



M.S.E.T.C.LTD.
MAHARASHTRA STATE ELECTRICITY
TRANSMISSION COMPANY LIMITED

BOARD OF DIRECTORS

R. M. PREM KUMAR
CHAIRMAN w.e.f. 02-01-2009

RAHUL ASTHANA
CHAIRMAN - Till - 05-08-2008

SUBRAT RATHO
MANAGING DIRECTOR
20-07-2006 to 02-02-2009
CHAIRMAN w.e.f. 18-08-2008 to 02-01-2009

SANJAY SETHI
MANAGING DIRECTOR
w.e.f. 02-02-2009

PRAMOD KHANDALKAR
DIRECTOR (FINANCE)

ANJAN ROY
DIRECTOR (OPERATION)

W. R. ASWAR
DIRECTOR (PROJECT)

PRADEEP RATH
COMPANY SECRETARY

AUDITORS
CONTRACTOR NAYAK & KISHNADWALA
CHARTERED ACCOUNTANTS

REGISTERED OFFICE
Prakashganga, Bandra-Kurla Complex, Bandra (E), Mumbai - 400 051.

DIRECTORS' REPORT

To,
The Members,

Your Directors hereby present the 3rd Annual Report on the Business and Operations of the Company together with the Audited Statement of Accounts for the ended on 31st March 2008

FINANCIAL RESULTS :

The Financial Results of the Company for the year ended on 31st March 2008 are as follows :

(Rs. in Lakhs)

PARTICULARS	2008	2007
Revenue from Transmission Charges	157106	142293
Other Income	8098	3984
INCOME		
Total (A)	165204	146276
Expenditure on R & M	24895	16286
Depreciation	49548	47452
Interest & Finance Charges	25796	22532
Employee cost	34870	45384
Administrative & General Exp	7134	5970
Total (B)	142243	137624
Less : a) Interest & Financial Charges Capitalized	3673	2730
b) Other Expenses Capitalised	13441	8924
Add : Other Debits	1017	138
EXPENDITURE		
Total (C)	126145	126107
Profit Before Tax	(A)-(C)	20169
Provision for Income Tax (including FBT)	9790	2236
Profit After Tax	29269	17933
Less: Prior Period Charges	3448	1047
SURPULS	25821	16886

MISSION & VISION :

To establish ourselves as model STU and transmission licensee with respect to planning, project implementation, operational capabilities and performance with emphasis on cost and quality consciousness, human resources development and corporate social responsibility.

GOALS & OBJECTIVES :

During the year under report, the Company has set goals and prepared objectives for achieving the set goals for each department and the same have been placed on the website for reference of all employee.

SPECIAL GOALS :

Looking in to future of transmission sectoral development vis-a-vis expansion programme at large, the Company has formulated some "Special Goals" as under :

- i. Implementation of ABT metering
- ii. Establishment of Balancing settlement Mechanism (BSW)
- iii. Establishment of Supervisory Control of Data Access and Data Administration (SCADA)
- iv. Establishment of SMS at selected Sub-stations
- v. Initialisation of JBIC projects.
- vi. Establishment of ERP
- vii. To set up a cell induction of new technologies and encouragement of innovation.

Our Network :

CUMULATIVE TOTAL OF EHV SUBSTATIONS, TRANSFORMATION CAPACITY AND TRANSMISSION LINE LENGTHS (CKT - KMs) IN THE MAHARASHTRA STATE

MSETCL PRESENT INFRASTRUCTURE AS ON 31.03.08				
SR. NO.	PARTICULARS	EHV SUB-STATIONS NOS.	TRANSFORMATION CAPACITY MVA	EHV LINES CKT KM
1	500 KV HDVC	2	3582	1504
2	400 KV	18	12350	6505
3	220 KV	147	25561	12099
4	132 KV	231	15055	10573
5	110 KV	33	1888	1657
6	100 KV	25	1955	679
7	66 KV	42	1139	3270
	TOTAL	498	61530	36287

OUR ROLE AS STATE TRANSMISSION UTILITY (STU) :

The Load Despatch Centre is the nerve centre for the operation, planning, monitoring and control of the power system. Electricity cannot be stored and has to be produced when it is needed. It is therefore essential that power system is planned and operated optimally & economically. This is the main objective of Load Despatch Centre. The Objectives of Load Despatch Centre are 1. Matching the power demand with system integrity, reliability and security of generation and transmission facilities 2. Regulating the system frequency. 3. Optimum utilisation of resources. 4. Quick restoration of normalcy after system disturbances Thus the objectives of Load Despatch Centre is to co-ordinate generation, transmission and distribution of electricity from moment to moment to achieve maximum security and efficiency. The functions of Load Despatch Centre are dynamic in nature. While performing its functions the policies laid down by management are strictly followed.

HOLDING COMPANY

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

HUMAN RESOURCES

MSETCL is its people. It is Company whose character is being shaped and whose course determined by its own employees. We believe in the best and therefore, we always give high priority to develop the skills of our human resource treating them as the most valuable asset of the Company.

Man Power

The sanctioned strength and actual employees on roll of the Company is given below :

Pay Gr.	Sanctioned	Actual Working	Vacancies
I	1003	658	345
II	2369	1394	975
III	5615	4512	1103
IV	4913	3774	1139
Total	13900	10338	3562

Recruitment

During the year following recruitment was made :

Pay Gr.	Open	OBC	SC	ST	VJA	NT B	NT C	NT D	SBC	Total
I	24	5	1	1	-	1	-	-	-	32
II	78	9	25	7	5	-	12	3	17	156
Total	102	14	26	8	5	1	12	3	17	188

Physical Handicapped persons appointed	Women appointed
Pay Gr. I : NIL II : 2 III : NIL IV : NIL	Pay Gr. I : 3 II : 14

Corporate Governance

DIRECTORS :

The Board consisted of the following Directors as on 31st March 2008.

