

MAHARASHTRA STATE ELECTRICITY TRANSMISSION COMPANY LIMITED

7th Annual Report for the period of 2011-12

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MAHARASHTRA STATE ELECTRICITY TRANSMISSION COMPANY LIMITED
7th Annual Report for the period of 2011-12

BOARD OF DIRECTORS

Shri Arvind Singh
Chairman & Managing Director

Shri Vidyadhar Kanade
Principal Secretary Energy
(Non Executive Director)

Shri Uttam G Zalte
Director (Operations)

Shri Pratap G Mohite
Director (Finance)

Shri Omprakash K Yempal
Director (Projects)

COMPANY SECRETARY

Dr. Jyoti Arora

STATUTORY AUDITORS

Shah & Taparia
Chartered Accountants
Mumbai

REGISTERED OFFICE

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

DIRECTOR'S REPORT

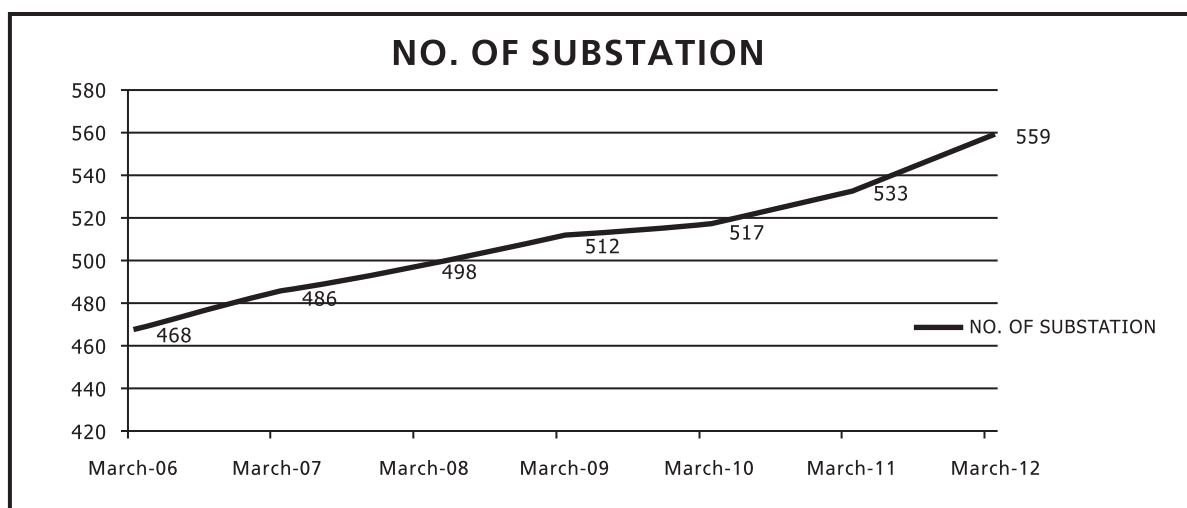
To,

The Members,

Your Directors are pleased to present the SEVENTH ANNUAL REPORT together with the Audited Accounts for the Seventh Financial Year ended on 31st March, 2012.

Journey of the Company From Company formation to March, 2012

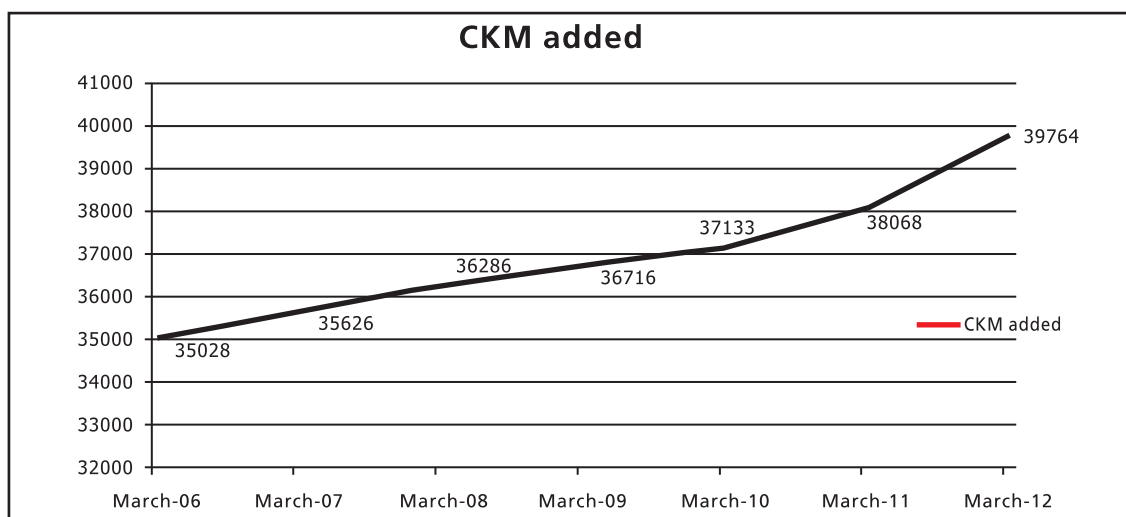
In terms of sub-station growth: We have built and own 559 Nos. of substation as on 31st March 2012 in comparison to 468 Nos. of substations in March, 2006 showing a compounded annual growth rate(CAGR) of 3.54 %. Each new substation is being added not only to cater the demand but to give reliable & quality power on 24*7 basis along with the stability of network as well as reducing the losses.



The Voltage class wise total Nos of substations existing in MSETCL Network from 2005-2006 to till 31st March 2012 is as under:

Sr.No	Voltage Class	No. S/S Available as on	
		March-2006	March-2012
1	66 kV	42	34
2	100 kV	25	36
3	110 kV	31	34
4	132 kV	217	260
5	220 kV	134	171
6	400 kV	17	22
7	500 kV HVDC	2	2
	TOTAL	468	559

In terms of Transmission Lines Growth: We own a vast network of EHV transmission lines ranging from 66kV to 400kV & 500 kV HVDC. Earlier in March 2006, we had only 35027.61 Ckm of transmission lines. Today, the transmission network had expanded to Ckm ranging from 66kV to 400 kV and 500kV HVDC lines as on 31st March 2012 with CAGR of 3.54 %.



The voltage class wise growth from 2005-2006 to till March 2012 is as under:

Sr.No	Voltage Class	Existing Network (Ckm) as on	
		March-2006	March-2012
1	66 kV	3270.00	3270.00
2	100 kV	678.00	686.00
3	110 kV	1637.00	1724.00
4	132 kV	10084.61	12072.56
5	220 kV	11478.28	13101.20
6	400 kV	6375.74	7405.90
7	500 kV HVDC	1504.00	1504.00
	TOTAL	35027.61	39763.66

This shows that we have achieved an equal growth rate in adding Nos. of substation as well as Ckm of transmission lines.

(1) Project Planning & Achievement for the year 2011-12

Voltage Class	2011-12			
	Substation		Transmission Lines (Ckm)	
500 kV HVDC	0	0	0	0
400 kV	2	1	497.05	370.2
220 kV	11	13	663.55	651.246
132kV	11	9	506.00	650.6
110 kV	0	1	0	23.975
100 kV	0	0	0	0
66 kV	0	0	0	0
TOTAL	24	24	1666.60	1696.021

- Total 24 Nos. of Substation of various voltage levels were planned for construction during the F.Y. 2011-12 and we have successfully achieved this target which shows our growth compared to previous year.
- Similarly out of 1666.6 Ckm. of transmission lines planned, we erected 1695.975 Ckm till March 2012 inspite of various Right of way issues.
- The EHV sub-stations commissioned during the year 2011-12 are:

Sr. No	Name of the Substation	MVA added	Date of Commissioning
1	110/22kV Neral (Kalmboli)	50	29.06.11
2	220kV Bambhori S/S	225	25.10.11
3	220kV Tuljapur S/Stn	300	22.11.11
4	220Kv Bhandup GIS S/S	200	03.12.11
5	220KV VSNL Dighi Yewalewadi	50	15.12.11
6	220 kV Hamidwada S/S	50	28.12.11
7	132Kv Alegaon S/S	25	31.12.11
8	220 KV Balapur S/S	250	31.12.11
9	132KV Soygaon S/S	50	31.12.11
10	132kV Niwali S/s	25	24.02.12
11	220KV South Solapur S/S (Only Bus Charged)	-	28.02.12
12	132Kv Barsinghi S/S	50	29.02.12
13	132kV Lakhandur S/S	50	14.03.12
14	220kV Paranda S/S	300	15.03.12
15	220kV Tadali S/S	50	21.03.12
16	400kV Lonikand II (Main bus charged along with end bays & tie bays)	-	26.03.12
17	220Kv Patoda S/S	100	27.03.12
18	132kV Sonpeth S/S	50	27.03.12
19	132kV Pulgaon S/S	-	29.03.12
20	220 KV Bidri S/s.	125	16.01.12
21	220kV Flagship s/Stn	50	27.02.12
22	220/132kV Bhokardhan S/S	250	03.03.12
23	132kV Andhra Lake S/S	100	16.08.11
24	132 KV Deulgaon Mahi S/S	50	14.12.11

The vital EHV transmission lines commissioned during the year 2011-12 are:

Sr. No	Name of the Line	Length (CKM)	Date of Commissioning
1	220kV LILO on Bhosari Chinchwad Line for 400kV Chakan S/S (TKC)	17.532	14.04.11
2	220 Kv LILO on Murud- Solapur line for 220 Kv Tuljapur s/s. (TKC)	12.744	25.05.11
3	220 KV D/C from Phursungi S/S to 400 KV Jejuri S/S	62	16.06.11
4	220KV Lonikand - Khadki LILO for VSNL (Yewalewadi)	4.21	23.06.11
5	220 KV Deepnagar-Bambhori Line	70	25.10.11
6	220 KV D/C on D/C tower from 400 KV Bhusaval-II to 220 KV Amalner S/S.	100.829	06.11.11
7	220KV Bambhori-Amalner Line Circuit No.-I	38.02	07.11.11
8	LILO on 220 KV Mulund - Borivali of XLPE underground cable for Bhandup GIS S/S.	1.7	30.11.11
9	220 KV Akola-Balapur DCDC Line	54	02.12.11
10	220 KV Babhleshwar-Chalisingaon line upto Kopergaon tap point.	74.289	17.12.11
11	400 KV D/C line from Bhusaval-II to A'bad. (CKT-II)	185.1	23.12.11
12	220 KV LILO on Kolhapur - Phonda for 220 KV Hamidwada S/s.	4.17	28.12.11
13	400 KV D/C line from Bhusaval-II to A'bad. (CKT-I)	185.1	06.02.12
14	2nd ckt Stringing for 220kV Osmanabad Barshi	43.94	23.02.12
15	220Kv DC ON Dc PGCIL- South Solapur Line	5.45	28.02.12
16	LILO of 220kV Chandrapur GCR - Chandrapur MIDC line for Tadali S/S	0.147	21.03.12
17	220kV Malegaon Satana Line II (Stringing only)	29.92	14.06.11
18	LILO on 220kV Kalwa Padghe Line for Temghar S/S	3.657	26.07.11
19	220 KV LILO on Pedhambe - Kharepatan line for Niwaliphata	33.056	10.08.11
20	2nd Ckt of 220kV LILO for Oni Sub.Station on Pedhambe-Kharepatan line.	1.309	19.09.11
21	220kV LILO on 220kV Mahad Nagothane i.e 220kV Mahad POSCO	7	23.11.11
22	220KV Line from Existing MIDC Chandrapur S/Stn to M/S GEPL premises (CKT -I)	12.75	16.12.11
23	220KV Butibori I to M/s VIPL premises (Ckt I)	2.518	21.12.11
24	Tap on 220kV Chinchwad Theur line for M/S Flagship S/Stn	0.43	23.02.12
25	LILO on 220kV Padghe Boisar (PGCIL) Line at Vasai S/Stn	4.96	06.03.12
26	220kV Chitegaon Shendra D/C on D/C line	56.53	26.03.12

