	-	(2,89,715.84)	-	(2,89,715.84)
Intangibles Assets	(101.91)	(90.23)			(192.14)	-	(192.14)
Right of Use Assets and its lease liability	201.09	(25.28)	-	-	175.81	175.81	-
Transaction Cost for Borrowings	824.25	(3.91)	-	-	820.34	820.34	-
Employee benefits	24,783.40	1,280.86	1,152.24	-	27,216.50	27,216.50	-
Provisions	963.09	-	-	-	963.09	963.09	-
Government grant	629.92	602.29	-	-	1,232.21	1,232.21	-
Investment in government security	1,538.69	8.86	-	-	1,547.55	1,547.55	-
Other items	7,778.41	-	-	-	7,778.41	7,778.41	-
Tax assets (Liabilities)	(2,62,999.27)	11,672.96	1,152.24	-	(2,50,174.07)	39,733.91	(2,89,907.98)
Reversal of Opening DTL	3,499.92	-	-	-	3,499.92	3,499.92	-
Tax assets (Liabilities) (Net)	(2,59,499.35)	11,672.96	1,152.24	-	(2,46,674.15)	43,233.83	(2,89,907.98)

The company offsets tax assets and liabilities if and only if it has a legally enforcable to offset current tax assets and current tax liabilties and deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority

Note No. 34

The following table shows the carrying amounts of Financial Assets and Financial Liabilities which are classified at Amortised Cost: **(Rs in Lakhs)**

Particulars	31.03.2023 Amortised Cost	31.03.2022 Amortised Cost
Non -current financial Assets		
Investments	1,29,651.86	1,00,018.21
Loans #	137.35	124.49
Current Financial assets		
Investments	2,739.24	15,314.50
Loans #	265.35	250.89
Other Financial Assets #	9,770.43	5,128.47
Total	**1,42,564.24**	**1,20,836.55**
Non - current Financial Liabilities		
Borrowings #	3,96,297.24	4,20,249.56
Other non - current Financial Liabilities #	1,40,118.70	1,23,273.97
Current Financial liabilities		
Borrowings #	87,354.53	81,462.01
Trade Payables #	24,533.16	25,045.11
Other Financial Liabilities #	12,662.58	13,132.49
Total	**6,60,966.21**	**6,63,163.14**

The above amounts are considered at cost

MSETCL has identified financial risk and categorized them in three parts Viz. (i) Credit Risk, (ii) Liquidity Risk & (iii) Market Risk. Details regarding sources of risk in each such category

Credit Risk:

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from customers and investment securities. MSETCL establishes the policy for allowance for expected credit loss and impairment that represents its estimate of losses in respect of trade, other receivables and investments. The maximum exposure to credit risk in case of all the financial instruments covered below is restricted to their respective carrying amounts.

Trade receivables:

As per the accounting policy, MSETCL has determined the allowance of expected credit loss on trade receivables arising out of its business of primary electricity transmission utility in the state of Maharashtra and taking into consideration its base of customers comprising of distribution Licensees, Wheeling of power and receivables from other services including STU and allied servies which contains major amounts to be recovered from fellow subsidiairies or entities which are also public sector entities

Major Trade receivables of MSETCL are of a short duration and do not carry any contractual rate of interest unless there is a default in payment. Even in such circumstances when a Transmission System User (TSU) consumer pays the arrears, the interest is the last element to be recovered. Accordingly, effective interest rate of trade receivables is considered to be negligible and discounting of expected cash shortfalls to reflect the time value of money are considered to measure the expected credit losses

The Company works out the expected credit losses of trade receivables (which are presently considered good) using the Government Bond yield as discounting factor for the respective years to assess the time value risk associated with such trade receivables from services as described above. **However MSETCL, after considering the behaviour pattern of the customers has not made the provision for expected credit loss, other than for the identified doubtful receivables.**

The following table provides information about the exposure to credit risk and loss allowance (including expected credit loss provision) for trade receivables:

Trade Receivable ageing Schedule as at 31 March 2023

(Rs in Lakhs)

Particulars	Outstanding for following periods from date of transaction					
	Less than 6 months	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Undisputed Trade Receivables - Considered Good	1,44,997.69	1,568.54	14,111.18	75,188.21	1,40,906.09	3,76,771.70
(ii) Undisputed Trade Receivables - Increased Credit Risk	-	-	-	-	-	-
(iii) Undisputed Trade Receivables - Credit Impaired	-	-	-	-	-	-
(iv) Disputed Trade Receivables - Considered Good	-	-	-	-	-	-
(v) Disputed Trade Receivables - Increased Credit Risk	-	-	-	-	11,613.59	11,613.59
(vi) Disputed Trade Receivables - Credit Impaired	-	-	-	-	-	-

Trade Receivable ageing Schedule as at 31 March 2022

(Rs in Lakhs)

Particulars	Outstanding for following periods from date of transaction					
	Less than 6 months	Less than 1 year	1 -2 years	2-3 years	More than 3 years	Total
(i) Undisputed Trade Receivables - Considered Good	1,17,101.19	10,361.88	1,861.28	933.83	1,88,939.62	3,19,197.80
(ii) Undisputed Trade Receivables - Increased Credit Risk	-	-	-	-	-	-
(iii) Undisputed Trade Receivables - Credit Impaired	-	-	-	-	-	-
(iv) Disputed Trade Receivables - Considered Good	-	-	-	-	-	-
(v) Disputed Trade Receivables - Increased Credit Risk	-	-	-	-	11,613.59	11,613.59
(vi) Disputed Trade Receivables - Credit Impaired						

"1. There are no trade or other receivable which are either due from directors or other officers of the Company either severally or jointly with any other person nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.

2. Trade receivables are non-interest bearing."

Trade Payable Ageing Schedule as at 31 March 2023

(Rs in Lakhs)

Particulars	Outstanding for following periods from date of transaction				
	Less than 1 year	1 -2 years	2-3 years	More than 3 years	Total
Undisputed Trade Payables					
(i) MSME	383.62	9.39	23.90	13.22	430.13
(ii) Others	13,206.51	123.65	2,055.81	8,717.06	24,103.03
Disputed Trade Payables					
(i) MSME	-	-	-	-	-
(ii) Others	-	-	-	-	-

Trade Payable Ageing Schedule as at 31 March 2022

(Rs in Lakhs)

Particulars	Outstanding for following periods from date of transaction				
	Less than 1 year	1 -2 years	2-3 years	More than 3 years	Total
Undisputed Trade Payables					
(i) MSME	224.18	34.22	0.11	25.23	283.73
(ii) Others	12,487.29	2,127.67	544.77	9,601.64	24,761.38
Disputed Trade Payables					
(i) MSME	-	-	-	-	-
(ii) Others	-	-	-	-	-

Disclosure relating to suppliers registered under MSMED Act based on the information available with the Company:

(Rs in Lakhs)

Particulars	As at 31.03.2023	As at 31.03.2022
Amount remaining unpaid to any supplier at the end of accounting year		
Principal	430.13	283.73
Interest	49.35	-
Total	**479.48**	**283.73**

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. Company has a strong focus on effective management of its liquidity to ensure that all business and financial commitments are met on time. The Company has adequate borrowing limits in place duly approved by its shareholders and board. Company sources of liquidity includes operating cash flows, cash and cash equivalents, fund and non-fund based lines from banks. Cash and fund flow management is monitored daily in order to have smooth and continuous business operations.

(i) Financing arrangements

The Company has an adequate fund and non-fund based limits from various banks. The Company has sufficient borrowing limits in place duly, approved by its shareholders and board. Domestic credit rating from reputed credit rating agencies enables access of funds from domestic market. It's diversified source of funds and strong operating cash flow enables it to maintain requisite capital structure discipline. MSETCL diversifies its capital structure with a mix of financing products across varying maturities and currencies. The financing products include, clean & secured domestic Term loans. These loans are taken from REC, PFC and banks.

(ii) Maturities of financial liabilities

The amounts disclosed in the table are the contractual undiscounted cash flows.

(Rs in Lakhs)

Particulars	Contractual cash flows					
	31.03.2023			31.03.2022		
	Upto 1 year	2-3 years	More than 3 years	Upto 1 year	2-3 years	More than 3 years
Non-derivative financial liabilities						
Borrowings	87,382	1,55,992	2,40,278	81,462	1,68,580	2,51,669
Total	**87,382**	**1,55,992**	**2,40,278**	**81,462**	**1,68,580**	**2,51,669**

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

Currency risk:

Interest rate risk exposure:

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

(Rs in Lakhs)

Particulars	Carrying amount	
	31.03.2023	31.03.2022
Fixed-rate instruments		
Financial assets	1,32,391.10	1,15,332.71
Financial liabilities	5,865.02	7,716.18
Variable-rate instruments		
Financial assets	-	-
Financial liabilities	4,77,786.75	4,93,995.39

Cash flow sensitivity analysis for variable-rate instruments

A reasonably possible change of 25 basis points in interest rates at the reporting date would have increased / (decreased) profit or loss by the amounts shown below. The indicative 25 basis point (0.25%) movement is directional and does not reflect management forecast on interest rate movement.This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

(Rs in Lakhs)

Particulars	Profit or Loss			
	25 bp increase	25 bp decrease	25 bp increase	25 bp decrease
	31.03.2023		31.03.2022	
Floating rate borrowings	1,194.47	(1,194.47)	1,234.99	(1,234.99)
Interest rate swaps (notional principal amount)	-	-	-	-
Cash flow sensitivity (net)	1,194.47	(1,194.47)	1,234.99	(1,234.99)

Note 35 A : Details of Associates

Name of Associate	Principal Activity	Place of Incorporation and Principal Place of Business	Proportion of Ownership Interest / Voting Rights held by the Group	
			As at 31.03.2023	As at 31.03.2022
Equity Shares				
Jaigad Power Transco Ltd (JPTL)	Transmission of electricity	Mumbai	26.00%	26.00%
Maharashtra Transmission Communication Infrastructure Limited (MTCIL)	Making available optical fibre capacity on lease	Mumbai	35.02%	35.02%
Preference Shares				
Maharashtra Transmission Communication Infrastructure Limited (MTCIL)	Making available optical fibre capacity on lease	Mumbai	100.00%	100.00%

Note 35 B : Aggregate Summarised Financial Information of Associates that are not individually material

(Rs in Lakhs)

Associates	Jaigad Power Transco Ltd (JPTL)		Maharashtra Transmission Communication Infrastructure Limited (MTCIL)	
Particulars	**Year ended 31 March 2023**	**Year ended 31 March 2022**	**Year ended 31 March 2023**	**Year ended 31 March 2022**
Carrying amount of Investment in Equity Shares	3,575.00	3,575.00	880.46	880.46
Carrying amount of Investment in Preference Shares			880.46	880.46
Company's Share of Profit or Loss from Continuing Operations	852.95	744.75	756.57	620.93
Company's share in other comprehensive income	0.22	(3.74)	-	2.70
Company's share in Total comprehensive income	853.16	741.02	756.57	623.63

(Rs in Lakhs)

Particulars	As at 31.03.2023	As at 31.03.2022
Aggregate carrying amount of the Company’s interest in these Associates	5,335.92	5,335.92
Carrying amount of the Company’s interest in these Associates	5,335.92	5,335.92

Note 36: Assets hypothecated / pledged as security

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

(Rs in Lakhs)

Particulars	As at 31.03.2023	As at 31.03.2022
Security created in respect of Non-current Borrowings		
Property, plant and equipment excluding leasehold land	15,31,782	1,51,40,754
Security created in respect of Current Borrowings		
i) Fixed Deposit Receipts	20,730	10,000
ii) Post Dated Cheques	-	45,000
Total assets as security	**15,52,512**	**1,51,95,754**

Note 37: Capital Management

For the purpose of the Company's capital management, capital includes issued equity capitaland all other equity reserves attributable to the equity holders. The primary objective of the Company's capital management is to maximize the shareholder value and to ensure the Company's ability to continue as a going concern of the business.

The Company has not distributed any dividend to its shareholders. The Company monitors gearing ratio i.e. total debt in proportion to its overall financing structure, i.e. equity and debt. Total Debt is defined as aggregate of long-term borrowings, short-term borrowings and current maturities of long term debt. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets.

(Rs in Lakhs)

Particulars	As at 31.03.2023	As at 31.03.2022
Equity	14,26,037.85	13,23,749.99
Total Equity	14,26,037.85	13,23,749.99
Borrowings	4,83,651.77	5,01,711.57
Less: cash and cash equivalents	(41,707.20)	(44,427.28)
Total debt	4,41,944.57	4,57,284.29
Overall financing	18,67,982.42	17,81,034.28
Net Debt to Equity Ratio	0.31	0.35

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current period.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2023.

Note 38: Other Notes

38.1 Contingency Reserve Fund, Special Reserve Fund & Load Despatch Center Empowerment Reserve (LDCD) Fund :

As per directions of MERC vide Order No. 232 of 2023 dated 31st March 2023, the company for FY 2022-23 has appropriated an amount of Rs. 7,323.00 Lakhs (Previous Year Rs. 8,335.00 Lakhs) towards Contingency Reserve Fund. An amount of Rs. NIL (Previous Year Rs. NIL) has been appropriated towards Special Reserve Fund.

An amount of Rs NIL (Previous Year Rs 1,857.83 Lakhs apporpriated) has been withdrawn from Load Despatch Center Empowerment Reserve (LDCD) Fund.

38.2 Secured Loans:-

(Rs in Lakhs)

Name of the Institution	Loan Secured By			
	Guarantee from State Government	Hypothecation against future assets	Mortgage against existing assets	Total
Rural Electrification Corporation Limited (REC)	NIL	2,54,378.14	-	2,54,378.14
Power Finance Corporation Limited (PFC)	NIL	54,174.73	-	54,174.73
ICICI BANK	NIL	21,111.09	-	21,111.09
Canara Bank	NIL	19,080.74	-	19,080.74
Bank of India BOI-1	NIL	4,958.83	-	4,958.83
Bank of India BOI-2	NIL	30,375.57	-	30,375.57
Bank of Maharashtra	NIL	66,008.52	-	66,008.52
Bank of India BOI-3	NIL	18,225.09	-	18,225.09
Interest Free GoM Loan	8446.20	-	-	8446.20

Repayment Schedule of Long Term Loan Liabilities

Particulars	Rural Electrification Corporation	Power Finance Corporation	Bank of India-1	Bank of India-2	Bank of India-3	Canara Bank	Interest Free GoM Loan	KFW	Bank of Maharashtra	ICICI BANK
Nature of Loan	Term Loan	Term Loan	Term Loan	Term Loan	Term Loan	Term Loan	Special Assistance	Term Loan	Term Loan	Term Loan
Loan Amount	Up to Borrowing Limit Rs.569400 Lakhs	Up to Borrowing Limit Rs.397600 Lakhs	Rs 30,000 Lakhs	Rs 75,000 Lakhs	Rs 50000 Lakhs	Rs 50000 Lakhs	Rs.12,000 Lakhs	Rs 10,250 Lakhs (12 million Euro) (12 M EURO)	Rs 120000 Lakhs	Rs 50000 Lakhs
Period (Term)	13 Years (3+10)	18 Years (3+15)	13 Years (3+10)	13 Years (3+10)	13 Years (3+10)	13 Years (3+10)	-	15 Years (5+10)	13 Years (3+10)	6.5 Years
Moratorium Period	3 Years	3 Years	3 Years	3 Years	3 Years	3 Years	-	5 Years	3 Years	Nil
Repayment	Repayment is ongoing	Repayment is ongoing	Repayment is ongoing	Repayment is ongoing	Repayment is ongoing	Repayment is ongoing	-	Repayment is ongoing	Repayment is ongoing	Repayment is ongoing
Purpose of Use	Capex Funding	Capex Funding	Capex Funding	Capex Funding	Capex Funding	Capex Funding	Capex Funding	Capex Funding	Refinancing of Loan	Refinancing of Loan
Rate of Interest (Floating) at year end	10.25%	9.50%	8.93%	8.20%	7.80%	7.75%	-	1.27%	8.10%	9.50%
			With annually reset	With reset Monthly	With reset Monthly	With annually reset			With annually reset	With Quarterly reset
Terms of Payment	Yearly	Quarterly	20 Half yearly	40 Quarterly equal Installment	40 quarterly installment	40 quarterly installment	-	Semi Annually	Monthly	Monthly Quarterly & Yearly
Upfront Fees	Upto 500 Cr - Nil Above 500 Cr - 0.01 % of loan amount	Upto 500 Cr - Nil Above 500 Cr - 0.01 % of loan amount	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Commitment Charges	Upto 500 Cr -Nil Above 500 Cr - 0.25% P.A. on undrawn Amount of Quarter till the Date of Actual Drawal	Upto 500 Cr - Nil Above 500 Cr- 0.25% P.A. on undrawn Amount of the Previous Quarter from the first day of following Quarter till the Actual Date of Drawal	Nil	Nil	Nil	Nil	Nil	0.20% pa on undisbursed amount	Nil	Nil
Margin Money Requirement (Equity) From 01.04.2017	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%	Nil	GST Paid by MSETCL	Nil	Nil

Foreign Currency Loan

Loan Secured by	KFW (Rs.) in Lakhs	EURO in Million
Guarantee from Central Government	6892.82	8.26

Note No 39 : Contingent Liabilities and Contingent assets

1. Claims against the Company not acknowledged as debts in respect of:

(i) Capital Works

Some of the contractors for supply and installation of equipments and execution of works at our projects have lodged claims on the company seeking enhancement of the contract price, revision of work schedule with price escalation, compensation for the extended period of work, idle charges, Interest for delayed payments made,under MSME Act, etc. These claims are being contested by the Company as being not admissible in terms of the provisions of the respective contracts.

The company is pursuing various options under the dispute resolution mechanism available in the contract for settlement of these claims. In such cases, contingent liability of Rs 40824.74 Lakhs (P.Y. Rs.17864.825 Lakhs) has been estimated.

(ii) Land/ Crop compensation & Enhancement in Compensation cases

In respect of land acquired for the projects, the land losers have claimed higher compensation before various authorities/courts which are yet to be settled. In such cases, contingent liability of Rs 22051.15 lakhs (P.Y. Rs.10743.04 Lakhs) has been estimated.

(iii) Other claims

In respect of claims made by various State/Central Government Departments/Authorities towards building permission fees, penalty on diversion of agriculture land to non-agriculture use, Nala tax, water royalty etc. and by others, contingent liability of Rs 11228.36 Lakhs (P.Y. Rs. 1116.49 Lakhs) has been estimated.

(iv) Disputed Income Tax/Sales Tax/Excise/Municipal Tax Matters

Disputed Income Tax/Sales Tax/Excise/Municipal Tax Matters amounting to Rs 75943.93 Lakhs (P.Y. Rs. 63950.28 Lakhs) are being contested before various Appellate Authorities. Many of these matters are disposed of in favour of the company but are disputed before higher authorities by the concerned departments.

(v) Financials Guaranttees

MSETCL has provided financial guarantees in the form of Bank Guarantee's amounting to Rs 32.95 lakhs (P.Y. Rs. 32.95 Lakhs) to various Authorities for construction of Transmission Sub-stations and Transmission Lines.

(vi) Others

a) Other contingent liabilities pertaining to Employee claims amounts to Rs 305.11 Lakhs (P.Y. Rs.174.11 Lakhs) .

b) Some of the beneficiaries have filed appeals against the tariff orders of the MERC. The amount of contingent liability in this regard is Rs. 326699.91 Lakhs (PY Rs. 314995.40 Lakhs)

Note 40 : Commitments

Expenditures committed for at the end of reporting year is as follows:

(Rs. In lakhs)

a)

Capital Commitments Not Recognised as Liabilities	**31.03.2023**	**31.03.2022**
Property, Plant and Equipment	5,19,959.01	4,19,590.35
Less: Capital Advances	(602)	(542)
Net Capital Commitments	**5,19,356.88**	**4,19,048.26**

(Rs. In lakhs)

b)

Corporate Social Responsibility	**31.03.2023**	**31.03.2022**
Unspent CSR Liability	8,312.19	6,765.06

Note 41 :

Balances of Trade Receivables, Financial assets - Loans and advances are subject to confirmation and reconciliation. The Company is taking necessary steps for reconciliation and confirmation of the same.

Note 42:

The Company generally makes payment to its creditors within a period of 45 days as stipulated in the Micro, Small and Medium Enterprise Act 2006. The Company has not provided any interest payable to Micro and Small Enterprise as required by the aforesaid Act as claims are pending due to non submission of details/documents from Vendors.

Note 43 :

The group Company's Receivables & Payables are subject to confirmation and reconciliation. These items interalia includes an adjustments. It's long pending inter-unit advise payable balances of Rs 22,697.26 lakhs (Receivables Rs 19,679.53 lakhs upto FY 2017-18 and Rs. 324.29 Lakhs upto FY 2019-20. Payables Rs 40,863.03 lakhs upto FY 2017-18 and Rs.1,838.05 Lakhs upto FY 2019-20 i.e Net payable Rs 22,697.26 lakhs) pertaining to MSEDCL through the Receivable against Transmission Charges from MSEDCL by Rs.21183.50 in FY 2017-18 and Rs.1,513.76 Lakhs in FY 2019-20.

Note 44 :

In accordance with Ind AS 36 - Impairment of assets, impairement analyis of assets of Transmission activity of the Company by evaluation of its Cash Generating Units, was carried out by outside agency in the year 2006-07 and since recoverable was more than the carrying amount thereof, no impairment loss was recognised.

Note 45 :

MSETCL is consistently following its accounting policy regarding recognition of other income on 'accrual basis except when ultimate realization of such income is uncertain' as mentioned in Note no. 2.15 which is in commensurate with applicable accounting standard. As such Delayed Payment Charges (DPC) being part of other income is recognized only to the extent of realized amount. Thus by adopting this policy the accounts of each financial years have been finalized on the basis of which Truing-up (Provisional / Final) is done by MERC as mentioned in clause 37.1 of MYT Regulations 2019 (applicable upto FY 2024-25).

MERC has done truing-up for every financial year based on the accounts and not adjusted the amount of Delayed Payment Charges upto truing up of FY 2014-15 as the same was not accounted for in the accounts. However, MERC while carrying out provisional true-up for FY 2015-16 has reduced ARR by Rs.85,499.00 lakhs towards Delayed Payment Charges related to the earlier financial years including FY 2015-16 which have been not accounted for in accounts as per accounting policy. Apart from this adjustment, MSETCL is entitled for its legitimate ARR of Rs.394,437.00 lakhs as is evident from MERC order dtd. 7th July 2016 in case no. 31 of 2016. To match with this entitled ARR accrued in FY 2016-17, MSETCL has accounted for Rs.75,476.11 lakhs as other income being shortfall in ARR which has resulted on account of adjustment towards DPC in FY 2016-17. Further, MSETCL has filed an appeal before APTEL against the order of MERC in case No 31 of 2016 vide Appeal No 67 of 2017.

Considering the above adjustment, an amount of DPC accumulated as on 31st March 2022 Rs.2,33,643 lakhs have not been booked as per consistent accounting policy followed.

Note 46:

As per Section 135 of the Companies Act, 2013, a company, meeting the applicability threshold, needs to spend at least 2% of its average net profit for the immediately preceding three financial years on corporate social responsibility (CSR) activities. The areas for CSR activities are as mentioned in below table. A CSR Committee has been formed by the Company as per the Act. The funds are utilized through the year on these activities which are specified in Schedule VII of the Companies Act, 2013.

Accordingly, Company has made provision of Rs. 2,247.39 lakhs in C.Y. (P.Y. Rs 1,948.61 lakhs) u/s 135 (Corporate Social Responsibility) of Companies Act 2013. In accordance with Circular no. 14 dated 24 August 2021 issued by the Ministry of Corporate Affairs regarding clarifications on CSR related work, the Company has transferred Rs 8312.19 upto April 2023 to a seperate bank account 'Unspent CSR Account'.

(Rs. In lakhs)

Particulars	2022-23	2021-22
Amount required to be spent as per Section 135 of the Companies Act, 2013	6,765.06	8,138.01
Add : Provision made during the year	2,247.39	1,948.61
Amount spent during the year		
Education, Sports and Health	256.36	2,727.73
Social Sector, Contribution to relief fund & Agriculture	-	62.21
Infrastructure & Electrification	443.90	531.62
Outstanding CSR Liability to be spent	8,312.19	6,765.06

(Rs. In lakhs)

Particulars	2022-23	2021-22
Gross Amount required to be spent as per Section 135 of the Act	2,247.39	1,948.51
Add: Amount Unspent from previous years	6,765.06	8,138.01
Total Gross amount required to be spent during the year	9,012.45	10,086.52
Amount approved by the Board to be spent during the year	9,012.45	10,086.52

Amount spent during the year on

(i) Construction/acquisition of an asset	700.26	3,421.56
(ii) On purposes other than (i) above	-	-

Details related to amount spent/ unspent

Particulars	2022-23	2021-22
Amount spent during the year		
Education, Sports and Health	256.36	2,727.73
Social Sector, Contribution to relief fund & Agriculture	-	62.21
Infrastructure & Electrification	443.90	631.62
Accrual towards unspent obligations in relation to:		
Ongoing projects	8,312.19	6,664.96
Other than Ongoing projects	-	-
TOTAL	9,012.45	10,086.52

Note 47:

In order to facilitate integration & evacuation of large scale renewable energy generation (Solar / Wind) envisaged to come up in renewable energy rich state MNRE & Govt of India has undertaken the Green Energy Corridor for seamless evacuation of Green Energy in 12 th Five Year plan .Under the approved DPR 27 No of transmission elements (220 kV/132 kV transmission Lines with End Bays) are sanctioned under various zones. The original cost of scheme was Rs. 367 Cr.

The agreement is executed on 1.12.2017 for loan of EUR 12,000,000 between KFW Frankfurt am Main ("KfW")

The said scheme is proposed to be financed as: -

MSETCL Equity - 20 %

National Clean Energy Fund (Grant) - 40 %

KFW (German Development Bank) Loan- 40 % (12 Million EUROs)

GEC-I works were tenderized for 19 elements (excluding 8 lines & 16 bays) for an amount of Rs. 168.72 Cr. against original DPR Scheme cost of Rs. 367 Cr. Accordingly the funding of Grant, Debt & Equity is as follows:-

20% MSETCL Equity - Rs. 33.74 Crs.

40% National Clean Energy Fund (Grant)- Rs. 67.49 Crs.

40% KFW (German Development Bank) Loan- Rs. 67.49 Crs.

The MSETCL has lodged its first claim for disbursement of loan with Office of CAAA (Controller of Aid Accounts and Audit Division, Ministry of Finance) which in turn lodge the same with KfW, Germany for disbursement. On receipt of claim from CAAA, KFW releases the disbursement to CAAA and routed from CAAA to State government. The State government on receipt of KFW Loan, issues GR after Budget approval and transfers the amount of loan to MSETCL's Bank Account.

The first disbursement was made by KfW on 8-May-2019 before which nothing was requested as no billing was made by vendors related to work allocated for kfw loan . The disbursement of loan depends upon the progress of work of project. Upto 31-Mar-2023 the MSETCL has received loan amount of EURO 82,63,220 (P.Y. EURO 59,82,178) Rs.68,92,81,883 (P.Y. Rs.50,28,74,529)

As per clause 3, of Loan Agreement Borrower has to pay non refundable Commitment Fee of 0.20% per annum on undisbursed Loan amount. Kfw has charged the Commitment fee Rs. 8.95 lakhs (P.Y.Rs. 11.40 lakhs) which is charged to P&L.

The GoM vide GR dated 12.10.2022 and 02.02.2023, GOM has sanctioned an amount of Rs.246.14 Lakhs (P.Y. Rs.620.34 Lakhs) and Rs. 1700.28 Lakhs (P.Y. Rs.312.62 Lakhs) respectively during F Y 2022-23 .

Also forex loss on translations at the year end is also debited to P&L amounting to Rs.547 Lakhs (P.Y.gain of Rs.132 Lakhs) as the exchange risk lies with MSETCL.

Note 48:

Designated Current Account operated and maintained in terms of MERC Regulation pertaining to Thrid Party Liabilities

MSPC UI (Unscheduled Interchange) Settlement Op. Account (FBSM Pool Account), MSPC (Maharashtra State Power Committee) Reimbursement Op. A/C, MSLDC RE-DSM Op. Account (RE-SDM Pool Account) and MSLDC DSM Pool Op. Account (DSM Pool Account).

The Maharashtra Electricity Regulatory Commission (MERC) had issued a Suo Moto Order in case number of 42 of 2006 on 17th May, 2007 whereby it introduced the Weighted Average System Marginal Pricing (WASMP) based Balancing and Settlement Mechanism. The Maharashtra State Load Despatch Centre (MSLDC) had prepared the Balancing and Settlement Code (BSC) 4th July, 2009 which was approved by the MERC vide its letter dated 26 August, 2009. The BSC was operationalised in the state from 1st August, 2011.

The MERC vide Various Regulations has directed the MSLDC to operate and maintain MSPC UI Settlement Op. Account (FBSM Pool Account),MSPC Reimbursement Op. A/C, MSLDC RE-DSM Op. Account (RE-SDM Pool Account) and MSLDC DSM Pool Op. Account (DSM Pool Account). MSLDC have been assigned the function to maintain there various Regulatory Fund Accounts under the respective Regulations issued by MERC. MSLDC is to manage these Funds as Custodian of these funds as Nodal Agency till some other entity is identified by MERC.

As per MERC order in case no. 42 of 2006 dt. 17.05.2007 clause no. 5.1(g) MSLDC on behalf of State Pool Participants shall collect on weekly basis and make payment towards Settlement of UI (Unscheduled Interchange) charges. Accordingly, MSPC UI Settlement Operative Bank Account is opened in Bank of Maharashtra, Airoli Branch on dt. 11.11.2008,bearing Account No. 20130402907. As per clause No. 5.1(g) MSPC shall open and maintain a bank account to receive/release payments in respect of settlement among State Pool Participants. Also MSLDC had opened one Current Bank Account (New) with Bank of Maharashtra, Airoli Branch on dt. 11.11.2008, bearing Account No. 60029434202 to meet expenditure of MSPC which will be shared by the State Pool Participants i.e. all Distribution Companies in the Intra State.