Shri. Rahul Asthana, I A S	- Chairman
Shri. Subrat Ratho, I A S	- Managing Director w.e.f. 20th July 06
Shri. P. G. Khandalkar	- Director (Finance) w.e.f. 4th May 07
Shri. Anjan Roy	- Director (Operation) w.e.f. 1st Feb 08
Shri. W. R. Aswar	- Director (Project) w.e.f. 4th March 08

On 5th August 2008, Shri Rahul Asthana has resigned from the Board and thereafter Shri Subrat Ratho has been nominated as Chairman based on the recommendation of the holding Company.

CODE OF CONDUCT FOR WHOLE TIME DIRECTORS :

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

CORPORATE SOCIAL RESPONSIBILITY :

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

COST AUDITORS :

As per the order of the Central Government (Ministry of Corporate Affairs), M/s. Anikhindi & Co. have been appointed as the Cost Auditors for the FY 2007-08.

STATUTORY AUDITORS :

Yours is a Government Company as per Section 617 of the Companies Act, 1956 since entire Equity Share Capital is held by Government of Maharashtra through its 7 nominees. Hence As per provisions of Section 619(2), the auditors of the Government Company are appointed by the Comptroller & Auditor General of India. Accordingly, M/s. Contractor, Nayak & Kishnadwala Chartered Accountants were again appointed by the Comptroller & Auditor General of India (C& AG) as per provisions of Section 619 of the Companies Act 1956 as Statutory Auditors of your Company for the year 2006-07 and also for the year 2007-08.

EXPLANATION TO REMARKS OF STATUTORY AUDITORS.

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

PARTICULARS OF EMPLOYEES

There are no employees who are drawing remuneration in excess of the limits specified in accordance with the provisions of Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975. Therefore, the particulars of such Employees are nil.

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

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

A) Conservation of Energy : Energy Conservation Measures have been undertaken by improving energy effectiveness / efficiency of equipments and systems, as well as by replacement of old equipment at various sub stations and also planning for installation of ABT meters towards ensuring proper metering of electricity.

B) Technology Absorption : Set out as per form B of this report.

C) Foreign Exchange Earnings and Outgo : Foreign Exchange outgo includes interest on foreign currency Loan and Credit amounting to Rs. 39.53 Lakhs for the period ending 31st March 2008.

(FORM - B)

A) RESEARCH AND DEVELOPMENTS :

1. Specific Areas in which R & D has been carried out by the company :

(Nil, being a Company in the area of service for electricity
Transmission)

2. Benefits derived out of this R & D - Nil

3. Expenditure on R & D - Nil

a. Capital - Nil

b. Recurring - Nil

c. Total - Nil

d. Total R & D Expenditure as percentage of total Turnover - Nil

B) TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION :

1. **Efforts made in brief towards technology Absorption, Adaptation and Innovation** - EST-Max-2

Physical overhead transmission line fault analyzer system has been installed at various places in the state.

2. **Benefits derived out of the efforts** - These instruments give advance intimation of faults such as faulty insulators, open circuit of the transmission lines, loose connections, conductor damages etc. on transmission lines by comparing signature analysis data on different occasions. With this instrument, predictive/preventive maintenance can be carried out effectively and the breakdown can be minimized, thereby leading to increased availability.

DIRECTORS RESPONSIBILITY STATEMENT :

Pursuant to the requirements under Section 217 (2AA) of the Companies Act, 1956, the Directors, based on the representation received from the concerned Heads of Department confirm.

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

DEPOSITS

The Company has not accepted any Deposits from the public within the meaning of Section 58-A and 58AA of the Companies Act 1956

ACKNOWLEDGEMENT

The Directors express their appreciation of the continued co-operation of the central Government and State Governments, bankers, financial institutions, dealers, suppliers and the Shareholders.

The Directors also thank all the employees for their contribution, support and co-operation through the year.

Mumbai

Date : 15/11/2008

On behalf of the Board of Directors

Sd/-

Chairman

(Subrat Ratho)

**MAHARASHTRA STATE ELECTRICITY TRANSMISSION COMPANY LTD.
REPLIES TO AUDITORS REPORT FOR THE YEAR 2007-2008**

	STATUTORY AUDITORS REPORTS	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 31st March 2008, Revenue Account for the year ended 31st March 2008 and the Cash Flow Statement for the year annexed there to	Factual
2	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. 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	The Company is governed by the provisions of the Electricity (Supply) Act 2003, read with rules and regulations issued there under. Section 616(c) of the Companies Act, 1956 also provides that special acts like Electricity Act, will apply to the extent the provisions of the Companies act are inconsistent with the provisions of those acts. The financial statements of MSETCL are prepared in the format prepared in the format prescribed under Electricity (Supply) Annual Accounts Rules, 1985 (hereinafter referred to as 'ESAAR') as notified by the Central	Factual

	STATUTORY AUDITORS REPORTS	MSETCL'S REPLY
	Government in Electricity Supply Act, 1948 read with the provisions of section 185(2) (d) of the Electricity Act, 2003.	
4	As required by the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's Report) (amendment) Order 2004, issued by the Government of India in terms of Sub-section (4A) of Section 227 of the Companies Act, 1956, and on the basis of such checks as we considered appropriate, and according to the information and explanations given to us, we enclose in the Annexure 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 to the annexures are separately given
5	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 face value of Rs. 26,95,99,00,000 (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" in Schedule 33.	Factual
b)	The amounts of assets and liabilities transferred to the company pursuant to the aforesaid Transfer scheme with effect from	In this respect it is submitted that Secretary Energy vide his letter No. Reform-2006/CR.511/NRG-3 dated 2.6.2006 addressed