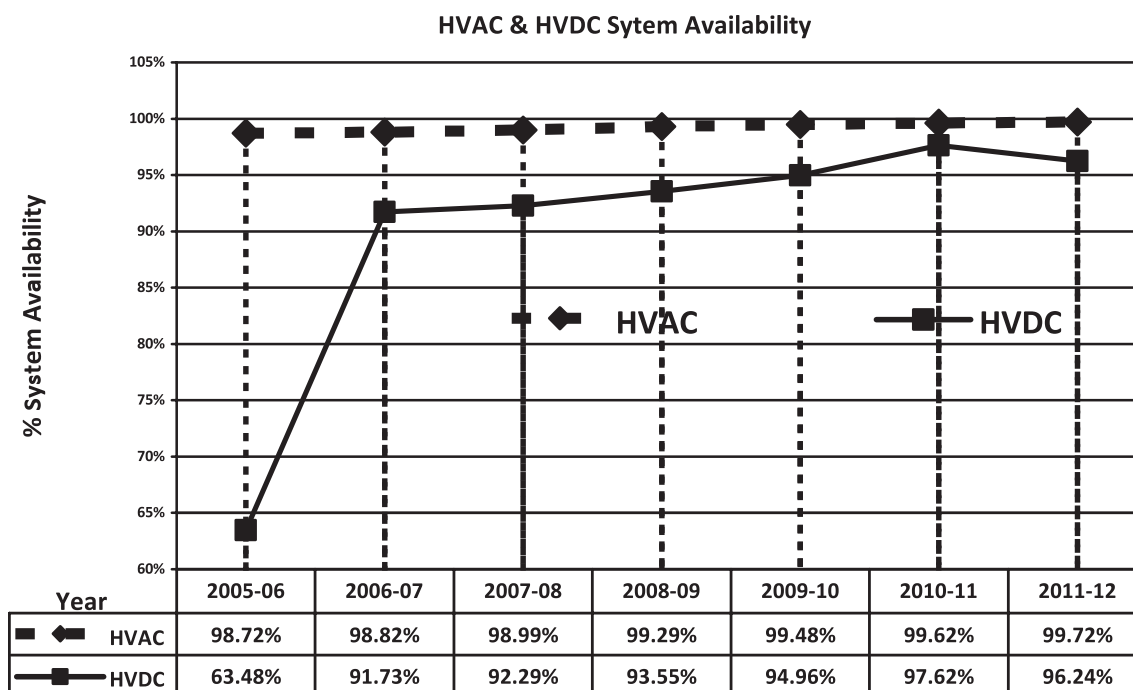
27	Shifting of 220kV Parli II line from existing Lonikand I to Lonikand II	0.94	26.03.12
28	220kV S/C Line from Volkswagen to M/S mahindra S/S	2.67	15.09.11
29	220kV S/C Kandalgaon Top Worth Tr Line for Vile Bhagad S/Stn upto M/S MSL Substation	6.55	11.02.12

Improvement in Substation Engineering & transmission Line Engineering:

- ❖ Substation automation system for EHV Class substation.
- ❖ Online condition monitoring technique for EHV equipment.
- ❖ Monopole Design for EHV line.
- ❖ Integrated new technologies in EHV class transformer 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.
- **Adaption of new technologies in transmission system.**
 - ❖ Gas Insulated substation (GIS) for 132kV to 400 kV Substations.
 - ❖ Hybrid switchgear technology for 132kV & 220kV sub-station.
 - ❖ Optical instrument Transformer in 220kV Substation.
 - ❖ Optical Fiber Ground Wire (OPGW) for communication & protection system- Pilot project on FOTE (Fibre Optic Terminal Equipment).
 - ❖ Monopole design is being developed for 220kV D/c lines.
 - ❖ Substation monitoring system (SMS) had been provided at all 400kV & Power station attached EHV substations.
 - ❖ Adoption of BCU based substation Automation system at New EHV s/stns.
 - ❖ Adoption of high ampacity conductors on existing towers for 220kV voltage for higher power transfer. (1.6-1.7 times).
 - ❖ Renovation and Modernization of State Load Dispatch Centre (SLDC) 140Nos. of SCADA –RTU made operational in this project.
 - ❖ MSETCL Smart Grid Pilot project: - Recently MSETCL have installed PMUs at 15 locations in order to monitor the system parameters and also facilitate system operation at SLDC (State Load Dispatch Centre) to take appropriate decision. In fact the real time data such as Active power, Reactive power, Voltage, Current, Phase angles, frequency, df/dt are continuously received by SLDC in order to run it in an efficient manner and take preventive measures.
 - ❖ The pilot schemes at two locations Rajur in Jalna Dist. and Chandwad in Nashik Dist. for Remote operation of substation from a major substation have been implemented in MSETCL.
 - ❖ ERP-MIS : 7 modules made operational since 01.01.2012. Transaction such as Inventory control, Monthly progress report, System Availability, Project contracts and monitoring, Plant maintenance, DMS, Finance and HR activities made operational.
 - ❖ e-tendering for awarding works contract, supply and services adopted in field, corporate office and CPA. Further planned to enhance storage capacity, online transactions and integration with ERP-MIS system.

Transmission Network and Related Data

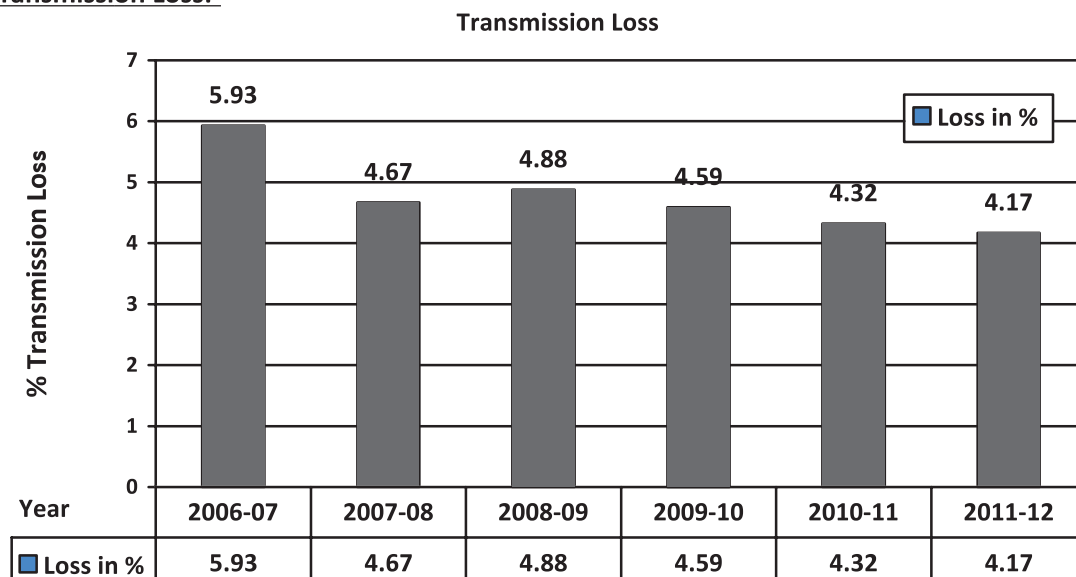
A. HVAC and HVDC System availability from 2005-2006 to 2011-2012



HVAC (High Voltage Alternate Current System) & HVDC (High Voltage Direct Current System) Availability Achievement from FY 2005-2006 to 2011-2012.

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%	96.24%

B. 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	4.59
5	2010-11	4.32
6	2011-12	4.17

The Transmission loss of 4.17% in the year 2011-2012 is reduced as compared to previous years and it is one of the best among utilities across the country.

Present Transmission Network and Related Data

(As on 31/12/2012)

Voltage level	EHV Substation	Transformation Capacity (MVA)	EHV Lines (CKT KM.)
500KV HVDC	2	3582	1504.00
400KV	22	20830	7491.00
220KV	174	40608	13450.85
132KV	267	21948	12584.58
110KV	34	2674	1724.00
100KV	36	2600	686.00
66KV	34	1144	3270.00
TOTAL	569	93386	40710.43

Present Transmission Lines System & Availability & Losses against MERC benchmark

(As on 31/12/2012)

HVAC system (MERC Benchmark 98%)								
Year	05-06	06-07	07-08	08-09	09-10	10-11	11-12	12-13 (upto Nov-12)
Avail	98.72%	98.82%	98.99%	99.29%	99.48%	99.62%	99.72%	99.68
HVDC System(MERC Benchmark 95%)								
Year	05-06	06-07	07-08	08-09	09-10	10-11	11-12	12-13 (upto Nov-12)
Avail	63.48%	91.73%	92.29%	93.55%	94.96%	97.62 %	96.55%	97.01

Average Annual Composite Loss				
Sr. No.	Year	Loss	Wheeling Units In MUs	
			Energy I/P	Energy O/P
1	Annual' 06-07	5.94%	89032	83748
2	Annual' 07-08	4.67%	93557	89189
3	Annual' 08-09	4.88%	95477	90815
4	Annual' 09-10	4.59%	101868.7	97195.72
5	Annual' 10-11	4.32%	107812.4	103157.9
6	Annual' 11-12	4.17%	117536.3	112633.4
7	Annual' 12-13 (up to Aug-12)	3.98%	50657.87	48641.22

11th FIVE YEAR PLAN

Five Year Investment Plan for Transmission Infrastructure (2007-08 to 2011-12)							
S.N.	Particulars	2007-08	2008-09	2009-10	2010-11	2011-12	Total
1	New Substations (Nos.)	12	14	5	16	24	71
2	A. MVA Addition due to New Substations	587	1125	465	1720	2400	6297
	B. MVA Addition due to Additional Transformers	1785	2200	3460	2850	4825	15120
	C. MVA Addition due to Replacement of Transformers	1445	1263	3748	4257	1600.5	12313.5
	Total MVA Addition (a+b+c)	3817	4588	7673	8827	8825.5	33730.5
3	EHV Lines (Ckm)	660	430	417	935	1696	4138
4	Capital Expenditure (Rs in Crore)	1114	1241	2363	2939	2664	100321