The MERC has formulated F&S Regulations, namely, Maharashtra Electricity Regulatory Commission (Forecasting, Scheduling and Deviation Settlement for Solar and Wind Generation) Regulations, 2018. These Regulations are intended to facilitate Grid integration of Wind and Solar energy generated in Maharashtra while maintaining Grid stability and security as envisaged under the State Grid Code and the Act, through forecasting, scheduling and a mechanism for the settlement of deviations by such generators. MERC has notified RE-DSM Regulations on 20.07.2018 and which was to be implemented from 01.07.2019. For that purpose one Current Bank Account (New) was required for Deviation Charges. As per the roles and responsibilities of MSLDC under MERC approved procedure for RE-DSM, vide section 5.5, MSLDC is “To maintain State Deviation Settlement Account for wind and solar generations”. In this Account Deviation charges amount will be credited as well as amount will be disbursed from this Bank Account. This bank account needs to be opened in the name of MSLDC and PAN and GST no. of MSETCL shall be used. Accordingly, MSLDC has opened 2nd Third Party Bank Account with Bank of Maharashtra, Airoli Branch on dt. 30.05.2019, bearing Account No. 60331835878.

The MERC had issued a Suo- Motu order in Case No. 42 of 2006 on 17 May, 2007, whereby it introduced the WASMP based Balancing and Settlement Mechanism in Maharashtra. The MERC decided to review the existing Balancing and Settlement Mechanism and to introduce the Deviation Settlement Mechanism in Maharashtra. Subsequently, MERC has notified DSM Regulations on 01.03.2019 and which was to be implemented from 01.04.2020. For that purpose one separate Current Bank Account (New) was required for Deviation charges. As per clause 15 (B) of DSM Regulations, “All payment on account of Charges for Deviation including Additional Charges for Deviation levied under these Regulations and interest, if any, received for late payment shall be credited to the funds called “State Deviation Pool Account” which shall be maintained and operated by the MSLDC in accordance with the provision of these Regulations. In this account, Deviation charges amount will be credited as well as amount will be disbursed from this bank account. This bank account needs to be opened in the name of MSLDC and PAN and GST no. of MSETCL shall be used. Accordingly, MSLDC has opened 3rd Third Party Bank Account with Bank of Maharashtra, Airoli Branch on dt. 31.12.2019, bearing Account No. 60349865315.DSM Billing through DSM software actually started on 11.10.2021.For this purpose,as per approved office note dt 28.09.2021 4th Third Party current A/c bearing A/c number 60396224159 , Namely "MSLDC DSM POOL OPERATIVE A/C for Link with online bill desk payment Gateway opened & current A/c number 60349865315 is renamed as MSLDC DSM Corpus A/c to sort the reconciliation issues of corpus refunded,forfeitted & adjustments.Further As the MERC Regulation 70 (Multi -Year Tariff)2019 is implemented in Maharashtra ,Generating station shall inject/absorb reactive energy into the grid on the basis of machine capability as per the directions of SLDC.It is the responsibility of SLDC to maintain state Reactive Energy Pool A/c.Hence as per approved note ,MSLDC REACTIVE PooL A/C bearing A/c number 60406305880 is opened.

An amount of surplus funds in the State Deviation Pool Account at the end of the financial year shall be utilized for the purpose of improvements in power system operations, for undertaking such measures and studies for improvement in reliability, security and safety of grid operations, undertaking capacity building and training programs related to system operations and market operations and for such other purposes as may be specified by MERC or for other schemes as may be devised in consultation with National Load Despatch Centre, or Regional Load Despatch Centre, with prior approval of the MERC.

Provided that, the short fall in funds in the State Deviation Pool Account; if any, at the end of the weekly settlement period shall be recovered by levy of additional charges from the State Entities in proportion to Net Deviation Charges Payable by concerned State Entity for the applicable weekly settlement period through supplementary bills.

Provided further that MSLDC shall prepare scheme (S) and shall submit annual plan for utilization of surplus funds and implement the scheme (S) only upon approval of the MERC.

As per Clause 1(2), These DSM Regulations except commercial arrangements, Deviation Charges, Additional Charges for Deviation and penal action shall come into force on the date of notification in these Regulations in the Official Gazette. Provided that the commercial arrangements specified under Clause (9) and (10) of these DSM Regulations, and the related provisions regarding Deviation Charges, Additional Charge for Deviation and penal actions if any shall come into force from date to be notified separately through Order, which shall not be later than 1st April 2020. Provided further that until notification of such date as referred here in above under first proviso, the Final Balancing and Settlement Mechanism (FBSM) as approved by Commission under Order in Case 42 of 2006 along with relevant amendments from time to time shall be in operation for the purpose of energy accounting and deviation settlement.

These funds are equally matched with fund balance in the Third Party Bank Accounts in the current account. As on 31.03.2023 the total balance in these designated Third Party Bank Accounts was amount to Rs. 21,266.09 Lakhs (Previous Year Rs. 22,209.10 Lakhs) as against the Third Party liability in these funds amounting to Rs. 21266.09 Lakhs (Previous Year Rs. 22,209.10 Lakhs).These total amount of Rs 22,209.10 Lakhs (opening balance of third party Account) bifurcated as REDSM Current A/c, DSM current A/c, Designated Current A/c & MSPC reimb current A/c on 1.04.2022 .Further DSM current A/c renamed as DSM corpus A/c & additional current A/c namely MSLDC DSM POOL Operative A/c opened .Total of five current A/c have closing Balance as on 31.03.2023 Rs 21,266.09 Lakhs.

In the Suo-moto order dt 02.08.2022 commission accepted the recommendation of working group and views of MSPC regarding investment of corpus of DSM Pool Amount in Government securities or FD in nationalised Bank(considering liquidity requirements)through MSETCL PAN and a separate saving bank A/c with MSETCL PAN and provide the credit of accrued interest income net of tax (as applicable) to the benefit of DSM PooL Account.In view of this Decision regarding investing the corpus Amount in FD or Government securities needs to be taken for further process of investment.Finance section prepared elaborated PPT of both the investment methods.It was proposed to conclude above issue as an Agenda item in forthcoming MSPC meetingfor getting final decision for investment of corpus funds & mode of investment.

Note 49:

Prior Period Income has been reversed by Rs. 2670.98 Lakhs (P.Y. Rs. 9.80 Lakhs) as per CERC Order & Prior Period Depreciation(Net) of Rs. 9357.17 lakhs (P.Y. Rs 2851.05 lakhs) due to late receipt of WRC, have not been recasted.

Note 50:

To meet the emergency situations arising due to failure of equipments, Company had framed a policy wherein certain equipments are to be kept as critical spares at sub-stations levels. Hence, certain materials used as Standby equipment's (Critical Spares) were earlier treated as Inventory. However, as per Ind AS 16 policy such items are to be treated as Property Plant and Equipments . MSETCL adopted a policy in this context that Standby equipment and servicing equipment (Spare parts) whose cost is Rs.10,00,000/- and above,which meets the recognition criteria of Property, Plant and Equipment are capitalized. In other cases, the spare part is inventorised on procurement and charged to Statement of Profit and Loss on consumption.

Maharashtra Electricity Regulatory Commission vide their notification dt 12.06.2022 notified MERC(Approval of Capital Investment Schemes) Regulations, 2022. Wherein as per the recent MERC Capex Regualtion 2022 clause no 3.19 , regulation has not allowed the following as Capital investment Schemes to Transmission Licencees

(a) Replacement/Repairing of Individual items such as CT, PT, LA, CB , Relays under Sub-station equipments, replacement of panel meters, etc.

(g) Procurement of maintenance spares, Annual Maintenance Contract (AMC);

considering the above mentioned procedure adhered, the items of CT, PT, LA, CB , Relays under Sub-station equipments, replacement of panel meters which are treated as PPE as per Ind AS 16 seems to be in contravention to MERC Regulation. Moreover as per the Electricity Act 2003 Section 174 (Act to have overriding effect) , the provision of this Act shall have effect notwithstanding anything incosistent therewith contained in and other law for the time being in force or in any instrument haveing effect by virtue of any law other than this Act. In addition to this , during the True-up for FY 2018-19, MERC vide its Order No 302 of 2019 Dt 30.03.2020 ,has disallowed the capitalization of such critical spares to the tune of Rs 98.99 cr mentioning it that these items are not of put to use nature.

Considering this trend, during the True-up for FY 2019-2020 and FY 2020-21 , MERC can also disallow the capitalisation of these critical spares to the tune of Rs 260.56 cr (Rs 61.37 crs in FY 2019-2020 and Rs 199.18 cr in FY 2020-21) as the same are not of put to use nature.

This would cause a revenue loss to MSETCL as the financials would not represent the cost of such critical spares as R&M (which will result in payment of Income Tax), while MERC would not allow the same as capex expenditure also (causing loss of revenue due to non consideration of tariff component on the same). Hence, MSETCL has decided to adhere the MERC Capex Regulation with retrospective effect (From 2015) to have appropriate impact of increased R&M in its upcoming Trueup Petition to MERC.

Hence, Spare parts, standby equipment and servicing equipment which meets the recognition criteria of Property, Plant and Equipment which were capitalized by the Company in previous years (from FY 2015-16 till FY 2020-21) are withdrawn in Current Year (Rs 44439.58 lakhs alongwith its accumulated depreciation Rs 6865.56 lakhs) due to the introduction of MERC Capex Regualtion 2022, wherein any replacement scheme and procurement of Standby spares would not be allowed as Capex Scheme and which needs to be carried out under R&M Scheme. Hence, from FY 2021-22, the Company follows the MERC Regulation as, being an Regulatory Business, the ARR is approved by MERC. The yearly impact given as per the previous policy are reversed in FY 2021-22 as follows, which is disclosed as exceptional items in the standalone statement of profit and loss for the year under report.

Overall Impact on Balance Sheet in FY 2021-22	**Effect**	**Impact**	**Rs in lakhs**
Property, Plant and Equipment	Cr	Decrease	44,439.58
Inventory	Dr	Increase	2,890.94
Deferred Tax Asset	Dr	Reversal	13,804.49
Accumulated Depreciation	Dr	Reversal	6,869.57
Overall Impact on P&L A/c in FY 2021-22			-
R&M	Dr	Decrease in Profit	41,548.65
Deferred Tax Asset	Cr	Reversal	13,804.49
Depreciation (P&L)	Cr	Increase in Profit	6,869.57

Note 51 : Additional disclosure as per ammened schedule III (Division II) of the Companies Act 2013

i) There are no amount of dividends proposed to be distributed to equity shareholders for the year ended March 31, 2023

ii) There are no unutilised amounts in respect of any issue of securities and long term borrowings from banks and financial institutions for the year ended March 31, 2023.

iii) The Company has not revalued its Property, Plant and Equipment during the year ended March 31, 2023.

(iv) The Company has not granted any Loans or Advances in the nature of loans to promoters, Directors, KMPs and the related parties either severally or jointly with any other person during the year ended March 31, 2023.

iv) The Company does not have any Intangible assets under development for the year ended March 31, 2023.

v) No proceedings have been initiated on or are pending against the Company for holding benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and Rules made thereunder.

vi) The Company has not raised any borrowings from banks or financial institutions on the basis of security of current assets during the year ended March 31, 2023.

vii) The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.

viii) The Company has transactions with struck off companies. - Refer Note no.53

ix) The Company do not have any charges or satisfaction, which is yet to be registered with Registrar of Companies beyond the statutory period.

x) The Company is in compliance with the number of layers prescribed under clause (87) of section 2 of the Companies Act read with the Companies (Restriction on number of Layers) Rules, 2017.

xi) Financial Ratios - Refer Note no.54

xii) No Scheme of Arrangements has been approved by the Competent Authority in terms of sections 230 to 237 of the Act during the year ended March 31, 2023.

xiii) Utilisation of borrowed funds and share premium :

A) The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:

a. directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Beneficiaries) or

b. provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries.

B) The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:

a. directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or

b. provide any guarantee, security or the like on behalf of the ultimate beneficiaries.

xiv) There is no undisclosed income under the tax assessments under the Income Tax Act, 1961 for the year ending March 31, 2023 and March 31, 2022 which needs to be recorded in the books of account of the Company.

xv) The Company has not traded or invested in crypto currency or virtual currency during the year ended March 31, 2023.

Note 52:

Previous year's figures have been regrouped wherever necessary for appropriate presentation of Financial Statements to comply with the provisions of Schedule III as per the Companies Act, 2013.

Note No.53 :

The Company has transactions with the following Companies Struck Off under Section 248 of the Companies Act, 2013, identified based on the data available with the Company.

Name of the Struck Off company	Nature of Transaction with Struck Off Company	Balance Outstanding as at 31st March 2023	Relationship with the Struck Off Company	Balance Outstanding as at 31st March 2022	Relationship with the Struck Off Company
JSW ENERGY (RATNAGIRI) LTD. *	Receivable	5.16	Customer		
LOKMANGAL AGRO INDUSTRIES LTD.	Receivable	0.21	Customer		
TOPWORTH URJA & METALS LTD.	Receivable	1.67	Customer		
Wind World India Ltd.	Receivable	21.54	Customer		
VATSALA WIND FARMS *	Receivable	0.07	Customer		
JSW Power Trading Company Ltd. *	Receivable	0.92	Customer		
Vidarbha Industries Power Ltd.	Receivable	2.38	Customer		
The Tata Steel BSL Ltd *	Receivable	0.23	Customer		
Asian Colour Coated Ispat Ltd. *	Receivable	0.68	Customer		
ADANI POWER MAHARASHTRA LTD. *	Payable	31.42	Vendor		
ADITYA BIRLA INSULATORS *	Payable	62.35	Vendor		
ADITYA VIDYUT APPLIANCES LTD	Payable	0.90	Vendor		
ALSTOM T&D INDIA LIMITED (AREVA) *	Payable	66.64	Vendor		
BENNETT COLEMAN & CO. LTD.	Payable	0.36	Vendor	0.36	Vendor
D M ENTERPRISES	Payable	6.12	Vendor		
DIAMOND CARRIERS	Payable	3.67	Vendor		
EASUN REYROLLE LTD	Payable	84.45	Vendor		
HINDUSTHAN VIDYUT PRODUCTS LIMITED	Payable	10.82	Vendor	10.82	Vendor
KEDAR INFRASTRUCTURE DEVELOPERS	Payable	16.86	Vendor		
LUSTRE ENGINEERING CORPORATION	Payable	11.29	Vendor		
S. P. POWER ENTERPRISES	Payable	18.35	Vendor		
SCT LIMITED *	Payable	0.09	Vendor	0.09	Vendor
SIVANANDA ELECTRONICS	Payable	0.01	Vendor		
TIRUPATI ENGINEERS	Payable	17.62	Vendor		
UNITED INDUSTRIES	Payable	56.63	Vendor		
UNIVERSAL INDUSTRIAL CORPORATION	Payable	0.90	Vendor		
VICTRANS ENGINEERS	Payable	16.75	Vendor		
VIMAL CONSTRUCTION	Payable	0.17	Vendor		
VODAFONE CELLULAR LIMITED *	Payable	0.01	Vendor		
VODAFONE INDIA LIMITED *	Payable	0.02	Vendor		
Shree Renuka Energy Ltd.	Receivable	0.15	Customer	0.15	Customer
G R POWER SWITCH GEAR PVT. LTD.	Payable	-100.00	Vendor	-95.22	Vendor

*Includes Companies which are "Amalgamated" / "Not available for efiling" as per MCA master data

Note 54: Ratio Analysis

Particulars	Formulas	As at 31.03.2023			As at 31.03.2022			% of Variance	Reasons for variance in ratio (> 25%) as compare to previous year
		Numerator (Rs in lakhs)	Denominator (Rs in lakhs)	Ratio	Numerator (Rs in lakhs)	Denominator (Rs in lakhs)	Ratio		
(a) Current Ratio (in times)	= Current Asset / Current Liabilities	5,14,419.65	1,80,426.89	2.85	4,58,249.85	1,78,575.30	2.57	11.11	
(b) Debt-Equity Ratio (in times)	= (Short term Debt + Long term Debt + Other Fixed Payments)/ Shareholders Equity	4,83,651.77	14,26,037.85	0.34	5,01,711.57	13,23,749.99	0.38	-10.51	
(c) Debt Service Coverage Ratio (in times)	= EBITDA / (Interest + Principal Repayments + Lease Liability Payments during the period)	2,76,003.63	65,644.26	4.20	2,56,998.26	88,074.91	2.92	44.09	Increase in EBITA due to increase in Revenue from Operations as per MERC Order
(d) Return on Equity Ratio (ROE) (%)	= (Net Profit after Tax - Preference Dividend , if any) / Shareholders Equity	1,03,668.17	14,26,037.85	7%	95535.95	13,23,749.99	7%	0.73	
(e) Inventory turnover ratio (in number of days)	= Net Sales / Avg Inventory	4,89,563.46	32,756.71	15	4,86,379.78	23,619.75	21	-27.42	Increase in Revenue from Operations as per MERC Order
(f) Trade Receivables turnover ratio (in number of days)	= Revenue from Operations / Average Accounts Receivables	4,89,563.46	3,47,980.67	1	4,86,379.78	3,10,164.80	2	-10	
(g) Trade payables turnover ratio (in number of days)	=Total O&M Expenses / Average Trade Payables	1,03,810.71	24,789.14	4	1,21,038.01	27,088.92	4	-6.28	
(h) Net capital turnover ratio (in times)	= Revenue from Operations/ average of Current Assets - Current Liabilities	4,89,563.46	3,33,992.76	1.47	4,86,379.78	2,79,674.55	1.74	-15.72	
(I) Net profit ratio (%)	=Net Profit / Revenue from Operations X 100	1,02,816.65	4,89,563.46	21%	93,390.79	4,86,379.78	19%	9.38	
(j) Return on Capital employed (ROCE) (%)	= (Profit before tax + interest expenses) / Capital Employeed	1,94,541.40	21,54,737.77	9%	1,58,507.15	20,71,972.28	8%	18.02	
(k) Return on investment.(ROI)(%)	= (Interest Income + Dividend Income) / Average of (Investment + Fixed Deposits + Loans given)	10,692.88	1,52,639.64	7.01%	11,134.40	1,42,050.93	7.84%	-10.63	

INDEPENDENT AUDITOR'S REPORT

To the Members of Maharashtra State Electricity Transmission Company Limited

Report on the Audit of the Consolidated Financial Statements

Qualified Opinion

1. We have audited the accompanying consolidated financial statements of Maharashtra State Electricity Transmission Company Limited (hereinafter referred to as the "Holding Company") and its associates, which comprise the Consolidated Balance Sheet as at March 31, 2023, and the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year then ended, and notes to the Consolidated Financial Statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

2. In our opinion and to the best of our information and according to the explanations given to us, and based on consideration of reports of other auditors on separate financial statements and on the other financial information of associates, except for the possible effects of the matter described in Basis for Qualified Opinion section of our report, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with Companies (Indian Accounting Standards) Rules, 2015, as amended ("Ind AS") and other accounting principles generally accepted in India, of their consolidated state of affairs of the Holding Company and its associates, as at March 31, 2023, consolidated profit and other comprehensive income, consolidated changes in equity and its consolidated cash flows for the year then ended.

Basis for Qualified Opinion

3.

(a) Other Income includes supervision fees amounting to Rs. 4,962.71 Lakhs. The Holding Company recognises supervision fees on upfront basis instead of recognising the same over the period of the Outright Contracts, which is not in accordance with the provisions of Ind AS 115 "Revenue from Contracts with Customers". Accordingly, other income and Profit before tax is overstated and other liability is understated to such extent.

(b) Other Income includes income from the sale of scrap asset and sale of scrap inventory aggregating to Rs. 2,163.48 Lakhs. The entire selling price of the scrap asset / scrap inventory is credited to the respective accounts instead of recognising the profit/loss on such sale, which is not in accordance with the provisions of Ind AS 16 "Property, Plant and Equipment" and Ind AS 2 "Inventories".

(c) Current Liability include Goods Receipt/ Invoice Receipt balances amounting to Rs. 5,377.65 Lakhs, which are outstanding for a considerable period of time, even beyond 3 years as on March 31, 2023, due to delay in processing of invoices. As these are temporary balances, accordingly, we are unable to comment on the completeness of the trade payables/ liabilities.

(d) In terms of the provisions of Ind AS 101, "First Time Adoption of Indian Accounting Standards", The Holding Company had availed option of Cost model of accounting for its Property, Plants and Equipment's ('PPE'). Accordingly, the carrying values of PPE on the transition date were taken as deemed cost and depreciation is calculated thereon manually on electronic spreadsheets considering the balance useful lives of items of PPE but without considering the residual value limits laid down by MERC regulations. As a result, several instances of charging excess depreciation on assets were noted. Further, in several cases the deprecation is manually calculated and provided at Head office for the assets located in Zone or Region for the reason of mismatches in

dates of capitalization, critical spare items capitalization, etc. In the absence of complete data/ details of such instances, the combined impact of such erroneous depreciation is not ascertainable.

In view of the above, we are unable to comment on the consequential impact on the depreciation expense and net carrying value of the PPE.

(e) PPE amounts to Rs. 24,69,971.86 Lakhs (Gross Block) as on March 31, 2023. The Holding Company has not carried out the physical verification of the PPE during the year or in previous years and PPE Register does not provide all requisite details, due to which we are unable to comment on the existence of the PPE.

Further, depreciation on PPE is to be calculated by Company in accordance with MERC Regulations, which stipulates stage-wise calculation. The accounting system of The Holding Company does not provide detailed report to identify the stage of PPE, due to which we are unable to recompute depreciation. Accordingly, we are unable to comment on completeness and accuracy of depreciation amounting to Rs. 1,34,190.30 Lakhs and net carrying value of PPE.

(f) Title deeds and Documents are not available with The Holding Company with respect to all Freehold Land included in PPE. Further, certain Leasehold Land are classified under freehold Land and vice versa. Accordingly, classification of Land into Freehold and Leasehold may not be appropriate, thereby impacting the calculation of Right of Use Assets and amortisation thereof. Consequentially, accounting treatment is not in accordance with Ind AS 116 " Leases" in relation to the aforesaid. The impact, if any, of the same on the Consolidated Financial Statements is currently not ascertainable.

(g) The Holding Company is having transmission network level ranging from 66 KV to 765 KV. As informed to us, it was decided to abolish/eliminate 66 KV from the transmission network of The Holding Company and most of the abolished and decommissioned sub-stations and lines at 66 KV level were handed over to MSEDCL. Further, remaining sub-stations and lines were to be handed over to MSEDCL or would be utilized by MSETCL for up-gradation work, if any.

We were further informed that The Holding Company is in discussion with technical team to conclude on modalities of de-recognition, disposal and for determining consideration for such transfer of Assets in accordance with Ind AS-16.

However, during the course of audit, no further action/ documentation in this regard was provided to us. Accordingly, gross block of fixed assets, accumulated depreciation and net carrying cost are overstated to the extent of Rs. 14,096.62 Lakhs, Rs. 10,587.85 Lakhs and Rs. 3,508.77 Lakhs, respectively. Further, The Holding Company has not recognised amount receivable from MSEDCL amounting to Rs. 2,473.00 Lakhs and also not recognised differential amount on account of loss on transfer of PPE amounting to Rs. 1,035.77 Lakhs.

(h) The Holding Company undertakes certain activities with respect to preparing the land for the purposes of erecting sub-stations. Till the financial year 2020-21 such costs were capitalised along with land which were later capitalised under a separate head 'Other Civil Works' and grouped under Property, Plant and Equipment and depreciation is charged as per MERC Regulation. Due to the above, opening balance of land includes such capitalisations. We are unable to comment on the impact, if any, of the corresponding depreciation/amortisation of ROU of opening balance of leasehold land/freehold land.

(i) Details in relation to "Assets not in use - held for sale" having net carrying value of Rs. 5,119.09 Lakhs as on March 31, 2023, were not made available to us. Further, such assets are carried at their carrying value instead of "lower of carrying value or net realizable value". This is not in accordance with the requirements of Ind AS 105 - "Non-current Assets Held for Sale and Discontinued Operations". The impact, if any, of the same on the Consolidated Financial Statements and related disclosures is currently not ascertainable.

(j) Deposits on account of completed outright contracts are set off against CWIP giving rise to negative capital expenditure balances for which reconciliation is not made available. Accordingly, Assets under Construction ('AUC')/ Capital Work in Progress ("CWIP") in the Balance Sheet is understated to such extent. Further, there is no movement in some AUC line items since last more than three years. However, impairment assessment has not been performed by the Management of The Holding Company with respect to the same in accordance with the requirements of Ind AS 36 - "Impairment of Assets". Accordingly, we are unable to comment on the consequential impact of the same on the Consolidated Financial Statements.

(k) The Holding Company accepts outright contribution contracts against which it receives deposits from the relevant parties. Such deposits are not evaluated on annual basis and are not set off against the relevant balances outstanding under capital work in progress on evaluation / completion of the project. The balance outstanding against ORC deposit as on March 31, 2023 amount to Rs. 6,808.26 Lakhs. In certain cases, net amount is grouped under Other Miscellaneous Receipts (NON- GST) instead of other income. Accordingly, we are unable to comment on the completeness and accuracy of the said balances.

(l) The Holding Company had made a decision to dismantle certain tower foundations and towers constructed which are currently lying in CWIP amounting to Rs. 2,517 Lakhs. However, The Holding Company has not taken any action to write off or impair the said amount and has not provided for dismantling expenses which is not in accordance with Ind AS 16 " Property, Plant and Equipment".

(m) The Holding Company does not maintain details pertaining to the net realizable value (NRV) of its inventory. The inventories are valued at cost instead of being stated at lower of cost and NRV, which deviates from the accounting policy mentioned in Note No. 2.14 and the provisions of Ind AS 2 Inventories". The impact, if any, of such deviation on the Consolidated Financial Statements is currently not ascertainable.

(n) Certain assets like transformers and sub-station parts are sent for repair by zonal offices to vendors. In few zones, we observed that the records pertaining to such dispatch and its return including qualitative aspects of such repairs are not adequately maintained. Further, these assets are classified under "Assets not in Use - Held for Sale" which is not in accordance with Ind AS 16 PPE. In the absence of such details, we are unable to comment on the impact, if any, thereof on the Consolidated Financial Statements.

(o) The trade receivables as on March 31, 2023 amounts to Rs. 3,76,763.54 Lakhs. We are unable to comment on the existence, accuracy and valuation of trade receivables balance on account of the following:

   a) The party-wise breakdown and ageing of trade receivables generated from the system are inaccurate, accordingly, we are unable to comment upon the accuracy of the amounts disclosed in Note 33 concerning the aging of trade receivables in the Consolidated Financial Statements.

   b) The Holding Company does not make provisions for Expected Credit Loss ("ECL") on long outstanding balances, which is inconsistent with the requirements of Ind AS 109 "Financial Instruments".

   c) Additionally, one of the parties is under Insolvency Resolution Process, wherein The Holding Company has not provided for the credit loss on the outstanding receivables amounting to Rs. 1,141 Lakhs.

   d) We were unable to obtain independent confirmations and unable to perform alternative procedures on the balances of trade receivables. Accordingly, we are unable to comment on their accuracy and valuation, as these balances may be subject to consequent reconciliation.

(p) Statutory dues like TDS, Provident Fund and Profession Tax amounting to Rs. 3,028.81 Lakhs contains old liabilities which is subject to reconciliation. We are unable to comment upon the adjustments / settlements arising from such reconciliation.

(q) The Holding Company's internal controls concerning the data provided to the actuary for the purposes of actuarial valuation of gratuity and compensated absences are inadequate. Consequently, we are unable to comment upon the provisions made for compensated absences and gratuity. The potential impact, if any, on the Consolidated Financial Statements is currently not ascertainable.

(r) The short-term provisions include both provisions for expenses and provisions for tree/crop compensation, aggregating to Rs. 5,325.88 Lakhs. However, detailed listing and the underlying basis for these provisions are not available. Consequently, we are unable to comment on the completeness and accuracy of the said provisions. The potential impact, if any, on the Consolidated Financial Statements is currently not ascertainable.

(s) Long term provisions consists of provision for capital works amounting to Rs. 12,680.61 Lakhs for which detailed listing and basis of provision are not available. Accordingly, we are unable to comment on completeness and accuracy of the said provisions. The potential impact of the adjustments arising from review of the basis of these provisions, if any, on the Consolidated Financial Statements is currently not ascertainable.

(t) The Holding Company has collected security deposits amounting to Rs. 3,786.11 Lakhs, which have remained outstanding for a period exceeding three years which is neither refunded to the respective parties nor transferred to other income in accordance with The Holding Company's policy). Further the classification of the total balances outstanding against security deposit into current and non- current is not appropriate. Given that certain amounts have been outstanding for more than 365 days, The Holding Company is not in compliance with the provisions of sections 73 to 76 of the Act.

(u) Liquidated damages deducted and EMD received by The Holding Company amounting to Rs. 7,986.11 Lakhs and Rs. 387.17 Lakhs respectively are outstanding for more than 3 years which are neither refunded to the respective parties nor transferred to other income (in accordance with The Holding Company's policy). Further, the classification of the total balances outstanding against liquidated damages and EMD into current and non-current is not appropriate. Impact, if any, of the adjustment arising on account of not following The Holding Company's policy, on the Consolidated Financial Statements is currently not ascertainable.

(v) The Holding Company has encountered differences resulting from price escalation due to the disengagement of vendor during the contract's tenure, and these differences are not appropriately identifiable. These adjustments are currently reflected in the "Risk and Cost Adjustment" ledger, with corresponding outstanding amounts in "Retention Money Receivable" ledger. However, detailed party-wise information and ageing of data related to these accounts are not available. Further the classification of the total balances outstanding against retention money into current and non- current is not appropriate. as a result, we are unable to comment on the existence and accuracy of these balances.