	STATUTORY AUDITORS REPORTS	MSETCL'S REPLY
	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.	to the M.D.MSEB Holding Co. Ltd. conveyed that the Provisional Transfer Scheme as notified by Government Notification dated 4.6.2005 shall continue to be provisional beyond 5th June 2006 till final order on these issues are notified by the Government.
6	The Company has not complied with the following Accounting Standards (AS) as per the Companies (Accounting Standards) Rules, 2006 as notified by Sec. 211 (3C) of the Companies Act, 1956 :	As provided under Section 185(2) (d) of Electricity Act 2003. all the Rules made under Sub section (1) of Electricity (Supply) Act, 1948 (54 of 1948) shall continue to have effect until such Rules are rescinded or modified as the case may be MSETCL has therefore followed the Electricity (Supply) (Annual) (Accounts) Rules, 1985 (ESAAR 1985). However the Accounting Standards (AS) as required by Section 211 (3C) of the Companies Act, 1956 would be complied from FY 2008-09.
a)	AS 6: Depreciation Accounting :	
(i)	The Company has not provided depreciation on fixed assets acquired during the year. Due to this, the depreciation charged to Profit and Loss Account is understated by an estimated amount of Rs. 24.04 crores (previous year Rs. 9.11 crores) and Surplus for the year and value of fixed assets overstated by Rs. 24.04 crores (Previous Year Rs. 9.11 crores)	Since ESAAR 1985 has been followed for compilation of the accounts depreciation is provided as per the rules prescribed under clause 2.60 of the Annexure III of ESAAR 1985 which specify under clause 2.60(3) that depreciation charged on a newly commissioned assets shall commence in the year immediately following the year of commissioning. MSETCL has added assets of Rs. 870.56 crores during the period the approximate depreciation @ 5.5% would be around Rs. 24.04 crores.
(ii)	The company has provided depreciation only upto 90% of cost of assets, instead of provision of depreciation till 95% value of assets as required by Schedule XIV of the Companies Act, 1956. The effect of this on the Surplus for the year has not been quantified. Our audit report on the financial statements for the period ended 31st March 2007 was also modified accordingly.	This is as per the provisions of clause 2.60(1) of the Annexure III of ESAAR 1985.

	STATUTORY AUDITORS REPORTS	MSETCL'S REPLY
b)	AS 10 : Accounting for Fixed Assets:	
(i)	<p>The company has incurred major expenditure towards renovation and modernization of its equipments at its O & M circles during the year, and has capitalized the same by considering the same as 'life extension scheme'. In absence of information so as to quantify the increase in future life / capacity of asset due to such expenditure, we are unable to comment whether the same results into increase of future benefits from the existing assets beyond its previously assessed standard of performance, which is a condition to be satisfied for capitalization of cost of improvements and repairs as per provisions of AS-10 'Accounting for Fixed Assets'. The Cost of old assets replaced due to the 'life extension scheme' and depreciation provision there on are also not withdrawn from the block of fixed assets. In case the conditions for capitalisation are not satisfied the said amount (which has not been quantified by the management) will have to be charged to the Profit and Loss Account, resulting in an equivalent impact on the Surplus and value of fixed assets.</p>	<p>The nomenclature of Renovation and Modernisation schemes have been changed to life extension schemes. Most of the schemes covered under this are Lines / substations which have been commissioned decades back. It is needless to say that the equipment installed have given their due service and many of these equipments have to be replaced due to problematic behaviour/ performance.</p> <p>The Material issued under the Life Extension Scheme is booked under WIP. The actual commissioned material under the scheme is capitalised on basis of WCR. The replaced equipments are also utilised in places where new technology may not be necessary and remaining material which cannot be used it will be treated as scrap. Before the replaced material is to be declared as scrap. It is necessary to obtain approval of the Competent Authority and then only material will be treated as scrap & credited the same to stores for Disposal after receiving the scrapping proposal duly approved by Competent Authority, the cost of the material will be removed from Schedule 19A and also accumulated depreciation there of from 19B.</p>
(ii)	<p>The company has capitalised to the fixed assets, employee costs, head office supervision charges and other general administration charges incurred at its various circles (other than construction circles) amounting to Rs. 76,56,12,743 (Previous year Rs. 17,49,84,624) on an ad-hoc basis rather than following the principle of identifying whether the said costs are directly related to the acquisition / construction of the fixed assets. This has resulted in overstatement of Surplus for the year, the effect of which has</p>	<p>This is as per the departure disclosed in the Statement 4 i.e. Statement of Accounting Policies. Hence MSETCL has continued existing procedure of capitalization of employee cost as well as general establishment charges of the unit, supervising both capital and O & M works at a fixed 15%.</p>