12th FIVE YEAR PLAN

Five Year Plan for Transmission Infrastructure (2012-13 to 2016-17)							
Sr. No.	Particulars	2012-13	2013-14	2014-15	2015-16	2016-17	Total
1	New Substations (Nos.)	24	27	32	34	16	133
2	A. MVA Addition due to New Substations	7800	6350	8900	7780	12580	43410
	B. MVA Addition due to Additional Transformers	5390	2190	525	200	475	8780
	C. MVA Addition due to Replacement of Transformers	2612.5	2050	598	235	500	5995.5
	Total MVA Addition (a+b+c)	15802.5	10590	10023	8215	13555	58185.5
3	EHV Lines (Ckm)	2143	3200	4571	4315	6611	20840
4	Capital Expenditure (Rs in Crores)	4896	4672	4685	3532	3885	21669

Proposed Capital Expenditure (Rs. in Crs) :- 2012-13 to 2015-16

Particulars	2012-13	2013-14	2014-15	2015-16
Evacuation Schemes	470	683	843	742
Transformer Addition Schemes	265	92	44	0
Transformer Replacement Schemes	162	23	2	0
Substation Schemes	3220	3134	3293	1679
Link Lines	567	423	245	869
Life Extension Schemes	26	200	200	200
Ancillary Schemes	186	117	57	42
TOTAL	4896	4672	4685	3532

Details of Ongoing Projects :

- ERP-MIS : 7 modules made operational since 01.01.2012. Transactions such as Inventory control, Monthly progress report, System Availability, Project contracts & monitoring, Plant maintenance, DMS, Finance and HR activities made operational.
- e-tendering for awarding works contract, supply and services adopted in field, corporate office and CPA. Further planned to enhance storage capacity, online transactions and integration with ERP-MIS system.
- Renovation and Modernization of State Load Dispatch Centre (SLDC) at Kalwa and Ambazari, - Work at Ambazari is completed. At SLDC Kalwa, new state of art control room is near completion. 140 Nos. of SCADA -RTU made operational in this project.
- Mumbai transmission network strengthening- To enable capacity addition of about 900MW, by conversion of 220KV Kharghar- Kalwa- Borivali- Boiser Double circuit with Multi circuit 525-AAAC twin

conductor on narrow base towers & additional two circuits of 525 AAAC conductor on above Multi circuit towers. Forest clearance for IInd stage is approved recently.

- 400KV GIS at Hinjewadi and 765kV s/stn. at Aurangabad.
- MSETCL Smart Grid pilot project at 15 locations - To enhance Operation, Monitoring capability and observability of Grid.
- JICA phase-II : LE schemes for replacement of CB, CT, PT, LA, Isolators etc. at 95 EHV s/stn. in 15 Districts of Western Maharashtra.

(2) State Grid Operation

State Load Dispatch Centre

The State Load Dispatch Centre is the nerve centre for Real Time Operation by monitoring & controlling of Power System including major Grid operational activities such as Pre-Dispatch Activity, Generation Scheduling and DISCOMS Demand Scheduling. In addition to this, real time operations in respect of controlling frequency & voltage i.e. line flows and Generator Regulation to ensure healthiness of the State Grid and ensure economical power to the State of Maharashtra. SLDC is carrying out state energy accounting, intra-state utility balancing and settlement under intra-state ABT mechanism, settlement of inter-state unscheduled Interchange (UI) bills 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.

Highlights for the FY 2011-12 are as under :

1. Max. demand Catered was 16923 MW in the month of April 2011.
2. Average frequency remained 49.81 Hz during the year (Max. frequency noted in May 2011 at 50.95 Hz and min. frequency was noted in Oct. 2011 at 48.57 Hz.)
3. Total of 1,21,390 MUs Energy Demand was catered.
 - All figures are operational and based on SCADA data.

Major Achievements

1. Web based scheduling with Merit Order dispatch principle implemented w.e.f. 01.08.2011
2. State Energy Accounting and UI Pool Account as per Final Balancing and Settlement Mechanism on 15 min. time block basis implemented w.e.f. 01.08.2011.
3. Construction of New SLDC Building, Control Room floor works completed along with installation on Video Projection System (BARCO) and Control Room shifted to New Building in September, 2012.
4. Renovation and Modernization of ALDC Ambazari building completed.
5. New SCADA system with RTUs at 140 EHV sub-stations all over Maharashtra is commissioned in September, 2012.
6. Pilot project of Phasor Measurement Units at 15 locations implemented.

Generation Capacity Addition during FY 2011-12 in MW

Particulars	Unit No.	Addition (MW)	Remarks
State Sector			
MAHAGENCO	Bhusawal, Unit No. 4 & 5.	1000	Each unit of 500 MW.
	Khaperkheda, Unit No. 5.	500	1 No. Unit of 500 MW.
IPPs'			
M/s. Urjankur Shree Datta Power Company Ltd.	Shiroli, Dist. Kolhapur. Unit No. 1	36	1 No. Unit of 36 MW.
M/s. ISMT Ltd.	Kurla, Dist. Chandrapur, Unit No. 1	40	1 No. Unit of 40 MW.
M/s. Gupta Energy . Pvt. Ltd	Ghuggus, Dist. Chandrapur, Unit No. 1.	60	Each unit of 60 MW. Out of 2 Units 1 No. synchronized in FY 2011-12
M/s. JSW Energy Ltd.	Jaigad, Dist. Ratnagiri. Unit No. 3 & 4.	600	Each Unit of 300 MW. Out of 4 Units, 2 Nos. has been synchronized in FY 10-11 and 2 units in FY 11-12.
M/s. Wardha Power Company Ltd.	Warora, Dist. Chandrapur. Unit No. 4.	135	Each Unit of 135 MW. Out of 4 units, 3 Nos. has been synchronized in FY 10-11 & 1 No. in FY 11-12.
	Total :	2371	

Short Term Open Access Granted during the FY 2011-12

According to Open Access Regulation for Intra State, SLDC is the 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:

Intra State STOA				
Financial Year	Firm Power	Day Ahead/ Same Day Power	Total No. Applications	Total Quantum (MUs)
2010-2011	448	629	1077	8065
2011-2012	423	954	1377	8638

Inter State STOA				
Financial Year	IEX	PXIL	Total No. Applications	Total Quantum (MUs)
2010-2011	1766	232	1998	5303.1
2011-2012	1707	148	1855	6098.7

(3) Joint Venture

1. MSETCL AND JSW : JAIGAD POWER LIMITED

Jaigad Power Limited is a Joint Venture between MSETCL and JSW. The Company was formed to take up development of Transmission system as integral part of intra state Transmission system for evacuation of power from 1200 MW Jaigad Thermal Power Project of JSW Energy Limited (JSWERL) as well as evacuation of power generated from other proposed power projects in Ratnagiri region.

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

The 400kV Double Circuit Quad Jaigad - New Koyana Transmission Line which had already achieved commercial operation on 7th July 2010, was effectively utilized for sourcing of power from the grid for start up and commissioning activities for different units of Jaigad power project and subsequent evacuation of power generated at 1200 MW Jaigad Power plant.

The first circuit of 400 KV Quad Conductor Jaigad - Karad Transmission Line was successfully charged and loaded on 28th September 2011 and on successfully charging of second circuit, the 400kV Double Circuit Quad Jaigad - Karad Transmission Line achieved commercial operation on 2nd December 2011. The Transmission system is presently evacuating power from 1200 MW Jaigad Power plant as well as transmitting power of state utility between New Koyana & Karad.

Consequent to completion of Balance project related activities, Project Management Consultants - Powerlinks Transmission Ltd and EPC Contractor L&T have demobilized their manpower from the project site.

The Transmission System availability for the Financial Year 2011-12 is 98.11% against the normative availability of 98%.

2. MSETCL AND STERLITE TECHNOLOGIES LIMITED : MAHARASHTRA TRANSMISSION COMMUNICATION INFRASTRUCTURE LIMITED

Your company entered into the Joint Venture with Sterlite Technologies Ltd. on 4th May, 2012. The Joint Venture company namely MTCIL (Maharashtra Transmission Communication Infrastructure Limited) was incorporated on 9th August, 2012. The Company has been formed with the express objective of establishing an OPGW based communication network, which will utilize the same commercially as a telecom infrastructure provider company.

To achieve its objective MTCIL shall collaborate actively with MSETCL (Maharashtra State Electricity Transmission Company Limited) to develop an OPGW route over the latter's EHV transmission infrastructure (including switching stations/substations) of length more than 2801 Kms across the state of Maharashtra reaching 9 major cities and a large catchment of the semi-urban and rural areas. The idea of this venture is to promote highest level of convergence between power and telecommunication fields by developing an extensive OPGW infrastructure which will pave the way for pervasive telecom facilities for the state by providing the ultra high capacity telecom backbone over the OPGW route.

The OPGW infrastructure shall eventually be developed into a National Long Distance Network (NLD) and access network for Service providers of National Long Distance/access network Services and thereby expected to facilitate expansion of telecom sector in various zones of the country.

(4) Finance & Accounts

The summarized financial results of the Company for 2011-12 are as follows:

[₹ In crores]		
Particulars	2011-12	2010-11
Total Income	2,621	2,201
Total Expenditure	1,862	1,658
Profit before tax and Prior Period Adjustments	759	543
Less: Net Prior Period Expenses / (Income)	(124)	23
Profit Before Tax	883	520
Provision for Tax	313	191
Net Profit/(Loss) After Tax available for appropriation	570	329

Profit before Tax for the year 2011-12 increased at ₹ 883 crore as against ₹ 520 crore during the previous FY 2010-11. Profit after Tax for FY 2011-12 increased at ₹ 570 crore as against ₹ 329 crore during the previous FY 2010-11.

Revenue

The Major element of Revenue for the Company is Transmission Charges which is collected from State Transmission Utility (STU).

Dividend

Considering the requirement of funds for system improvement and various infrastructural projects, Directors did not recommended any dividend for the year.

Secured & Unsecured loans

The Government of Maharashtra (GoM) has apportioned total loans of erstwhile MSEB to the successor transferee companies. In absence of final order notified by Government for apportionment of Secured loans/Unsecured loans, these loans have been considered as Secured/Unsecured allocated loans from MSEB Holding Co Ltd, MSEDCL, MSPGCL.

During the year under report, Company has availed Secured/Unsecured loans from BOM, REC, PFC, LIC, JICA etc. directly for its funding requirements. The same is shown under Secured/Unsecured loans as per security given.

Internal Control

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.

Subsidiary 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.

Cost Auditors

The Government of India, Ministry of Corporate Affairs, Cost Audit Branch, New Delhi, in exercise of powers conferred u/s 233B(1) issued Cost Audit Order to audit Cost Accounting Records and Books of Accounts

maintained by the company in respect of Electricity Industry. Accordingly, the Board of Directors appointed M/s. Rohit J Vora, Cost Accountants as the cost auditor for the FY-2011-2012 which have been approved by the Central Government. For the FY-2012-2013, M/s. Rohit J Vora was appointed as Cost Auditors by the Board of Directors which has been approved by the Central Government.