(w) The Holding Company has received Government Grants earmarked for capital assets related to specific projects, with an outstanding balance as of March 31, 2023, amounting Rs. 29,527.65 Lakhs. These grants are deferred for recognition as revenue. However, detailed information regarding these grants, including asset specifications and the associated conditions that need to be fulfilled are not available. Consequently, we are unable to comment on the completeness and accuracy of these deferred amounts i.e., whether such deferment is in accordance with the stipulated schemes or the conditions, nor can we ascertain whether the accounting treatment is in accordance with the provisions of Ind AS 20 "Accounting for Government Grants and Disclosure of Government Assistance". The potential impact, if any, on the Consolidated Financial Statements is currently not ascertainable.

(x) The Holding Company has disclosed prior period income and expenses in Note 49 of the financial statements. However, these items have not been restated in the respective previous years, which deviates from the requirements of Ind AS 8 "Accounting Policies, Changes in Accounting Estimates and Errors". The impact, if any, of the same on the Consolidated Financial Statements is currently not ascertainable.

(y) Contingent Liability as stated in Note no. 38 amount to Rs. 4,77,086.15. Lakhs. Further, an amount of Rs. 859.26 Lakhs under current liability and Rs. 6,551.19 Lakhs under Other Current Financial Assets is on account of certain compensation/ payments against the said cases. In the absence of Detailed listing of cases, respective amounts, and status thereon, we are unable to comment on the completeness and accuracy of contingent Liability.

(z) We have not received certain details w.r.t the following balances:

Particulars	Amount (In Lakhs)	Remarks
Liability towards staff welfare Fund with Board	713.16	Listing and details not available. Impacts accuracy and completeness.
Sundry Creditors Payable Domestic (others)	2,372.96	Unexplained debit balance under Trade payables. Impacts accuracy.
Board of Trustees P.F. & Final Settlement	2,094.09	Listing and details not available. Impacts accuracy and completeness.
Advances to Contractors /Suppliers - O&M	5,148.99	Unexplained credit balance under Advances. Impacts accuracy.
Capital Advance for Projects	602.13	Listing and details not available. Impacts completeness, accuracy and valuation.

(aa) The Holding Company has calculated Deferred Tax Asset/ Liability on the basis of books of account. We are unable to comment on the said amount as calculated which may undergo change due to consequential impact of the aforesaid qualification in the Basis for Qualification para from point 3 (a) to 3(aa).

(ab) The Holding Company has investments in two associates. The following adjustments have been carried out in the current year instead of the corresponding previous year which would warrant restatement of these consolidated financial statements.

(a) Dividend declared by one of the associates (Jaigad Powertransco Limited) in the previous years had not been appropriately accounted for.

(b) Share of profit pertaining to earlier years for one of the associates (Jaigad Powertransco Limited) was not accounted for in accordance with equity method of accounting as required under Ind AS 28 "Investment in Associates and Joint Ventures".

(c) Inappropriate Share of profit / loss pertaining to earlier years for another associate (Maharashtra Transmission Communication Infrastructure Limited) was accounted for, which lead to inaccurate carrying amount of investments in the consolidated financial statements.

Accordingly, the aforesaid adjustments and presentation disclosed in the consolidated financial statements are not in accordance with the requirements of Ind AS 8 "Accounting Policy, Changes in Accounting Estimates and Errors".

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

on consideration of audit reports of other auditors referred to in paragraph (a) of the "Other Matters" section below, is sufficient and appropriate to provide a basis for our qualified opinion.

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

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

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

7. In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. The other information included in the Director's Report have not been adjusted for the impacts as described in the Basis for Qualified section above. Accordingly, we are unable to conclude whether or not the other information is materially misstated with respect to this matter.

Responsibilities of Management for the Consolidated Financial Statements

8. The Company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Holding Company and its Associates in accordance with the accounting principles generally accepted in India, including the Accounting Standards ("Ind AS") specified under section 133 of the Act. The respective Board of Directors of the Holding Company and of its associates are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Holding Company and of its associates for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial 3statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

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

10. The respective Board of Directors of the Holding Company are responsible for overseeing the financial reporting process of the Holding Company. .

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

11. Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards of

    Auditing ("Sas") will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

12. We give in "Annexure A" a detailed description of Auditor's responsibilities for Audit of the Consolidated Financial Statements.

Other Matters

13. The consolidated financial statements includes the Holding Company's share of net profit (including other comprehensive income) of Rs. 1,477.67 Lakhs for the year ended March 31, 2023, as considered in the consolidated financial statements, in respect of two associates, whose financial statements have not been audited by us. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these associates, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid associates, is based solely on the reports of the other auditors.
14. The consolidated financial statements of the Company for the year ended March 31, 2022 were audited by another auditor. They had modified their report dated October 17, 2022 with respect to various matters which are included in para 3.1 to 3.19 of the said auditors' report.
15. Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

Report on Other Legal and Regulatory Requirements

16. As required by Section 143(3) of the Act, we report, to the extent applicable, that:

a. We have sought and, except for the possible effect of the matter described in the Basis for Qualified Opinion above, obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.

b. In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors except for the relevant matters stated in the Basis for Qualified Opinion above.

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

d. Except for the effects of the matter described in Basis for Qualified Opinion section above, in our opinion, the aforesaid consolidated financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act.

e. The basis of qualified opinion as described in Annexure B, in our opinion, may have an adverse effect on the functioning of the Company.

f. In view of exemption given vide notification no. 463(E) dated 5 June 2015, issued by the Ministry of Corporate Affairs, the Company being a Government company within the meaning of section 2(45) of the Act, provisions of section 164(2) of the Act pertaining to disqualification of Directors, are not applicable to the Holding Company. On the basis of the reports of the other auditors of associate companies incorporated in India, none of the directors of its associate companies incorporated in India are disqualified as on 31 March 2023 from being appointed as a director in terms of Section 164(2) of the Act

g. With respect to the adequacy of internal financial controls with reference to consolidated financial statements of the Holding Company and its associate companies incorporated in India and the operating effectiveness of such controls, refer to our separate report in "Annexure B".

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

   i. Except as noted in para 3 (aa) above, the consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Holding Company and its associates- Refer Note 39 to the consolidated financial statements.

   ii. The Holding Company and its associates did not have any material foreseeable losses on long-term contracts including derivative contracts.

   iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company, and associate companies.

iv.

(1) The Management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company or its associates to or in any other person or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(2) The Management has represented, that, to the best of its knowledge and belief, no funds have been received by the Company or its associates from any person or entities, including foreign entities (Funding Parties), with the understanding, whether recorded in writing or otherwise, as on the date of this audit report, that the Company shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(3) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances performed by us and that performed by the auditors of the subsidiaries which are companies incorporated in India whose financial statements have been audited under the Act, and according to the information and explanations provided to us by the Management of the Holding company in this regard nothing has come to our or other auditors' notice that has caused us or the other auditors to believe that the representations under sub-clause (i) and (ii) of Rule 11(e) as provided under (1) and (2) above, contain any material mis-statement.

v. Holding Company has neither declared nor paid any dividend during the year. the final dividend paid by associate companies during the year in respect of the same declared for the previous year is in accordance with section 123 of the Companies Act 2013 to the extent it applies to payment of dividend.

vi. As proviso to rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable for the Holding Company and its associate companies incorporated in India only w.e.f. April 1, 2023, reporting under this clause is not applicable.

17. In view of exemption given vide notification no.463(E) dated 05 June 2015, issued by the Ministry of Corporate Affairs, the Company being a Government Company within the meaning of section 2(45) of the Act, provisions of section 197 of the Act pertaining to managerial remuneration, are not applicable to the Holding Company. Based on the reports of the other auditors of associate companies incorporated in India which were not audited by us, the said section is not applicable to one associate company. Further, in case of one associate company, it has not paid any remuneration to its directors.

18. According to the information and explanations given to us and based on the CARO reports issued by us for the Holding Company and on consideration of CARO reports issued by the statutory auditors of associates included in the consolidated financial statements to which reporting under CARO is applicable, we report that there are no Qualifications/adverse remarks.

For M S K A & Associates
Chartered Accountants
ICAI Firm Registration Number - 105047W

Sd/-
Vaijayantimala Belsare
Partner
Membership No. 049902
UDIN : 23049902BGXVSL9923

Place : Mumbai
Date : October 27,2023

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT ON EVEN DATE ON THE CONSOLIDATED FINANCIAL STATEMENTS OF MAHARASHTRA STATE ELECTRICITY TRANSMISSION COMPANY LIMITED

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to consolidated financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its associates to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its associates to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Holding Company and its associates to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

For M S K A & Associates
Chartered Accountants
ICAI Firm Registration Number - 105047W

Sd/-
Vaijayantimala Belsare
Partner
ICAI Membership No. 049902
UDIN : 23049902BGXVSL9923

Place : Mumbai
Date : October 27,2023

ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE CONSOLIDATED FINANCIAL STATEMENTS OF MHARASHTRA STATE ELECTRICITY TRANSMISSION COMPANY LIMITED

[Referred to in paragraph 16(g) under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditors' Report of even date to the Members of Maharashtra State Electricity Transmission Company Limited on the consolidated Financial Statements for the year ended March 31, 2023]

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

In conjunction with our audit of the consolidated financial statements of the Maharashtra State Electricity Transmission Company Limited (hereinafter referred to as the "Holding Company") as of and for the year ended March 31, 2023, we have audited the internal financial controls with reference to consolidated financial statements of the Holding Company and its associate companies, which are companies incorporated in India, as of that date.

Qualified Opinion

In our opinion, to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors referred to in the Other Matter paragraph below, except for the possible effects of the material weaknesses described in Basis for Qualified Opinion section below on the achievement of the objectives of the control criteria, the Holding company and its associate companies, which are companies incorporated in India have, in all material respects, maintained adequate internal financial controls with reference to consolidated financial statements as of March 31, 2023, and such internal financial controls with reference to consolidated financial statements were operating effectively as at March 31, 2023, based on the criteria for internal financial control with reference to financial statements criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI") (the "Guidance Note").

We have considered the material weaknesses identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the consolidated financial statements of the Holding Company for the year ended March 31, 2023, and we have issued a qualified opinion on the said consolidated financial statements of the Holding Company.

Basis for Qualified Opinion

According to the information and explanations given to us and based on our audit, the following material weaknesses have been identified as at March 31, 2023:

a) The Holding Company did not have an appropriate formal documentation and the risk control matrix with respect to Revenue to Receivables, Other Expense, Other Income and Financial Reporting Closure Process.

b) The Holding Company did not have documented policies and procedures pertaining to materials/equipment given to vendors or third parties on loan basis.

c) The Holding Company did not have documented policies and procedures pertaining to write back of and write off of old outstanding balances.

d) The Holding Company did not have documented policies and procedures pertaining to the tendering process.

e) The Holding Company did not have documented policies and procedures with respect to documentation of deviation for tendering process pertaining to repairs and maintenance.

f) The Holding Company did not have appropriate controls to track and capitalize Property, Plant and Equipment on timely basis.

In addition to above, we also refer to 'Basis for Qualified Opinion' section of our audit report dated October 27, 2023 and the consequential impact it may have on Holding Company's processes and internal controls, and to that extent, we are unable to comment on whether there is any material weakness in the Holding Company's internal controls as at March 31, 2023.

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

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding Company and associate companies are responsible for establishing and maintaining internal financial controls based on the internal financial control with reference to consolidated financial statements criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls with reference to consolidated financial statements of the Holding Company and associate companies based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to consolidated financial statements was established and maintained and if such controls operated effectively in all material respects.

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

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matter paragraph below, is sufficient and appropriate to provide a basis for our qualified audit opinion on the internal financial controls with reference to these consolidated financial statements.

Meaning of Internal Financial Controls With reference to Consolidated Financial Statements

A company's internal financial control with reference to consolidated financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to consolidated financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the consolidated financial statements.

Inherent Limitations of Internal Financial Controls With reference to Consolidated Financial Statements

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

Other Matter

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to consolidated financial statements insofar as it relates to two associate companies, which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India.

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

For M S K A & Associates
Chartered Accountants
ICAI Firm Registration Number - 105047W

Sd/-
Vaijayantimala Belsare
Partner
ICAI Membership No. 049902
UDIN : 23049902BGXVSL9923

Place : Mumbai
Date : October 27,2023

Consolidated Financial Statements

Maharashtra State Electricity Transmission Company Limited
CIN: U40109MH2005SGC153646
Consolidated Balance Sheet as at 31st March 2023

(Rs. in lakhs)

Sr. No.	Particulars	Note No	As at 31.03.2023	As at 31.03.2022
I	**ASSETS**			
(1)	**Non-Current Assets**			
	(a) Property, Plant and Equipment	4.1	15,70,322.95	15,81,201.63
	(b) Capital Work-in-Progress	4.2	3,78,377.14	3,41,932.91
	(c) Intangible Assets	4.3	61.98	163.45
	(d) Right of Use Assets	4.4	8,932.58	17,744.03
	(e) Financial Assets			
	(i) Investment			
	- Investments in Subsidiaries, Associates and Joint Ventures	5.1	9,467.29	6,673.89
	- Other Investments	5.2	1,29,651.86	1,00,018.21
	(ii) Loans	6	137.35	124.49
	(iii) Other Non-Current Financial Assets		-	-
	(f) Non Current Tax Assets (Net)	7	77,856.55	73,679.73
	(g) Other Non-Current Assets	8	9,119.07	8,965.85
	Total Non-Current Assets		**21,83,926.76**	**21,30,504.20**
(2)	**Current Assets**			
	(a) Inventories	9	37,396.62	28,116.79
	(b) Financial Assets			
	(i) Investments	10.1	2,739.24	15,314.50
	(ii) Trade Receivables	10.2	3,76,763.54	3,19,197.80
	(iii) Cash and Cash Equivalents	10.3	62,973.30	66,636.38
	(iv) Other Bank balances	10.4	23,861.78	22,759.62
	(v) Loans	10.5	265.35	250.89
	(vi) Other Current Financial Assets	10.6	9,770.43	5,128.47
	(c) Other Current Assets	11	649.39	845.40
	(d) Assets Classified as Held for Sale		5,119.09	5,517.75
	Total Current Assets		**5,19,538.74**	**4,63,767.60**
	TOTAL ASSETS		**27,03,465.50**	**25,94,271.80**
II	**EQUITY AND LIABILITIES**			
(1)	**Equity**			
	(a) Equity Share capital	12	8,98,497.47	8,98,497.47
	(b) Other Equity	13	5,31,671.75	4,26,590.54
	Total Equity		**14,30,169.22**	**13,25,088.01**
(2)	**Liabilities**			
	Non-Current Liabilities			
	(a) Financial Liabilities			
	(i) Borrowings	14.1	3,96,297.24	4,20,249.56
	(ii) Lease Liabilities	28	41.24	31.13
	(iii) Other Non-Current Financial Liabilities	14.2	1,40,118.70	1,23,273.97
	(b) Provisions	15	1,14,377.57	1,03,377.12
	(c) Deferred Tax Liabilities (Net)	16	2,45,110.12	2,46,674.18
	(d) Non Current Tax Liabilities (Net)	17	42,408.02	42,408.03
	(e) Other Non-Current Liabilities	18	1,54,516.50	1,54,594.59
	Total Non-Current Liabilities		**10,92,869.39**	**10,90,608.57**
	Current Liabilities			
	(a) Financial Liabilities			
	(i) Borrowings	19.1	87,354.53	81,462.01
	(ii) Lease Liabilities	28	35.90	1,947.42
	(iii) Trade Payables	19.2	-	-
	total outstanding dues of micro enterprises and small enterprises		430.13	283.73
	total outstanding dues of creditors other than micro enterprises and small enterprises		24,103.03	24,761.38
	(iv) Other Current Financial Liabilities	19.3	12,662.58	13,132.49
	(b) Provisions	20	29,912.98	27,398.25
	(c) Other Current Liabilities	21	25,927.74	29,590.02
	Total Current Liabilities		**1,80,426.89**	**1,78,575.30**
	TOTAL EQUITY AND LIABILITIES		**27,03,465.50**	**25,94,271.80**
	Significant Accounting Policies	1 to 3		

The accompanying notes are an integral part of these Consolidated Financial Statements

As per our attached report of even date

For M S K A & Associates
Chartered Accountants
Firm Registration Number - 105047W

Sd/-
Vaijayantimala Belsare
Partner
ICAI Membership No. 049902

Place : Mumbai
Date : October 27, 2023

For Maharashtra State Electricity Transmission Company Limited

Sd/-
Santosh Amberkar
Chief General Manager (F&A)

Sd/-
Ashok Phalnikar
Director (Finance)
(DIN. 08908820)

Sd/-
Dr. Sanjeev Kumar
Chairman & Managing Director
(DIN. 08352295)

Sd/-
Vineeta Shriwani
Company Secretary
(Membership No. A21814)

Maharashtra State Electricity Transmission Company Limited
CIN: U40109MH2005SGC153646
Consolidated Statement of Profit and Loss for the year ended 31st March, 2023

(Rs. in lakhs)

	Particulars	Note No	Year ended 31 March 2023	Year ended 31 March 2022
	Revenue			
I	Revenue from Operations	22	4,89,563.46	4,86,379.78
II	Other Income	23	78,490.13	33,941.95
III	**Total Income (I + II)**		**5,68,053.59**	**5,20,321.73**
IV	**Expenses**			
	Repairs & Maintenance Expenses	24	55,075.35	39,174.54
	Employee Benefits Expense	25	1,35,092.79	1,16,426.06
	Finance Costs	26	38,695.62	41,897.51
	Depreciation and Amortization Expense		1,34,190.30	1,21,957.84
	Other Expenses	27	48,735.36	40,314.45
	Total Expenses (IV)		**4,11,789.42**	**3,59,770.40**
V	**Profit Before Exceptional Items and Tax Expense (III-IV)**		**1,56,264.17**	**1,60,551.33**
VI	**Exceptional Items**			
	Repairs & Maintenance Expenses	50	0.00	41,548.65
VII	**Profit before share of net profits of investments accounted for using equity method and tax (V - VI)**		**1,56,264.17**	**1,19,002.68**
VIII	Add: Share of net profits of Associate/Joint Venture accounted for using equity method.		3,246.12	1,523.35
IX	**Profit before tax (VII + VIII)**		**1,59,510.28**	**1,20,526.03**
X	**Tax Expense:**			
	(1) Current tax		(53,834.73)	(35,139.69)
	(2) Current Tax of Associates accounted for using equity method		(320.87)	(157.67)
	(3) Deferred tax		1,106.66	11,672.96
XI	**Profit for the Year (IX - X)**		**1,06,461.35**	**96,901.63**
XII	**Other Comprehensive Income**			
	(i) Items that will not be reclassified to profit or loss			
	- Remeasurement of defined benefit plans		(1,308.90)	(3,297.40)
	Share of Associates/Joint Venture accounted in OCI for using equity method		0.27	(1.84)
	(ii) Income tax relating to items that will not be reclassified to profit or loss		457.38	1,152.24
	Share of Associates/Joint Venture accounted in OCI for using equity method		(0.05)	0.79
	Total Other Comprehensive Income for the year, net of income tax (XII)		**(851.30)**	**(2,146.21)**
XIII	**Total Comprehensive Income for the Year (XI + XII)**		**1,05,610.04**	**94,755.42**
XIV	" Basic and Diluted Earnings per Share (in Rs.) (Face Value Rs 10/-) "	32	1.18	1.08
	Significant Accounting Policies	1 to 3		

The accompanying notes are an integral part of these Consolidated Financial Statements
As per our attached report of even date

For M S K A & Associates
Chartered Accountants
Firm Registration Number - 105047W

Sd/-
Vaijayantimala Belsare
Partner
ICAI Membership No. 049902

Place : Mumbai
Date : October 27, 2023

For Maharashtra State Electricity Transmission Company Limited

Sd/-
Santosh Amberkar
Chief General Manager (F&A)

Sd/-
Ashok Phalnikar
Director (Finance)
(DIN. 08908820)

Sd/-
Dr. Sanjeev Kumar
Chairman & Managing Director
(DIN. 08352295)

Sd/-
Vineeta Shriwani
Company Secretary
(Membership No. A21814)

Maharashtra State Electricity Transmission Company Limited

CIN: U40109MH2005SGC153646

Consolidated Statement of Cash Flows for the year ended 31st March, 2023

(Rs. in lakhs)

Particulars	For Year Ended 31-03-2023	For Year Ended 31-03-2022
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit Before Tax	**1,59,510.28**	**1,20,526.03**
Adjustment for :		
Depreciation and Amortisation	1,34,190.30	1,21,957.84
Amortisation of government grants	-	-
Gain on disposal of property, plant and equipment	(1,603.75)	(1,218.81)
Gain on sale of investments	-	-
Proceeds from sale of scrap Assets	(2.66)	(105.40)
Dividends received	(132.07)	-
Interest received	(10,692.88)	(11,134.40)
Finance costs	45,135.85	49,260.94
Loss due to Foreign Exchange Rate Variation	547.20	0.37
Sundry Balances W/Off	379.97	430.08
Income Tax Refund	-	-
Operating Profit Before Working Capital Changes	**3,27,332.24**	**2,79,716.66**
Movements in Working Capital		
(Increase) in Inventory	(9,279.83)	(8,994.08)
(Increase) in Trade Receivable	(57,945.71)	(18,496.09)
(Increase)/Decrease in Short Term Loan and Advance	(14.46)	26.29
(Increase) in Other Current Assets	(4,445.95)	(2,228.59)
Increase in Long Term Provisions	11,000.45	8,278.43
Increase/(Decrease) in Provisions	2,514.73	(8,916.08)
(Increase)/Decrease in Other Non-Current Assets	-	-
Capital Advances	(60.04)	(0.80)
Unamortised transaction cost	(1,601.32)	(5.59)
Balances with group companies	-	(0.07)
Security Deposits	2,597.65	1,560.09
Advances to Suppliers	(1,094.09)	(560.87)
Advances and Recoverables	4.58	0.18
Other non current financial liabilities	-	-
Retention Money	5,143.85	162.61
Security Deposits	8,022.48	(2,320.94)
Other deposits	3,678.40	(821.16)
(Decrease) in Trade Payables	(511.95)	(4,087.61)
(Decrease) in Other Current Liabilities	(16,196.69)	(21,551.66)
Increase/(Decrease) in Other Long Term Liabilities	-	-
Cash generated from operations	**2,69,144.34**	**2,21,760.71**
Taxes Paid	(47,576.61)	(35,218.25)
NET CASH FROM OPERATING ACTIVITIES	**2,21,567.73**	**1,86,542.46**
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Property,Plant and Equipments including Captail Work in Progress and Capital Advance (Net of Sale Proceeds)	(1,49,515.43)	(88,802.74)
Receipts of government grants	(1,772.28)	1,631.94
Long term loans and advances	(12.86)	(0.35)
Other non-current assets	-	-
Receipts of ORC Deposits	1,843.00	9,506.28
Investment in Associates/Joint Ventures	(2,793.40)	(1,364.63)
(Purchase)/Sale in Investment	(18,160.55)	(3,004.57)
Interest Received	-	-
Dividends received	132.07	-
Interest received	10,692.88	11,134.40
NET CASH USED IN INVESTING ACTIVITIES	**(1,59,586.56)**	**(70,899.67)**

(Rs. in lakhs)

Particulars	For Year Ended 31-03-2023	For Year Ended 31-03-2022
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds/(Repayment) from Borrowings	(18,607.00)	(37,076.10)
Payment of Lease Liabilities	(1,901.41)	(1,737.86)
Interest paid / Finance costs	(45,135.85)	(49,260.95)
NET CASH USED IN FINANCING ACTIVITIES	**(65,644.26)**	**(88,074.91)**
Net (Decrease) in Cash & Cash Equivalents (A+B+C)	**(3,663.09)**	**27,567.91**
Opening Balance of Cash & Cash Equivalents	66,636.38	39,068.47
Closing Balance of Cash & Cash Equivalents	62,973.30	66,636.38

Components of Cash & Cash Equivalents at	For Year Ended 31-03-2023	For Year Ended 31-03-2022
Balances with Banks		
In Current Accounts	7,706.93	6,705.31
In Fixed Deposit Accounts (with original maturity of less than 3 months)	33,987.70	37,709.55
Cash and Stamps on Hand	12.57	12.42
In Designated Current Account operated and maintained in terms of MERC Regulation	21,266.10	22,209.10
Cash & Cash Equivalents at the end of the year	**62,973.30**	**66,636.38**

The Statement of Cash Flows has been prepared under the “Indirect method” as set out in Indian Accounting Standard 7- Statement of Cash Flows.
As per our attached report of even date

For M S K A & Associates
Chartered Accountants
Firm Registration Number - 105047W

Sd/-
Vaijayantimala Belsare
Partner
ICAI Membership No. 049902

Place : Mumbai
Date : October 27, 2023

For Maharashtra State Electricity Transmission Company Limited

Sd/-
Santosh Amberkar
Chief General Manager (F&A)

Sd/-
Ashok Phalnikar
Director (Finance)
(DIN. 08908820)

Sd/-
Dr. Sanjeev Kumar
Chairman & Managing Director
(DIN. 08352295)

Sd/-
Vineeta Shriwani
Company Secretary
(Membership No. A21814)

Maharashtra State Electricity Transmission Company Limited

CIN: U40109MH2005SGC153646

Consolidated Statement of Changes in Equity for the year ended 31st March, 2023

A. Equity Share Capital

For the year ended 31st March, 2023 **(Rs. in lakhs)**

Balance as at 1st April, 2022	Changes during the Year	Balance as at 31st March, 2023
8,98,497.47	-	8,98,497.47

For the year ended 31st March, 2022 **(Rs. in lakhs)**

Balance as at 1st April, 2021	Changes during the Year	Balance as at 31st March, 2022
8,98,497.47	-	8,98,497.47

B. Other Equity

For the year ended 31st March, 2023 **(Rs. in lakhs)**

Particulars	Reserves & Surplus				Total Equity
	Contingency Reserve Fund	Special Reserve Fund	Load Despatch Center Empowerment Reserve (LDCD) Fund	Retained Earnings	
Balance as at 1st April, 2022	**77,978.00**	**13,939.00**	**4,283.76**	**3,30,389.79**	**4,26,590.54**
Profit for the year				1,03,536.10	1,03,536.10
Other comprehensive income				(851.52)	(851.52)
Total Comprehensive Income	**-**	**-**	**-**	**1,02,684.58**	**1,02,684.58**
Transfers to Retained Earnings	-	-	-	0.89	0.89
Transfers from Retained Earnings	7,323.00	-	-	(7,323.00)	-
Utilisation for Capex (allowed by MERC)	-	-	(529.68)	-	(529.68)
Total Comprehensive Income for the year of Associates accounted for using the equity method	-	-	-	2,925.47	2,925.47
Balance as at 31st March, 2023	**85,301.00**	**13,939.00**	**3,754.08**	**4,28,677.66**	**5,31,671.75**

For the year ended 31st March, 2022 **(Rs. in lakhs)**

Particulars	Reserves & Surplus				Total Equity
	Contingency Reserve Fund	Special Reserve Fund	Load Despatch Center Empowerment Reserve (LDCD) Fund	Retained Earnings	
Balance as at 1st April, 2021	**69,643.00**	**13,939.00**	**6,941.56**	**2,42,112.28**	**3,32,635.83**
Profit for the year				95,535.95	95,535.95
Other comprehensive income				(2,145.16)	(2,145.16)
Total Comprehensive Income	**-**	**-**	**-**	**93,390.79**	**93,390.79**
Transfers from Retained Earnings	8,335.00	-	(1,857.08)	(6,477.92)	-
Utilisation for Capex (allowed by MERC)	-	-	(800.72)	-	(800.72)
Total Comprehensive Income for the year of Associates accounted for using the equity method	-	-	-	1,364.63	1,364.63
Balance as at 31st March, 2022	**77,978.00**	**13,939.00**	**4,283.76**	**3,30,389.79**	**4,26,590.54**

As per our attached report of even date

For M S K A & Associates
Chartered Accountants
Firm Registration Number - 105047W

Sd/-
Vaijayantimala Belsare
Partner
ICAI Membership No. 049902

Place : Mumbai
Date : October 27, 2023

For Maharashtra State Electricity Transmission Company Limited

Sd/-
Santosh Amberkar
Chief General Manager (F&A)

Sd/-
Ashok Phalnikar
Director (Finance)
(DIN. 08908820)

Sd/-
Dr. Sanjeev Kumar
Chairman & Managing Director
(DIN. 08352295)

Sd/-
Vineeta Shriwani
Company Secretary
(Membership No. A21814)

Notes to Consolidated Financial Statements for the year ended 31st March ,2023

1 Corporate and General Information

The Consolidated Financial statements comprise Financial statements of the Maharashtra State Electricity Transmission Company Limited (MSETCL/the Company) and its Associates (i.e. Jaigad Power Transmission Ltd (JPTL) and Maharashtra Transmission Communication Infrastructure Limited (MTCIL)) for the year ended 31st March, 2023. 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 Scheme was approved by Government of Maharashtra (GoM) on 31.03.2016. The transfer of Assets and Liabilities under the above Transfer Scheme was made by the GoM. As decided the consideration for the transfer of undertaking being excess of assets over liabilities is discharged by issue of Equity Shares of Rs. 898497.47 Lakhs to MSEB Holding Company Limited(the Holding Company).

MSETCL is a leading state transmission utility in the country. MSETCL owns and operates most of Maharashtra's Electric Power Transmission System. The Company is a wholly owned corporate entity under the Maharashtra Government incorporated and domiciled in India on May 31, 2005 after restructuring the erstwhile Maharashtra State Electricity Board to transmit electricity from its point of generation to its point of distribution.

The Company is notified as the State Transmission Utility (STU) under The Electricity Act, 2003. Its registered office of business is located at Prakashganga, C-19, E Block, Bandra Kurla Complex, Mumbai andis principally engaged in planning, implementation, operation and maintenance of Inter-State Transmission System (ISTS). While the Associates Jaigad Power Transmission Ltd (JPTL) is engaged in the business of Transmission of Electricity and Maharashtra Transmission Communication Infrastructure Limited (MTCIL) is engaged in the business of making available optical fibre capacity on lease.