	STATUTORY AUDITORS REPORTS	MSETCL'S REPLY
	not been quantified. Our audit report on the financial statements for the period ended 31st March 2007 was also modified accordingly.	
(iii)	Expenses on account of transit insurance, octroi and freight on capital goods incurred during the year are charged to the Revenueue account instead of including the same as part of the cost of the fixed assets. This has resulted in understatement of surplus for the year, the effect of which has not been quantified. Our audit report on the financial statements for the period ended 31st March 2007 was also modified accordingly.	This is as per the policy prescribed under clause No. 2.20 (6) & (7) of Annexure V of ESAAR 1985.
(iv)	Loss to fixed assets pending investigation (as per schedule 23), whose written down value is Rs. 95,61,558 has not been charged to profit and loss account. The above referred assets are also not withdrawn from block of fixed assets, thereby resulting into overstatement of gross cost of fixed assets and provision for depreciation to that extent.	Write off proposal for the asset lost due to natural calamities, theft, accidents, fire etc. are pending for clearance due to pending investigations at police department, pending court cases, pending department enquiry cases, pending write off cases for want of some quires etc. and after the receipt of the competent authority approval "Loss to fixed assets on account of fire, theft, natural calamities, accidents etc (79,881) will be debited and "Loss to fixed assets pending investigatin (17.250)" will be credited.
(v)	Assets which are not in active use (as per Schedule 22) are stated at written down value instead of written down value or net realizable value whichever is lower. As informed to us, the net realizable value of these assets cannot be ascertained and hence the effect of same on the surplus for the year has not been quantified. Our audit report on the financial statements for the period ended 31st March 2007 was also modified accordingly.	This is as per the policy prescribed under clause No. 2.75 of Annexure III of ESAAR 1985.
c)	AS 12: Accounting for Government Grants	
	The amount of outright contribution received during the year Rs. 512,335,558 (previous year Rs. 324,524,880) and grants	This is as per Accounting policy specified under clause No. 2.35 of Annexure III to Electricity (Supply) (Annual Account) Rules

	STATUTORY AUDITORS REPORTS	MSETCL'S REPLY
	received from Government of Maharashtra Rs. 800,000,000 (previous year - Rs. 685,800,000) (as per Schedule 34), towards cost of fixed assets is not reduced from the cost of assets constructed to the extent of construction of assets completed till the year end or from the relevant revenue expenditure incurred during the year. The effect of this on the surplus for the year has not been quantified. Our audit report on the financial statements for the period ended 31st March 2007 was also modified accordingly.	1985 wherein it is stated that consumer contributions subsidies & Grants towards cost of capital assets shall not be treated as a reduction in the 'Cost' but as a Capital receipt.
d)	AS 16: Borrowing Costs	
(i)	Expenses on account of borrowing cost consisting of Interest expenses of Rs. 36.73 crores (Previous Year Rs. 27.30 crores) is entirely capitalized on all items of Capital Work in Process at the end of the year, rather than by considering the same only on 'Qualifying Assets' as required by AS 16. The effect of the same on the surplus for the year has not been quantified. Our audit report on the financial statements for the period ended 31st March 2007 was also modified accordingly.	MSETCL is capitalizing Interest as per the procedure specified under clause 1.42 & 1.43 to Annexure V to ESAAR 1985 wherein it is stated that full amount of Interest payable for the year would be considered for this purpose. Further it is also specified there in that in view of difficulties in identifying a source to its use, no attempt shall be made for source wise identification and this exercise shall be carried out at Head Office. clause 1.43 deal with the details modalities of computation of interest capitalization by virtue of which the portion of interest payable is allocated to interest bearing assets at construction stage which represent the amount of interest to be capitalized.
(ii)	Other ancillary costs like Guarantee charges, stamp duty, service fee and deferred costs related to restructuring of debt are not considered as borrowing costs as required by AS 16 for the purpose of capitalization to the qualifying fixed assets. The effect of the same on the surplus for the year has not been quantified. Our audit report on the financial statements for the period ended 31st March 2007 was also modified accordingly.	The above clauses of ESAAR 1985 refers only interest payable on capital liabilities and not other ancillary costs like Guarantee charges, stamp duty, service fee and deferred costs related to restructuring of debts hence the same are not considered for capitalization.

	STATUTORY AUDITORS REPORTS	MSETCL'S REPLY
e)	AS 19: Leases	
	The company has not made disclosures regarding assets taken on lease. Our audit report on the financial statements for the period ended 31st March 2007 was also modified accordingly.	No Such disclosure is required under ESAAR 1985.
f)	AS 22: Accounting for taxes on Income The company has not accounted for deferred tax on account of timing differences arising out of differences between taxable income and accounting income. The amount for the same has not been quantified. The company has also not made disclosures relating to items of Deferred Tax Liabilities and Deferred Tax Assets and reasons for non-recognition of deferred tax on account of timing differences. Our audit report on the financial statements for the period 31st March 2007 was also modified accordingly.	Since ESAAR, 1985 has been followed for compilation of Accounts wherein there is no specification for accounting for deferred tax on account of timing differences arising out of differences between taxable income & accounting income. Future, no such disclosure is required under ESAAR, 1985.
g)	AS 26: Intangible Assets Expenditure of Rs. 142,65,500 incurred on Repairs to machinery in the year 2006-07 and debited to "Repairs and Maintenance to Plant and Machinery" in that year has been reversed during the year and shown under the head Deferred cost (Schedule 23) (net of write off of Rs. 57,06,200 during the year). This has resulted in overstatement of surplus for the year by Rs. 85,59,300 and overstatement of reserves to that extent.	This was treated as routine transformer's repairs & maintenance work and wrongly booked to repairs and maintenance head instead of Deferred Revenue Expenditure.
h)	AS 29: Provisions, Contingent Liabilities and Contingent Assets. The company has not made disclosures regarding provisions and contingent liabilities (including those related to guarantees issued by Government of Maharashtra on behalf of the company to its lenders). Our audit report on the financial statements for the period ended 31st March 2007 was also modified accordingly.	No Such disclosure is required under ESAAR 1985.