Statutory Auditors

The Comptroller and Auditor General of India, New Delhi vide its letter no. CA. V/COY/MAHARASHTRA, MSETCL (1)/365 dated 29th August, 2011 appointed, M/s. Shah & Taparia, Chartered Accountants as Statutory Auditors of the Company to audit Annual Accounts of the company for the year ended 31st March, 2012.

Explanation to the remarks of Statutory Auditors

Pursuant to Section 217 (3) of the Companies Act, 1956 explanations to the remarks of the Statutory Auditors is enclosed as Annexure 'A'

Audit Committee

There was no Audit Committee meeting during the year ended 31st March, 2012. Since the company's paid up capital is below Rs. 5 crore which is mandatory requirement under section 292(2A) of the Companies Act, 1956 for the formation of Audit Committee and secondly the number of members also reduced the statutory minimum, therefore the Audit Committee was dissolved in the Board meeting dated 17th August, 2012.

Directors

- **Composition**

The Board presently comprises of 5 directors

- **Changes in the Board of Directors**

There were no changes in the Board of Directors during the year.

- **Board Meetings**

Board met 10 times during the year ended 31st March, 2012.

(5) Regulatory Cell and Human Resource Development

Regulatory & Commerce

1. Regulatory related activity for the year 2011-12

- Approval of Maharashtra State Electricity Transmission Company Ltd.'s (MSETCL) Petition for Truing-up of FY 2009-10 and Approval of Annual Performance Review (APR) for FY 2010-11 under the provisions of MERC (Terms and Conditions of Tariff) Regulations, 2005 (dated 29/12/2011).
- MERC (Multi Year Tariff) Regulations, 2011 Notified vide No.MERC/TRF/MYT-Regulations/2011/2156 Dated: 04/02/2011 is applicable to Maharashtra State Electricity Transmission Company Limited from 1st April, 2011.
- Approval of Maharashtra State Electricity Transmission Company Ltd.'s (MSETCL) Petition for Truing-up of FY 2010-11 and Approval of Aggregate Revenue Requirement (ARR) for FY 2011-12.
- Business Plan of MSETCL for the control period 2011-12 to 2015- 16 as per MERC (Multi Year Tariff) Regulations, 2011 submitted to Maharashtra Electricity Regulatory Commission for approval, the final Public Hearing has been over & the final order is waited.

2. Commerce related activity for the F.Y. 2011-12

- Bulk Power Transmission Agreement (BPTA) executed with Administrator of Goa, Diu Daman & Dadra Nagar Haveli (DNH) for wheeling the power allotted by Ministry of Power (MoP) 20 MW,

40 MW & 40 MW respectively to Goa, DD & DNH from Ratnagiri Gas & Power Private Limited, Dist. Ratnagiri Maharashtra.

- Bulk Power Transmission Agreement (BPTA) executed with M/s. Wardha Power Company Limited (WPCL) in the month of Feb2012 for supplying 135.15 MW power to its captive consumer located in Maharashtra.
- Bulk Power Transmission Agreement (BPTA) executed with M/s. Gupta Energy Private Limited (GEPL) in the month of March2012 for 110 MW power to its Generating plant located in Dist: Chandrapur, Maharashtra.
- Applications for Long Term Open Access are being processed in time. There are 14 Nos. of Long Term Open Access Consumers (including DISCOM) having a quantum of 15933 MW out of which 11 Nos. of capacity 11923 MW have been already connected with MSETCL's Grid.
- Connectivity is given to 28 Nos. of Captive Power Plants of capacity 1252 MW out of which 11 Nos. of Captive Power Projects of capacity 409 MW have been commissioned.
- Capacity added in Captive Wheeling for Wind Farm is 13.85 MW.
- Grid Connectivity has been granted for 143 Nos. of Wind Power Projects of capacity 12626 MW out of which 48 Nos. of Wind Power Projects of capacity 2700 MW have been already commissioned. In FY 2011-12, Wind Power Projects of capacity 408.05 MW have been commissioned.
- Approval has been granted for 128 Nos. of Biomass/Bagasse Generation Plants of capacity 2071 MW, out of which 35 Nos. of Biomass/Bagasse Generation Plants of capacity 481 MW has been already commissioned.
- Total installed capacity of Grid Connected Solar Power Projects is 26.5 MW till Dec.2012.

Human Resource Development

1. Knowledge Management & Capacity Building through Training

Focus has been on Knowledge Management to develop individuals and groups by

- Imparting various-in house and external training programs.
- Post training presentation by the employees who had undergone the training.
- Regular interface with Vendors, Suppliers and Manufacturers.
- Developing in house departmental faculties.
- Emphasis on various knowledge sharing programs on technical, behavioral, management and communication skills.
- 98190 number of mandays were utilized for training activities which is around 40% to the total working mandays. The mandays utilized for training is as per the national training policy of providing one week training to every employee.
- Out of total mandays utilized for training 96010 mandays were used for technical training and 2180 mandays were utilized for behavioral training.

Training imparted during the year:

MSETCL Strength	Total Trained up to 31 st March, 2012
12683	3939

2. Achievements

- Company achieved the ERP (SAP) go-live target during the year and the system stands fully integrated.
- The Company introduced Reward Scheme for best substations and field offices during the year.
- Our company achieved 7th Recruiting & Staffing Best in Class Awards 2011 - Most Innovative RECRUITING AND STAFFING PROGRAM / INITIATIVE by IIPM
- The Central Power Research Institution awarded Valued Customer Award in Training for the year 2011.
- Women's Group of MSETCL received Green World 2011 Award - for their contribution to power sector.
- Company achieved prestigious Special Commendation National Award for Innovative Training Practices for the year 2011 from the apex Government autonomous apex agency, the Indian Society for Training and Development (ISTD), New Delhi.

3. Safety Awareness Programmes and Safety measures adopted

Various safety awareness programmes were organized on the safety measures adopted by the Company:

- Nitrogen Injection type Fire Protection Systems for Power Transformers, ICTs & Shunt Reactors.
- Water Mist type Fire Fighting System for oil fire (35 & 50 Ltr. capacity).
- Conventional Dry Powder type Fire Extinguishers for indoor & outdoor use i.e. control room etc.

(6) Future Outlook & Challenges

1. The Abstract of major Substations & EHV lines planned is as under :

Voltage Class	2012-13			
	Substation		Tr. Lines (CkM)	
	TKC	EPC	TKC	EPC
400 kV	4	0	167.28	0
220 kV	2	9	389.7	331.5
132 kV	4	6	263	437.4
110 kV	0	0	0	0
100 kV	0	0	0	0
66 kV	0	0	0	0
Total	10	15	819.98	768.9

- The Company has planned to construct 25 Nos. of substation for the F.Y. 2012-13.
- Similarly 1588.88 CkM of transmission lines are planned during the said period.
- Under TKC, 10 Nos of substation are planned to be commissioned in the current year while under EPC the No. is 15.
- As Land acquisition for the construction of substation is the most tedious work as well as the major bottleneck for the many transmission utilities, we have already acquired land for 114 Nos. of substation.

- MSETCL as a State Transmission Utility has planned to lay transmission network for evacuation of Parli TPS extension, 400kV Koradi II, 400 kV Chandrapur II, 400 kV Nashik & 400kV Malegaon.

Opportunities and Challenges

- Transmission planning at higher voltage level i.e. 765 KV for bulk power transmission.
- Optical instrument transformer and digital substation.
- Right of way, can be addressed by :
 - Multi-Circuit Towers
 - Upgradation of existing lines: Re-conductoring with higher capacity conductors
 - Lay underground cables
 - Monopole structure design.
- To compensate the reactive power requirement of system.
- Planning of network considering seasonal variation in load pattern, nature of loads and agricultural loads.

2. Condition Monitoring

Asset management by way of condition monitoring is very effective way of maintenance. It is popularly also known as RLA Residual Life Assessment. The ultimate goal for adopting such practice is to improve the availability of grid effectively & efficiently with cost consideration. Condition Monitoring helps to maintain grid and improves quality by:

1. Reduction of Maintenance Cost.
2. Increase Equipment Life Cycle.
3. Reduction in Inventory cost.
4. Improvement in personal safety.
5. Improved schedule of Maintenance.
6. Product Quality Testing.

MSETCL has adopted various condition based monitoring techniques for their asset management.

Live line maintenance & on line Condition Monitoring Techniques

MSETCL has adopted live line maintenance & on line Condition Monitoring to reduce the down time of maintenance

- Live Line Maintenance techniques: Bare hand techniques are one of the conventional methods for Live Line Maintenance. But a bare hand technique (Direct Contact with Live Line) facilitates the utility for On Line Maintenance with equal quality of off line methods.
- Hot Line Washing: Its live line washing techniques facilitates the utility for On Line cleaning of Insulators.

(7) Statutory Compliances & Disclosures

a) Particulars of Employees

None of the employee of the Company was in receipt of remuneration in excess of the limits specified in Section 217(2A) of the Companies Act, 1956.

b). Conservation of Energy and Technology Absorption

As per the requirements of the disclosures under section 217(1)(e) of the Companies Act, 1956 read with Rule 2 of the Companies (Disclosures of Particulars in the Report of Board of Directors) Rules, 1988 information relating to conservation of energy, technology absorption is as given below :

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 & 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 & close monitoring thereof for reactive loss compensation.
- Energy audit for EHV substations.

c). Foreign Exchange Earnings & Outgo

There has been no Foreign Exchange earnings during the year 2011-12 and expenditure for foreign exchange outgo during the year was Rs 415,488/-

d). Safety, Pollution and Environment Control

MSETCL is taking adequate safety measures at all substations and divisions and transmission circles. During the last 4 years the record of accident is as under:

Year	Non- Fatal		Fatal	
	Outsider	Own Employee	Outsider	Own Employee
2008-09	4	10	4	3
2009-10	9	12	11	0
2010-11	4	12	3	0
2011-12	12	1	4	3

Directors' Responsibility Statement:

As required under Section 217(2AA) of the Companies Act, 1956, the Directors, state that :

1. In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
2. Accounting policies had been selected and consistently applied and made judgments and estimates that are reasonable and prudent so as to give true and fair view of the state of affairs of the company at the end of the financial year and the profit or loss account for that period;
3. 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;
4. The annual accounts had been prepared on a 'going concern' basis.