2 Statement of significant Accounting Policies

2.1 Statement of Compliance

The consolidated financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act), Companies (Indian Accounting Standards) Rules, 2015 and the relevant provisions of the Companies Act, 2013, and the provisions of the Electricity Act, 2003 to the extent applicable and as amended thereafter. Accounting policies have been consistently applied to all the years presented unless otherwise stated.

2.2 Basis of preparation and presentation

The Company has prepared Consolidated Financial Statements considering its holding in Associates namely:

Name of the Entity	Relationship	% of Holding
1) Jaigad Power Transco Limited	Associate	26
2) Maharashtra Transmission Communication Infrastructure Limited	Associate	35.02

The Consolidated Financial Statements incorporate the standalone financial statements of the Company and its investments in associates are accounted using equity method.

The financial statements of associates are drawn up to the same reporting date as of the Group for purpose of Consolidation. An associate is an entity over which the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over these policies.

The Associates have been consolidated in these financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is measured at lower of their carrying amount and fair value less cost to sell. Under the equity method, an investment in an associate is initially recognised in the consolidated balance sheet at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. Distributions received from an associate reduce the carrying amount of the investment.

After application of the equity method of accounting, the Group determines whether there is any evidence of impairment as a result of one or more event that occurred after the initial recognition of the net investment in an associate and that event (or events) has an impact on the estimated future cash flows from the net investment that can be reliably estimated. If there exists such an evidence of impairment, then the Group recognises impairment loss equal to the excess of its carrying amount over the recoverable amount of the respective asset. Recoverable amount is the fair value less cost to sell of the respective asset.

MSETCL has also been appointed as Bid Process Coordinator (BPC) for transmission schemes by Ministry of Power, GoI. Accordingly the Company has incorporated wholly owned subsidiaries as Special Purpose Vehicle in respect of Independent Transmission Projects. The Group also had a fully owned subsidiary company, namely Kharghar Vikhroli Transmission Private Limited (KVTPL), as on 31 March 2020 registered for Independent Transmission Projects formed as special purpose vehicle (SPV). It ceased to be subsidiary w.e.f. 25 June 2020.

As per the objective of Ind AS 110 which establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities. To meet the above objective, Ind AS 110 requires an entity (the parent) that controls one or more other entities (subsidiaries) to present consolidated financial statements:

(a) defines the principle of control, and establishes control as the basis for consolidation;

(b) sets out how to apply the principle of control to identify whether an investor controls an investee and therefore must consolidate the investee;

(c) sets out the accounting requirements for the preparation of consolidated financial statements; and Educational Material on Ind AS 110.

(d) defines an investment entity and sets out an exception to consolidating particular subsidiaries of an investment entity.

As per the interpretation to guidelines as per Ind AS 110 , an investor, regardless of the nature of its involvement with an entity (the investee), shall determine whether it is a parent by assessing whether it controls the investee. An investor controls an investee when the investor is exposed, or has rights, to variable returns from its involvement with the investee; and has the ability to affect those returns through its power over the investee.

Hence, as per Para 4 of Ind AS 110 and Para 17 of Ind AS 28, MSETCL is not required to prepare/present Consolidated Financial Statements and Cash flow statement for its Subsidiary incorporated as SPV Company.

The financial statements have been prepared on accrual basis and under the historical cost convention except following which have been measured at fair value;

- Certain financial assets and liabilities that are measured at fair value;
- Assets held for sale - measured at lower of carrying amount or fair value less cost to sell;
- Defined benefit plans - plan assets measured at fair value;

The Company has prepared the financial statements on the basis that it will continue to operate as a going concern.

2.3 Current and Non-current Classification

The Company presents assets and liabilities in the balance sheet based on current / non-current classification. An asset is treated as current when it is:

- expected to be realised or intended to be sold or consumed in normal operating cycle,
- held primarily for the purpose of trading,
- expected to be realised within twelve months after the reporting period, or
- cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- it is expected to be settled in normal operating cycle,
- it is held primarily for the purpose of trading,
- it is due to be settled within twelve months after the reporting period, or
- there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents.

The Company has identified twelve months as its operating cycle.

2.4 Rounding of amounts

All amounts disclosed in the financial statements and notes have been rounded off to the nearest lakh as per the requirement of Schedule III, unless otherwise stated.

2.5 Use of estimates and judgments

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

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

-Estimates of useful lives, residual value and impairment of Property, Plant and Equipments and Intangible Assets;

-Valuation of Inventories;

-Measurement of Defined Benefit Obligations and actuarial assumptions;

- Provisions;

-Evaluation of recoverability of deferred tax assets; and

-Contingencies.

Revisions to accounting estimates are recognized prospectively in the Statement of Profit and Loss in the period in which the estimates are revised and in any future periods affected.

2.6 Property, Plant and Equipment (Ind AS 16)

Property, Plant and Equipment is initially measured at cost of acquisition/construction including any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. After initial recognition, Property, Plant and Equipment is carried at cost less accumulated depreciation / amortization and accumulated impairment losses, if any.

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

Property, Plant and Equipment acquired as replacement of the existing assets are capitalized and its corresponding replaced assets removed/ retired from active use are derecognized. If the cost of the replaced part or earlier inspection is not available, the estimated cost of similar new parts/inspection is used as an indication of what the cost of the existing part/ inspection component was when the item was acquired or inspection was carried out.

In the case of commissioned assets, contracts for construction of Sub-station and Transmission Lines where final settlement of bills with contractors is yet to be effected, capitalization is done on provisional basis subject to necessary adjustments in the year of final settlement.

The cost of land includes payments/liabilities towards compensation and other expenses wherever possession of land is taken.

Expenditure on levelling, clearing and grading of land is capitalized as cost of Land Development.

Spare parts, standby equipment and servicing equipment whose cost is Rs.10,00,000/- and above, which meets the recognition criteria of Property, Plant and Equipment were capitalized by the Company. However due to the introduction of MERC Capex Regulation 2022, wherein any replacement scheme and procurement of Standby spares would not be allowed as Capex Scheme and needs to be carried out under R&M Scheme. Hence, from FY 2021-22, the Company follows the MERC Regulation as, being an Regulatory Business, the ARR is approved by MERC

An item of Property, Plant and Equipment is derecognized when no future economic benefits are expected from their use or upon disposal.

Cost of ORC Assets constructed are knocked off against the respective ORC Deposits received from the Customers and such assets are recognised at nominal value of Rupee 1 for identification and not at its cost of construction.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in the Statement of Profit and Loss on the date of disposal or retirement.

2.7 Capital Work-In-Progress (CWIP) (Ind AS 16)

Cost of material, erection charges and other expenses incurred for the construction of Property, Plant and Equipment are shown as CWIP based on progress of erection work till the date of capitalization.

Expenditure of Project Offices, attributable to construction of property, plant and equipment are identified and allocated on a systematic basis to the cost of the related assets.

Unsettled liability for price variation/exchange rate variation in case of contracts is accounted for on estimated basis as per terms of the contracts.

Costs incurred on identification, survey and feasibility studies of a project under sanctioned scheme are shown as a distinct item under 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 Statement of Profit and Loss in the year of rejection.

2.8 Intangible Assets (Ind AS 38)

Intangible assets are measured on initial recognition at cost. After initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses.

Subsequent expenditure on already capitalized Intangible assets is capitalized when it increases the future economic benefits embodied in an existing asset and is amortized prospectively.

The cost of software (which is not an integral part of the related hardware) acquired for internal use and resulting in significant future economic benefits is recognized as an intangible asset when the same is ready for its use.

An item of Intangible asset is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit and Loss when the asset is derecognized.

2.9 Depreciation/Amortization (Ind AS 16)

Depreciation/amortization on the assets related to transmission business is provided on straight line method following the rates and methodology notified by the Maharashtra Electricity Regulatory Commission (MERC) for the purpose of recovery of tariff.

Cost of software capitalized as intangible asset is amortized over the period of legal right to use or 4 years, whichever is less with nil residual value.

Mobile Phones are charged off within 3 years from the date of Purchase.

Depreciation/ Amortization on additions to/deductions from property, plant and equipment during the year is charged on pro-rata basis from/up to the date on which the asset is available for use/disposed.

Where the cost of depreciable property, plant and equipment has undergone a change due to increase/decrease on account of price adjustment, change in duties or similar factors, the unamortized balance of such asset is depreciated retrospectively at the rates and methodology as specified by the MERC Tariff Regulations.

The residual values, useful lives and methods of depreciation for assets other than assets related to transmission business are reviewed at each financial year end and adjusted prospectively, wherever required.

Property, Plants & Equipments costing Rs. 5,000/- or less, are fully depreciated in the year of acquisition.

Leasehold land (Except Considered as ROU under Ind AS-116 as referred in para 2.12) is fully amortized over lease period in accordance with the rates and methodology specified in MERC Tariff Regulation.

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

Particulars	Rate
Tangible Assets	
Hydraulic Works	5.28%
Buildings & Other Civil Works	3.34%
Plant & Machinery	5.28%
Transmission lines, Cable Network etc.	5.28%
Furniture, Fixtures and Office Equipments	5.28 % to 15%
Vehicles	6.33%

The Associates Companies provide depreciation and amortisation on assets based on Straight Line Method (SLM) as per provisions of Part B of Schedule II of the Companies Act, 2013.

2.10 Borrowing costs (Ind AS 23)

Borrowing costs consist of interest and other costs incurred in connection with the borrowing of funds. Borrowing costs also include exchange differences to the extent regarded as an adjustment to the borrowing costs.

Interest during construction (IDC) and expenditure (net) allocated to construction as per policy referred at 2.7 above are kept as a separate item under CWIP and apportioned to the assets being capitalized in proportion to the closing balance of CWIP. Actual IDC is calculated for schemes where it is possible. In case of remaining scheme, debt equity ratio of 75:25 is considered for calculating of IDC for opening capex as well as capex incurred during the year. FIFO method is followed while considering the capitalization i e first capitalization of asset will be taken place from opening balance of capex. The weighted average rate of interest of each financial institution and banks is applied for calculating IDC.

Borrowing costs that are attributable to the acquisition or construction of qualifying assets (i.e. an asset that necessary takes a substantial period of time to get ready for its intended use) are capitalized as a part of cost of such assets. All other borrowing costs are charged to the Statement of Profit and Loss.

Capitalization of Borrowing cost ceases when substantially all the activities necessary to prepare the qualifying assets for their intended use are completed

Investment income earned on temporary investment of funds of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

2.11 Non-current assets held for sale (Ind AS 105)

Non-current assets are classified as held for sale if their carrying amounts will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sale of such assets.

Non-current assets are classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell.

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

2.12 Leases (Ind AS 116)

A contract is, or contain, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange of consideration.

Company as a lessee

The Company accounts for each lease component within the contract as a lease separately from non-lease components of the contract and allocate the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone of the non-lease components.

The Company recognises right of use asset representing its right to use the underlying asset for the lease term at the lease commencement date. The cost of the right-0f-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any incentives received, plus any initial direct costs incurred and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset or restoring the underlying asset or site on which it is located. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any measurement of the lease liability. The right-of-use assets is depreciated using the straight line method from the commencement date over the shorter of lease term or useful life of right-of –use asset. The estimated useful life if right-of-use assets are determined on the same basis as those of property, plant and equipment. Right-of-Use Asset are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable, impairment loss, if any, is recognised in the statement of profit and loss.

The Company measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses borrowing rate of 10.04% as considered by MERC during the approval of Interest Expenses on Normative Loans in its ARR Orders. For leases with reasonably similar characteristic's , the Company, on a lease by lease basis, may adopt either the incremental borrowing rate specific to the lease or the incremental borrowing rate for the portfolio as a whole. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modification or to reflect revised in-substance fixed lease payments. The Company recognises the amount of re-measurement of lease liability due to modification as an adjustment to the right-of-use asset and statement of profit and loss depending upon the nature of modification. Where the carrying amount of right-of-use asset is reduced to zero and there is further reduction in the measurement of the lease liability, the Company recognises any remaining amount of the re-measurement in statement of profit and loss.

The Company has elected not to apply the requirement of Ind AS 116 Leases to short-term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease payment associated with these leases are recognised as an expense on a straight line basis over the lease term.

On transition, the Company recognised a lease liability measured at the present value of the remaining lease payments. The right-of-use asset is recognised at its carrying amount as if the standard had been applied since the commencement of the lease, but discounted using the lessees' incremental borrowing rate as at April 1, 2019. The Company has leases that were classified as finance leases applying Ind AS 17. For such leases, the carrying amount of the right-of-use asset and the lease liability at the date of initial application of Ind AS 116 is the carrying amount of the lease asset and lease liability on the transition date as measured applying Ind AS 17.

Company as a lessor

At the inception of the lease the Company classifies each of its leases as either an operating lease or a finance lease. The company recognises lease payments received under operating leases as income on straight line basis over the lease term. In case of finance lease, finance income is recognised over the lease term based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the lease. When the Company is an intermediate lessor it accounts for its interests in the head lease.

If an arrangement contains lease and non lease components, the Company applies Ind AS 115 Revenue from Contracts with Customers to allocate the consideration in the contract.

The Company has adopted Ind AS 116, effective annual reporting period beginning April 1, 2019 and applied the standard to its leases, modified retrospective approach. Accordingly, the Company has not restated comparative information. The lease contracts entered by the Company majorly pertains for Land and buildings taken on lease to conduct its business in the ordinary course. The Company does not have any lease restrictions and commitment towards variable rent as per the contract.

The Company is not required to make any adjustments on transition to Ind AS 116 for leases in which it acts as a lesser. The Company accounted for its leases in accordance with Ind AS 116 from the date of initial application.

2.13 Impairment of Non-financial assets, other than inventories (Ind AS 36)

Cash generating units as defined in Ind AS 36 'Impairment of Assets' are identified at the Balance Sheet date. At the date of Balance Sheet, if there is any indication of impairment and the carrying amount of the cash generating unit exceeds its recoverable amount (i.e. the higher of the fair value less costs of disposal and value in use), an impairment loss is recognized. The carrying amount is reduced to the recoverable amount and the reduction is recognized as an impairment loss in the Statement of Profit and Loss. The impairment loss recognized in the prior accounting period is reversed to the extent of increase in the estimate of recoverable amount. Post impairment, depreciation is provided on the revised carrying value of the impaired asset over its remaining useful life.

2.14 Inventories (Ind AS 2)

Inventories are valued at Lower of cost and net realizable value. The cost of inventories is determined on weighted average basis.

Cost of inventories comprises of cost of purchase and other costs incurred in bringing the inventories to its present location and condition. Inventories are issued on First In First Out (FIFO) basis.

Obsolete, slow moving and unserviceable stocks are identified at the time of physical verification of stocks and where necessary, provision is made for such stocks.

2.15 Revenue Recognition (Ind AS 115)

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates.

Transmission Income

Revenue from Transmission of Electricity received from Distribution Licensees is accounted for based on Monthly Intra State Transmission Tariff Order issued by the Maharashtra Electricity Regulatory Commission (MERC).

Revenue from Operations such as Open Access charges, SLDC Charges, Rescheduling Charges are recognized as per MERC Orders.

Dividend Income

Dividend income is recognized when the right to receive payment is established.

Interest Income

Interest income is accounted on accrual basis.

Sale of Scrap

Income from sale of scrap is accounted for on realization basis.

Supervision charges

The supervision charges received from Outright Consumers Contribution is recognised in the year of the collection.

Other Income

Other Income is recognized on accrual basis except when ultimate realization of such income is uncertain.

2.16 Employee Benefits (Ind AS 19)

Short Term Employee Benefits:

Short term employee benefits are recognized at the undiscounted amount in the Statement of Profit and Loss in the year in which the related services are rendered.

Other long-term employee benefit obligations

The liabilities for earned leave and sick leave that are not expected to be settled wholly within 12 months are measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method based on Actuarial Valuation.

The benefits are discounted using the yields of Corporate Bonds at the end of the reporting period that have terms approximating to the terms of the related obligation.

Re-measurements as a result of experience adjustments and changes in actuarial assumptions are recognised in the Statement of Profit and Loss.

Post- employment benefits:

The Company operates the following post-employment schemes:

(i) Defined Benefit Plans such as gratuity; and

(ii) Defined contribution plans such as provident fund.

Defined Benefit Plan

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

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Defined Contribution Plan

Defined Contribution Plans such as Provident Fund etc. are charged to the Statement of Profit and Loss as incurred. Further for certain employees, the monthly contribution for Provident Fund is made to a separate trust which also manages funds of other group companies. The minimum rate of interest payable by the Trust is in accordance with rate notified by the Government. The Company has an obligation to make good the shortfall, if any.

2.17 Foreign Currency Transactions (Ind AS 21)

(i) Functional and presentation currency

The financial statements are presented in Indian rupee (INR), which is Company's functional and presentation currency.

(ii) Transactions and balances

Transactions in foreign currencies are recognized at the prevailing exchange rates on the transaction dates. Realized gains and losses on settlement of foreign currency transactions are recognized in the Statement of Profit and Loss.

Monetary foreign currency assets and liabilities at the year-end are translated at the year-end exchange rates and the resultant exchange differences are recognized in the Statement of Profit and Loss.

2.18 Investment in Associates and Joint Ventures (Ind AS 27)

Principle of consolidation

Equity Method

Under the equity method, on initial recognition the investment in an associate or a joint venture is recognised at cost, and the carrying amount is increased or decreased to recognise the company's share of the profit or loss of the investee after the date of acquisition. The company's share of the investee's profit or loss is recognised in the company's statement of profit or loss. Distributions received from an investee reduce the carrying amount of the investment. Adjustments to the carrying amount may also be necessary for changes in the company's proportionate interest in the investee arising from changes in the investee's other comprehensive income. The company's share of those changes is recognised in the company's other comprehensive income.

The investment in associates is carried at cost as per Ind AS 27. The cost comprises price paid to acquire investment and directly attributable cost.

2.19 A) Government Grants (Ind AS 20)

Grants from the government are recognized at their fair value where there is reasonable assurance that the grant will be received and the Company will comply with all attached conditions.

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

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to Profit and Loss on a straight - line basis over the expected life of related assets and presented within other income.

B) Accounting of Maharashtra Energy Development Agency (MEDA) Projects

As per the 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.

C) Accounting of Contributions received from Consumers against Outright Right Works (ORC Schemes)

Outright Consumer Contributions received is being treated as follows

1) If advance is received for expenditures still to be incurred on creation of Fixed Assets , same is treated as Non Current Liabilities till the completion of that Fixed Assets.

2) If contribution is received on account of Supervision Charges only, the same is recognised as Other Income in the year of receipt.

3) If contribution is received on account of already created assets, the same is reduced against that asset in the year of receipt.

2.20 Provisions and Contingent Liabilities (Ind AS 37)

a) Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are discounted. Unwinding of the discount is recognized in the Statement of Profit and Loss as a finance cost. Provisions are reviewed at each Balance Sheet date and are adjusted to reflect the current best estimate.

b) Contingencies

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made. Information on contingent liability is disclosed in the Notes to the Financial Statements. Contingent assets are not recognized. These are reviewed at each Balance Sheet date and are adjusted to reflect the current management estimates.

2.21 Fair Value Measurement (Ind AS 113)

The Company measures certain financial instruments at fair value at each reporting date.

Certain accounting policies and disclosures require the measurement of fair values, for both financial and non financial assets and liabilities.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability also reflects its non-performance risk.

The best estimate of the fair value of a financial instrument on initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Company determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique that uses only data from observable markets, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price.

Subsequently that difference is recognized in Statement of Profit and Loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

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

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

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

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

When quoted price in active market for an instrument is available, the Company measures the fair value of the instrument using that price. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. If there is no quoted price in an active market, then the Company uses a valuation technique that maximises the use of relevant observable inputs and minimises the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The Company regularly reviews significant unobservable inputs and valuation adjustments. If the third party information, such as broker quotes or pricing services, is used to measure fair values, then the Company assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of Ind AS, including the level in the fair value hierarchy in which the valuations should be classified.

2.22 Financial Assets (Ind AS 32)

Initial recognition and measurement

Trade Receivables and debt securities issued are initially recognised when they are originated. All other financial assets are initially recognised when the Company becomes a party to the contractual provisions of the instrument. All financial assets other than those measured subsequently at fair value through profit and loss, are recognised initially at fair value plus transaction costs that are attributable to the acquisition of the financial asset.

Subsequent measurement

Subsequent measurement is determined with reference to the classification of the respective financial assets. Based on the business model for managing the financial assets and the contractual cash flow characteristics of the financial asset, the Company classifies financial assets as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit and loss.

Debt instruments at amortized cost

A ‘debt instrument’ is measured at the amortized cost if both the following conditions are met:

The asset is held within a business model whose objective is:

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

After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method. Amortized cost is calculated by taking into account any discount or premium and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the Statement of Profit and Loss. The losses arising from impairment are recognized in the Statement of Profit and Loss.

Debt instruments at Fair Value through Other Comprehensive Income (FVOCI)

A ‘debt instrument’ is measured at the fair value through Other Comprehensive Income if both the following conditions are met:

The asset is held within a business model whose objective is achieved by both:

- collecting contractual cash flows and selling financial assets and
- contractual terms of the asset give rise on specified dates to cash flows that are SPPI on the principal amount outstanding.

After initial measurement, these assets are subsequently measured at fair value. Interest income under effective interest method, foreign exchange gains and losses and impairment losses are recognized in the Statement of Profit and Loss. Other net gains and losses are recognized in other comprehensive Income.

Debt instruments at Fair Value through Profit or Loss (FVTPL)

Fair Value through Profit or Loss is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization at amortized cost or as FVOCI, is classified as FVTPL.

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

Equity investments

All equity investments within the scope of Ind AS 109 are measured at fair value. Such equity instruments which are held for trading are classified as FVTPL. For all other such equity instruments, the Company decides to classify the same either as FVOCI or FVTPL. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable. For equity instruments classified as FVOCI, all fair value changes on the instrument, excluding dividends, are recognized in Other Comprehensive Income. Dividends on such equity instruments are recognized in the Statement of Profit or Loss. Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of Profit and Loss.

De-recognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e. removed from the Company's Balance Sheet) when-

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

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

The Company has transferred substantially all the risks and rewards of the asset, or

The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

On de-recognition, any gains or losses on all debt instruments (other than debt instruments measured at FVOCI) and equity instruments (measured at FVTPL) are recognised in the Statement of Profit and Loss. Gains and losses in respect of debt instruments measured at FVOCI and that are accumulated in OCI are reclassified to profit or loss on de-recognition. Gains or losses on equity instruments measured at FVOCI that are recognised and accumulated in OCI are not reclassified to profit or loss on de-recognition.

Impairment of financial assets

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

Loss allowances on trade receivables are measured following the 'simplified approach' at an amount equal to the lifetime ECL at each reporting date. In respect of other financial assets such as debt securities and bank balances, the loss allowance is measured at 12 month ECL only if there is no significant deterioration in the credit risk since initial recognition of the asset or assets is determined to have a low credit risk at the reporting date.

The Company had recognized Expected Credit Loss (ECL) on Trade receivables and other financial assets. The ECL primarily comprises of two main factors, viz. Time loss (money value) and Credit loss. Time loss is computed considering an appropriate discount rate. The management believes that the rate used in determining the actuarial valuation of employment benefits is reflective of the loss it suffers due to delays in collection. This rate is reviewed once a year. The Credit loss is calculated on the basis of the credit spread of Corporate Bonds having tenure of 10 years as at the date of the balance sheet.

Trade receivables were categorized into three groups for computing ECL viz.

1) Distribution Licensees (Group Companies and Others),
2) Open Access Consumers (Long term and Short term) and
3) Regular (Other) Consumers. Time loss for all categories was considered as same, whereas Credit loss was provided on the basis of credit spread for Corporate Bonds (published by FIMMDA). The management has estimated an appropriate credit rating for each of the above three groups.

The ECL on other receivables from Group companies is provided to the extent of Time loss only.

2.23 Financial Liabilities (Ind AS 32)

Initial recognition and measurement

Financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument.

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss and at amortized cost, as appropriate.

Subsequent measurement

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

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

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognized in the Statement of Profit and Loss.

Borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in Statement of Profit and Loss when the liabilities are derecognized as well as through the EIR amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the Statement of Profit and Loss.

Borrowing Cost: Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

Financial Liabilities at Fair Value through Profit or Loss (FVTPL)

A financial liability is classified as at Fair Value through Profit or Loss (FVTPL) if it is classified as held for-trading or is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and changes therein, including any interest expense, are recognized in Statement of Profit and Loss.

Financial Liabilities at amortized cost

After initial recognition, financial liabilities other than those which are classified as FVTPL are subsequently measured at amortized cost using the effective interest rate method.

Amortized cost is calculated by taking into account any discount or premium and fees or costs that are an integral part of the EIR. The amortization done using the EIR method is included as finance costs in the Statement of Profit and Loss.

De-recognition

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

Offsetting of financial instruments

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

2.24 Taxes on Income (Ind AS 12)

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company and its subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation.

It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method on temporary differences arising between the tax bases of assets and liabilities and their carrying amount in the financial statement. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are excepted to apply when the related deferred income tax assets is realized or the deferred income tax liability is settled.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are off set where the company has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Current and deferred tax is recognised in the Statement of Profit and Loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively

Minimum Alternate Tax credit is recognised as deferred tax asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. Such asset is reviewed at each Balance Sheet date and the carrying amount of the MAT credit asset is written down to the extent there is no longer a convincing evidence to the effect that the company will pay normal income tax during the specified period.

2.25 Prior Period Items (Ind AS 8)

Material prior period errors are corrected retrospectively by restating the comparative amounts for prior period presented in which the error occurred or if the error occurred before the earliest period presented, by restating the opening statement of financial position.

2.26 Earnings per Share (Ind AS 33)

Basic earnings per share are computed using the net profit or loss for the year attributable to the shareholders and weighted average number of shares outstanding during the year.

Diluted earnings per share is computed using the net profit or loss for the year attributable to the shareholders and weighted average number of equity and potential equity shares outstanding during the year, except where the result would be anti-dilutive.

2.27 Cash and Cash Equivalents (Ind AS 7)

Cash and cash equivalents in the Balance Sheet include cash at bank, cash, cheque, draft on hand and demand deposits with an original maturity of less than three months, which are subject to an insignificant risk of changes in value.

For the purpose of Statement of Cash Flows, Cash and cash equivalents include cash at bank, cash, cheque and draft on hand. The Company considers all highly liquid investments with a remaining maturity at the date of purchase of three months or less and that are readily convertible to known amounts of cash to be cash equivalents.

2.28 Statement of Cash Flows (Ind AS 7)

Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows.

The cash flows from operating, investing and financing activities are segregated.

3 Changes in Accounting Policies and Disclosures

3.1 New and Amended Standards

Standards (including amendments) issued but not yet effective

The Ministry of Corporate Affairs (""MCA"") has notified Companies (Indian Accounting Standard) Amendment Rules, 2023 dated March 31, 2023 to amend certain Ind ASs which are effective from 01 April 2023:

Below is a summary of such amendments:

(i) Disclosure of Accounting Policies - Amendment to Ind AS 1 Presentation of financial statements

The MCA issued amendments to Ind AS 1, providing guidance to help entities meet the accounting policy disclosure requirements. The amendments aim to make accounting policy disclosures more informative by replacing the requirement to disclose 'significant accounting policies' with 'material accounting policy information'. The amendments also provide guidance under what circumstance, the accounting policy information is likely to be considered material and therefore requiring disclosure.

The amendments are effective for annual reporting periods beginning on or after 01 April 2023. The Company is currently revisiting their accounting policy information disclosures to ensure consistency with the amended requirements.

(ii) Definition of Accounting Estimates – Amendments to Ind AS 8 Accounting policies, changes in accounting estimates and errors

The amendment to Ind AS 8, which added the definition of accounting estimates, clarifies that the effects of a change in an input or measurement technique are changes in accounting estimates, unless resulting from the correction of prior period errors. These amendments clarify how entities make the distinction between changes in accounting estimate, changes in accounting policy and prior period errors. The distinction is important, because changes in accounting estimates are applied prospectively to future transactions and other future events, but changes in accounting policies are generally applied retrospectively to past transactions and other past events as well as the current period.

(iii) Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to Ind AS 12 Income taxes

The amendment to Ind AS 12, requires entities to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. They will typically apply to transactions such as leases of lessees and decommissioning obligations and will require the recognition of additional deferred tax assets and liabilities.

The amendment should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, entities should recognise deferred tax assets (to the extent that it is probable that they can be utilised) and deferred tax liabilities at the beginning of the earliest comparative period for all deductible and taxable temporary differences associated with:

- right-of-use assets and lease liabilities, and
- decommissioning, restoration and similar liabilities, and the corresponding amounts recognised as part of the cost of the related assets.

The cumulative effect of recognising these adjustments is recognised in retained earnings, or another component of equity, as appropriate. Ind AS 12 did not previously address how to account for the tax effects of on-balance sheet leases and similar transactions and various approaches were considered acceptable. Some entities may have already accounted for such transactions consistent with the new requirements. These entities will not be affected by the amendments.

The Company is currently assessing the impact of the amendments.

iv) The other amendments to Ind AS notified by these rules are primarily in the nature of clarifications.

Standards that became effective during the year

The Ministry of Corporate Affairs has notified Companies (Indian Accounting Standard) Amendment Rules 2022 dated March 23, 2022 to amend the following Ind AS which are effective from 01 April 2022 :

(i) Onerous Contracts- Cost of Fulfilling a Contract - Amendments to Ind AS 37

Ind AS 37 defines an onerous contract as a contract in which the unavoidable costs (costs that the Company has committed to pursuant to the contract) of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

The amendments to Ind AS 37 clarify, that the costs relating directly to the contract consist of both:

- The incremental costs of fulfilling that contract- e.g. direct labour and material; and
- An allocation of other costs that relate directly to fulfilling contracts: e.g. Allocation of depreciation charge on property, plant and equipment used in fulfilling the contract.

The Company, prior to the application of the amendments, did not have any onerous contracts.

As a result of the amendments, certain other directly related costs have now been included by the Company in determining the costs of fulfilling the contracts. The Company has therefore recognised an additional onerous contract provision as at 01 April 2022.

In accordance with the transitional provisions, the Company applies the amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application) and has not restated its comparative information.