	STATUTORY AUDITORS REPORTS	MSETCL'S REPLY
7	The company has made provision for depreciation at the rates notified under ESAAR, which are different from those specified by Schedule XIV to the Companies Act, 1956. As per the said Schedule XIV, the Company is required to disclose depreciation rates or useful life of the assets if these are different from the principal rates specified in the said schedule. The company has, however, not made such disclosures. Our audit report on the financial statements for the period ended 31st March 2007 was also modified accordingly.	The MSETCL has made provision for depreciation at the rates prescribed by the Government of India. Ministry of Energy (Department of Power) vide notification Dt. 29-03-1994, which are different from those specified by Schedule XIV to the Companies Act, 1956. MSETCL has made such disclosure in statement - 4 i.e. Statement of Accounting Policies completed.
8	Balances of Secured Loans, Sundry Debtors, Sundry Creditors, Loans and Advances, inter unit balances 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 surplus for the year is also not quantified. Our audit report on the financial statements for the period ended 31st March 2007 was also modified accordingly.	The inter company reconciliation is under process & MSETCL has already taken up the matter with MSPGCL & MSEDCL & with the GOM for MSEB RB following up the matter for early settlement of inter company dues.

9 Further to our observations in the annexure referred to in paragraphs 4 to 8 above, we report that :

- a) Subject to our observations in paragraph 8 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 and Revenue Account referred to in this report are in agreement with the books of accounts.

- d) In our opinion, the Balance Sheet and Revenue account, subject to our comments in paragraph 6 above, 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 5 to 8 above, the total impact of which on financial statements has not been quantified, 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 (Statement 4) and Notes to Accounts (Statement 5) both forming part of the accounts, gives the information required by the Companies Act, 1956 in the manner so required and gives a true and fair view.
 - (i) In the case of Balance Sheet, of the state of affairs of the company as at 31st March, 2008.
 - (ii) In the case of Revenue Account, of the Surplus 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
Contractor Nayak & Kishnadwala
Chartered Accountants

Sd/-
H. V. Kishnadwala
Partner
Membership No 37391
Mumbai, dated 17/09/2008

on behalf of Board
of MSETCL

Sd/-
Subrat Ratho
Chairman
dated 04/10/2008

**ANNEXURE TO THE AUDITORS REPORT REFERRED TO IN PARAGRAPH 4 OF OUR
REPORT OF EVEN DATE OF MAHARASHTRA STATE ELECTRICITY TRANSMISSION
COMPANY LTD. FOR THE YEAR ENDED ON 31ST MARCH 2008**

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.	Necessary instructions for maintenance of proper records regarding fixed assets was already issued to respective offices.
1(b)	During previous year, 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.	Necessary instructions for reconciliation with the fixed assets register was issued to the respective offices.
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, inventories have been physically verified by the management in September 2007 at three major stores circles, 5 stores centres and fabrication work shop.	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.	Factual

2(c)	On the basis of our test examination of records of inventory produced before us, in our opinion, the company has maintained proper records of inventory. As explained to us, the discrepancies noticed on such physical verification of stocks as compared to book records were not material in relation to the operations of the company.	Factual
3	On the basis of the records verified by us, the company has neither taken nor granted any loans to / from companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956. Thus provisions of clause 4(iii) (a) to 4(iii) (g) of the order are not applicable to the company for the year.	Factual
4	In our opinion and according to the information and explanations given to us, internal control procedures need to be strengthened in respect of accounting of purchase of fixed assets and materials, as to commensurate with the size of the company and nature of its business. Further, on the basis of our examination, and according to the information and explanations given to us, we have neither come across nor have we been informed of any instance of major weaknesses in the aforesaid internal control system and there is no continuing failure for the same.	Factual
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	Factual

	not accepted deposits from the public within the meaning of the provisions of section 58A of the Companies Act, 1956 and rules framed there under.	
7	The company has its own Internal Audit department. However, in our opinion the same is not commensurate with the size of the company and the nature of its business since the internal audit function suffers from inadequacies on account of scope, coverage, extent, personnel and regular reporting.	It has been decided to engage firms of Chartered Accountants registered with Institute of Chartered Accountants of India to carry out the internal audit of all offices under MSETCL. The tender for finalisation of audit firms is under issue.
8	On the basis of records produced, we are of the opinion that prima facie, the cost records and accounts prescribed by the Government of India under section 209(1) (d) of the Act have been made and maintained by the company. However, we are not required to carry out and have not carried out any detailed examination of such records and accounts.	Factual
9(a)	According to the information and explanations given to us and according to the books and records verified by us, the company is generally regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Investor Education and Protection Fund, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and any other Statutory dues with the appropriate authorities.	Factual
9(b)	According to the information and explanation given & representation made to us, there are no dues of income-tax, wealth-tax, sales tax, service tax, custom duty, excise duty and cess which have not been deposited on account of any dispute.	Factual
10	The Company does not have accumulated losses as at 31st March, 2008 and has not incurred cash losses during the financial year	Factual

	ended on that date or in the immediately preceding financial period;	
11	In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to the banks, financial institutions and debenture 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 share, debentures or other securities.	Factual
13	The company is not a Chit fund company or Nidhi / Mutual Benefit Fund / Society, hence clause 4(xiii) of the order is not applicable.	Factual
14	In our opinion and according to the information and explanations given to us, the company is not dealer or trader in securities.	Factual
15	According to the information and explanation given to us, the company has not given any guarantee for loans taken by others from bank or financial institutions.	Factual
16	In our opinion and according to the information and explanations given to us, and on overall examination of the Balance Sheet of the company, the term loans raised during the year have prima facie been applied for the purpose for which they were raised.	Factual
17	According to the information and explanation given to us, and on overall examination of the balance sheet of the company, in our opinion there are no funds raised on short-term basis which have been used for long term investments.	Factual

18	The company has not made any preferential allotment of shares during the year ended on 31st March, 2008.	Factual
19	Since the company has not issued any debentures, the questions of creation of securities for debentures does not arise.	Factual
20	The company has not raised any money by making a issue of shares during the year covered by our report.	Factual
21	During the course of our examination of the books and records of the company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have not come across any instance of fraud on or by the company noticed or reported during the year.	Factual