ACKNOWLEDGEMENT

Your directors sincerely thank for the guidance and cooperation extended all through by the Ministry of Power, Government of Maharashtra, Maharashtra Electricity Regulatory Commission, concerned Revenue, Forest, Police and Tax authorities, etc. both at State and Central level for their active support. The management also extend 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 thank 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

Arvind Singh
Chairman

Date : 29.12.12

Place : Mumbai

ANNEXURE 'A'

MAHARASHTRA STATE ELECTRICITY TRANSMISSION COMPANY LIMITED
REPLIES TO STATUTORY AUDITORS REPORT FOR THE YEAR 2011-2012

Sr. No.	STATUTORY AUDITOR'S REPORT	MSETCL'S REPLY
1.	We have audited the attached Balance Sheet of Maharashtra State Electricity Transmission Company Limited , (hereinafter referred to as MSETCL) as at 31 st March 2012, the Statement of Profit and Loss and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.	Factual
2.	We conducted our audit in accordance with Auditing Standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.	Factual
3.	As required by the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's Report) (amendment) Order 2004, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in Annexure I, a statement on the matters specified in paragraphs 4 and 5 of the said Order to the extent applicable to the company.	The replies to the relevant paras are separately given.
4.	We have to invite your specific attention to the following: a) As per Maharashtra Electricity Reforms Transfer Scheme, 2005 (hereinafter referred to as the 'Transfer' scheme) of the Government of Maharashtra notified on 4 th June 2005, the Undertakings forming part of the Transmission Undertakings of the erstwhile Maharashtra State Electricity Board as set out in Schedule 'A' of the said notification were transferred and vested with effect from 6 th June 2005 in MSETCL.	Factual

	On account of such transfer, equity shares of the value of ₹ 26,95,99,20,455 (being the excess of assets over liabilities) were to be allotted to MSEB Holding Company Limited (hereinafter referred to as the Holding Company). Pending such allotment, this amount is shown as "Share Application Money Pending Allotment".	
	b) The amounts of assets and liabilities transferred to the company pursuant to the aforesaid Transfer scheme with effect from 6 th June 2005 are subject to final approval of the Government of Maharashtra and are yet to be notified by the Government of Maharashtra. Changes in these amounts, if any, made at the time of notification may have an impact on these financial statements.	In this respect it is submitted that Secretary Energy vide his letter No. Reform 2006/CR511/ NRG-3 dated 2.6.2006 addressed to the M.D.MSEB Holding Co. Ltd. conveyed that the Provisional Transfer Scheme as notified by Government Notification dated 4.6.2005 shall continue to be provisional beyond 5 th June 2006 till final order on these issues are notified by the Government.
	c) In earlier years, the Company charged purchase of stores and spares to Profit and Loss account by assuming that the same have been consumed during the year of Purchases. The Said Practice had been followed regularly and consistently in earlier years. However, during the year the Company has implemented SAP as ERP Platform and has physically verified inventories of stores and spares at the year end. Due to this exercise, the company has found that certain stores and spare parts amounting to ₹152.48 crores which had been charged to Repairs & Maintenance were not actually consumed in those earlier years. Accordingly the company has accounted for same in the books of accounts as stock of stores & spares amounting to ₹ 152.48 Crore by credited to the Prior Period Income due to which balance of profit & Loss Account & stock of Stores & Spares are higher by ₹152.48 crore.	Factual
	d) As per the accounting policy 2 c ii) Cost of acquisition of fixed assets is inclusive of freight, duties and taxes (other than those subsequently recoverable from taxing authorities) levies, borrowing costs in case of qualifying assets & all incidental costs attributable to bring the assets to its working condition. However, certain incidental costs attributable to bring the assets to its working condition have been charged to Statement of Profit and Loss which is not in conformity with the Significant Accounting Policy and Accounting	Factual

	Standard. The Said Expenses could not be quantified due to its vary nature and therefore, the profit is understated for the year under reference .	
5.	Balances of Secured Loans, Unsecured Loans, Sundry Debtors, Sundry Creditors, Loans and Advances and various other debit / credit balances including of the holding company and other subsidiary companies of the Holding Company are subject to confirmations and adjustments necessary upon reconciliation. The effect of the adjustment arising from reconciliation and settlement of old dues and possible loss that may arise on account of non recovery or partial recovery of such dues is not ascertained. The impact of the above on the amounts as disclosed in the Balance Sheet and on the profit for the year is also not quantified.	Balances of Secured Loans, Unsecured Loans and Advances and various other debit/credit balances have been sent to concerned Financial Institutes, Banks and Companies i.e. REC, PFC, LIC, BOM, JICA and MSEB Holding Co. Ltd. MSEDCL, MSPGCL out of which the Confirmation of balances from REC, PFC, LIC, BOM and JICA have been received. As regards confirmation of balances of the Sundry Debtors it is stated that majority of it pertains to transmission charges of ₹230.05 crores which is collected from State Transmission Utility (STU) in April 2012.
6.	Our comments as per sub-directions u/s 619(3) (a) shall be forwarded separately after the same are issued to us by the Office of the Accountant General (Commercial Audit) .	
7.	Further to our observations referred to in paragraph 4 and 5 above, we report that:	
	a) Subject to our observations in paragraph 4(b) and 5 above, we have obtained all information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;	Factual
	b) In our opinion, proper books of accounts, as required by law have been kept by the Company in so far as it appears from our examination of such books;	Factual
	c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of accounts;	Factual
	d) In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred in sub-section 3C of Section 211 of the Companies Act, 1956.	Factual
	e) Pursuant to the notification number GSR 829(E) dated 21-10-2003 issued by the Government of India; the provisions of sec 274 (1) (g) of the Companies Act, 1956 are not applicable to the company.	Factual

	<p>f) Subject to our remarks in paragraphs 4(b),(c),(d), 5 and 6 above, the total impact of which on financial statements has not been quantified by the company, in our opinion and to best of our information and according to the explanations given to us, the said Accounts read together with Statement of Accounting Policies and Notes to Account both forming part of the Account, gives the information required by the Companies Act, 1956 in the manner so required and gives a true and fair view :</p> <p>(i) In the case of Balance Sheet, of the state of affairs of the company as at 31st March, 2012;</p> <p>(ii) In the case of Statement of Profit and Loss, of the Profit for the year ended on that date and</p> <p>(iii) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.</p>	<p>Factual</p>
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**ANNEXURE I TO THE AUDITORS REPORT REFERRED TO IN PARAGRAPH 3 OF OUR REPORT
OF EVEN DATE OF MAHARASHTRA STATE ELECTRICITY TRANSMISSION COMPANY LIMITED
FOR THE YEAR ENDED ON 31ST MARCH 2012.**

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

3(a)	According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to Companies, Firms and Other Parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, 4(iii) (b), (c) and (d) of the Order are not applicable.	Factual
3(b)	According to the information and explanation given to us, the Company has not taken any loans, secured or unsecured, from companies, Firms and Other Parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, 4(iii) (f) and (g) of the Order are not applicable.	Factual
4	In our opinion and according to the information and explanations given to us, internal control procedures needs to be strengthened in respect of accounting of purchase of fixed assets and materials, Sale of Scrap, Interest free advances to O&M Vendors, Liquidated Damages and Investment in Fixed Deposits (Refer note no.33) . Further, on the basis of our examination, and according to the information and explanations given to us, we have neither come across nor have we been informed of any instance of major weaknesses in the aforesaid internal control system and there is no continuing failure for the same.	MSETCL has already initiated ERP/SAP and this will be taken care of by the said system.
5	According to the information and explanations given to us, there are no contracts or arrangements with companies or other parties which need to be entered in the register maintained under section 301 of the Companies Act, 1956. Hence, clause 4(v) (a) and 4(v) (b) are not applicable for the year.	Factual
6	According to the information and explanations given to us, the company has not accepted deposits from the public within the meaning of the provisions of section 58 A of the Companies Act, 1956 and rules framed there under.	Factual
7	During the year, the company has appointed external firms of Chartered Accountants to carry out the internal audit function. However, except a few audit reports, internal audit has not been carried out and the reports have not been made available for our verification. In our opinion and on the basis of the various internal audit reports perused by us, the coverage and extent of the procedures carried out by the internal auditors need to be improved to make them more timely and commensurate with the size of the company and the nature of its business.	The Coverage and extent of the procedures carried out by the Internal Auditors are suitably modified and work order is issued accordingly.
8	We have broadly reviewed the books of account and records maintained by the company pursuant to the Rules	Factual

	made by the Central Government for the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 and are of opinion that prima facie the prescribed accounts and records have been made and maintained. We have however not made detailed examination of the records with view to determining whether they are accurate or complete.					
9(a)	The company has generally been regular in depositing undisputed dues including Provident Fund, Investor Education and Protection Fund, Income-tax, Sales Tax, Wealth Tax, Service Tax, Custom duty, Excise Duty, Cess and other material statutory dues applicable to it with the appropriate authorities. We are informed that the provision of Employees State Insurance Act is not applicable to the company.					Factual
9(b)	The disputed Statutory dues aggregating ₹ 319.62 crores, that have not been deposited on account of disputed matters pending before appropriate authorities are as under:					
Sr. No.	Name of the Statute	Nature of dues	Amount (₹ in Crores)	Period to which the amount relates	Forum where dispute is pending	
1.	Employees State Insurance Act, 1948	Employees State Insurance	0.22	Various Yrs. from F.Y.(68-96)	Employee State Insurance Court, Pune.	The Matter is pertaining to Pune Urban Zone of erstwhile MSEB regarding applicability of ESIC scheme. The amount is pertaining to RS O&M Division Pune transferred to Pune Urban Zone MSEB. The ESIC authority appealed in 2006 in Mumbai High Court against the ESIC Court Pune order which was in favour of MSEB. At present the matter is pending at Mumbai High Court.
2.	Income Tax Act, 1961	Income Tax	226.49	A.Y. (07-08)	Rectification Appeal u/s 154 before Dy. CIT	CIT set aside the Order Passed by AO Dt. 29.12.2009 on 27.12.2012. The hearing date is yet to be fixed.
3.	Income Tax Act, 1961	Income Tax	70.89	A.Y. (08-09)	Rectification Appeal u/s 154 before Dy.CIT	Rectification Order dt 14.03.2011 filed in the office of the ACIT-10(1). However, the same has not been acted upon.
4.	Income Tax Act, 1961	Income Tax	22.02	A.Y. (09-10)	Appeal Filed with CIT(A)	Rectification letter dt 01.02.2012 filed in the office of the ACIT-10(1) against order u/s 143(3). However, the same has not been acted upon.
	Total		319.62			

10.	The Company does not have accumulated losses as at 31 st March, 2012 and has not incurred cash losses during the financial year ended on that date or in the immediately preceeding financial year.	Factual
11	In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to the banks, financial institutions and debentures holders during the year.	Factual
12	According to the information and explanation given to us, the company has not granted any loans or advances against pledge of shares, debentures or other securities.	Factual
13	The company is not a Chit fund company or Nidhi / Mutual Benefit Fund / Society; hence clause 4(xiii) of the order is not applicable.	Factual
14	In our opinion and according to the information & explanation given to us , the company is not dealer or trader in securities.	Factual
15	According to the information and explanation given to us, the company has not given any guarantee for loans taken by others from bank or financial institutions.	Factual
16	In our opinion and according to the information and explanations given to us, and on overall examination of the Balance sheet of the company, the term loans raised during the year have prima facie been applied for the purpose for which they were raised.	Factual
17	According to the information and explanation given to us and overall examination of the Balance Sheet of the company, in our opinion there are no funds raised on short-term basis which have been used for long term investments.	Factual
18	The company has not made any preferential allotment of shares during the year ended on 31 st March, 2012.	Factual
19	Since the company has not issued any debentures, the question of creation of securities for debenture does not arise.	Factual
20	The company has not raised any money by making an issue of Shares during the year covered by our report.	Factual

21	During the course of our examination of the books and records of the company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have not come across any instance or fraud on or by the company noticed or reported during the year, nor have been informed of such case by the management.	Factual
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For and on behalf of
Shah & Taparia
Chartered Accountants
(Registration No.109463W)

For Maharashtra State Electricity Transmission Co., Ltd.,

Rameshchandra S Joshi
Partner
M.No: 33594

Arvind Singh
Chairman

Place : Mumbai
Date : 29th December 2012

COMMENTS OF COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON ACCOUNTS OF MAHARASHTRA STATE ELECTRICITY TRANSMISSION COMPANY LIMITED, MUMBAI FOR THE YEAR ENDED 31st MARCH 2012.