(ii) References to the Conceptual Framework - Amendments to Ind AS 103

The amendments update a reference to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations. The amendment also add a new exception in Ind AS 103 for liabilities and contingent liabilities.

(iii) Property, Plant and Equipment: Proceeds Before Intended Use- Amendment to Ind AS 16

The amendment to Ind AS 16 clarifies that any excess of net sale proceeds of items produced over the cost of testing, if any, shall not be recognised in the profit or loss but deducted from the directly attributable costs considered as part of cost of an item of property, plant, and equipment.

These amendments had no impact on the year-end financial statements of the Company as there were no sales of such items.

(iv) Ind AS 101: First Time Adoption of Indian Accounting Standards- Subsidiary as a first time adopter

The amendment provides that a subsidiary that uses the exemption in paragraph D16(a) of Ind AS 101 may elect, in its financial statements, to measure cumulative translation differences for all foreign operations in its financial statements using the amounts reported by the parent, based on the parent's date of transition to Ind AS, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. This election is also available to an associate or joint venture that uses exemption in paragraph D16(a) of Ind AS 101.

(v) Ind AS 109 Financial Instruments - Fees in the '10 per cent' test for derecognition of financial liability

The amendment clarifies which fees an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

These amendments had no impact on the financial statements of the Company as there were no modifications of the Company's financial instruments during the year.

(vi) Taxation in fair value measurements – Amendments to Ind AS 41

The amendment removes the requirement in Ind AS 41 for entities to exclude cash flows for taxation when measuring fair value. This aligns the fair value measurement in Ind AS 41 with the requirements of Ind AS 113, Fair Value Measurement.

Maharashtra State Electricity Transmission Company Limited

Notes to Consolidated Financial Statements for the year ended 31st March, 2023

Note 4.1: Property, Plant & Equipment

(Rs. in Lakhs)

Particulars	Freehold Land	Buildings	Plant & Equipments	Line & Cable Networks	Hydraulic Works	Other Civil Works	Furniture & Fixtures	Vehicles	Office Equipment (Including computer)	Solar Power Generation Equipments	Total
Gross Carrying amount											
Balance as at 1st April, 2021	25,206.62	30,793.37	11,97,435.26	8,96,219.24	2,786.03	1,23,749.69	2,240.14	1,089.53	5,163.69	49.66	22,84,733.26
Additions	1,041.60	574.50	67,429.40	55,838.06	27.02	2,897.89	196.49	-	771.86	-	1,28,776.83
Disposals	-	-	(454.85)	(738.10)	-	-	(4.98)	(35.59)	(16.06)	-	(1,249.57)
Adjustments	(193.85)	(21.14)	(51,033.51)	(3,989.73)	-	929.05	(41.14)	(18.08)	(239.03)	-	(54,607.43)
Balance as at 31st March , 2022	26,054.37	31,346.74	12,13,376.32	9,47,329.47	2,813.06	1,27,576.63	2,390.52	1,035.86	5,680.46	49.66	23,57,653.09
Additions	160.12	477.92	62,694.88	47,156.89	7.21	4,493.01	131.16	923.26	1,160.11	-	1,17,204.55
Disposals	-	(23.33)	(2,379.65)	(491.45)	-	(315.09)	(13.02)	(3.75)	(268.61)	-	(3,494.90)
Adjustments	112.11	(109.55)	(4,829.53)	3,476.73	-	(34.56)	-	(6.07)	-	-	(1,390.88)
Balance as at 31st March , 2023	26,326.60	31,691.77	12,68,862.00	9,97,471.64	2,820.26	1,31,719.99	2,508.66	1,949.31	6,571.96	49.66	24,69,971.86
Accumulated Depreciation											
Balance as at 1st April, 2021		9,890.69	3,52,532.32	2,70,741.98	805.56	24,825.26	761.70	291.56	2,411.93	1.26	6,62,262.25
Additions		1,087.83	71,266.50	46,587.12	133.80	4,656.94	153.91	77.35	450.40	2.62	1,24,416.47
Disposals		-	(163.76)	(147.93)	-	-	(4.31)	(32.03)	(10.71)	-	(358.73)
Adjustments		1.02	(10,320.34)	(33.65)	-	541.54	(21.46)	(16.47)	(19.18)	-	(9,868.52)
Balance as at 31st March , 2022	-	10,979.55	4,13,314.72	3,17,147.52	939.35	30,023.74	889.84	320.41	2,832.44	3.88	7,76,451.46
Additions		1,068.91	68,760.43	49,167.66	115.18	5,345.98	165.11	116.36	484.56	2.62	1,25,226.82
Disposals		(0.13)	(1,107.94)	(68.90)	-	(22.38)	(0.13)	(3.37)	(19.68)	-	(1,222.52)
Adjustments		(33.29)	(1,945.50)	1,177.35	-	0.02	-	(5.45)	0.01	-	(806.85)
Balance as at 31st March , 2023	-	12,015.03	4,79,021.71	3,67,423.64	1,054.54	35,347.36	1,054.83	427.94	3,297.34	6.50	8,99,648.90
Net Carrying amount											
Balance as at 31st March , 2023	26,326.60	19,676.74	7,89,840.29	6,30,048.00	1,765.73	96,372.63	1,453.83	1,521.36	3,274.62	43.16	15,70,322.95
Balance as at 31st March , 2022	26,054.37	20,367.19	8,00,061.60	6,30,181.95	1,873.70	97,552.90	1,500.67	715.46	2,848.02	45.79	15,81,201.63

 # Please refer Note 36: Assets hypothecated / pledged as security.

* includes assets at Rs 1 for which the cost is recovered from the dedicated consumer as ORC Deposit

* includes assets which are created at 50% of the value under the scheme for evacuation of power from Non-conventional sources (MEDA Schemes).

* includes reclassification during the year of Standby equipments from Property, Plant and Equipment (Rs 44,439.58 lakhs) along with its accumulated depreciation (Rs 6,869.56 lakhs) to Repairs & Maintenance Expenses and Inventories as per Policy referred at Note 2.6 and 50 in previous year 2021-22

Title deeds of Immovable Property not held in the name of the Company

Details of all immovable property included in Property, Plant and Equipments are held in the name of the Company , except for as shown in table below:

Revelent Line Item in the Balance Sheet	Description of items of property	Gross carrying value (Rs in lakhs)	Title deeds held in the name of	Whether title deed holder is a promoter, director or relatove of promoter/director or employee of promoter/director	Property held since which date	Reasons for not being held in the name of the Company	Dispute, if any
Property, Plant & Equipment	Land	Not Ascertainable	MSETCL-366 out of 706	N.A.	Not Ascertainable		N.A.
		Not Ascertainable	MSEB/MSEDCL/ MSPGCL (Sister Concern) - 102 out of 706	N.A.	Not Ascertainable	Lands pertaining to erstwhile MSEB were transferred to MSETCL after trifurcation in 2005. However, certain lands which are in the names of MSEDCL, MSPGCL, MSEB, Maharashtra Industrial Development Corporation (MIDC) and private parties are still to be transferred in the name of MSETCL.	
		Not Ascertainable	Lease Hold/ MIDC / Private/ Other - 238 out of 706	N.A.	Not Ascertainable		
	Building				NIL		

Note 4.2: Capital work-in-progress (CWIP)

(Rs. in Lakhs)

	As at 31.03.2021	Capital Expenditure during the year	Capitalisation / Adjustment during the year	As at 31.03.2022	Capital Expenditure during the year	Capitalisation / Adjustment during the year	As at 31.03.2023
Capital work-in-progress	3,34,281.27	1,38,684.90	(1,31,033.26)	3,41,932.91	1,53,911.57	(1,17,467.34)	3,78,377.14

Capital work in progress as at 31 March 2023 comprises expenditure for the new substation and Lines unit under construction.
Total amount of CWIP is Rs. 378377.14 lakhs (31 March 2022: Rs. 341932.91 lakhs).

Ageing Schedule of Capital Work in Progress FY 2022-23*

(Rs. in Lakhs)

Capital Work In Progress	Amount in CWIP for a period of				TOTAL
	less than 1 year	1 -2 years	2-3 years	More than 3 years	
Projects in Progress (incl ORC Scchemes)	19342.23	21514.36	32458.54	295945.41	3,69,260.54
Projects temporarily suspended				9116.60	9,116.60
Total	**19,342.23**	**21,514.36**	**32,458.54**	**3,05,062.01**	**3,78,377.14**

*Ageing Schedule of Capital Work in Progress is prepared based on the year of commencement of capex in respective Project .

Ageing Schedule of Capital Work in Progress FY 2021-22*

(Rs. in Lakhs)

Capital Work In Progress	Amount in CWIP for a period of				TOTAL
	less than 1 year	1 -2 years	2-3 years	More than 3 years	
Projects in Progress	19,523.61	25,266.73	48,985.60	2,19,518.15	3,13,294.09
Projects temporarily suspended				28,638.82	28,638.82
Total	**19,523.61**	**25,266.73**	**48,985.60**	**2,48,156.97**	**3,41,932.91**

*Ageing Schedule of Capital Work in Progress is prepared based on the year of commencement of capex in respective Project .

Ageing Schedule of Capital Work in Progress whose completion, if overdue or, has exceeded its cost compared to its original plan and Projects Suspended.

(Rs. in Lakhs)

Capital Work In Progress	Amount of CWIP for a period of				TOTAL
	less than 1 year	1 -2 years	2-3 years	More than 3 years	
Projects in Progress/Time Overrun					
RTU Scada & DC	4.43				4.43
Instalation of Nitrogen Injection System	63.33				63.33
Amravati Administrative Building	24.49				24.49
Supply ETC OF TPI Transducer	1.44				1.44
Addition of 54 nos. 33kV bays,Nasik zone	9.77				9.77
Const. of 68 nos. new 33kV bays,Aurangabad zone	51.12				51.12
Comp Wall under Vashi Zone FY 2016-17	32.95				32.95
220KV Ghatodi SS	9,050.96				9,050.96
400KV Koradi-II SS	8,222.02				8,222.02
400KV Chandrapur-II SS	826.54				826.54
R&M of 220KV Chinchwad SS	329.78				329.78
Rep of DP/TP structure of Kalwa circle	50.74				50.74
Rep of tower under Dn Kolhapur	44.64				44.64
Re ornt of 132kV Amalner chopda line	8.97				8.97
2nd Ckt. stringing under Nashik	18.84				18.84
2nd Ckt. stringing under Akola &Amravati	814.82				814.82
Repl. of Disc Insulators for 220kV Lines	7.26				7.26
Conve. of TAP to LILO of BBLR-Ahmednagar	0.62				0.62
Esta. of add. PT bays at vari.SS Nagpur Circle	169.35				169.35
400kV P.graph bus &Center brk Iso.Padghe	7.78				7.78
220KV Karad-Koyna LL	606.95				606.95
Const ofTL under GEC-Part I (Tranche II)	8,080.73				8,080.73
Strenthening of EHV Network	226.74				226.74
Estt. of 132KV Bibvewadi	372.62				372.62
132KV Waghdari	11.11				11.11
220 KV Partur SS (Revali.on 18.11.2021)	1,110.21				1,110.21
132KV Karajgi SS	42.95				42.95
220KV Warud SS	11,543.56				11,543.56
220KV Pimpalgaon (Ranwad) SS	970.60				970.60
132KV Vadjre SS	405.45				405.45
132KV Morgaon-Arjuni SS	398.08				398.08
220KV Bhokar	8.63				8.63
220 KV Krishnoor	1,382.30				1,382.30
132 KV Nanduri	14.77				14.77
220KV Walchandnagar SS	284.75				284.75
Estt. of 400KV Kudus S/S	69,319.33				69,319.33
400KV Alkud SS	1,574.88				1,574.88
400 KV Aurangabad- II (Tapti Tanda)	14,717.73				14,717.73
Estt. of 220KV Chakan-II s/s	26.58				26.58
220KV Oni	1.72				1.72
Aug by addi & replace. T/F , Nashik Zone	38.27				38.27
Addition/replacement of ICTS,Nasik Zone	80.85				80.85
Add. of T/Fs at 2Nos. of S/s, Nasik Zone	10.33				10.33
Add.& Repl. of ICTs ,Karad Zone	235.94				235.94
Addition. of ICTs under Amravati Zone	42.46				42.46
Administrative building Nagpur		1,123.31			1,123.31
Buscond repl at Padgha s/s		0.60			0.60
2nd ckt strg of 132kV Wardha - Seloo lin		237.02			237.02
220KV Nagpur Ring Main SS		9,923.34			9,923.34
220KV Lonand MIDC SS		1,325.57			1,325.57
132KV Jat-Tarodi SS		45.36			45.36

(Rs. in Lakhs)

Capital Work In Progress	Amount of CWIP for a period of				TOTAL
	less than 1 year	1 -2 years	2-3 years	More than 3 years	
400KV Hinjewadi GIS SS		19,626.41			19,626.41
Est 132/33kV hybrid GIS ss at Jat Tarodi		7,659.95			7,659.95
Add. of ICTs at 2Nos. of S/s, Pune Zone		533.73			533.73
2nd Ckt. stringing under Bhusawal Circle				552.45	552.45
Projects temporarily suspended					
132KV Kalmeshwar-Hingna LL		1,241.68			1,241.68
220kV ln frm 400kV PGCIL (Kum'ri)ss-Bale		253.82			253.82
220KV Khandalgaon-Dasturi Link Line			1,437.52		1,437.52
LL from 400kV PGCIL -220kV Hinjewadi-II			1,923.87		1,923.87
LILO onboth ckts400kVTarapur-Padghe line			8.19		8.19
220 KV Narsi			1,774.55		1,774.55
Evacuation of Tarapur Extention				2,476.97	2,476.97
Total	**1,31,247.40**	**41,970.79**	**5,144.13**	**3,029.42**	**1,81,391.74**

Note 4.3: Intangible Assets (Computer Softwares and SAP/ERP System Licenses)

(Rs. in Lakhs)

	As at 31.03-2021	Addition during the year	Disposal during the year	As at 31.03.2022	Addition during the year	Disposal during the year	As at 31.03.2023
Gross Block	1,560.40	716.02	(1,495.00)	781.42	233.52	(231.46)	783.48
Accumulated Amortisation	1,189.81	213.02	(784.86)	617.97	139.56	(36.03)	721.50
Total	**370.59**	**503.00**	**(710.14)**	**163.45**	**93.96**	**(195.43)**	**61.98**

Note 4.4 Right of Use Assets

(Rs. in Lakhs)

	As at 31.03-2021	Addition during the year	Disposal during the year	As at 31.03.2022	Addition during the year	Disposal during the year	As at 31.03.2023
Leasehold Land							
Gross Block	14,482.98	1,545.03	(698.89)	16,726.91	29.27	-1.62	16,754.55
Accumulated Amortisation	1.16	-	(697.80)	698.96	7,163.53	(33.16)	7,895.66
Total	**14,481.82**	**1,545.03**	**(1.09)**	**16,027.95**	**(7,134.26)**	**31.54**	**8,858.90**
Leasehold Building							
Gross Block	6,760.48	31.18	-	6,791.66	61.97	-	6,853.63
Accumulated Amortisation	3,378.89	1,696.69	-	5,075.58	1,704.37	-	6,779.95
Total	**3,381.59**	**(1,665.51)**	**-**	**1,716.08**	**(1,642.40)**	**-**	**73.68**
Balance at the end of the year	17,863.41	(120.48)	(1.09)	17,744.03	(8,776.66)	31.54	8,932.58

Please refer Note 28

Notes to Consolidated Financial Statements for the year ended 31st March ,2023

5.1 Investments in Subsidiaries, Associates and Joint Ventures

(Rs in Lakhs)

Particulars	Face Value (in Rs)	No. of Shares		Amount	
		As at 31.03.2023	As at 31.03.2022	As at 31.03.2023	As at 31.03.2022
A) Equity Instruments of Subsidiary					
Unquoted - At Cost					
Kharghar Vkhroli Transmission Pvt. Ltd. (SPV) Refer Note No. 34(B)	10	-	-	-	-
Unquoted - At Cost					
A) Equity Instruments of Associates/Joint Ventures					
Jaigad Power Transco Limited (JPTL)	10	3,57,50,000	3,57,50,000	5,432.14	4,691.13
Share of Profit & Loss of Associates accounted for using the equity method, net of tax in JPTL				852.95	744.75
Increase in Net Carrying value of Investment due to consideration of previous year profits and Dividend				**1,328.41**	
Share of other comprehensive income of Associates accounted for using the equity method, net of tax in JPTL				0.22	-3.74
Reduction in Carrying Investment due to Dividend Received				-	
Net Carrying Amount of Investment		**3,57,50,000**	**3,57,50,000**	**7,613.71**	**5,432.14**
Maharashtra Transmission Communication Infrastructure Limited (MTCIL)	10	88,04,579	88,04,579	361.29	-
Additional Investment made in equity during the year					
Bonus shares 32,94,691 Nos (21,72,242 (Nos) issued during the FY 2018-19 and 11,22,449 (Nos) in 2020-21)		32,94,691	32,94,691	-	-
Decrease in Net Carrying value of Investment due to recomputation of share holding				**(12.68)**	
Share of Profit & Loss of Associates accounted for using the equity method, net of tax in MTCIL				756.57	358.60
Share of other comprehensive income of Associates accounted for using the equity method, net of tax in MTCIL				-	2.70
Reduction in Carrying Investment due to Dividend Received				(132.07)	
Net Carrying Amount of Investment in Equity Shares		**1,20,99,270**	**1,20,99,270**	**973.11**	**361.29**
B) 15% Non Cumulative, Participating, Redeemable Preference Shares		-	-	-	-
Maharashtra Transmission Communication Infrastructure Limited (MTCIL)	10	88,04,578	88,04,578	880.46	618.13
Additional investment in Preference Shares made during the year					
Share of Profit & Loss of Associates accounted for using the equity method, net of tax in MTCIL					262.33
Share of other comprehensive income of Associates accounted for using the equity method, net of tax in MTCIL				-	-
Net Carrying Amount of Investment in Preference Shares		**88,04,578**	**88,04,578**	**880.46**	**880.46**
TOTAL		5,66,53,848	5,66,53,848	9,467.29	6,673.89
Aggregate amount of unquoted securities				9,467.29	6,673.89
Aggregate amount of quoted securities				-	-
Market value of quoted securities				-	-
Aggregate amount of impairment in the value of investments				-	-

5.2 Non - current Investments

(Rs in Lakhs)

Particulars	As at 31.03.2023	As at 31.03.2022
Quoted		
At amortised Cost		
Investments in Government Securities*	1,26,680.86	73,962.77
Investments in Bonds*	0.00	21,771.68
Un-Quoted		
Fixed Deposits with Bank	2,971.00	4,283.76
Total	**1,29,651.86**	**1,00,018.21**

* Earmarked against Contingency/Special Reserve, LDCD Fund, ORC Deposits

Contingency Reserve and Special Reserve Fund	87,313.05	75,218.23
ORC Deposit	39,367.81	20,516.22
LDCD Fund	2,971.00	4,283.76
Total	1,29,651.86	1,00,018.22
Aggregate Book value of unquoted securities	-	-
Aggregate Book Value of quoted securities	1,26,680.86	95,734.45
Market value of quoted securities	1,29,420.10	96,128.66
Aggregate amount of impairment in the value of investments	-	-

6 Non-Current Loans

(Rs in Lakhs)

Particulars	As at 31.03.2023	As at 31.03.2022
Unsecured , considered good unless stated otherwise		
Loans & Advances to Employees	137.35	124.49
Total	**137.35**	**124.49**

7 Non-Current Tax Assets (Net)

(Rs in Lakhs)

Particulars	As at 31.03.2023	As at 31.03.2022
Advance Income Tax	77,856.55	73,679.73
(net of Provision for Tax Rs. 309424.32 Lakhs (Previous Year Rs. 255589.59 Lakhs)		
Total	**77,856.55**	**73,679.73**

8 Other Non-current Assets

(Rs in Lakhs)

Particulars	As at 31.03.2023	As at 31.03.2022
Unsecured , considered good unless stated otherwise		
Capital Advances	602.13	542.09
Unamortised transaction cost#	1,639.42	38.10
Balances with group companies *	2,077.97	2,077.97
Security Deposits	1,398.09	3,995.74
Advances to Suppliers	3,399.72	2,305.63
Advances and Recoverables	1.74	6.32
Total	**9,119.07**	**8,965.85**

consist of transaction cost (Premium) incurred for investment in Government Security
* Refer Note No 30 (3)

9 Inventories

(Rs in Lakhs)

Particulars	As at 31.03.2023	As at 31.03.2022
Stores & Spares (At cost)	38,486.40	28,839.44
- Provision for Material Losses Pending Investigation & Obsolete Materials	(1,089.78)	(722.65)
Total	**37,396.62**	**28,116.79**

10.1 Current Investments

(Rs in Lakhs)

Particulars	As at 31.03.2023	As at 31.03.2022
Quoted		
At amortised Cost		
Investments in Government Securities*	1,737.40	9,150.90
Investments in Bonds*	1,001.84	6,163.60
Total	**2,739.24**	**15,314.50**

* Earmarked against Contingency Reserve and Exchange Fluctuation on account of Borrowings from Japan International Cooperation Agency as follows:

(Rs in Lakhs)

Contingency Reserve	2,739.24	6,516.81
Foreign Exchange Fluctuation (JICA)	-	8,797.69
Total	2,739.24	15,314.50

Aggregate Book value of unquoted securities	0.00	0.00
Aggregate Book Value of quoted securities	2,739.24	15,314.50
Market value of quoted securities	2,708.66	15,536.40
Aggregate amount of impairment in the value of investments		

10.2 Trade Receivables

(Rs in Lakhs)

Particulars	As at 31.03.2023	As at 31.03.2022
Unsecured unless stated otherwise *		
Considered Good	3,76,763.54	3,19,197.80
- Allowance as per Expected Credit Loss Model	-	-
Considered Doubtful	11,613.59	11,613.59
- Allowance for Doubtful	(11,613.59)	(11,613.59)
Total	3,76,763.54	3,19,197.80

*Refer Note No 34

10.3 Cash and Cash Equivalents

(Rs in Lakhs)

Particulars	As at 31.03.2023	As at 31.03.2022
Cash and Cash Equivalents		
Balances with Banks		
In Current Accounts	7,706.93	6,705.31
Fixed Deposit Accounts (with original maturity of less than 3 months)	33,987.70	37,709.55
Cash and Stamps on Hand	12.57	12.42
In Designated Current Account operated and maintained in terms of MERC Regulation @	21,266.10	22,209.10
Total	**62,973.30**	**66,636.38**

@ Refer Note No 48

10.4 Other Bank Balance

(Rs in Lakhs)

Particulars	As at 31.03.2023	As at 31.03.2022
Fixed Deposit Accounts (with original maturity of more than 3 months but less than 12 months) #	23,861.78	22,759.62
Total	**23,861.78**	**22,759.62**

Under Pledge Refer Note No. 36

10.5 Current Loans

(Rs in Lakhs)

Particulars	As at 31.03.2023	As at 31.03.2022
Unsecured, considered good		
Loans & Advances to Employees	265.34	250.89
Total	**265.34**	**250.89**

The Group has not granted any loans or advances in the nature of loans to Promoters, Directors, KMPs either severaly or jointly with any other person.

10.6 Other Current Financial Assets

(Rs in Lakhs)

Particulars	As at 31.03.2023	As at 31.03.2022
Unsecured , considered good unless stated otherwise		
Interest Receivable	3,196.50	4,397.03
Other Receivables	6,573.93	731.44
Total	9,770.43	5,128.47

11 Other Current Assets

(Rs in Lakhs)

Particulars	As at 31.03.2023	As at 31.03.2022
Unsecured, Considered Good		
Prepaid Expenses	531.13	724.71
Other Receivables	0.00	0.00
Considered good	118.26	120.69
Considered doubtful	149.11	149.11
Less - Provision for Doubtful Debts	-149.11	-149.11
Total	**649.39**	**845.40**

12 Equity Share Capital

(Rs in Lakhs)

	Particulars	As at 31.03.2023	As at 31.03.2022
a)	**Authorised**		
	1500,00,00,000 Equity Shares of Rs.10/- each	15,00,000.00	15,00,000.00
	(Previous year 31st March, 2021 : 1500,00,00,000)		
b)	**Issued, Subscribed and Paid up**		
	898,49,74,733 Equity Shares of Rs.10/- each	8,98,497.47	8,98,497.47
	(Previous year 31st March, 2021 : 898,49,74,733)		
	Total	**8,98,497.47**	**8,98,497.47**

c) **Terms & Rights attached to equity shares**

The company has one class of equity shares having a par value of Rs. 10 each. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

d) **Reconciliation of the Equity shares outstanding at the beginning and at the end of the reporting period**

(Rs in Lakhs)

Equity Shares	As at 31.03.2023		As at 31.03.2022	
	Numbers	Rs. in Lakhs	Numbers	Rs. in Lakhs
Shares outstanding at the beginning of the year	8,98,49,74,733	8,98,497.47	8,98,49,74,733	8,98,497.47
Add: Shares Issue during the year				
Shares outstanding at the end of the year	**8,98,49,74,733**	**8,98,497.47**	**8,98,49,74,733**	**8,98,497.47**

e) **Shares held by the Promoter at the end of the year**

Shares held by the Promoter at the end of the year				% Change during the year
Promoter Name	Designation	No of Shares	% of Total Shares	
MSEB Holding Co. Ltd.	-	8984974673	99.99%	NIL
Smt. Abha Shukla, IAS	MD, MSEBHCL	10	0.01%	
Shri Dinesh T. Waghmare, IAS	CMD, MSETCL	10		
Shri. Balasaheb B. Thite,	Dir(F)(A/C), MSEBHCL	10		
Shri Quadri Nasir Syed Mazhar,	Dir(P), MSETCL	10		
Shri Sandeep S. Kalantri,	Dir(O)(A/C), MSETCL	10		
Shri Ashok Phalnikar,	Dir(F), MSETCL	10		

*All Individual shareholders are holding shares in their ex-officio capacity of their respective Directorship. They are nominee shareholders of MSEB Holding Co. Ltd.

f) **Shares held by shareholders each holding more than 5% of the shares**

Particulars	As at 31.03.2023		As at 31.03.2022	
	Numbers	%	Numbers	%
Equity Shares				
MSEB Holding Company Limited	8,98,49,74,673	99.99%	8,98,49,74,673	99.99%

g) **Aggregate number of shares issued for consideration other than cash during the period of five years immediately preceding the reporting date**

	2022-23		2021-22	
	No. of Shares	Rs. in Lakhs	No. of Shares	Rs. in Lakhs
Equity Shares of Rs.10 each issued in the financial year 2015-16 as fully paid up to the shareholders of MSEB Holding Company limited, pursuant to the Maharashtra State Electricity Reforms Transfer Scheme, 2005 approved by Governement of Maharashtra on 31.03.2016.	8,98,49,74,733	8,98,497.47	8,98,49,74,733	8,98,497.47

h) No class of shares have been issued as fully paid up shares by way of Bonus shares and for consideration other than cash during the period of five years immediately preceding the reporting date

13 Other Equity

(Rs in Lakhs)

Particulars	As at 31.03.2023	As at 31.03.2022
a) Contingency Reserve Fund (Refer note (a) below)	85,301.00	77,978.00
b) Special Reserve Fund (Refer note (b) below)	13,939.00	13,939.00
c) Load Despatch Center Empowerment Reserve (LDCD) Fund (Refer note (c) below)	3,754.08	4,283.76
d) Retained Earnings	4,28,677.67	3,30,389.78
TOTAL	**5,31,671.75**	**4,26,590.54**

(Rs in Lakhs)

Particulars	As at 31.03.2023	As at 31.03.2022
Reserves & Surplus		
a) Contingency Reserve Fund (Refer note (a) below)		
Opening Balance	77,978.00	69,643.00
Transferred from retained earnings	7,323.00	8,335.00
	85,301.00	**77,978.00**
b) Special Reserve Fund (Refer note (b) below)		
Opening Balance	13,939.00	13,939.00
Add : Addition During the Year	0.00	0.00
	13,939.00	**13,939.00**
c) Load Despatch Center Empowerment Reserve (LDCD) Fund (Refer note (c) below)		
Opening Balance	4,283.76	6,941.56
Add : Addition/(Reversal) During the Year	-	-1,857.08
Less : Utilisation for capex (allowed by MERC)	(529.68)	(800.72)
	3,754.08	**4,283.76**
d) Retained Earnings		
Opening Balance	3,30,389.79	2,42,112.28
Appropriation of Load Despatch Center Empowerment Reserve (LDCD) Fund amount from Retained Earnings of MSLDC	0.89	1,857.08
Profit for the year	1,03,536.10	95,535.95
Share of net profits of Associates/Joint Venture accounted for using equity method	2,925.25	1,365.68
Other comprehensive income for the year	(851.52)	(2,145.16)
Share of other comprehensive income of Associates accounted for using the equity method, net of tax	0.22	-1.05
Total comprehensive income for the year	**1,05,610.04**	**94,755.42**
Transfered to Contingency Reserve	(7,323.00)	(8,335.00)
Transfered to Special Reserve Fund	-	-
	4,28,677.67	**3,30,389.78**
TOTAL	**5,31,671.75**	**4,26,590.54**

The Description of the nature and purpose of each reserves in other equity is as follows:

a) Contingency Reserve Fund-

A contribution towards Contingency Reserves has to be made in accordance with Regulation 36 of MERC(MYT) Regulations, 2015 and which is within the prescribed limits of Regulation(not less than 0.25% and not more than 0.5% of the original cost of fixed assets annually) and is to be invested in the approved class of securities authorised under the Indian Trust Act, 1882.

b) Special Reserve Fund-

A contribution towards Special Reserve has to be made in accordance to the mechanism for sharing of gains or losses on account of controllable factors as per MERC Regulation, 2005. As per the regulation 19.1(b) one third of the amount of such gain is to be retained in a special reserve for the purpose of absorbing the impact of any future losses on account of controllable factors.

c) Load Despatch Center Empowerment Reserve (LDCD)-

A contribution towards Load Despatch Center Development Fund has been made in accordance with Regulation 12 of the CERC (Fees and Charges of RLDC and Other related matters) 2015. The said fund is to be utilised for administrating capital expenditure.The charges on account of return on equity, interest on loan, depreciation of the Regional Load Despatch Centres and National Load Despatch Centre including the registration fee, shall be deposited into the LDCD Fund after meeting the statutory tax requirements.