For and on behalf of
Contractor Nayak & Kishnadwala
Chartered Accountants

Sd/-
H. V. Kishnadwala
Partner
Membership No 37391
Mumbai, dated 17/09/2008

on behalf of board

Sd/-
P. G. Khandalkar
Director Finance
dated 04/10/2008

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

	CAG COMMENTS	MSETCL'S REPLY
	<p>The preparation of financial statements of “Maharashtra State Electricity Transmission Company Limited”, Mumbai for the year ended 31 March 2008 in accordance with financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the Company. The statutory auditors appointed by the Comptroller and Auditor General of India under Section 619 (2) of the Companies Act, 1956 are responsible for expressing opinion on these financial statements under section 227 of the Companies Act, 1956 based on independent audit in accordance with 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 17 September, 2008.</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 31 March 2008. 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</p>	<p>FACTUAL</p>

	CAG COMMENTS	MSETCL'S REPLY
	<p>personnel and 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 is necessary for enabling a better understanding of the financial statements and the related Audit Report.</p>	
<p>I</p> <p>1</p>	<p>Comments on Profitability Revenue Account (Statement 1) INCOME Revenue from Transmission Charges (Statement 1) Transmission Charges Recoveries (A/c Code 61.8) - Rs. 1571.06 crore</p> <p>This does not include an amount of Rs. 60.76 lakh being the open access charges receivable from Power Grid Corporation on India Ltd., for the month of February and March 2008 (SLDC, Kalwa) This was noticed by the company in June 2008 when its accounts were kept open and hence should have been accounted.</p> <p>This has resulted in understatement of receivables and income by Rs. 60.76 lakh and understatement of surplus to that extent.</p>	<p>Short term open access charges is being finalised by WRLDC as such SLDC Kalwa cannot assess the amount to be received against STOA transaction. Hence the provision for the same cannot be done for FY 2007-2008. This has been accounted in FY 08-09</p>
<p>II</p> <p>1</p> <p>1</p>	<p><u>Balance Sheet as at 31 March, 2008.</u> LIABILITIES Other Current Liabilities (Sch-28)- Rs.1389.32 crore Liability for Capital Supplies/Works (A/c code 42.1 to 42.7) - Rs.63.41 crore</p> <p>This is reduced by Rs.5.12 crore being the</p>	<p>This is as per the Opening Balances of</p>

	CAG COMMENTS	MSETCL'S REPLY
	minus balance transferred from the accounts of the erstwhile Maharashtra State Electricity Board on its reorganization into four companies. The balance is lying in the Company's accounts for the last three years without being operated. In the absence of records this could not be verified.	Transfer Schemes received from erstwhile MSEB. The said amount appears in A/c code 42.100 (Liability for supply of Materials/Works Capital) Rs (-) 2.54 crs & A/c code 42.300 (Provision for supply of Materials/Works Capital) Rs (-) 2.58 crs i.e. Total Rs (-) 5.12 crs. This will be cleared at the time of finalisation of Transfer Scheme.
2	<p>Accrued/Unclaimed amounts relating to Borrowings (A/c code 46.7)-Rs.54.12 crore</p> <p>This includes Interest accrued is shown as Rs.15.30 crore for which neither corresponding loan or bonds exist in the account nor are relevant records available for verification (HO & WM) Hence, the correctness of the amount is not verifiable.</p>	<p>This is as per the Opening Balances of Transfer Schemes received from erstwhile MSEB. The said amount appears in the a/c code 46.737 (Int accrued but not due on Indian Currency Loan ILFS)- Rs. 0.42 crs & a/c code 46.746 (private bonds int accrued but not due) - Rs. 14.88 crs i.e. Total Rs. 15.30 crs. This will be cleared at the time of finalisation of Transfer Scheme.</p>
3	<p>Other Liabilities and Provisions (A/c code 46.9)-Rs.239.99 crore</p> <p>This is reduced by Rs.7.02 crore due to the setting off of amount receivable from the employee's C.P.F. trust with the subscription recovered from the employees and payable to the C.P.F. trust. This has resulted in understatement of liabilities and receivables by Rs.7.02 crore.</p>	<p>The amount due from BOT (a/c code 46.953-0) as on 31.03.08 is shown in the Schedule 28 (Other Current Liabilities & Provisions) with minus sign, since the separate account code is not provided in the existing FABC System as "Receivable from BOT". However, now a new a/c code as "Receivable from BOT" is being incorporated in the FABC System and the amount is booked to this new a/c code to get the proper treatment.</p>
4	<p>Capital Liabilities (Sch 32) - Rs. 2486.91 crores</p> <p>Loans from Other : 1) Mumbai DCC Bank (A/c code 53.704) - Rs. 4.12 crores</p> <p>This amount of RS. 4.12 crores represents the un-reconciled balance for promissory</p>	<p>The loan liabilities allocation to all the successor entities of erstwhile MSEB is as per the approval of the Opening Balance sheet of subsidiary companies resolution NO 2006/27, item 14 dt 24.11.06 passed in the meeting of the Board of Directors of MSEB Holding Company Limited held on 26.09.06</p>