The preparation of financial statements of '**Maharashtra State Electricity Transmission Company Limited, Mumbai** for the year ended **31st March 2012** in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the Management of the Company. The Statutory Auditors appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956 are responsible for expressing opinion on these financial statements under Section 227 of the Companies Act, 1956 based on independent audit in accordance with the Auditing and Assurance Standards prescribed by their professional body - the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated **20th September 2012**.

I, on behalf of the Comptroller and Auditor General of India have conducted a supplementary audit under Section 619(3)(b) of the Companies Act, 1956 of the financial statements of '**Maharashtra State Electricity Transmission Company Limited, Mumbai** for the year ended **31st March 2012**. This supplementary audit has been carried out independently without access to the working papers of the Statutory Auditors and is limited primarily to inquiries of the Statutory Auditors and Company personnel and a selective examination of some of the accounting records. Based on my supplementary audit, I would like to highlight the following significant matters under Section 619(4) of the Companies Act, 1956 which have come to my attention and which in my view are necessary for enabling a better understanding of the financial statements and the related Audit Report:

A COMMENTS ON FINANCIAL POSITION

BALANCE SHEET

Assets - ₹ 15329.43 crore

Non - Current Assets

Fixed Assets

Capital Work In Progress (Note No.14) – ₹.3921.10 crore

1 This includes ₹2.37 crore towards Capital materials utilized and commissioned during the year but still exhibited as WIP by Jalgaon Division. This has resulted in overstatement of Capital Work in Progress and under statement of Fixed Assets by ₹2.37 Crore. Consequently depreciation for the year is also understated. (amount unascertained)

Long Term Loans and Advances (Note No.16) – ₹ 181.78 crore

Unsecured, Considered Good

Capital Assets -- ₹ 161.16 crore

2 This includes Assets valued as ₹ 153.78 crore which were acquired through lease finance (financial lease) from ILFS and an equal amount of liability was to be discharged through payment to lease rentals. The Company has discharged lease finance liability and no liability existed towards lease rentals as on March 2012. The company booked the entire lease rentals through Profit & Loss Account (Interest & Finance Charges) instead of liability account to the extent of principal repayment and Profit

and loss account to the extent of Interest Finance Charges. Therefore, the Liability account remained unsettled. Secondly, the leased asset was not depreciated. Therefore, depreciation up to period of 31st March 2012 was understated to that extent. In the absence of details of lease agreement, the impact of this transaction in the Profit and Loss Account and Balance Sheet could not be ascertained.

B COMMENTS ON PROFITABILITY**STATEMENT OF PROFIT & LOSS****Expenses: ₹1862.41 crore****Repairs and Maintenance Expenses (Note No.26) : ₹ 203.73 crore**

3 The above includes ₹ 0.74 crores being the cost of Turnkey Project of 132KV Yeotmal - Pandharkawada line ₹ 0.46 crore and reimbursement of crop compensation - ₹ 0.28 crores payable to land owners/farmers for clearing Right of Way on 400KV D/C Koradi to Wardha Transmission Line which should have been capitalised.

This has resulted in understatement of Capital WIP and Profit for the year by ₹ 0.74 crores.

C COMMENTS ON SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS**Note No 49 - Disclosures required by Accounting Standards**

4 In Note 15 'Non-current investments', investments in Government Securities are valued at cost as against the face value of ₹ 2.03 crore and the quoted value of these investments has not been suitably disclosed as required under Accounting Standard 13.

Note No. 56 – Joint Venture Operations (Accounting Standard - 27)

5 The Company entered into a Draft Joint Venture Agreement with M/s Adani vide MBR No. 49/11 dated 30/10/2009. Accordingly, M/s Adani formed a J.V. Company by the name of Maharashtra Eastern Grid Power Transmission Co . Ltd. (MEGPTCL). Based on the provisions of draft J.V. agreement, MSETCL permitted the proposed J.V. Company vide letter dated 02.07.2010 to start activities related to project development. Further, Maharashtra Electricity Regulatory Commission (MERC) granted a Transmission License to MEGPTCL in September 2010 and also accorded in-principal approval to the project scheme amounting to ₹ 4721.88 crore.

Govt. Of Maharashtra conveyed formation of the JV company in April 2012 as per the statutory provisions.

The above facts should have been disclosed in the accounts as per the provisions of Accounting Standard 27.

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

Sd/-

P.N.Sheshadri

ACCOUNTANT GENERAL

(AUDIT) - III

Date : 28/12/2012

Place : Mumbai

**COMMENTS OF COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619 (4) OF THE COMPANIES ACT 1956 ON
ACCOUNTS OF MAHARASHTRA STATE ELECTRICITY TRANSMISSION COMPANY LIMITED, MUMBAI FOR THE YEAR ENDED 31st MARCH 2012**

Sr. No.	CAG'S COMMENTS	MSETCL'S REPLY
	<p>The preparation of financial statements of 'Maharashtra State Electricity Transmission Company Limited', Mumbai for the year ended 31st March 2012 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the Management of the Company. The Statutory Auditors appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956 are responsible for expressing opinion on these financial statements under Section 227 of the Companies Act, 1956 based on independent audit in accordance with the Auditing and Assurance Standards prescribed by their professional body - the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 20th September 2012.</p>	<p>Factual</p>
	<p>I, on behalf of the Comptroller and Auditor General of India have conducted a supplementary audit under Section 619(3)(b) of the Companies Act, 1956 of the financial statements of 'Maharashtra State Electricity Transmission Company Limited', Mumbai for the year ended 31st March 2012. This supplementary audit has been carried out independently without access to the working papers of the Statutory Auditors and is limited primarily to inquiries of the Statutory Auditors and Company personnel and a selective examination of some of the accounting records. Based on my supplementary audit, I would like to highlight the following significant matters under Section 619(4) of the Companies Act, 1956 which have come to my attention and which in my view are necessary for enabling a better understanding of the financial statements and the related Audit Report:</p>	<p>Factual</p>

<p>A</p>	<p>COMMENTS ON FINANCIAL POSITION</p> <p>BALANCE SHEET</p> <p>Assets - ₹ 15329.43 crore</p> <p>Non - Current Assets</p> <p>Fixed Assets</p> <p>Capital Work In Progress (Note No.14) – ₹ 3921.10 crore</p> <p>1. This includes ₹ 2.37 crore towards Capital materials utilized and commissioned during the year but still exhibited as WIP by Jalgaon Division. This has resulted in overstatement of Capital Work in Progress by ₹ 2.37 crore. Consequently depreciation for the year is also understated. (amount unascertained)</p>	<p>As per receipt of WCR in Sept 2012 capitalisation entry was passed in the same month by Jalgaon Divn</p>
<p>2.</p>	<p>Long Term Loans and Advances (Note No.16) – ₹ 181.78 crore</p> <p>Unsecured, Considered Good</p> <p>Capital Assets - ₹ 161.16 crore</p> <p>This includes Assets valued as ₹ 153.78 crore which were acquired through lease finance (financial lease) from ILFS and an equal amount of liability was to be discharged through payment to lease rentals. The Company has discharged lease finance liability and no liability existed towards lease rentals as on March 2012. The company booked the entire lease rentals through profit & loss a/c (Interest & Finance Charges) instead of liability account to the extent of principal repayment and Profit and loss account to the extent of interest finance charges and therefore, the liability account remained unsettled. Secondly, the leased asset was not depreciated. Therefore, depreciation up to period of 31st March 2012 was understated to that extent. In the absence of details of lease agreement of repayment made, the impact of this transaction in the P&L account and Balance Sheet could not be ascertained.</p>	<p>As stated in earlier years , this is as per the opening balances of the transfer scheme received from erstwhile MSEB (Advance paid lease finance project account code 290030 : ₹ 153.78 crores Dr HVDC ILFS Account) and based on the response from MSEDCL, further action will be taken. The said fact was already informed to Audit Party in FY 2010-11 as a reply to an Audit Enquiry.</p>

<p>B</p> <p>3</p>	<p>COMMENTS ON PROFITABILITY STATEMENT OF PROFIT & LOSS</p> <p>Expenses : ₹ 1862.41 crore</p> <p>Repairs and Maintenance Expenses (Note No.26) : ₹ 203.73 crore</p> <p>The above includes ₹ 0.74 crores being the cost of Turnkey project of 132KV Yeotmal - Pandharkawada line ₹0.46 crores and reimbursement of crop compensation - ₹ 0.28 crores payable to land owner/farmers for clearing Right of Way on 400KV D/C Koradi to Wardha Transmission Line which should have been capitalised.</p> <p>This has resulted in understatement of Capital WIP and Profit for the year by ₹ 0.74 crores.</p>	<p>The bill was erroneously booked as R&M expenses instead of capitalization of the same. However, necessary entries would be passed in FY 2012-13 for transfer the said amount to WIP crediting the Prior period Income (R&M)</p>
<p>C</p> <p>4</p>	<p>COMMENTS ON SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS</p> <p>Note No 49 - Disclosures required by Accounting Standards</p> <p>In Note 15 'Non-current investments', investments in Government Securities are valued at cost as against the face value of ₹ 2.03 crore and the quoted value of these investments has not been suitably disclosed as required under Accounting Standard 13.</p>	<p>MSETCL has to make an Disclosure of quoted values of Investment in Government Securities as per AS – 13. But the same remains to be Disclosed by oversight. From next year the proper care will be taken for the same.</p>
<p>5</p>	<p>Note No. 56 – Joint Venture Operations (Accounting Standard - 27)</p> <p>The Company entered into a Draft Joint Venture Agreement with M/s Adani vide MBR No. 49/11 dated 30/10/2009. Accordingly, M/s Adani formed a J.V. Company by the name of Maharashtra Eastern Grid Power Transmission Co. Ltd. (MEGPTCL). Based on the provisions of draft J.V. agreement, MSETCL permitted the proposed J.V. Company vide letter dated 02.07.2010 to start activities related to project development. Further, Maharashtra Electricity Regulatory Commission (MERC) granted a Transmission License to MEGPTCL in September 2010 and also accorded inprincipal approval to the project scheme amounting to ₹ 4721.88 crore.</p>	<p>GoM vide their letter Dt 18.04.2012 conveyed that MSETCL should take action as per the statutory provisions. After due deliberation in the Board Meeting of MSETCL held on 29.11.2012, it was decided not to enter into joint venture with M/s Adani Enterprises.</p>

	<p>Govt. Of Maharashtra conveyed formation of the JV company in April 2012 as per the statutory provisions.</p> <p>The above facts should have been disclosed in the accounts as per the provisions of Accounting Standard 27.</p>	
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For and on the behalf of
The Comptroller and Auditor General of India

For Maharashtra State Electricity Transmission
Company Limited.