14.1 Non-Current Borrowings

(Rs in Lakhs)

Particulars	As at 31.03.2023	As at 31.03.2022
Secured		
Term Loans from Banks (Note 14.1.a)	1,18,017.35	1,44,064.03
Term Loans from Other Parties (Note 14.1.b)	2,78,279.89	2,76,185.53
TOTAL	**3,96,297.24**	**4,20,249.56**

(Refer Note 36 & 38.2 for details regarding terms of borrowings, nature of security, repayment terms etc.)

14.1 a. Term Loans from Banks

(Rs in Lakhs)

Name of the Bank	As at 31.03.2023	As at 31.03.2022
Canara Bank	14,080.74	15,708.11
Bank of Maharashtra	50,014.53	66,535.99
Bank of India	1,958.83	4,953.11
ICICI Bank	10,862.57	21,111.10
Bank of India - 2	22,875.58	25,660.64
Bank of India - 3	18,225.10	10,095.08
TOTAL	**1,18,017.35**	**1,44,064.03**

14.1 b. Term Loans from Other Parties

(Rs in Lakhs)

Name of the Financial Institutes	As at 31.03.2023	As at 31.03.2022
Rural Electrification Corporation Limited	2,23,252.95	2,17,536.63
Japan International Corporation Agency	0.00	0.00
Power Finance Corporation Limited	40,715.72	54,134.06
LT Special Assistance Scheme from GoM	8,446.20	0.00
Kreditanstalt für Wiederaufbau (KfW) Bank #	5,865.02	4,514.84
TOTAL	**2,78,279.89**	**2,76,185.53**

Refer Note 47

14.2 Other Non-Current Financial Liabilities

(Rs in Lakhs)

Name of the Financial Institutes	As at 31.03.2023	As at 31.03.2022
Retention Money	1,13,006.05	1,07,862.20
Security Deposits *	23,357.81	15,335.33
Other deposits	3,754.84	76.44
TOTAL	**1,40,118.70**	**1,23,273.97**

* Security / Other Deposits from Vendors/Contractors/Customer, not being considered as Financial Liability on the basis of guidance in Ind AS 113 issued by Institute of Chartered Accountants of India (ICAI) is not fair valued.

15 Non - Current Provisions

(Rs in Lakhs)

Particulars	As at 31.03.2023	As at 31.03.2022
Provision for Employment Benefits		
Provision for Gratuity (unfunded)*	46,729.52	43,828.24
Provision for Leave Encashment (unfunded)*	54,967.44	47,474.16
Provision for Capital Expenditures	12,680.61	12,074.72
TOTAL	**1,14,377.57**	**1,03,377.12**

16 Deferred tax liabilities (Net)

(Rs in Lakhs)

Particulars*	As at 31.03.2023	As at 31.03.2022
Deferred tax liabilities		
Property, plant and equipment (includes intangible assets and revaluation impact)	2,90,051.04	2,89,715.84
Intangible Assets	289.01	192.14
DTL	**2,90,340.05**	**2,89,907.98**
Deferred tax assets		
Right of Use Assets and its Lease Liabilities	(2,918.64)	175.81
Unamortised Transaction Cost	820.34	820.34
Employee Benefits	31,641.79	27,216.50
Impairment on trade receivables	963.09	963.09
Government grant	1,828.59	1,232.21
Amortisation of investment in govt securities	1,616.43	1,547.55
Others	7,778.41	7,778.41
DTA	**41,730.03**	**39,733.91**
Reversal of opening DTL	3,499.92	3,499.92
Net (DTA)/DTL	**2,45,110.10**	**2,46,674.15**

* Refer Note -33

17 Other Non-Current Liabilities (Net)

(Rs in Lakhs)

Particulars	As at 31.03.2023	As at 31.03.2022
Income Tax Liabilites (net of Provision for Tax Rs. 95981.12 Lakhs (Previous Year Rs. 95981.12 Lakhs)	42,408.02	42,408.02
TOTAL	**42,408.02**	**42,408.02**

18 Other Non-Current Liabilities *

(Rs in Lakhs)

Particulars	As at 31.03.2023	As at 31.03.2022
Grant : Power System Development Fund	6,062.56	6,922.54
Grant: Towards cost of capital assets	13,907.00	14,683.83
Grant : Green Energy Corridor for Projects	7,405.12	7,499.44
Grant: Tribal Sub Plan Area (TSP)	1,832.30	1,874.26
Grant: In Aid from PGCIL for REMC Assets	320.67	468.67
Deposit received from Consumers under ORC Schemes	1,24,988.85	1,23,145.85
TOTAL	**1,54,516.50**	**1,54,594.59**

*Refer Note No 31

19.1 Current Borrowings

(Rs in Lakhs)

Particulars	As at 31.03.2023	As at 31.03.2022
Loan Repayable on Demand		
Secured		
Current Maturities of Term Loans from Banks	43,798.12	35,948.57
Current Maturities of Term Loans from Other Parties	43,556.41	45,513.44
TOTAL	87,354.53	81,462.01

(Refer Note 36 & 38.2 for details regarding terms of borrowings, nature of security, repayment terms etc.)

19.2 Trade payables

(Rs in Lakhs)

Particulars	As at 31.03.2023	As at 31.03.2022
Total outstanding dues of micro enterprises and small enterprises (Refer note 41)	430.13	283.73
Total outstanding dues of creditors other than micro enterprises and small enterprises	24,103.03	24,761.38
TOTAL	**24,533.16**	**25,045.11**

Refer Note no 34

19.3 Other current financial liabilities

(Rs in Lakhs)

Particulars	As at 31.03.2023	As at 31.03.2022
Other current financial liabilities - At Amortised Cost		
Interest accrued but not due on borrowings	2,323.27	2,806.83
Employee related payables	4,848.39	4,663.40
Payable to group companies *	3,498.64	4,239.89
Other payables	1,992.28	1,422.37
TOTAL	**12,662.58**	**13,132.49**

* Refer Note No 30 (3)

20 Short term provisions

(Rs in Lakhs)

Particulars	As at 31.03.2023	As at 31.03.2022
Provision for gratuity(unfunded) *	5,784.91	4,741.70
Provision for leave encashment (unfunded)*	9,608.23	8,387.10
Provision for CSR Expenditure @	8,312.19	6,765.06
Provision for late interest payment on Service Tax	264.43	264.43
Provision for Tree/Land Compensation	1,606.34	1,428.62
Provision for Pay Revision	0.00	0.00
Provision for Shortfall on CPF Liability	544.73	2,652.91
Other Provisions #	3,792.15	3,158.43
TOTAL	**29,912.98**	**27,398.25**

* Refer Note No 29
@ Refer Note No 46
# Other Provisions include provisions for R&M and Other Expenses.

21 Other current liabilities

(Rs in Lakhs)

Particulars	For year ended 31.03.2023	For year ended 31.03.2022
Duties & taxes payable	1,531.42	1,389.32
Payable to MSEB CPF Trust	2,094.09	1,922.44
Advances from customers	176.87	3,662.74
Other Liability - Thrid Party (Net) (Liability in respect of Designated Accounts operated and maintained in terms of MERC Regulations) @	21,266.10	22,209.10
Other payables	859.26	406.42
TOTAL	**25,927.74**	**29,590.02**

@ Refer Note No 48

22 Revenue from operations

(Rs in Lakhs)

Particulars	For year ended 31.03.2023	For year ended 31.03.2022
Transmission charges (STU)	4,69,277.81	4,57,160.05
Transmission charges (Goa)	-	-
Transmission charges (Others)	2,346.83	13,191.97
Open Access Charges	1,262.36	934.47
SLDC Charges	3,500.49	3,238.32
Additional Transmission and Regulatory Charges	10,896.74	11,211.96
Rescheduling Charges	2,279.23	643.01
Total	**4,89,563.46**	**4,86,379.78**

23 Other Income

(Rs in Lakhs)

Particulars	For year ended 31.03.2023	For year ended 31.03.2022
Interest income	10,692.88	11,134.40
Rent	413.24	662.07
Profit on sale of Property , Plant and Equipment	1,639.47	1,330.83
Sale of tender forms	143.28	109.67
Income from sale of scrap	2,163.48	1,018.44
Government Grant	1,706.67	1,723.59
Remittance of amounts collected by Distribution Licensees from Partial Open Access Consumers	45,423.90	3,075.00
Other Miscellaneous Income	16,307.21	14,505.50
Gain on foreign currency transactions and translations (Net)	-	382.45
Total	**78,490.13**	**33,941.95**

24 Repairs & Maintenance Expenses

(Rs in Lakhs)

Particulars	For year ended 31.03.2023	For year ended 31.03.2022
Property, Plant and Equipment *	55,127.71	39,192.76
Repairs and maintenance expenses capitalised #	-52.36	-18.22
Total	**55,075.35**	**39,174.54**

Refer Note No 4.2

* Inventory in Previous Years , as per below mentioned table, which was been treated as Property Plant and Equipment as per Ind AS Policy, has been added back as Exceptional (Repairs & Maintenance) Items in PY 2021-22 as referred at Note No 50.

Financial Year	(Rs in Lakhs)
FY 2015-16	722.74
FY 2016-17	2,140.90
FY 2017-18	2,913.39
FY 2018-19	10,295.83
FY 2019-20	5,558.32
FY 2020-21	19,917.47
TOTAL R&M charged as Exceptional items in FY 2021-22	41,548.65

25 Employee Benefits Expense

(Rs in Lakhs)

Particulars	For year ended 31.03.2023	For year ended 31.03.2022
Salaries, allowances, Bonus etc.	1,07,430.71	94,917.00
Staff welfare expenses	4,859.24	4,954.94
Other staff costs*	1,610.60	-86.10
Leave encashment	15,221.47	11,155.36
Gratuity	6,520.76	5,843.25
Contribution to Provident & Other Funds	9,364.91	8,425.13
Employee costs capitalised #	(9,914.90)	(8,783.52)
Total	**1,35,092.79**	**1,16,426.06**

* Includes reversal of excess provision for CPF Plan Assets by Rs. NIL (PY Rs 941 Lakhs).
# Refer Note No 4.2

26 Finance Costs

(Rs in Lakhs)

Particulars	For year ended 31.03.2023	For year ended 31.03.2022
Interest Expense		
(i) Banks	14,005.39	13,524.00
(ii) Others	30,467.35	33,047.78
Transaction Costs	315.81	184.44
Miscellaneous Costs @	67.47	2,129.49
Amortisation of borrowings	37.10	79.10
Foreign Exchange Loss	130.08	0.00
Interest on Lease Liabilities	112.65	296.13
Interest and Finance Charges Capitalised #	(6,440.23)	(7,363.44)
Total	**38,695.62**	**41,897.51**

@ Miscellaneous Cost includes commitment charges, Bank charges and interest due to MSME Vendors.
# Refer Note No 4.2

27 Other expenses

(Rs in Lakhs)

Particulars	For year ended 31.03.2023	For year ended 31.03.2022
Advertisement Expenses	124.03	35.33
Advertisement of tenders / notices and other purchase related advertisement	433.98	309.53
Auditor's Remuneration		
Statutory Audit Fees	29.50	29.50
For Reimbursement of Expenses	9.00	9.00
For Reimbursement of GST on Audit Fee	6.93	6.93
Electricity Charges	9,716.03	6,370.02
Freight Charges	1.06	1.49
Insurance	437.27	297.57
IT & Communication related Exp	1,887.71	1,021.89
Legal & Professional (Technical/Consultancy/Other Auditors) Fees	2,155.88	923.48
Membership & Subscription	927.76	597.64
Miscellaneous Expenses	733.04	1,399.08
Balances Written off/ written back (Net)	426.15	461.85
Outsource Personnel Salary	11,352.98	10,416.82
Postage Telephone & Telex	337.82	343.76
Printing & Stationery	396.16	286.97
Rent	20.41	32.42
Rates & Taxes	1,331.07	1,671.66
Security Expenses	10,895.39	10,232.83
Travelling & Conveyance	771.15	501.87
Upkeep of office (incl Rest house maintenance)	1,250.27	1,129.44
Vehicle Running & Maintenance Expenses	552.36	456.77
Water charges	648.86	592.09
Expenditure on Hiring of Vehicles	3,648.26	3,012.22
Corporate Social Responsibility Expenses*	2,247.39	1,944.39
Expenses capitalised #	(1,605.10)	(1,770.10)
Total	**48,735.36**	**40,314.45**

* Refer Note No. 46
# Refer No 4.2

Note No 28 : Leases

1) where company is a lessee :

The Company has entered into leasing arrangements for Land and Premises usage. Majority of the leases are cancellable by the Company. Right of Use and Lease Liabilities have been shown separately in the Balance Sheet.

The Company has adopted Ind AS 116 "Leases" with effect from April 1, 2019, with a modified retrospective approach. The Company has elected to account for short-term leases using the practical expedients i.e. instead of recognising right-of-use asset and lease liability, the payments in relation to these shot term leases are recognised as an expense in profit or loss. Company uses borrowing rate of 10.04% as considered by MERC during the approval of Interest Expenses on Normative Loans in its ARR Orders.

Changes in Lease Liabilities **(Rs in Lakhs)**

Particulars	Category of ROU Asset	
	Building	Total
Balance as at 1 April 2021	3,716.41	3,716.41
Recognized during the year	31.17	31.17
Payments during the year	(49.09)	(49.09)
Amortisation	(1,719.94)	(1,719.94)
Balance as at 31 March 2022	1,978.55	1,978.55
Recognized during the year	61.97	61.97
Payments during the year	(52.65)	(52.65)
Amortisation	(1,910.73)	(1,910.73)
Balance as at 31 March 2023	77.14	77.14

I. Lease disclosures under Ind-AS 116 for the current year ended 31 March 2023

(I) Amount Recognised in the Balance sheet

(Rs in Lakhs)

Sr. No.	Particulars	For year ended 31.03.2023	For year ended 31.03.2022
a)	Right-of-use assets (net)	8,932.58	17,744.03
b)	Lease liabilities		
	Current	35.90	1,947.42
	Non-current	41.24	31.13
	Total Lease liabilities	77.14	1,978.55
c)	Additions to the Right-of-use assets	61.98	31.17

(ii) Amount recognised in the Statement of profit and Loss

(Rs in Lakhs)

Sr. No.	Particulars	For year ended 31.03.2023	For year ended 31.03.2022
a)	Depreciation charge for right-of-use assets	1,704.36	1,696.70
b)	Interest expenses (included in finance cost)	112.65	296.13
c)	Expenses relating to short-term leases		-

(iii) Maturity analysis of undiscounted lease liability

(Rs in Lakhs)

Period	For year ended 31.03.2023	For year ended 31.03.2022
Not Later than one year	2066.58	2057.78
Later than one year	65.00	32.31
Total	**2131.58**	**2090.09**

(iv) Amounts recognised in statement of Cash Flows

(Rs in Lakhs)

Particulars	For year ended 31.03.2023	For year ended 31.03.2022
Total Cash outflow for leases	1901.41	1737.86

The Company's significant leasing/ licensing arrangements are mainly in respect of office premises. Leases generally have a lease term ranging for 60 months. Most of the leases are renewable by mutual consent on mutually agreeable terms.

Finance costs includes interest expense amounting to Rs. 112.65 Lakhs for the year ended 31st March 2023 on lease liability accounted in accordance with Ind AS 116 "Leases".

(II) Where Company is a lessor:

The Company has given land to Maharashtra Eastern Grid Power Transmission Company Limited for 20 years for construction of 765/400 sub-station. Premium in respect of lease have been received from MEGPTL.

Note 29 Employee Benefits

a) Defined Contribution Plans

The Company's contribution to the Provident Fund is remitted to separate trusts established for this purpose based on a fixed percentage of the eligible employee's salary and charged to Statement of Profit and Loss. Shortfall, if any, in the fund assets, based on the Government specified minimum rate of return, will be made good by the Company and charged to Statement of Profit and Loss. According to the Management, the Actuary has opined that actuarial valuation can not be applied reliably to measure provident fund liabilities in absence of guidance from the Actuary Society of India. The Fair value of investment is excess by Rs. 921.59 Lakhs (PY Rs. 185.79 Lakhs excess) than subscription value, hence no provision is made by the Company. The Company recognised Rs. 9298.34 lakhs (previous year Rs. 8,418.83 lakhs) for Provident Fund contribution in the Statement of Profit and Loss.The contributions payable to these plans by the Company are at rates specified in the rules of the schemes.

Provident Fund

I) 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:

(Rs in Lakhs)

Particulars	As at 31.03.2023	As at 31.03.2022
Liability for subscriptions and interest payable to employees at the end of the year	2,11,330.23	1,92,229.42
Fair value of plan assets at the end of the year	2,12,251.82	1,92,415.21
Net Liability	**(921.59)**	**(185.79)**

ii) Description of plan assets

(Rs in Lakhs)

Particulars	As at 31.03.2023	As at 31.03.2022
Government Securities (GOI)	42.13%	6.58%
State Development Loan (SDL)	5.14%	32.83%
Other Security Gaurantee by Central/State Govt	0.00%	5.88%
Debt's and Other Related Instrument	27.87%	28.63%
Others	1.97%	1.53%
Exchange Traded Fund (ETF) SBI & UTI	4.46%	4.45%
Special Deposit Schemes(SDS)	18.43%	20.09%

b) Defined Benefit Plan : Gratuity

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

Based on the actuarial valuation obtained in this respect, the following tables sets out the status of the gratuity plan and the amounts recognised in the Company's financial statements as at balance sheet date:

Gratuity (Unfunded)

Movement in net defined benefit (asset)/ liability

i) Reconciliation of opening and closing balances of Gratuity obligation

(Rs in Lakhs)

Particulars	As at 31.03.2023	As at 31.03.2022
Defined benefit obligation at the beginning of the year	48,569.94	44,599.03
Current service cost	2,999.44	2,779.30
Past Service Cost		-
Net Interest cost	3,521.32	3,063.95
Actuarial (gain)/loss on Obligation - Due to change in Demographic Assumptions	-	-263.13
Actuarial (gain)/loss on Obligation - Due to change in Financial Assumptions	(1,083.43)	(1,570.15)
Actuarial (gain)/loss on Obligation - Due to change in Experience	2,392.33	5,130.69
Benefits paid	(3,885.18)	(5,169.75)
Defined benefit obligation at the end of the year	**52,514.42**	**48,569.94**

ii) Reconciliation of opening and closing balances of fair value of plan assets

(Rs in Lakhs)

Particulars	As at 31.03.2023	As at 31.03.2022
Fair value of plan assets at the beginning of the year	-	-
Expected return on plan assets	-	-
Actuarial (gain)/loss	-	-
Employer contribution	-	-
Benefits paid	-	-
Fair value of plan assets as at the end of the year	-	-

iii) Reconciliation of fair value of assets and obligations:

(Rs in Lakhs)

Particulars	As at 31.03.2023	As at 31.03.2022
Fair value of plan assets as at the end of the year	-	-
Present value of obligations as at the end of the year	(52,514.42)	(48,569.94)
Unfunded (Liability)/asset recognized in the Balance Sheet	(52,514.42)	(48,569.94)

iv) Amount recognized in the Statement of Profit and Loss :

(Rs in Lakhs)

Particulars	As at 31.03.2023	As at 31.03.2022
Current service cost	2,999.44	2,779.30
Interest cost	3,521.32	3,063.95
Past Service Cost	-	-
Expected return on plan assets	-	-
Net Actuarial (gain)/loss	-	-
Total expenses recognized in the Statement of Profit and Loss account	6,520.76	5,843.25

v) Amount recognised in Other Comprehensive Income :

(Rs in Lakhs)

Particulars	As at 31.03.2023	As at 31.03.2022
Actuarial (Gains)/ Losses	-	-
- Changes in Demographic assumptions		(263.13)
- Changes in Financial arrangements	(1,083.43)	(1,570.15)
- Changes in the effect of limiting a net defined benefit asset ceiling, excluding amounts included in interest		-
- Experience adjustments	2,392.33	5,130.69

vi) Major Actuarial Assumptions

Particulars	As at 31.03.2023	As at 31.03.2022
Discount rate	7.25%	7.25%
Expected return on plan assets	NA	NA
Salary increment	5%	5%
Employee turnover	2%	2%
Mortality rate during employment	Indian Assured Lives Mortality 2012-14 (Urban)	Indian Assured Lives Mortality 2012-14 (Urban)
Mortality rate after employment	N. A.	N. A.

vii) The expected future cash flows as on :

(Rs in Lakhs)

Particulars	As at 31.03.2023	As at 31.03.2022
Projected benefits payable in future years from the date of reporting		
1st following year	5,789.27	4,741.70
2nd following year	3,383.08	3,746.84
3rd following year	4,072.74	4,099.48
4th following year	4,115.56	3,631.55
5th following year	4,271.89	3,714.62
Sum of year 6 to 10	20,219.43	18,474.03
Sum of Year 11 and above	71,749.35	65,626.54

viii) Sensitivity analysis

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

Particulars	As at 31.03.2023	As at 31.03.2022
(+) 1% change in rate of discounting	(3,968.30)	(3,738.22)
(-) 1% change in rate of discounting	4,580.38	4,331.78
(+) 1% change in rate of salary increase	4,649.63	4,386.46
(-) 1% change in rate of salary increase	(4,091.28)	(3,845.90)
(+) 1% change in rate of employee turnover	929.81	790.48
(-) 1% change in rate of employee turnover	(1,035.41)	(884.49)

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

c) Long Term Benefits: Leave Encashment

i) The Projected Benefit Obligation towards this Accumulating paid absences (Earn Leave Valuation) is tabulated below:

(Rs in Lakhs)

Particulars	As at 31.03.2023	As at 31.03.2022
Projected Benefit Obligation	46,578.44	39,340.93
Funding Status	Unfunded	Unfunded
Fund Balance	N.A	N.A

ii) Major Actuarial Assumptions (Earn Leave Valuation)

Particulars	As at 31.03.2023	As at 31.03.2022
Discount rate	7.50%	7.25%
Salary Escalation rate	5%	5%
Attrition rate	2%	2%
Mortality rate during employment	Indian Assured Lives Mortality 2012-14 (Urban)	Indian Assured Lives Mortality 2012-14 (Urban)
Retirement Age	58 & 60 years	58 & 60 years
While in service encashment rate	10% for the next year	10% for the next year

iii) The Projected Benefit Obligation towards this Accumulating paid absences (Half paid leave) is tabulated below:

(Rs in Lakhs)

Particulars	As at 31.03.2023	As at 31.03.2022
Projected Benefit Obligation	17,997.24	16,520.33
Funding Status	Unfunded	Unfunded
Fund Balance	N.A	N.A

iv) Major Actuarial Assumptions (Half paid leave)

(Rs in Lakhs)

Particulars	As at 31.03.2023	As at 31.03.2022
Discount rate	7.50%	7.25%
Salary Escalation rate	5%	5%
Attrition rate	2%	2%
Mortality rate during employment	Indian Assured Lives Mortality 2012-14 (Urban)	Indian Assured Lives Mortality 2012-14 (Urban)
Retirement Age	58 & 60 years	58 & 60 years

Note 30 : Related Party Transactions

1 **Names of related parties**

a) **Holding Company**

Name of the Company

MSEB Holding Company Limited (MSEBHCL)

b) **Associates**

Jaigad Power Transco Limited

Maharashtra Transmission Communication Infrastructure Limited

c) **Key Managerial Personnel**

Key Management Personnel Name	Designation	Tenure
Shri. Dinesh T. Waghmare, IAS	Chairman & Managing Director	23.01.2020 till 02.05.2023
Dr. Shri. Sanjeev Kumar, IAS	Chairman & Managing Director	03.05.2023 onwards
Shri. Nasir Syed Quadrri	Director (Projects)	05.10.2021 onwards
Shri. Anil V Kolap	Director (Operations)	05.10.2021 to 15.12.2022
Shri Sugat Gamare	Director (Human Resource)	10.01.2022 onwards
Shri. Ashok Phalnikar	CFO & Director(Finance)	05.10.2020 onwards
Smt Abha Shukla, IAS	Nominee Director	29.11.2022 onwards
Shri. Vishwas Pathak	Independent Director	28.08.2022 onwards
Smt. Trupti Nitin Mudholkar	Independent Director	22.01.2021 onwards
Smt. Vineeta Shriwani	Company Secretary	22.06.2015 onwards

d) Remuneration paid to Key Managerial Personnel

(Rs in Lakhs)

Key Managerial Personnel Name	For year ended 31.03.2023	For year ended 31.03.2022
Shri Dinesh T. Waghmare, IAS	14.31	-
Shri. Ravindra Dinkarrao Chavan	-	102.34
Shri. Anil V Kolap	27.55	24.51
Shri Sanjay Taksande	-	3.89
Shri Nasir Syed Quadrri	42.10	21.48
Shri Ashok Phalnikar	39.25	33.00
Shri Sugat Gamare	47.39	-
Smt. Vineeta Shriwani	33.56	32.44

e) Sitting Fees paid to Independent Directors

(Rs in Lakhs)

Name of Independent Directors	For year ended 31.03.2023	For year ended 31.03.2022
Shri Vishwas Pathak	0.45	0.00
Smt Trupti Nitin Mudholkar	0.50	0.40

f) Transactions during the year with Subsidiaries/Associates:

(Rs in Lakhs)

Particulars	For year ended 31.03.2023	For year ended 31.03.2022
Associates		
Jaigad Power Transco Limited		
Bay Maintenance income	53.87	57.80
TOTAL A	**53.87**	**57.80**
Maharashtra Transmission Communication infrastructure Limited		
One time upfront payment	1,000.00	0.00
TOTAL B	**1,000.00**	**0.00**
TOTAL C = A+B	**1,053.87**	**57.80**

g) Outstanding balances with Associates:

(Rs in Lakhs)

Name of Associates	As at 31.03.2023	As at 31.03.2022
Investments in Equity Shares		
Jaigad Power Transco Limited	3,575.00	3,575.00
Maharashtra Transmission Communication Infrastructure Limited	880.46	880.46
Investments in Preference Shares		
Maharashtra Transmission Communication Infrastructure Limited	880.46	880.46

2 Key Managerial Personnel are not entitled for post-employment benefits and other long term employee benefits recognised as per Ind AS 19 - 'Employee Benefits' in the financial statements.

3 The Company has not included disclosure in respect of following related parties which are Government related entities as per Ind AS 24 Para 25:

Maharashtra State Power Generation Company Limited (MahaGenco) (MSPGCL)
Maharashtra State Electricity Distribution Company Limited (MahaVitaran) (MSEDCL)
MSEB Holding Company Limited (MSEBHCL)

Note 31 : Government Grants for capital assets

(Rs in Lakhs)

Capital / Government grants	Amount
As at 01.04.2021	**29,965.61**
Received during FY 2021-22	3,190.00
Interest received on GEC & PSDF Grants	23.29
Refunded to Government during the year FY 2021-22	(6.57)
Government Grant amortised during FY 2021-22	(1,723.59)
As at 31.03.2022	**31,448.74**
Received during FY 2022-23	300.46
Interest received on GEC & PSDF Grants	0.00
Refunded to Government during the year FY 2022-23	(514.88)
Government Grant amortised during FY 2022-23	(1,706.67)
As at 31.03.2023	**29,527.65**

MSETCL has received Government Grant for the purpose of strengthening of Transmission Network by constructing Substations and Lines in various Districts in Maharashtra.