	CAG COMMENTS	MSETCL'S REPLY
	notes issued to K.E.C International Ltd during 1997 for supply and erection of Nagothane-Wadkal Line. The Company has not adjusted the balance since the past three years.	and the final decision in the matter could be taken only at the time of finalisation of transfer scheme. Therefore, the liability of loans from others under promissory notes issued to KEC International Rs. 4.11 crores presently allocated to MSETCL is continued to be shown as it is.
5	<p>Contributions, Grants and Subsidies towards cost of Capital Assets - Rs. 260.53 crore (Sch 34) Consumer Contribution towards cost of Capital Assets (Outright Contribution) for H.T Consumers (A/c Head 55.103) : Rs. 74.50 crore.</p> <p>This does not include amount of Rs. 37.45 crores (additions during the year Rs. 14.28 crores and additions during the previous years Rs. 23.17 crores) being the deposits received from HT consumers for outright contribution works carried out by the Company</p> <p>This has resulted in understatement of H.T Consumers' contribution towards cost of capital assets by Rs. 37.45 crores and overstatement of consumer contributions for service line charges Rs. 36.39 crores and overstatement of L.T consumers' contribution towards cost of capital assets by Rs. 1.06 crores</p>	<p>Rs. 14.28 crores (in FY 2007-08) and Rs. 23.17 crores (in FY 2006-07) were booked under the a/c code 55.100 (consumer contribution towards cost of capital asset - CRA)& 55.102 (Outright Consumer contribution from LT consumers) respectively which caused the understatement of H. T Consumer Contribution for outright works (A/c code 55.103). The said amount is now rectified under the a/c code 55.103 in the FY 2008-09 to get the correct amount pertaining to Deposits received from HT Consumers for outright contribution works carried out by the Company.</p>
3	<p>ASSETS Capital Expenditure in Progress (Sch 21) - Rs. 1174.86 crores Capital Work in Progress (A/c code 14.1) - Rs. 1077.58 crores</p>	
1	The Company has commissioned 435 numbers of works valuing Rs. 682.50 crores	The said 47 numbers of works were commissioned on certificate basis ,

	CAG COMMENTS	MSETCL'S REPLY																																																
	<p>during 2007-08. However, out of these works commissioned , 41 numbers of works valuaing Rs. 33.61 crores were shown under WIP. Moreover, 6 numbers of works valuaing Rs. 7.46 crores pertaining to EHV O&M Nashik commissioned prior to 2007-08 were also shown under WIP as on 31st March 2008</p> <p>This has resulted in overstatement of capital expenditure in progress by Rs. 41.07 crore and understatement of assets to that extent and resultant understatement of provision for depreciation.</p>	<p>However the actual accounting of the same is carried out in FY 2008-09 on receipt of Work Completion Reports.</p> <table><tr><th>Name of the Circle</th><th>Loc Code</th><th>Total No of Works</th><th>Value of work commissioned</th><th>Value of works transferred to assets till date</th><th>Value of works will be transferred to assets upto Mar 09</th></tr><tr><td>Khadka EHV Circle</td><td>300</td><td>8</td><td>5.56</td><td>3.10</td><td>2.46</td></tr><tr><td>Karad EHV O & M</td><td>408</td><td>3</td><td>2.06</td><td>2.06</td><td></td></tr><tr><td>Pune EHV O & M</td><td>412</td><td>19</td><td>13.38</td><td></td><td>13.38</td></tr><tr><td>Nashik EHV O & M</td><td>424</td><td>15</td><td>16.32</td><td>5.12</td><td>11.20</td></tr><tr><td>Pune EHVv Consnt</td><td>480</td><td>11</td><td>3.12</td><td></td><td>3.12</td></tr><tr><td>Aurangabad CCCM</td><td>760</td><td>2</td><td>0.61</td><td></td><td>0.61</td></tr><tr><td>TOTAL</td><td></td><td>47</td><td>41.06</td><td>10.28</td><td>30.78</td></tr></table>	Name of the Circle	Loc Code	Total No of Works	Value of work commissioned	Value of works transferred to assets till date	Value of works will be transferred to assets upto Mar 09	Khadka EHV Circle	300	8	5.56	3.10	2.46	Karad EHV O & M	408	3	2.06	2.06		Pune EHV O & M	412	19	13.38		13.38	Nashik EHV O & M	424	15	16.32	5.12	11.20	Pune EHVv Consnt	480	11	3.12		3.12	Aurangabad CCCM	760	2	0.61		0.61	TOTAL		47	41.06	10.28	30.78
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2	<p>The above includes an amount of Rs. 20.59 lakhs, being the balance amount for replacement of 132/33 KV BB make transformer commissioned on 12 January, 2008 at 132 KV Sinnar Sub Station</p> <p>This has resulted in overstatement of Capital Expenditure in progress and understatement of Assets by Rs. 20.59 lakh</p>	<p>Though the work was commissioned the actual accounting of the same is carried out in Dec. 08 (FY 08-09) on WCR basic.</p>																																																
3	<p>Net Current Assets Sundry Receivables (Schedule 26(e)) Other Claim and Receivables (A/c codes 28.700) Rs. - 609.99 crore.</p> <p>An amount of Rs. 551.51 crores being the expenditure incurred for servicing of private bonds and PFC loans, taken by the erstwhile MSEB for settlement of Dabhol Company related issues is shown as receivables from MSEB Residual Company. MSEB ceased to exist from 6 June, 2005 and the existence of MSEB Residual Company is not on record.</p> <p>As per the Board Resolution dated 14 May 2008 this should have been shown</p>	<p>As a result of restructuring of MSEB in June 2005, one of the entity is MSEB Residual Board having certain liabilities of Private Bonds, PFC Loans taken for settlement of Dabhol Power Company related issues. The constitution of MSEB Residual Board is as per Govt of Maharashtra notification No. Reform 1005/CR 9061/NRG 5 Dt 4th June 2005. Further the opening balance sheet of all the successors companies has also ben approved by the MSEB Holding Company vide BR NO 2006/27 item - 14 dt 24th Nov</p>																																																