Sd/-
P.N.Sheshadri
ACCOUNTANT GENERAL
(AUDIT) - III

Sd/-
Pratap Mohite
Director (Finance)

Date : 28/12/2012
Place : Mumbai

AUDITORS' REPORT

To

The Members of

Maharashtra State Electricity Transmission Company Limited

1. We have audited the attached Balance Sheet of **Maharashtra State Electricity Transmission Company Limited**, (hereinafter referred to as MSETCL) as at 31st March 2012, the Statement of Profit and Loss and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with Auditing Standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's Report) (amendment) Order 2004, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in Annexure I, a statement on the matters specified in paragraphs 4 and 5 of the said Order to the extent applicable to the company.
4. We have to invite your specific attention to the following:
 - a) As per Maharashtra Electricity Reforms Transfer Scheme, 2005 (hereinafter referred to as the 'Transfer' scheme) of the Government of Maharashtra notified on 4th June 2005, the Undertakings forming part of the Transmission Undertakings of the erstwhile Maharashtra State Electricity Board as set out in Schedule 'A' of the said notification were transferred and vested with effect from 6th June 2005 in MSETCL. On account of such transfer, equity shares of the value of ₹ 26,95,99,20,455 (being the excess of assets over liabilities) were to be allotted to MSEB Holding Company Limited (hereinafter referred to as the Holding Company). Pending such allotment, this amount is shown as "Share Suspense Account".
 - b) The amounts of assets and liabilities transferred to the company pursuant to the aforesaid Transfer scheme with effect from 6th June 2005 are subject to final approval of the Government of Maharashtra and are yet to be notified by the Government of Maharashtra. Changes in these amounts, if any, made at the time of notification may have an impact on these financial statements.
 - c) In earlier years, the Company charged purchase of stores and spares to Profit and Loss account by assuming that the same have been consumed during the year of Purchases. The Said Practice had been followed regularly and consistently in earlier years. However, during the year the Company has implemented SAP as ERP Platform and has physically verified

inventories of stores and spares at the year end. Due to this exercise, the company has found that certain stores and spare parts amounting to ₹152.48 Crores which had been charged to Repairs & Maintenance were not actually consumed in those earlier years. Accordingly the company has accounted for same in the books of accounts as stock of stores & spares amounting to ₹ 152.48 Crore by credited to the Prior Period Income due to which balance of profit & Loss Account & stock of Stores & Spares are higher by ₹152.48 crore.

- d) As per the accounting policy 2 c ii) Cost of acquisition of fixed assets is inclusive of freight, duties and taxes (other than those subsequently recoverable from taxing authorities) levies, borrowing costs in case of qualifying assets & all incidental costs attributable to bring the assets to its working condition. However, certain incidental costs attributable to bring the assets to its working condition have been charged to Statement of Profit and Loss which is not in conformity with the Significant Accounting Policy and Accounting Standard. The Said Expenses could not be quantified due to its vary nature and therefore, the profit is understated for the year under reference .
5. Balances of Secured Loans, Unsecured Loans, Sundry Debtors, Sundry Creditors, Loans and Advances and various other debit / credit balances including of the Holding Company and other subsidiary companies of the Holding Company are subject to confirmations and adjustments necessary upon reconciliation. The effect of the adjustment arising from reconciliation and settlement of old dues and possible loss that may arise on account of non recovery or partial recovery of such dues is not ascertained. The impact of the above on the amounts as disclosed in the Balance Sheet and on the profit for the year is also not quantified.
6. Our comments as per sub-directions u/s 619(3) (a) shall be forwarded separately after the same are issued to us by the office of the Accountant General (Commercial Audit) .
7. Further to our observations referred to in paragraph 4 and 5 above, we report that:
 - a) Subject to our observations in paragraph 4(b) and 5 above, we have obtained all information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b) In our opinion, proper books of accounts, as required by law have been kept by the Company in so far as it appears from our examination of such books;
 - c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of accounts;
 - d) In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply, with the Accounting Standards referred in sub-section 3C of Section 211 of the Companies Act, 1956.
 - e) Pursuant to the notification number GSR 829(E) dated 21-10-2003 issued by the Government of India; the provisions of Sec 274 (1) (g) of the Companies Act, 1956 are not applicable to the company.
 - f) Subject to our remarks in paragraphs 4(b), (c), (d), 5 and 6 above, the total impact of which on financial statements has not been quantified by the company, in our opinion and to best of our

information and according to the explanations given to us, the said Accounts read together with Statement of Accounting Policies and Notes to Account both forming part of the Account, gives the information required by the Companies Act, 1956 in the manner so required and gives a true and fair view :

- (i) In the case of Balance Sheet, of the state of affairs of the company as at 31st March, 2012;
- (ii) In the case of Statement of Profit and Loss, of the Profit for the year ended on that date and
- (iii) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

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

Rameshchandra S. Joshi
Partner
M.No: 33594

Place: Mumbai
Date : 20th September, 2012

ANNEXURE-I TO THE AUDITORS REPORT REFERRED TO IN PARAGRAPH 3 OF OUR REPORT OF EVEN DATE OF MAHARASHTRA STATE ELECTRICITY TRANSMISSION COMPANY LIMITED FOR THE YEAR ENDED ON 31st MARCH 2012

Sr. No.	AUDITORS REPORT
1(a)	The company has continued maintenance of fixed assets registers of the erstwhile Maharashtra State Electricity Board (MSEB) at each location. These registers (including those for recording Capital Work in Progress), however, need to be updated to show full and proper particulars, including quantitative details and situation, of the fixed assets.
1 (b)	During 2006-07, MSEB Holding Company Limited (the Holding Company) had appointed external consultants to carry out valuation of the fixed assets of the Company. As per the report of these external consultants, physical verification, to arrive at the values of these fixed assets, was conducted to cover about 90 % of the fixed assets of the Company. The assets verified by these external consultants have however not been reconciled with the fixed asset registers as maintained (as per clause 1(a) above) by the company. In the absence of such reconciliation we are unable to state whether there are any material discrepancies.
1(c)	The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the company and such disposal, in our opinion, does not affect the going concern status of the company.
2(a)	As informed to us and as per reports produced before us, inventories have been physically verified by the management at the year end. In our opinion, having regard to the nature and location of the assets, the frequency of verification is reasonable.
2(b)	In our opinion, the procedure of physical verification of inventory followed by the management is adequate in relation to the size of the company and the nature of its business.
2(c)	On the basis of our test examination of records of inventory produced before us, in our opinion, the company has maintained proper records of inventory. As explained to us, the discrepancies noticed on such physical verification of stocks as compared to book records are material and have been recorded in the books.
3(a)	According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to Companies, Firms and Other Parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, 4(iii) (b), (c) and (d) of the Order are not applicable.
3(b)	According to the information and explanation given to us, the Company has not taken any loans, secured or unsecured, from companies, Firms and Other Parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, 4(iii) (f) and (g) of the Order are not applicable.

4	In our opinion and according to the information and explanations given to us, internal control procedures needs to be strengthened in respect of accounting of purchase of fixed assets and materials, Sale of Scrap, Interest free advances to O&M Vendors, Liquidated Damages and Investment in Fixed Deposits (Refer note no.33) . Further, on the basis of our examination, and according to the information and explanations given to us, we have neither come across nor have we been informed of any instance of major weaknesses in the aforesaid internal control system and there is no continuing failure for the same.
5	According to the information and explanations given to us, there are no contracts or arrangements with companies or other parties which need to be entered in the register maintained under section 301 of the Companies Act, 1956. Hence, clause 4(v) (a) and 4(v) (b) are not applicable for the year.
6	According to the information and explanations given to us, the company has not accepted deposits from the public within the meaning of the provisions of section 58 A of the Companies Act, 1956 and rules framed there under.
7	During the year, the company has appointed external firms of Chartered Accountants to carry out the internal audit function. However, except a few audit reports, internal audit has not been carried out and the reports have not been made available for our verification. In our opinion and on the basis of the various internal audit reports perused by us, the coverage and extent of the procedures carried out by the internal auditors need to be improved to make them more timely and commensurate with the size of the company and the nature of its business.
8	We have broadly reviewed the books of account and records maintained by the company pursuant to the Rules made by the Central Government for the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 and are of opinion that prima facie the prescribed accounts and records have been made and maintained. We have however not made detailed examination of the records with view to determining whether they are accurate or complete.
9(a)	The company has generally been regular in depositing undisputed dues including Provident Fund, Investor Education and Protection Fund, Income-tax, Sales Tax, Wealth Tax, Service Tax, Custom duty , Excise Duty, Cess and other material statutory dues applicable to it with the appropriate authorities. We are informed that the provision of Employees State Insurance Act is not applicable to the company.
9(b)	The disputed Statutory dues aggregating ₹ 319.62 crores, that have not been deposited on account of disputed matters pending before appropriate authorities are as under:

Sr. No.	Name of the Statute	Nature of dues	Amount (₹ in Crores)	Period to which the amount relates	Forum where dispute is pending
1.	Employees State Insurance Act, 1948	Employees State Insurance	0.22	Various Yrs. from F.Y.(68-96)	Employee State Insurance Court, Pune.
2.	Income Tax Act, 1961	Income Tax	226.49	A.Y. (07-08)	Rectification Appeal u/s 154 before Dy. CIT
3.	Income Tax Act, 1961	Income Tax	70.89	A.Y. (08-09)	Rectification Appeal u/s 154 before Dy. CIT
4.	Income Tax Act, 1961	Income Tax	22.02	A.Y. (09-10)	Appeal Filed with CIT(A)
	Total		319.62		
10.	The Company does not have accumulated losses as at 31 st March, 2012 and has not incurred cash losses during the financial year ended on that date or in the immediately preceeding financial year.				
11	In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to the banks, financial institutions and debentures holders during the year.				
12	According to the information and explanation given to us, the company has not granted any loans or advances against pledge of shares, debentures or other securities.				
13	The company is not a Chit fund company or Nidhi / Mutual Benefit Fund / Society; hence clause 4(xiii) of the order is not applicable.				
14	In our opinion and according to the information & explanation given to us , the company is not dealer or trader in securities.				
15	According to the information and explanation given to us, the company has not given any guarantee for loans taken by others from bank or financial institutions.				
16	In our opinion and according to the information and explanations given to us, and on overall examination of the Balance sheet of the company, the term loans raised during the year have prima facie been applied for the purpose for which they were raised.				
17	According to the information and explanation given to us and overall examination of the Balance Sheet of the company, in our opinion there are no funds raised on short-term basis which have been used for long term investments.				