F. Y.	Grants Received (Rs in lakhs)	Reasons for unfulfilled conditions
Grant received for Construction of Substations and Lines for strentening of Transmission Network in 14 Districts		
2006-07	6,850.00	Total 29 Schemes out of which only 2 schemes are still ongoing, status thereof is unascertainable
2007-08	8,000.00	Total 21 Schemes out of which only 4 schemes are still ongoing, status thereof is unascertainable
2008-09	9,000.00	Total 79 Schemes out of which only 3 schemes are still ongoing, status thereof is unascertainable
Grant received as Power System Development Fund for System Improvement		
2017-18	874.40	Work in progress
2018-19	1,284.90	
2019-20	740.60	
2020-21	1,083.00	
2021-22	3,190.00	
Grant against Green Energy Corridor Project received as per the recommendation of 13th Finance Commission towards equity portion of MSETCL		
2017-18	7,500.00	Work in progress
2018-19	3,556.59	
2019-20	611.20	
2019-20(Refunded)	(3,500.00)	
2022-2023	300.46	
Grant received from State Government towards 50% construction cost of Jawahar substation in Thane district under Tribal Sub Plan Area (TSP)		
2017-18	1,809.38	Work in progress
2018-19	182.20	
Grant in Aid from Ministry of Power, GoI (through PGCIL) for Renewable Energy Management Center (REMC) Assets as part of control infrastructure at Green energy corridors at 11 locations.		
2020-21	617.48	Assets handed over to SLDC by PGCIL

Interest Earned on GEC and PSDF Grant	-	

Note 32 : Earnings Per Share (EPS)

(Rs in Lakhs)

Particulars	For year ended 31.03.2023	For year ended 31.03.2022
No. of Equity Shares at the begenning of the year	8,98,49,74,733	8,98,49,74,733
Shares issued during the year (Nos)	-	-
No. of Equity Shares at the end of the year	8,98,49,74,733	8,98,49,74,733
Weighted Average No of Equity Shares	8,98,49,74,733	8,98,49,74,733
Profit for calculation of EPS (Rs in lakhs)	1,06,461.35	96,901.63
Basic and Diluted Earnings Per Share (Rs)	1.18	1.08

Note 33: Tax expense

(a) Amounts recognised in statement of profit and loss

(Rs in Lakhs)

Particulars	For year ended 31.03.2023	For year ended 31.03.2022
Current year	54,155.60	35,297.36
Short/Excess provision for earlier years	-	-
Current tax expense (A)	**54,155.60**	**35,297.36**
Origination and Reversal of Temporary Differences - Deferred Tax (Credit)/Charge	(1,106.66)	(11,672.96)
Deferred tax expense (B)	**(1,106.66)**	**(11,672.96)**
Tax expense recognised in the current statement (A) + (B)	**53,048.94**	**23,624.40**

(b) Amounts recognised in Other Comprehensive Income

(Rs in Lakhs)

Particulars	For year ended 31.03.2023			For year ended 31.03.2022		
	Before tax	Tax (expense) benefit	Net of tax	Before tax	Tax (expense) benefit	Net of tax
Items that will not be reclassified to profit or loss : Remeasurements of the defined benefit plans	(1,308.63)	457.33	(851.30)	(3,299.24)	1,153.03	(2,146.21)
	(1,308.63)	**457.33**	**(851.30)**	**(3,299.24)**	**1,153.03**	**(2,146.21)**

(c) Reconciliation of effective tax rate

(Rs in Lakhs)

Particulars	For Year ended 31st March 2023		For Year ended 31st March 2022	
	%	Rs. In lakhs	%	Rs. In lakhs
Profit before Tax		1,59,510.28		1,20,526.03
Current Tax using Applicable Tax Rate	34.94	55,739.27	34.94	42,116.62
Tax effect of:				
Non-deductible Expenses	1.06%	1,684.93	1.15	1,381.04
Allowable Expenses	0.18%	288.95	(1.76)	(2,120.92)
Deduction u/s 80-IA	-3.02%	(4,723.78)	(4.79)	(5,704.66)
DTL Reversal on Reclassification of Spares	0.00%	-	(11.60)	(13,804.49)
DTL on Property, Plant & Equipment	2.19%	3,429.65	4.32	5,146.63
DTL on Intangible Assets	0.06%	96.87		
DTA on Others	-2.96%	(4,633.64)	(2.53)	(3,015.17)
Current Tax as per P&L and Effective Tax Rate	32.53%	51,882.25	19.91	23,999.05

Note 33: Tax expense (Continued)

(d) Movement in deferred tax balances

(Rs in Lakhs)

Particulars					31 March 2023		
	Net balance April 1, 2022	Recognised in profit or loss	Recognised in OCI	Recognised directly in equity	Net	Deferred tax asset	Deferred tax liability
Deferred tax Asset/(Liabilities)							
Property, plant and equipment (includes intangible assets and revaluation impact)	(2,89,715.84)	(335.21)		-	(2,90,051.04)	-	(2,90,051.04)
Intangibles Assets	(192.14)	(96.87)			(289.01)	-	(289.01)
Right of Use Assets and its lease liability	175.81	(3,094.45)		-	(2,918.64)	-	(2,918.64)
Transaction Cost for Borrowings	820.34			-	820.34	820.34	-
Employee benefits	27,216.50	3,967.91	457.38	-	31,641.79	31,641.79	-
Provisions (Trade Receivables)	963.09			-	963.09	963.09	-
Government grant	1,232.21	596.38		-	1,828.59	1,828.59	-
Investment in government security	1,547.55	68.88		-	1,616.43	1,616.43	-
Other items	7,778.41			-	7,778.41	7,778.41	-
Tax assets (Liabilities)	(2,50,174.07)	1,106.66	457.38	-	(2,48,610.03)	44,648.66	(2,93,258.69)
Reversal of Opening DTL	3,499.92	-	-	-	3,499.92	3,499.92	-
Tax assets (Liabilities) (Net)	(2,46,674.15)	1,106.66	457.38	-	(2,45,110.11)	48,148.58	(2,93,258.69)

(e) Movement in deferred tax balances

(Rs in Lakhs)

Particulars					31 March 2022		
	Net balance April 1, 2021	Recognised in profit or loss	Recognised in OCI	Recognised directly in equity	Net	Deferred tax asset	Deferred tax liability
Deferred tax Asset/(Liabilities)							
Property, plant and equipment (includes intangible assets, critical spares and revaluation impact)	(2,99,616.20)	9,900.36	-	-	(2,89,715.84)	-	(2,89,715.84)
Intangibles Assets	(101.91)	(90.23)			(192.14)	-	(192.14)
Right of Use Assets and its lease liability	201.09	(25.28)	-	-	175.81	175.81	-
Transaction Cost for Borrowings	824.25	(3.91)	-	-	820.34	820.34	-
Employee benefits	24,783.40	1,280.86	1,152.24	-	27,216.50	27,216.50	-
Provisions	963.09	-	-	-	963.09	963.09	-
Government grant	629.92	602.29	-	-	1,232.21	1,232.21	-
Investment in government security	1,538.69	8.86	-	-	1,547.55	1,547.55	-
Other items	7,778.41	-	-	-	7,778.41	7,778.41	-
Tax assets (Liabilities)	(2,62,999.27)	11,672.96	1,152.24	-	(2,50,174.07)	39,733.91	(2,89,907.98)
Reversal of Opening DTL	3,499.92	-	-	-	3,499.92	3,499.92	-
Tax assets (Liabilities) (Net)	(2,59,499.35)	11,672.96	1,152.24	-	(2,46,674.15)	43,233.83	(2,89,907.98)

The company offsets tax assets and liabilities if and only if it has a legally enforcable to offset current tax assets and current tax liabilties and deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority

Note No. 34

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

Particulars	31.03.2023 Amortised Cost	31.03.2022 Amortised Cost
Non - current financial Assets		
Investments	1,29,651.86	1,00,018.21
Loans #	137.35	124.49
Current Financial assets		
Investments	2,739.24	15,314.50
Loans #	265.34	250.89
Other Financial Assets #	9,770.43	5,128.47
Total	**1,42,564.23**	**1,20,836.55**
Non - current Financial Liabilities		
Borrowings #	3,96,297.24	4,20,249.56
Other non - current Financial Liabilities #	1,40,118.70	1,23,273.97
Current Financial liabilities		
Borrowings #	87,354.53	81,462.01
Trade Payables #	24,533.16	25,045.11
Other Financial Liabilities #	12,662.58	13,132.49
Total	**6,60,966.21**	**6,63,163.14**

The above amounts are considered at cost

MSETCL has identified financial risk and categorized them in three parts Viz. (i) Credit Risk, (ii) Liquidity Risk & (iii) Market Risk. Details regarding sources of risk in each such categoryare as below.

Credit Risk:

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from customers and investment securities. MSETCL establishes the policy for allowance for expected credit loss and impairment that represents its estimate of losses in respect of trade, other receivables and investments. The maximum exposure to credit risk in case of all the financial instruments covered below is restricted to their respective carrying amounts.

Trade receivables:

As per the accounting policy, MSETCL has determined the allowance of expected credit loss on trade receivables arising out of its business of primary electricity transmission utility in the state of Maharashtra and taking into consideration its base of customers comprising of distribution Licensees, Wheeling of power and receivables from other services including STU and allied servies which contains major amounts to be recovered from fellow subsidiairies or entities which are also public sector entities

Major Trade receivables of MSETCL are of a short duration and do not carry any contractual rate of interest unless there is a default in payment. Even in such circumstances when a Transmission System User (TSU) consumer pays the arrears, the interest is the last element to be recovered. Accordingly, effective interest rate of trade receivables is considered to be negligible and discounting of expected cash shortfalls to reflect the time value of money are considered to measure the expected credit losses

The Company works out the expected credit losses of trade receivables (which are presently considered good) using the Government Bond yield as discounting factor for the respective years to assess the time value risk associated with such trade receivables from services as described above. **However MSETCL, after considering the behaviour pattern of the customers has not made the provision for expected credit loss, other than for the identified doubtful receivables.**

The following table provides information about the exposure to credit risk and loss allowance (including expected credit loss provision) for trade receivables:

Trade Receivable ageing Schedule as at 31 March 2023

(Rs in Lakhs)

Particulars	Outstanding for following periods from date of transaction					
	Less than 6 months	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Undisputed Trade Receivables - Considered Good	1,44,997.69	1,568.54	14,111.18	75,188.21	1,40,906.09	3,76,771.70
(ii) Undisputed Trade Receivables - Increased Credit Risk	-	-	-	-	-	-
(iii) Undisputed Trade Receivables - Credit Impaired	-	-	-	-	-	-
(iv) Disputed Trade Receivables - Considered Good	-	-	-	-	-	-
(v) Disputed Trade Receivables - Increased Credit Risk	-	-	-	-	11,613.59	11,613.59
(vi) Disputed Trade Receivables - Credit Impaired	-	-	-	-	-	-

Trade Receivable ageing Schedule as at 31 March 2022

(Rs in Lakhs)

Particulars	Outstanding for following periods from date of transaction					
	Less than 6 months	Less than 1 year	1 -2 years	2-3 years	More than 3 years	Total
(i) Undisputed Trade Receivables - Considered Good	1,17,101.19	10,361.88	1,861.28	933.83	1,88,939.62	3,19,197.80
(ii) Undisputed Trade Receivables - Increased Credit Risk	-	-	-	-	-	-
(iii) Undisputed Trade Receivables - Credit Impaired	-	-	-	-	-	-
(iv) Disputed Trade Receivables - Considered Good	-	-	-	-	-	-
(v) Disputed Trade Receivables - Increased Credit Risk	-	-	-	-	11,613.59	11,613.59
(vi) Disputed Trade Receivables - Credit Impaired						-

1. There are no trade or other receivable which are either due from directors or other officers of the Company either severally or jointly with any other person nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.

2. Trade receivables are non-interest bearing.

Trade Payable Ageing Schedule as at 31 March 2023 **(Rs in Lakhs)**

Particulars	Outstanding for following periods from date of transaction				
	Less than 1 year	1 -2 years	2-3 years	More than 3 years	Total
Undisputed Trade Payables					
(i) MSME	383.62	9.39	23.90	13.22	430.13
(ii) Others	13,206.51	123.65	2,055.81	8,717.06	24,103.03
Disputed Trade Payables					
(i) MSME	-	-	-	-	-
(ii) Others	-	-	-	-	-

Trade Payable Ageing Schedule as at 31 March 2022 **(Rs in Lakhs)**

Particulars	Outstanding for following periods from date of transaction				
	Less than 1 year	1 -2 years	2-3 years	More than 3 years	Total
Undisputed Trade Payables					
(i) MSME	224.18	34.22	0.11	25.23	283.73
(ii) Others	12,487.29	2,127.67	544.77	9,601.64	24,761.38
Disputed Trade Payables					
(i) MSME	-	-	-	-	-
(ii) Others	-	-	-	-	-

Disclosure relating to suppliers registered under MSMED Act based on the information available with the Company: **(Rs in Lakhs)**

Particulars	As at 31.03.2023	As at 31.03.2022
Amount remaining unpaid to any supplier at the end of accounting year		
Principal	430.13	283.73
Interest	49.35	-
Total	**479.48**	**283.73**

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. Company has a strong focus on effective management of its liquidity to ensure that all business and financial commitments are met on time. The Company has adequate borrowing limits in place duly approved by its shareholders and board. Company sources of liquidity includes operating cash flows, cash and cash equivalents, fund and non-fund based lines from banks. Cash and fund flow management is monitored daily in order to have smooth and continuous business operations.

(i) Financing arrangements

The Company has an adequate fund and non-fund based limits from various banks. The Company has sufficient borrowing limits in place duly, approved by its shareholders and board. Domestic credit rating from reputed credit rating agencies enables access of funds from domestic market. It's diversified source of funds and strong operating cash flow enables it to maintain requisite capital structure discipline. MSETCL diversifies its capital structure with a mix of financing products across varying maturities and currencies. The financing products include, clean & secured domestic Term loans. These loans are taken from REC, PFC and banks.

(ii) Maturities of financial liabilities

The amounts disclosed in the table are the contractual undiscounted cash flows.

(Rs in Lakhs)

Particulars	Contractual cash flows					
	31.03.2023			31.03.2022		
	Upto 1 year	2-3 years	More than 3 years	Upto 1 year	2-3 years	More than 3 years
Non-derivative financial liabilities						
Borrowings	87,382	1,55,992	2,40,278	81,462	1,68,580	2,51,669
Total	**87,382**	**1,55,992**	**2,40,278**	**81,462**	**1,68,580**	**2,51,669**

Market Risk - Market Risk is further categorised in (i) Currecy risk , (ii) Interest rate risk & (iii) Commodity risk:
Currency risk:
Interest rate risk exposure:
Company's interest rate risk arises from borrowings. The interest rate profile of the Company's interest-bearing financial instruments as reported to the management of the Company is as follows.

(Rs in Lakhs)

Particulars	Carrying amount	
	31.03.2023	31.03.2022
Fixed-rate instruments		
Financial assets	1,32,391.10	1,15,332.71
Financial liabilities	5,865.02	7,716.18
Variable-rate instruments		
Financial assets	-	-
Financial liabilities	4,77,786.75	4,93,995.39

Cash flow sensitivity analysis for variable-rate instruments
A reasonably possible change of 25 basis points in interest rates at the reporting date would have increased / (decreased) profit or loss by the amounts shown below. The indicative 25 basis point (0.25%) movement is directional and does not reflect management forecast on interest rate movement.This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

(Rs in Lakhs)

Particulars	Profit or Loss			
	25 bp increase	25 bp decrease	25 bp increase	25 bp decrease
	31.03.2023		31.03.2022	
Floating rate borrowings	1,194.47	(1,194.47)	1,234.99	(1,234.99)
Interest rate swaps (notional principal amount)	-	-	-	-
Cash flow sensitivity (net)	1,194.47	(1,194.47)	1,234.99	(1,234.99)

Note 35 A : Details of Associates

Name of Associate	Principal Activity	Place of Incorporation and Principal Place of Business	Proportion of Ownership Interest / Voting Rights held by the Group	
			As at 31.03.2023	As at 31.03.2022
Equity Shares				
Jaigad Power Transco Ltd (JPTL)	Transmission of electricity	Mumbai	26.00%	26.00%
Maharashtra Transmission Communication Infrastructure Limited (MTCIL)	Making available optical fibre capacity on lease	Mumbai	35.02%	35.02%
Preference Shares				
Maharashtra Transmission Communication Infrastructure Limited (MTCIL)	Making available optical fibre capacity on lease	Mumbai	100.00%	100.00%

Note 35 B : Aggregate Summarised Financial Information of Associates that are not individually material

(Rs in Lakhs)

Associates	Jaigad Power Transco Ltd (JPTL)		Maharashtra Transmission Communication Infrastructure Limited (MTCIL)	
Particulars	2022-23	2021-22	2022-23	2021-22
Carrying amount of Investment in Equity Shares	3,575.00	3,575.00	880.46	880.46
Carrying amount of Investment in Preference Shares			880.46	880.46
Company's Share of Profit or Loss from Continuing Operations	852.95	744.75	756.57	620.93
Company's share in other comprehensive income	0.22	(3.74)	-	2.70
Company's share in Total comprehensive income	853.16	741.02	756.57	623.63

(Rs in Lakhs)

Particulars	As at 31.03.2023	As at 31.03.2022
Aggregate carrying amount of the Company’s interest in these Associates	5,335.92	5,335.92
Carrying amount of the Company’s interest in these Associates	5,335.92	5,335.92

Note 35 C : Disclosure of Additional Information pertaining to the Parent Company, Subsidiaries and Associates as per Schedule III of Companies Act, 2013.

(Rs in Lakhs)

Name of the Company	Net Assets (Total Assets minus Total Liabilities)		Share of Profit or Loss		Other Comprehensive Income		Total Comprehensive Income	
	2022-23		2022-23		2022-23		2022-23	
	As % of Consolidated net Assets	Net Assets	As % of Consolidated Profit or Loss	Profit /(Loss)	As % of Consolidated Other Comprehensive Income	Other Comprehensive Income	As % of Consolidated Other Comprehensive Income	Total Comprehensive Income
Parent Company								
Maharashtra State Eletricity Transmission Company Limited	99.32%	14,68,445.87	98.47%	1,03,668.17	100.03%	851.52	98.46%	1,02,816.65
Associate/Joint Venture								
Jaigad Power Transco Ltd (JPTL)	0.53%	7,856.83	0.81%	852.95	-0.03%	(0.22)	0.82%	853.16
Maharashtra Transmission Communication Infrastructure Limited (MTCIL)	0.14%	2,137.38	0.72%	756.57	0.00%	-	0.72%	756.57
Total	**100.00%**	**14,78,440.08**	**100.00%**	**1,05,277.69**	**100.00%**	**851.30**	**100.00%**	**1,04,426.39**

* ceased to be subsidiary w.e.f. 25th June 2020

(Rs in Lakhs)

Name of the Company	Net Assets (Total Assets minus Total Liabilities)		Share of Profit or Loss		Other Comprehensive Income		Total Comprehensive Income	
	2021-22		2021-22		2021-22		2021-22	
	As % of Consolidated net Assets	Net Assets	As % of Consolidated Profit or Loss	Profit /(Loss)	As % of Consolidated Other Comprehensive Income	Other Comprehensive Income	As % of Consolidated Other Comprehensive Income	Total Comprehensive Income
Parent Company								
Maharashtra State Eletricity Transmission Company Limited	99.41%	13,66,157.99	99.01%	1,37,084.61	99.95%	2,145.16	99.00%	1,34,939.45
Associate/Joint Venture								
Jaigad Power Transco Ltd (JPTL)	0.51%	7,000.39	0.54%	744.75	0.17%	3.74	0.54%	741.01
Maharashtra Transmission Communication Infrastructure Limited (MTCIL)	0.08%	1,079.03	0.45%	620.93	-0.13%	(2.70)	0.46%	623.62
Total	**100.00%**	**13,74,237.42**	**100%**	**1,38,450.29**	**100.00%**	**2,146.21**	**100%**	**1,36,304.08**

Note No 35 D

Interest in Associates/Joint Venture

Interest in Associates and Joint Venture

Name of entity	Place of business/ country of incorporation	% Ownership interest	Relationship	Accounting Method	Carrying Value	
					As at 31.03.2023	As at 31.03.2022
Jaigad Power Transco Ltd (JPTL)	Mumbai	26%	Associates	Equity Method	7613.71	5432.14
Maharashtra Transmission Communication Infrastructure Limited (MTCIL)	Mumbai	35.02%	Associates	Equity Method	973.11	361.29
Total equity accounted investment					**8586.83**	**5793.43**

MSETCL has a 26% (PY - 26%) interest in Jaigad Power Transmission Ltd (JPTL), a Associate/Joint venture engaged in the transmission of electricity and 35.02% (PY - 35.02%) interest in Maharashtra Transmission Communication Infrastructure Limited (MTCIL), a Associate/Joint venture engaged in making available optical fibre capacity on lease.

MSETCL's interest in JPTL & MTCIL ('Associate/Joint Venture') is accounted for using the equity method in the Consolidated Financial Statements. Summarised financial information of the Associate/Joint Venture, based on its financial statements, and reconciliation with the carrying amount of the investment in consolidated financial statements are set out below:

Summarised financial information of the joint venture, based on its Ind AS financial statements, and reconciliation with the carrying amount of the investment in consolidated financial statements are set out below:

a) Summarised Balance Sheet **(Rs in Lakhs)**

	JPTL		MTCIL	
Particulars	As at 31.03.2023	As at 31.03.2022	As at 31.03.2023	As at 31.03.2022
Proportion of the Company's ownership (%)	**26.00%**	**26.00%**	**35.02%**	**49.00%**
Current Assets	8,310.79	2,636.38	17,772.70	12,994.10
Non Current Assets	23,123.92	25,627.98	20,106.50	10,599.10
Total Assets (A)	**31,434.71**	**28,264.36**	**37,879.20**	**23,593.20**
Current Liabilities	1,191.05	1,287.05	4,272.50	2,412.40
Non Current Liabilities	25.07	52.74	29,244.70	18,978.70
Total Liabilities (B)	**1,216.12**	**1,339.79**	**33,517.20**	**21,391.10**
Net Assets (A)-(B)	**30,218.59**	**26,924.57**	**4,362.00**	**2,202.10**
Proportion of the company's ownership	**7,856.83**	**7,000.39**	**1,527.57**	**1,079.03**
Add/ (less) : Dividend paid	-	-	-	-
Add/ (less) : Share in Profit/(Loss) for all previous years	(243.12)	(1,568.25)	(554.46)	(717.74)
Add/ (less) : Bonus Shares issued	-	-	-	-
Carrying amount of investments	**7,613.71**	**5,432.14**	**973.11**	**361.29**

(Rs in Lakhs)

b) Summarised Statement of Profit and Loss	JPTL		MTCIL	
Particulars	**As at 31.03.2023**	**As at 31.03.2022**	**As at 31.03.2023**	**As at 31.03.2022**
Proportion of the Company's ownership (%)	**26.00%**	**26.00%**	**35.02%**	**49.00%**
I. Revenue from operations	7,084.39	7,152.11	4,177.70	2,767.70
II. Other Income	608.38	131.72	195.50	0.20
III. Total Income (I+II)	**7,692.77**	**7,283.83**	**4,373.20**	**2,767.90**
EXPENSES				
IV. Repair & Maintenance Expenses	-	-	-	-
V. Purchase of Traded Goods	-	-	23.20	14.30
VI. Employee benefits expense	173.03	145.69	14.80	56.60
VII. Finance costs	103.16	361.75	(809.90)	1.20
VIII. Depreciation and amortization expense	2,928.36	2,923.72	606.10	669.10
IX. Other expenses	513.13	381.80	1,978.00	759.50
X. Total expenses (IV to IX)	3,717.68	3,812.96	1,812.20	1,500.70
XI. Profit/(loss) before tax (III - X)	**3,975.09**	**3,470.87**	**2,561.00**	**1,267.20**
XII. Tax expense:				
(1)Current tax	(694.53)	(606.43)	(400.60)	-
(2) Current tax- Previous years				
(3)Deferred tax	-	-	-	-
Profit/(Loss) for the year (XI - XII)	**3,280.56**	**2,864.44**	**2,160.40**	**1,267.20**
A. Company's share of Profit/(Loss) for the year in the proportion of Company's Investment	**852.95**	**744.75**	**756.57**	**620.93**
Other Comprehensive Income				
(i) Items that will not be reclassified to profit or loss				
- Remeaurement of defined benefit plans	1.02	(17.45)	-	5.50
(ii) Income tax relating to items that will not be reclassified to profit or loss	(0.18)	3.05	-	-
XIII. Other Comprihensive Income for the year	**0.84**	**(14.40)**	**-**	**5.50**
B. Company's share of Profit from Other Comprihensive Income in the proportion of Company's Investment	**0.22**	**(3.74)**	**-**	**2.70**
Total Comprehensive Income for the year (A + B)	**853.16**	**741.01**	**756.57**	**623.62**

c) Share of profits from associates and joint ventures

(Rs in Lakhs)

	As at 31.03.2023	**As at 31.03.2022**
Profit before tax	6,536.09	4738.07
Income tax	(1,095.13)	(606.43)
Profit for the year	5,440.96	4,131.64
Other comprehensive income	0.84	(8.90)
Total comprehensive income	5,441.80	4,122.74
Group's share of profit for the year	1,609.74	1,364.63

Note 36: Assets hypothecated / pledged as security

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

(Rs in Lakhs)

Particulars	As at 31.03.2023	As at 31.03.2022
Security created in respect of Non-current Borrowings		
Property, plant and equipment excluding leasehold land	15,31,782	1,51,40,754
Security created in respect of Current Borrowings		
i) Fixed Deposit Receipts	20,730	10,000
ii) Post Dated Cheques	-	45,000
Total assets as security	**15,52,512**	**1,51,95,754**

Note 37: Capital Management

For the purpose of the Company's capital management, capital includes issued equity capitaland all other equity reserves attributable to the equity holders. The primary objective of the Company's capital management is to maximize the shareholder value and to ensure the Company's ability to continue as a going concern of the business.

The Company has not distributed any dividend to its shareholders. The Company monitors gearing ratio i.e. total debt in proportion to its overall financing structure, i.e. equity and debt. Total Debt is defined as aggregate of long-term borrowings, short-term borrowings and current maturities of long term debt. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets.

(Rs in Lakhs)

Particulars	As at 31.03.2023	As at 31.03.2022
Equity	14,26,037.85	13,23,749.99
Total Equity	14,26,037.85	13,23,749.99
Borrowings	4,83,651.77	5,01,711.57
Less: cash and cash equivalents	(41,707.20)	(44,427.28)
Total debt	4,41,944.57	4,57,284.29
Overall financing	18,67,982.42	17,81,034.28
Net Debt to Equity Ratio	0.31	0.35

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current period.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2023.

Note 38: Other Notes

38.1 Contingency Reserve Fund, Special Reserve Fund & Load Despatch Center Empowerment Reserve (LDCD) Fund :

As per directions of MERC vide Order No. 232 of 2023 dated 31st March 2023, the company for FY 2022-23 has appropriated an amount of Rs. 7,323.00 Lakhs (Previous Year Rs. 8,335.00 Lakhs) towards Contingency Reserve Fund. An amount of Rs. NIL (Previous Year Rs. NIL) has been appropriated towards Special Reserve Fund.

An amount of Rs NIL (Previous Year Rs 1,857.83 Lakhs apporpriated) has been withdrawn from Load Despatch Center Empowerment Reserve (LDCD) Fund.

38.2 Secured Loans:-

(Rs in Lakhs)

Name of the Institution	Loan Secured By			Total
	Guarantee from State Government	Hypothecation against future assets	Mortgage against existing assets	
Rural Electrification Corporation Limited (REC)	NIL	2,54,378.14	-	2,54,378.14
Power Finance Corporation Limited (PFC)	NIL	54,174.73	-	54,174.73
ICICI BANK	NIL	21,111.09	-	21,111.09
Canara Bank	NIL	19,080.74	-	19,080.74
Bank of India BOI-1	NIL	4,958.83	-	4,958.83
Bank of India BOI-2	NIL	30,375.57	-	30,375.57
Bank of Maharashtra	NIL	66,008.52	-	66,008.52
Bank of India BOI-3	NIL	18,225.09	-	18,225.09
Interest Free GoM Loan	8446.20	-	-	8446.20

Repayment Schedule of Long Term Loan Liabilities

Particulars	Rural Electrification Corporation	Power Finance Corporation	Bank of India-1	Bank of India-2	Bank of India-3	Canara Bank	Interest Free GoM Loan	KFW	Bank of Maharashtra	ICICI BANK
Nature of Loan	Term Loan	Term Loan	Term Loan	Term Loan	Term Loan	Term Loan	Special Assistance	Term Loan	Term Loan	Term Loan
Loan Amount	Up to Borrowing Limit Rs.569400 Lakhs	Up to Borrowing Limit Rs.397600 Lakhs	Rs 30,000 Lakhs	Rs 75,000 Lakhs	Rs 50000 Lakhs	Rs 50000 Lakhs	Rs.12,000 Lakhs	Rs 10,250 Lakhs (12 million Euro) (12 M EURO)	Rs 120000 Lakhs	Rs 50000 Lakhs
Period (Term)	13 Years (3+10)	18 Years (3+15)	13 Years (3+10)	13 Years (3+10)	13 Years (3+10)	13 Years (3+10)	-	15 Years (5+10)	13 Years (3+10)	6.5 Years
Moratorium Period	3 Years	3 Years	3 Years	3 Years	3 Years	3 Years	-	5 Years	3 Years	Nil
Repayment	Repayment is ongoing	Repayment is ongoing	Repayment is ongoing	Repayment is ongoing	Repayment is ongoing	Repayment is ongoing	-	Repayment is ongoing	Repayment is ongoing	Repayment is ongoing
Purpose of Use	Capex Funding	Capex Funding	Capex Funding	Capex Funding	Capex Funding	Capex Funding	Capex Funding	Capex Funding	Refinancing of Loan	Refinancing of Loan
Rate of Interest (Floating) at year end	10.25%	9.50%	8.93%	8.20%	7.80%	7.75%	-	1.27%	8.10%	9.50%
			With annually reset	With reset Monthly	With reset Monthly	With annually reset			With annually reset	With Quarterly reset
Terms of Payment	Yearly	Quarterly	20 Half yearly	40 Quarterly equal Installment	40 quarterly installment	40 quarterly installment	-	Semi Annually	Monthly	Monthly Quarterly & Yearly
Upfront Fees	Upto 500 Cr - Nil Above 500 Cr - 0.01 % of loan amount	Upto 500 Cr - Nil Above 500 Cr - 0.01 % of loan amount	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Commitment Charges	Upto 500 Cr -Nil Above 500 Cr - 0.25% P.A. on undrawn Amount of Quarter till the Date of Actual Drawal	Upto 500 Cr - Nil Above 500 Cr- 0.25% P.A. on undrawn Amount of the Previous Quarter from the first day of following Quarter till the Actual Date of Drawal	Nil	Nil	Nil	Nil	Nil	0.20% pa on undisbursed amount	Nil	Nil
Margin Money Requirement (Equity) From 01.04.2017	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%	Nil	GST Paid by MSETCL	Nil	Nil

Foreign Currency Loan

Loan Secured by	KFW (Rs.) in Lakhs	EURO in Million
Guarantee from Central Government	6892.82	8.26

Note No 39 : Contingent Liabilities and Contingent assets

1. Claims against the Company not acknowledged as debts in respect of:

(i) Capital Works

Some of the contractors for supply and installation of equipments and execution of works at our projects have lodged claims on the company seeking enhancement of the contract price, revision of work schedule with price escalation, compensation for the extended period of work, idle charges, Interest for delayed payments made,under MSME Act, etc. These claims are being contested by the Company as being not admissible in terms of the provisions of the respective contracts.

The company is pursuing various options under the dispute resolution mechanism available in the contract for settlement of these claims. In such cases, contingent liability of Rs 40824.74 Lakhs (P.Y. Rs.17864.825 Lakhs) has been estimated.

(ii) Land/ Crop compensation & Enhancement in Compensation cases

In respect of land acquired for the projects, the land losers have claimed higher compensation before various authorities/courts which are yet to be settled. In such cases, contingent liability of Rs 22051.15 lakhs (P.Y. Rs.10743.04 Lakhs) has been estimated.

(iii) Other claims

In respect of claims made by various State/Central Government Departments/Authorities towards building permission fees, penalty on diversion of agriculture land to non-agriculture use, Nala tax, water royalty etc. and by others, contingent liability of Rs 11228.36 Lakhs (P.Y. Rs. 1116.49 Lakhs) has been estimated.