18	The company has not made any preferential allotment of shares during the year ended on 31 st March, 2012.
19	Since the company has not issued any debentures the question of creation of securities for debenture does not arise.
20	The company has not raised any money by making an issue of shares during the year covered by our report.
21	During the course of our examination of the books and records of the company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have not come across any instance of fraud on or by the company noticed or reported during the year, nor have been informed of such case by the management.

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

Rameshchandra S Joshi
Partner
M.No: 33594

Place : Mumbai
Date : 20th September 2012

BALANCE SHEET AS AT 31st MARCH 2012

PARTICULARS	Note No.	(Amounts in ₹.) 31.03.2012	(Amounts in ₹.) 31.03.2011
I EQUITY AND LIABILITIES			
1 Shareholders' Funds			
(a) Share Capital	3	5,00,000	5,00,000
(b) Reserves and Surplus	4	12,85,26,33,227	7,14,89,45,654
2 Share Application Money Pending Allotment	5	26,95,99,20,455	26,95,99,20,455
3 Non-Current Liabilities			
(a) Long-term borrowings	6	65,62,40,72,938	50,89,69,49,209
(b) Deferred tax liabilities (Net)	7	9,39,92,21,685	8,04,21,65,797
(c) Other non-current liabilities	8	12,42,99,22,137	10,54,29,08,460
(d) Long term provisions	9	5,22,89,50,409	5,12,42,33,918
4 Current Liabilities			
(a) Short-term borrowings	10	2,03,50,00,000	1,00,00,00,000
(b) Trade payables	11	3,84,78,33,968	1,26,13,18,490
(c) Other current liabilities	12	14,49,72,97,029	16,60,19,97,590
(d) Short-term provisions	13	41,89,94,809	16,42,47,644
Total		153,29,43,46,657	1,27,74,31,87,218
II ASSETS			
1 Non-current assets			
(a) Fixed assets			
(i) Tangible assets	14	95,29,22,37,438	77,46,48,52,758
(ii) Intangible assets	14	14,61,75,741	-
(iii) Capital work-in-progress	14	39,21,10,20,311	34,97,48,34,254
Assets Not in Use		39,19,21,123	39,16,47,937
(b) Non-current investments	15	2,30,15,66,600	30,27,00,940
(c) Long term loans and advances	16	1,81,78,02,457	2,05,84,92,496
(d) Other non-current assets	17	4,22,85,026	4,46,13,337
2 Current assets			
(a) Inventories	18	4,32,66,89,218	2,15,10,88,519
(b) Trade receivables	19	5,27,61,58,012	2,79,12,07,114
(c) Cash and cash equivalents	20	91,43,45,900	3,95,44,11,033
(d) Short-term loans and advances	21	89,35,87,468	61,38,09,862
(e) Other current assets	22	2,68,05,57,363	2,99,55,28,968
Total		1,53,29,43,46,657	1,27,74,31,87,218

Significant Accounting Policies

2

The accompanying notes are an integral part of the financial statements.

As per our report attached

For Shah & Taparia
Chartered Accountants
Regn No. 109463W

Rameshchandra S Joshi
Partner
M. No 33594
Place : Mumbai
Date : 20th September 2012

For Maharashtra State Electricity Transmission Company Limited

Sd/-
Pratap Mohite
Director (Finance)

Sd/-
Arvind Singh
Chairman & Managing Director

Sd/-
Dr. Jyoti Arora
Company Secretary

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON 31st MARCH 2012

PARTICULARS	Note No.	(Amounts in ₹.) 31.03.2012	(Amounts in ₹.) 31.03.2011
INCOME :			
(I) Revenue from operations	23	23,14,73,69,474	20,97,77,69,851
(II) Other Operating Revenue	24	20,51,09,453	18,14,57,885
(III) Other income	25	2,85,78,54,441	84,90,04,474
Total Revenue		26,21,03,33,368	22,00,82,32,210
EXPENSES :			
Repair & Maintenance Expenses	26	2,03,72,87,458	2,87,77,01,785
Employee Benefit Expense	27	5,79,40,27,401	5,29,03,53,967
Finance Costs	28	4,19,11,92,895	2,82,99,62,838
Depreciation and Amortization Expense	14	4,22,06,63,408	3,68,63,57,675
Other Expenses	29	2,38,09,16,569	1,89,27,28,008
Total Expenses		18,62,40,87,731	16,57,71,04,273
(V) Profit Before Tax and Prior Period Item		7,58,62,45,637	5,43,11,27,937
(VI) Prior Period Expenses/(Income)	30	(1,23,95,71,242)	22,92,51,386
(VII) Profit Before Tax		8,82,58,16,878	5,20,18,76,551
(VIII) Tax Expense :	31		
(a) Current Tax		1,76,58,47,376	1,03,67,60,000
(b) Deferred Tax		1,35,70,55,887	87,17,05,218
(IX) Profit for the period		5,70,29,13,615	3,29,34,11,333
(X) Earnings Per equity share of ₹ 10 each		1,14,058	65,868
Basic and Diluted		2.12	1.22

Significant Accounting Policies

2

The accompanying notes are an integral part of the financial statements.

As per our report attached

For Maharashtra State Electricity Transmission Company Limited

For Shah & Taparia
Chartered Accountants
Regn No. 109463W

Sd/-
Pratap Mohite
Director (Finance)

Sd/-
Arvind Singh
Chairman & Managing Director

Rameshchandra S Joshi
Partner
M. No 33594
Place : Mumbai
Date : 20th September 2012

Sd/-
Dr. Jyoti Arora
Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2012

Particulars	(Amounts in ₹.)		(Amounts in ₹.)	
	2011 - 12		2010 - 11	
Net Profit before tax after prior period items		8,82,58,16,878		5,20,18,76,550
Add/(Less) : Adjustments				
Depreciation	4,22,06,63,408		3,68,63,57,675	
Interest and finance charges	6,92,28,15,060		4,86,53,54,505	
Increase in Current Assets	(4,54,65,86,893)		1,60,43,48,623	
Increase in Current Liabilities	2,47,35,45,085		1,74,92,33,626	
	9,07,04,36,660		11,90,52,94,429	
Add : Income Tax for earlier years	7,73,958			
Income Tax Paid	(1,34,68,52,567)	7,72,43,58,050	(1,20,10,07,644)	10,70,42,86,785
Cash flow from Operating Activities		16,55,01,74,929		15,90,61,63,335
Cash flow from Investing Activities				
Increase in Capital Expenditure	(26,43,06,83,071)		(30,30,05,46,548)	
Increase in Investment	(1,99,88,65,660)		(15,05,24,140)	
		(28,42,95,48,731)		(30,45,10,70,688)
Cash flow from Financing Activities				
Loans	15,76,21,23,729		19,77,38,94,183	
Interest and finance charges	(6,92,28,15,060)		(4,86,53,54,505)	
		8,83,93,08,669		14,90,85,39,678
Net increase/(Decrease) in Cash Flow		(3,04,00,65,133)		36,36,32,325
Opening Cash and Cash equivalents		3,95,44,11,033		3,59,07,78,708
Closing Cash and Cash equivalents		91,43,45,900		3,95,44,11,033

Note: Summary of Cash & Cash Equivalents

Cash and Cash equivalents include	2011-12 (₹)		2010-11 (₹)	
(1) Cash and Stamps on hand		20,80,223		25,78,459
(2) Cheque in hand				0
(3) Cash in Transit				75,07,574
(4) Bank balances				
(a) with Scheduled banks		35,63,65,677		
(b) Fixed Deposit with Banks		55,59,00,000		3,94,43,25,000
Total		91,43,45,900		3,95,44,11,033

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

For Maharashtra State Electricity Transmission Company Limited

Sd/-
Pratap Mohite
Director (Finance)

Sd/-
Arvind Singh
Chairman & Managing Director

Rameshchandra S Joshi
Partner
M. No 33594
Place : Mumbai
Date : 20th September 2012

Sd/-
Dr. Jyoti Arora
Company Secretary

MAHARASHTRA STATE ELECTRICITY TRANSMISSION COMPANY LIMITED, Notes to Financial Statement for year ended 31st March, 2012

1 Background:

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

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

2 Statement of Significant Accounting Policies:

2 a) Basis of preparation of financial statements:

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

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

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

2 b) Use of Estimates:

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

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

- i) Fixed assets of the company are recorded in the books of accounts and disclosed in annual accounts at historical cost. Fixed assets are stated at cost of acquisition or construction less accumulated depreciation.
- ii) Cost of acquisition is inclusive of freight, duties and taxes (other than those subsequently recoverable from taxing authorities), levies, borrowing costs in case of qualifying assets & all incidental costs attributable to bring the assets to its working condition.
- iii) In case of assets constructed by construction division of the Company, all costs incurred by the said division including employee, administration cost and depreciation on general assets which are used in construction division are capitalized.
- iv) Capital Expenditure incurred by the company, resulting in creation of fixed assets for which company does not have ownership rights is reflected as a distinct item.
- v) In case of Capital Work in Progress for work against deposits / work contract where the final settlement of bills with the contractor is yet being effected, capitalisation is done on provisional basis subject to necessary adjustment in the year of final settlement.
- vi) Claims for price variation in case of capital contracts are accounted for on acceptance thereof by the Company.
- vii) The total cost incurred by the company at project and planning units for the period are apportioned to respective capital Work-in-progress accounts on the basis of accretions thereto.
- viii) Costs incurred on identification, survey and feasibility studies of a project under sanction scheme are shown as a distinct item in capital work in progress till the period of its rejection or three years, whichever is earlier. In case of rejection, the expenses are charged to revenue in the year of rejection. In case where the scheme is not identified at the end of the year, such expenses are shown under the head "Miscellaneous Expenditure not written off"
- ix) Fixed Assets costing individually up to ₹ 5,000/- are written off to Profit & Loss Account.
- x) Intangible Assets are capitalized at cost if it is probable that the future economic benefits that are attributable to the assets will flow to the Company and the cost of these assets can be measured reliably.
- xi) Fixed assets are shown in the books of accounts net of any government grants / Consumers Contribution / Subsidies received in respect of those fixed assets.
- xii) Assets not in use includes 10% residual value of assets for which 90% depreciation has already been charged.

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

2 d) Government Grant and Subsidy:

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

2 e) Borrowing Costs:

Borrowing costs (excluding other ancillary cost) that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that takes substantial period of time to get ready for its intended use or sale. Borrowing costs which are for other than qualifying capital asset are recognized as expenses in the period in which they are incurred.

2 f) Impairment of Assets:

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

2 g) Depreciation / Amortization:

i) Tangible Assets:-

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

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

ii) Intangible Assets:

Leasehold land is amortized over the period of lease.

Since the Maharashtra Electricity Regulatory Commission (Terms & Conditions of Tariff) Regulations, 2005 is silent about the applicable rate of depreciation for Computer Software, the Company provides depreciation on Straight Line Method as per the rates specified in the Schedule XIV of the Companies Act, 1956.