(iv) Disputed Income Tax/Sales Tax/Excise/Municipal Tax Matters

Disputed Income Tax/Sales Tax/Excise/Municipal Tax Matters amounting to Rs 75943.93 Lakhs (P.Y. Rs. 63950.28 Lakhs) are being contested before various Appellate Authorities. Many of these matters are disposed of in favour of the company but are disputed before higher authorities by the concerned departments.

(v) Financials Guaranttees

MSETCL has provided financial guarantees in the form of Bank Guarantee's amounting to Rs 32.95 lakhs (P.Y. Rs. 32.95 Lakhs) to various Authorities for construction of Transmission Sub-stations and Transmission Lines.

(vi) Others

a) Other contingent liabilities pertaining to Employee claims amounts to Rs 305.11 Lakhs (P.Y. Rs.174.11 Lakhs) .

b) Some of the beneficiaries have filed appeals against the tariff orders of the MERC. The amount of contingent liability in this regard is Rs. 326699.91 Lakhs (PY Rs. 314995.40 Lakhs)

Note 40 : Commitments

Expenditures committed for at the end of reporting year is as follows:

(Rs. In lakhs)

a)

Capital Commitments Not Recognised as Liabilities	31.03.2023	31.03.2022
Property, Plant and Equipment	5,19,959.01	4,19,590.35
Less: Capital Advances	(602)	(542)
Net Capital Commitments	**5,19,356.88**	**4,19,048.26**

(Rs. In lakhs)

b)

Corporate Social Responsibility	31.03.2023	31.03.2022
Unspent CSR Liability	8,312.19	6,765.06

Note 41 :

Balances of Trade Receivables, Financial assets - Loans and advances are subject to confirmation and reconciliation. The Company is taking necessary steps for reconciliation and confirmation of the same.

Note 42:

The Company generally makes payment to its creditors within a period of 45 days as stipulated in the Micro, Small and Medium Enterprise Act 2006. The Company has not provided any interest payable to Micro and Small Enterprise as required by the aforesaid Act as claims are pending due to non submission of details/documents from Vendors.

Note 43 :

The group Company's Receivables & Payables are subject to confirmation and reconciliation. These items interalia includes an adjustments. It's long pending inter-unit advise payable balances of Rs 22,697.26 lakhs (Receivables Rs 19,679.53 lakhs upto FY 2017-18 and Rs. 324.29 Lakhs upto FY 2019-20. Payables Rs 40,863.03 lakhs upto FY 2017-18 and Rs.1,838.05 Lakhs upto FY 2019-20 i.e Net payable Rs 22,697.26 lakhs) pertaining to MSEDCL through the Receivable against Transmission Charges from MSEDCL by Rs.21183.50 in FY 2017-18 and Rs.1,513.76 Lakhs in FY 2019-20.

Note 44 :

In accordance with Ind AS 36 - Impairment of assets, impairement analyis of assets of Transmission activity of the Company by evaluation of its Cash Generating Units, was carried out by outside agency in the year 2006-07 and since recoverable was more than the carrying amount thereof, no impairment loss was recognised.

Note 45 :

MSETCL is consistently following its accounting policy regarding recognition of other income on 'accrual basis except when ultimate realization of such income is uncertain' as mentioned in Note no. 2.15 which is in commensurate with applicable accounting standard. As such Delayed Payment Charges (DPC) being part of other income is recognized only to the extent of realized amount. Thus by adopting this policy the accounts of each financial years have been finalized on the basis of which Truing-up (Provisional / Final) is done by MERC as mentioned in clause 37.1 of MYT Regulations 2019 (applicable upto FY 2024-25).

MERC has done truing-up for every financial year based on the accounts and not adjusted the amount of Delayed Payment Charges upto truing up of FY 2014-15 as the same was not accounted for in the accounts. However, MERC while carrying out provisional true-up for FY 2015-16 has reduced ARR by Rs.85,499.00 lakhs towards Delayed Payment Charges related to the earlier financial years including FY 2015-16 which have been not accounted for in accounts as per accounting policy. Apart from this adjustment, MSETCL is entitled for its legitimate ARR of Rs.394,437.00 lakhs as is evident from MERC order dtd. 7th July 2016 in case no. 31 of 2016. To match with this entitled ARR accrued in FY 2016-17, MSETCL has accounted for Rs.75,476.11 lakhs as other income being shortfall in ARR which has resulted on account of adjustment towards DPC in FY 2016-17. Further, MSETCL has filed an appeal before APTEL against the order of MERC in case No 31 of 2016 vide Appeal No 67 of 2017.

Considering the above adjustment, an amount of DPC accumulated as on 31st March 2023 Rs.2,33,643 lakhs have not been booked as per consistent accounting policy followed.

Note 46:

As per Section 135 of the Companies Act, 2013, a company, meeting the applicability threshold, needs to spend at least 2% of its average net profit for the immediately preceding three financial years on corporate social responsibility (CSR) activities. The areas for CSR activities are as mentioned in below table. A CSR Committee has been formed by the Company as per the Act. The funds are utilized through the year on these activities which are specified in Schedule VII of the Companies Act, 2013.

Accordingly, Company has made provision of Rs. 2,247.39 lakhs in C.Y. (P.Y. Rs 1,948.61 lakhs) u/s 135 (Corporate Social Responsibility) of Companies Act 2013. In accordance with Circular no. 14 dated 24 August 2021 issued by the Ministry of Corporate Affairs regarding clarifications on CSR related work, the Company has transferred Rs 8312.19 upto April 2023 to a seperate bank account 'Unspent CSR Account'.

(Rs. In lakhs)

Particulars	2022-23	2021-22
Amount required to be spent as per Section 135 of the Companies Act, 2013	6,765.06	8,138.01
Add : Provision made during the year	2,247.39	1,948.61
Amount spent during the year		
Education, Sports and Health	256.36	2,727.73
Social Sector, Contribution to relief fund & Agriculture	-	62.21
Infrastructure & Electrification	443.90	531.62
Outstanding CSR Liability to be spent	8,312.19	6,765.06

(Rs. In lakhs)

Particulars	2022-23	2021-22
Gross Amount required to be spent as per Section 135 of the Act	2,247.39	1,948.51
Add: Amount Unspent from previous years	6,765.06	8,138.01
Total Gross amount required to be spent during the year	9,012.45	10,086.52
Amount approved by the Board to be spent during the year	9,012.45	10,086.52

Amount spent during the year on

	2022-23	2021-22
(i) Construction/acquisition of an asset	700.26	3,421.56
(ii) On purposes other than (i) above	-	-

Details related to amount spent/ unspent

Particulars	2022-23	2021-22
Amount spent during the year		
Education, Sports and Health	256.36	2,727.73
Social Sector, Contribution to relief fund & Agriculture	-	62.21
Infrastructure & Electrification	443.90	631.62
Accrual towards unspent obligations in relation to:		
Ongoing projects	8,312.19	6,664.96
Other than Ongoing projects	-	-
TOTAL	9,012.45	10,086.52

Note 47:

In order to facilitate integration & evacuation of large scale renewable energy generation (Solar / Wind) envisaged to come up in renewable energy rich state MNRE & Govt of India has undertaken the Green Energy Corridor for seamless evacuation of Green Energy in 12 th Five Year plan .Under the approved DPR 27 No of transmission elements (220 kV/132 kV transmission Lines with End Bays) are sanctioned under various zones. The original cost of scheme was Rs. 367 Cr.

The agreement is executed on 1.12.2017 for loan of EUR 12,000,000 between KFW Frankfurt am Main (KFW)

The said scheme is proposed to be financed as: -

MSETCL Equity - 20 %

National Clean Energy Fund (Grant) - 40 %

KFW (German Development Bank) Loan- 40 % (12 Million EUROs)

GEC-I works were tenderized for 19 elements (excluding 8 lines & 16 bays) for an amount of Rs. 168.72 Cr. against original DPR Scheme cost of Rs. 367 Cr. Accordingly the funding of Grant, Debt & Equity is as follows:-

20% MSETCL Equity - Rs. 33.74 Crs.

40% National Clean Energy Fund (Grant)- Rs. 67.49 Crs.

40% KFW (German Development Bank) Loan- Rs. 67.49 Crs.

The MSETCL has lodged its first claim for disbursement of loan with Office of CAAA (Controller of Aid Accounts and Audit Division, Ministry of Finance) which in turn lodge the same with KfW, Germany for disbursement. On receipt of claim from CAAA, KFW releases the disbursement to CAAA and routed from CAAA to State government. The State government on receipt of KFW Loan, issues GR after Budget approval and transfers the amount of loan to MSETCL's Bank Account.

The first disbursement was made by KfW on 8-May-2019 before which nothing was requested as no billing was made by vendors related to work allocated for kfw loan . The disbursement of loan depends upon the progress of work of project. Upto 31-Mar-2023 the MSETCL has received loan amount of EURO 82,63,220 (P.Y. EURO 59,82,178) Rs.68,92,81,883 (P.Y. Rs.50,28,74,529)

As per clause 3, of Loan Agreement Borrower has to pay non refundable Commitment Fee of 0.20% per annum on undisbursed Loan amount. Kfw has charged the Commitment fee Rs. 8.95 lakhs (P.Y.Rs. 11.40 lakhs) which is charged to P&L.

The GoM vide GR dated 12.10.2022 and 02.02.2023, GOM has sanctioned an amount of Rs.246.14 Lakhs (P.Y. Rs.620.34 Lakhs) and Rs. 1700.28 Lakhs (P.Y. Rs.312.62 Lakhs) respectively during F Y 2022-23 .

Also forex loss on translations at the year end is also debited to P&L amounting to Rs.547 Lakhs (P.Y.gain of Rs.132 Lakhs) as the exchange risk lies with MSETCL.

Note 48:

Designated Current Account operated and maintained in terms of MERC Regulation pertaining to Thrid Party Liabilities

MSPC UI (Unscheduled Interchange) Settlement Op. Account (FBSM Pool Account), MSPC (Maharashtra State Power Committee) Reimbursement Op. A/C, MSLDC RE-DSM Op. Account (RE-SDM Pool Account) and MSLDC DSM Pool Op. Account (DSM Pool Account).

The Maharashtra Electricity Regulatory Commission (MERC) had issued a Suo Moto Order in case number of 42 of 2006 on 17th May, 2007 whereby it introduced the Weighted Average System Marginal Pricing (WASMP) based Balancing and Settlement Mechanism. The Maharashtra State Load Despatch Centre (MSLDC) had prepared the Balancing and Settlement Code (BSC) 4th July, 2009 which was approved by the MERC vide its letter dated 26 August, 2009. The BSC was operationalised in the state from 1st August, 2011.

The MERC vide Various Regulations has directed the MSLDC to operate and maintain MSPC UI Settlement Op. Account (FBSM Pool Account),MSPC Reimbursement Op. A/C, MSLDC RE-DSM Op. Account (RE-SDM Pool Account) and MSLDC DSM Pool Op. Account (DSM Pool Account). MSLDC have been assigned the function to maintain there various Regulatory Fund Accounts under the respective Regulations issued by MERC. MSLDC is to manage these Funds as Custodian of these funds as Nodal Agency till some other entity is identified by MERC.

As per MERC order in case no. 42 of 2006 dt. 17.05.2007 clause no. 5.1(g) MSLDC on behalf of State Pool Participants shall collect on weekly basis and make payment towards Settlement of UI (Unscheduled Interchange) charges. Accordingly, MSPC UI Settlement Operative Bank Account is opened in Bank of Maharashtra, Airoli Branch on dt. 11.11.2008,bearing Account No. 20130402907. As per clause No. 5.1(g) MSPC shall open and maintain a bank account to receive/release payments in respect of settlement among State Pool Participants. Also MSLDC had opened one Current Bank Account (New) with Bank of Maharashtra, Airoli Branch on dt. 11.11.2008, bearing Account No. 60029434202 to meet expenditure of MSPC which will be shared by the State Pool Participants i.e. all Distribution Companies in the Intra State.

The MERC has formulated F&S Regulations, namely, Maharashtra Electricity Regulatory Commission (Forecasting, Scheduling and Deviation Settlement for Solar and Wind Generation) Regulations, 2018. These Regulations are intended to facilitate Grid integration of Wind and Solar energy generated in Maharashtra while maintaining Grid stability and security as envisaged under the State Grid Code and the Act, through forecasting, scheduling and a mechanism for the settlement of deviations by such generators. MERC has notified RE-DSM Regulations on 20.07.2018 and which was to be implemented from 01.07.2019. For that purpose one Current Bank Account (New) was required for Deviation Charges. As per the roles and responsibilities of MSLDC under MERC approved procedure for RE-DSM, vide section 5.5, MSLDC is “To maintain State Deviation Settlement Account for wind and solar generations”. In this Account Deviation charges amount will be credited as well as amount will be disbursed from this Bank Account. This bank account needs to be opened in the name of MSLDC and PAN and GST no. of MSETCL shall be used. Accordingly, MSLDC has opened 2nd Third Party Bank Account with Bank of Maharashtra, Airoli Branch on dt. 30.05.2019, bearing Account No. 60331835878.

The MERC had issued a Suo- Motu order in Case No. 42 of 2006 on 17 May, 2007, whereby it introduced the WASMP based Balancing and Settlement Mechanism in Maharashtra. The MERC decided to review the existing Balancing and Settlement Mechanism and to introduce the Deviation Settlement Mechanism in Maharashtra. Subsequently, MERC has notified DSM Regulations on 01.03.2019 and which was to be implemented from 01.04.2020. For that purpose one separate Current Bank Account (New) was required for Deviation charges. As per clause 15 (B) of DSM Regulations, “All payment on account of Charges for Deviation including Additional Charges for Deviation levied under these Regulations and interest, if any, received for late payment shall be credited to the funds called “State Deviation Pool Account” which shall be maintained and operated by the MSLDC in accordance with the provision of these Regulations. In this account, Deviation charges amount will be credited as well as amount will be disbursed from this bank account. This bank account needs to be opened in the name of MSLDC and PAN and GST no. of MSETCL shall be used. Accordingly, MSLDC has opened 3rd Third Party Bank Account with Bank of Maharashtra, Airoli Branch on dt. 31.12.2019, bearing Account No. 60349865315.DSM Billing through DSM software actually started on 11.10.2021.For this purpose,as per approved office note dt 28.09.2021 4th Third Party current A/c bearing A/c number 60396224159 , Namely "MSLDC DSM POOL OPERATIVE A/C for Link with online bill desk payment Gateway opened & current A/c number 60349865315 is renamed as MSLDC DSM Corpus A/c to sort the reconciliation issues of corpus refunded,forfeitted & adjustments.Further As the MERC Regulation 70 (Multi -Year Tariff)2019 is implemented in Maharashtra ,Generating station shall inject/absorb reactive energy into the grid on the basis of machine capability as per the directions of SLDC.It is the responsibility of SLDC to maintain state Reactive Energy Pool A/c.Hence as per approved note ,MSLDC REACTIVE PooL A/C bearing A/c number 60406305880 is opened.

An amount of surplus funds in the State Deviation Pool Account at the end of the financial year shall be utilized for the purpose of improvements in power system operations, for undertaking such measures and studies for improvement in reliability, security and safety of grid operations, undertaking capacity building and training programs related to system operations and market operations and for such other purposes as may be specified by MERC or for other schemes as may be devised in consultation with National Load Despatch Centre, or Regional Load Despatch Centre, with prior approval of the MERC.

Provided that, the short fall in funds in the State Deviation Pool Account; if any, at the end of the weekly settlement period shall be recovered by levy of additional charges from the State Entities in proportion to Net Deviation Charges Payable by concerned State Entity for the applicable weekly settlement period through supplementary bills.

Provided further that MSLDC shall prepare scheme (S) and shall submit annual plan for utilization of surplus funds and implement the scheme (S) only upon approval of the MERC.

As per Clause 1(2), These DSM Regulations except commercial arrangements, Deviation Charges, Additional Charges for Deviation and penal action shall come into force on the date of notification in these Regulations in the Official Gazette. Provided that the commercial arrangements specified under Clause (9) and (10) of these DSM Regulations, and the related provisions regarding Deviation Charges, Additional Charge for Deviation and penal actions if any shall come into force from date to be notified separately through Order, which shall not be later than 1st April 2020. Provided further that until notification of such date as referred here in above under first proviso, the Final Balancing and Settlement Mechanism (FBSM) as approved by Commission under Order in Case 42 of 2006 along with relevant amendments from time to time shall be in operation for the purpose of energy accounting and deviation settlement.

These funds are equally matched with fund balance in the Third Party Bank Accounts in the current account. As on 31.03.2023 the total balance in these designated Third Party Bank Accounts was amount to Rs. 21,266.09 Lakhs (Previous Year Rs. 22,209.10 Lakhs) as against the Third Party liability in these funds amounting to Rs. 21266.09 Lakhs (Previous Year Rs. 22,209.10 Lakhs).These total amount of Rs 22,209.10 Lakhs (opening balance of third party Account) bifurcated as REDSM Current A/c, DSM current A/c, Designated Current A/c & MSPC reimb current A/c on 1.04.2022 .Further DSM current A/c renamed as DSM corpus A/c & additional current A/c namely MSLDC DSM POOL Operative A/c opened .Total of five current A/c have closing Balance as on 31.03.2023 Rs 21,266.09 Lakhs.

In the Suo-moto order dt 02.08.2022 commission accepted the recommendation of working group and views of MSPC regarding investment of corpus of DSM Pool Amount in Government securities or FD in nationalised Bank(considering liquidity requirements)through MSETCL PAN and a separate saving bank A/c with MSETCL PAN and provide the credit of accrued interest income net of tax (as applicable) to the benefit of DSM PooL Account.In view of this Decision regarding investing the corpus Amount in FD or Government securities needs to be taken for further process of investment.Finance section prepared elaborated PPT of both the investment methods.It was proposed to conclude above issue as an Agenda item in forthcoming MSPC meetingfor getting final decision for investment of corpus funds & mode of investment.

Note 49:

Prior Period Income has been reversed by Rs. 2670.98 Lakhs (P.Y. Rs. 9.80 Lakhs) as per CERC Order & Prior Period Depreciation(Net) of Rs. 9357.17 lakhs (P.Y. Rs 2851.05 lakhs) due to late receipt of WRC, have not been recasted.

Note 50:

To meet the emergency situations arising due to failure of equipments, Company had framed a policy wherein certain equipments are to be kept as critical spares at sub-stations levels. Hence, certain materials used as Standby equipment's (Critical Spares) were earlier treated as Inventory. However, as per Ind AS 16 policy such items are to be treated as Property Plant and Equipments . MSETCL adopted a policy in this context that Standby equipment and servicing equipment (Spare parts) whose cost is Rs.10,00,000/- and above,which meets the recognition criteria of Property, Plant and Equipment are capitalized. In other cases, the spare part is inventorised on procurement and charged to Statement of Profit and Loss on consumption.

Maharashtra Electricity Regulatory Commission vide their notification dt 12.06.2022 notified MERC(Approval of Capital Investment Schemes) Regulations, 2022. Wherein as per the recent MERC Capex Regualtion 2022 clause no 3.19 , regulation has not allowed the following as Capital investment Schemes to Transmission Licencees

(a) Replacement/Repairing of Individual items such as CT, PT, LA, CB , Relays under Sub-station equipments, replacement of panel meters, etc.

(g) Procurement of maintenance spares, Annual Maintenance Contract (AMC);

considering the above mentioned procedure adhered, the items of CT, PT, LA, CB , Relays under Sub-station equipments, replacement of panel meters which are treated as PPE as per Ind AS 16 seems to be in contravention to MERC Regulation. Moreover as per the Electricity Act 2003 Section 174 (Act to have overriding effect) , the provision of this Act shall have effect notwithstanding anything incosistent therewith contained in and other law for the time being in force or in any instrument haveing effect by virtue of any law other than this Act. In addition to this , during the True-up for FY 2018-19, MERC vide its Order No 302 of 2019 Dt 30.03.2020 ,has disallowed the capitalization of such critical spares to the tune of Rs 98.99 cr mentioning it that these items are not of put to use nature.

Considering this trend, during the True-up for FY 2019-2020 and FY 2020-21 , MERC can also disallow the capitalisation of these critical spares to the tune of Rs 260.56 cr (Rs 61.37 crs in FY 2019-2020 and Rs 199.18 cr in FY 2020-21) as the same are not of put to use nature.

This would cause a revenue loss to MSETCL as the financials would not represent the cost of such critical spares as R&M (which will result in payment of Income Tax), while MERC would not allow the same as capex expenditure also (causing loss of revenue due to non consideration of tariff component on the same). Hence, MSETCL has decided to adhere the MERC Capex Regulation with retrospective effect (From 2015) to have appropriate impact of increased R&M in its upcoming Trueup Petition to MERC.

Hence, Spare parts, standby equipment and servicing equipment which meets the recognition criteria of Property, Plant and Equipment which were capitalized by the Company in previous years (from FY 2015-16 till FY 2020-21) are withdrawn in Current Year (Rs 44439.58 lakhs alongwith its accumulated depreciation Rs 6865.56 lakhs) due to the introduction of MERC Capex Regualtion 2022, wherein any replacement scheme and procurement of Standby spares would not be allowed as Capex Scheme and which needs to be carried out under R&M Scheme. Hence, from FY 2021-22, the Company follows the MERC Regulation as, being an Regulatory Business, the ARR is approved by MERC. The yearly impact given as per the previous policy are reversed in FY 2021-22 as follows, which is disclosed as exceptional items in the standalone statement of profit and loss for the year under report.

Overall Impact on Balance Sheet in FY 2021-22	**Effect**	**Impact**	**Rs in lakhs**
Property, Plant and Equipment	Cr	Decrease	44,439.58
Inventory	Dr	Increase	2,890.94
Deferred Tax Asset	Dr	Reversal	13,804.49
Accumulated Depreciation	Dr	Reversal	6,869.57
Overall Impact on P&L A/c in FY 2021-22			-
R&M	Dr	Decrease in Profit	41,548.65
Deferred Tax Asset	Cr	Reversal	13,804.49
Depreciation (P&L)	Cr	Increase in Profit	6,869.57

Note 51 :

Additional disclosure as per ammened schedule III (Division II) of the Companies Act 2013

i) There are no amount of dividends proposed to be distributed to equity shareholders for the year ended March 31, 2023

ii) There are no unutilised amounts in respect of any issue of securities and long term borrowings from banks and financial institutions for the year ended March 31, 2023.

iii) The Company has not revalued its Property, Plant and Equipment during the year ended March 31, 2023.

(iv) The Company has not granted any Loans or Advances in the nature of loans to promoters, Directors, KMPs and the related parties either severally or jointly with any other person during the year ended March 31, 2023.

iv) The Company does not have any Intangible assets under development for the year ended March 31, 2023.

v) No proceedings have been initiated on or are pending against the Company for holding benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and Rules made thereunder.

vi) The Company has not raised any borrowings from banks or financial institutions on the basis of security of current assets during the year ended March 31, 2023.

vii) The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.

viii) The Company has transactions with struck off companies. - Refer Note no.53

ix) The Company do not have any charges or satisfaction, which is yet to be registered with Registrar of Companies beyond the statutory period.

x) The Company is in compliance with the number of layers prescribed under clause (87) of section 2 of the Companies Act read with the Companies (Restriction on number of Layers) Rules, 2017.

xi) Financial Ratios - Refer Note no.54

xii) No Scheme of Arrangements has been approved by the Competent Authority in terms of sections 230 to 237 of the Act during the year ended March 31, 2023.

xiii) Utilisation of borrowed funds and share premium :

A) The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:

a. directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Beneficiaries) or

b. provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries.

B) The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:

a. directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or

b. provide any guarantee, security or the like on behalf of the ultimate beneficiaries.

xiv) There is no undisclosed income under the tax assessments under the Income Tax Act, 1961 for the year ending March 31, 2023 and March 31, 2022 which needs to be recorded in the books of account of the Company.

xv) The Company has not traded or invested in crypto currency or virtual currency during the year ended March 31, 2023.

Note 52:

Previous year's figures have been regrouped wherever necessary for appropriate presentation of Financial Statements to comply with the provisions of Schedule III as per the Companies Act, 2013.

Note No.53 :

The Company has transactions with the following Companies Struck Off under Section 248 of the Companies Act, 2013, identified based on the data available with the Company.

Name of the Struck Off company	Nature of Transaction with Struck Off Company	Balance Outstanding as at 31st March 2023	Relationship with the Struck Off Company	Balance Outstanding as at 31st March 2022	Relationship with the Struck Off Company
JSW ENERGY (RATNAGIRI) LTD. *	Receivable	5.16	Customer		
LOKMANGAL AGRO INDUSTRIES LTD.	Receivable	0.21	Customer		
TOPWORTH URJA & METALS LTD.	Receivable	1.67	Customer		
Wind World India Ltd.	Receivable	21.54	Customer		
VATSALA WIND FARMS *	Receivable	0.07	Customer		
JSW Power Trading Company Ltd. *	Receivable	0.92	Customer		
Vidarbha Industries Power Ltd.	Receivable	2.38	Customer		
The Tata Steel BSL Ltd *	Receivable	0.23	Customer		
Asian Colour Coated Ispat Ltd. *	Receivable	0.68	Customer		
ADANI POWER MAHARASHTRA LTD. *	Payable	31.42	Vendor		
ADITYA BIRLA INSULATORS *	Payable	62.35	Vendor		
ADITYA VIDYUT APPLIANCES LTD	Payable	0.90	Vendor		
ALSTOM T&D INDIA LIMITED (AREVA) *	Payable	66.64	Vendor		
BENNETT COLEMAN & CO. LTD.	Payable	0.36	Vendor	0.36	Vendor
D M ENTERPRISES	Payable	6.12	Vendor		
DIAMOND CARRIERS	Payable	3.67	Vendor		
EASUN REYROLLE LTD	Payable	84.45	Vendor		
HINDUSTHAN VIDYUT PRODUCTS LIMITED	Payable	10.82	Vendor	10.82	Vendor
KEDAR INFRASTRUCTURE DEVELOPERS	Payable	16.86	Vendor		
LUSTRE ENGINEERING CORPORATION	Payable	11.29	Vendor		
S. P. POWER ENTERPRISES	Payable	18.35	Vendor		
SCT LIMITED *	Payable	0.09	Vendor	0.09	Vendor
SIVANANDA ELECTRONICS	Payable	0.01	Vendor		
TIRUPATI ENGINEERS	Payable	17.62	Vendor		
UNITED INDUSTRIES	Payable	56.63	Vendor		
UNIVERSAL INDUSTRIAL CORPORATION	Payable	0.90	Vendor		
VICTRANS ENGINEERS	Payable	16.75	Vendor		
VIMAL CONSTRUCTION	Payable	0.17	Vendor		
VODAFONE CELLULAR LIMITED *	Payable	0.01	Vendor		
VODAFONE INDIA LIMITED *	Payable	0.02	Vendor		
Shree Renuka Energy Ltd.	Receivable	0.15	Customer	0.15	Customer
G R POWER SWITCH GEAR PVT. LTD.	Payable	-100.00	Vendor	-95.22	Vendor

*Includes Companies which are "Amalgamated" / "Not available for efiling" as per MCA master data

Note 54: Ratio Analysis

Particulars	Formulas	Referance	As at 31.03.2023			As at 31.03.2022			% of Variance	Reasons for variance in ratio (> 25%) as compare to previous year
			Numerator (Rs in lakhs)	Denominator (Rs in lakhs)	Ratio	Numerator (Rs in lakhs)	Denominator (Rs in lakhs)	Ratio		
(a) Current Ratio (in times)	= Current Asset / Current Liabilities	a	5,14,419.64	1,80,426.89	2.85	4,58,249.85	1,78,575.30	2.57	11.11	
(b) Debt-Equity Ratio (in times)	= (Short term Debt + Long term Debt + Other Fixed Payments)/Shareholders Equity	b	4,83,651.77	14,30,169.22	0.34	5,01,711.57	13,25,088.01	0.38	-10.68	
(c) Debt Service Coverage Ratio (in times)	= EBITDA / (Interest + Principal Repayments + Lease Liability Payments during the period)	c	3,32,396.20	1,32,303.56	251%	2,84,381.38	1,36,428.65	208%	20.53	Increase in EBITA due to increase in Revenue from Operations as per MERC Order
(d) Return on Equity Ratio (ROE) (%)	= (Net Profit after Tax - Preference Dividend , if any) / Shareholders Equity	d	1,06,461.35	14,30,169.22	7%	96,901.63	13,25,088.01	7%	1.79	
(e) Inventory turnover ratio (in number of days)	= Net Sales / Avg Inventory		4,89,563.46	32,756.71	15	4,86,379.78	23,619.75	21	-27.42	Increase in Revenue from Operations as per MERC Order
(f) Trade Receivables turnover ratio (in number of days)	= Revenue from Operations / Average Accounts Receivables		4,89,563.46	3,47,980.67	1	4,86,379.78	3,10,164.80	2	-10	
(g) Trade payables turnover ratio (in number of days)	=Total O&M Expenses / Average Trade Payables	e	1,03,810.71	24,789.14	4	1,21,037.64	27,088.92	4	-6.28	
(h) Net capital turnover ratio (in times)	= Revenue from Operations/ Working Capital (Current Assets - Current Liabilities)	f	4,89,563.46	3,33,992.75	1.47	4,86,379.78	2,79,674.55	1.74	-15.72	
(I) Net profit ratio (%)	=Net Proft / Revenue from Operations X 100		1,05,610.04	4,89,563.46	22%	94,755.42	4,86,379.78	19%	10.73	
(j) Return on Capital employed (ROCE) (%)	= (Profit before tax + interest expenses) / Capital Employeed	g	1,98,205.90	21,58,931.11	9%	1,62,423.54	20,73,473.76	8%	17.20	
(k) Return on investment.(ROI)(%)	= (Interest Income + Dividend Income) / Average of (Investment + Fixed Deposits + Loans given)	h	10,692.88	1,52,639.64	7.01%	11,134.40	1,42,050.93	7.84%	-10.63	