	CAG COMMENTS	MSETCL'S REPLY
	<p>as receivable from Government of Maharashtra until the reimbursement of the same by the Government</p> <p>This fact needs to be disclosed in the accounts.</p>	<p>2006 passed in the meeting of Board of Directors of MSEB Holding Company Ltd held on 26.09.06, this brings the fact that the existence of MSEB Residual Board is on record. Further as per the PWC Report on restructuring of MSEB it is proposed that these liabilities be retained and serviced by the GoM. However for the time being to avoid default in servicing of the liability, MSETCL has provided the required funds for the said servicing. The matter has been already taken with GoM through the MSEB Holding Company Ltd to reimburse the amounts provided by MSETCL. However the GoM GR releasing this amount is still to be received. The amount of Rs. 551.51 crs is shown under Sch 26 (E) a/c code 28.877 Receivable from MSEB Residual Board. This will be reflected in FY 2008-09 by renomenclature of this account as "Receivable from GoM"</p>
III	<p>Comments on Disclosures</p> <p>Notes to Statements of accounts</p> <p>Note No. 3 Earning Per Shares</p> <p>The earnings per share is computed on the basis of net profit as per accounts. This net profit includes prior period income and extraordinary items (income clearly distinct from the ordinary activities). As per the provision of AS 20, the earnings per share is to be computed on the earnings for the period (not prior period) and should excludes extraordinary items. The earnings per share as disclosed in the note to statement of accounts is misleading to the extent of inclusion of income not pertaining to the period and income pertaining to extraordinary items. The manner in which numbers of shares have been computed for this purpose is also not disclosed</p>	<p>As per AS 20 Earning Per Share under the section referred Measurement, to calculate the Basic Earning, all items of income and expense which are recognized in a period, including tax expense and extraordinary items, are included in the determination of the net profit or loss for the period. Though the prior period items are booked under separate head, they are actually materialized during the year, hence are considered for the determination of Profit & Loss. Further it is to clarify the number of shares are calculated by dividing the Equity Capital amount with 10 (Rs 10 being the face value of shares as per our Article of Association)</p>

	CAG COMMENTS	MSETCL'S REPLY
IV 1	Other Comments The Company has not prepared the accounts in the for set out in the Part I of Schedule - VI as provide by Section 211 of the Companies Act, 1956 and consequently not provided for depreciation as per Schedule XIV of the Companies Act, 1956. The Company follows the Electricity Supply Annual Accounts Rules 1985 and is in the process of switching over to the Companies Act, 1956	MSETCL has already engaged Professional Services of M/s P G Joshi & Co, Chartered Accountants for implementation of System of Accounting in accordance with the provisions of the Companies Act, 1956 vide Order No. 445 dated 16-05-2008. As per the work schedule the compliance with the Companies Act will commenced from Financial Year 2008-09 itself and Accounts will be finalised by the year end accordingly.

issued and signed by
The Comptroller and Auditor General of India

Company's Reply signed on behalf of
Board of Director MSETCL

Sd/-
S. Jafa
ACCOUNTANT GENERAL
(COMMERCIAL AUDIT)

Sd/-
P. G. Khandalkar
Director Finance

Date : 01/04/2009
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 2008, Revenue Account for the year ended 31st March 2008 and the Cash Flow Statement for the year annexed thereto.
2. 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. 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. The Company is governed by the provisions of the Electricity (Supply) Act 2003, read with rules and the regulations issued there under. Section 616 (c) of the Companies Act, 1956 also provides that special acts like Electricity Act, will apply to the extent the provisions of the Companies Act are inconsistent with the provisions of those acts. The financial statements of MSETCL are prepared in the format prescribed under Electricity (Supply) Annual Accounts Rules, 1985 (hereinafter referred to as 'ESAAR') as notified by the Central Government in Electricity Supply Act, 1948 read with the provisions of section 185(2)(d) of the Electricity Act, 2003.
4. As required by the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's Report) (amendment) Order 2004, issued by the Government of India in terms of Sub section (4A) of Section 227 of the Companies Act, 1956, and on the basis of such checks as we considered appropriate, and according to the information and explanations given to us, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order to the extent applicable to the company.
5. 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 face value of Rs. 26,95,99,00,000 (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" in Schedule 33.

- 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.

6. The Company has not complied with the following Accounting Standards (AS) as per the Companies (Accounting Standards) Rules, 2006 as notified by Sec. 211 (3C) of the Companies Act, 1956.

a) AS 6 Depreciation Accounting :

- i) The Company has not provided depreciation on fixed assets acquired during the year. Due to this, the depreciation charged to Profit and Loss Account is understated by an estimated amount of Rs. 24.04 crores (previous year Rs. 9.11 crores) and Surplus for the year and value of fixed assets overstated by Rs. 24.04 crores (Previous Year Rs. 9.11 crores)
- ii) The company has provided depreciation only upto 90% of cost of assets, instead of provision of depreciation till 95% value of assets as required by Schedule XIV of the Companies Act, 1956. The effect of this on the Surplus for the year has not been quantified. Our audit report on the financial statements for the period ended 31st March 2007 was also modified accordingly.

b) AS 10: Accounting for Fixed Assets :

- i) The company has incurred major expenditure towards renovation and modernizaation of its equipments at its O & M circles during the year, and has capitalized the same by considering the same as 'life extension scheme'. In absence of information so as to quantify the increase in future life / capacity of asset due to such expenditure, we are unable to comment whether the same results into increase of future benefit from the existing assets beyond its previously assessed standard of performance, which is a condition to be satisfied for capitalization of cost of improvements and repairs as per provisions of AS-10 'Accounting for Fixed Assets'. The Cost of old assets replaced due to the 'life extension scheme' and depreciation provision there on are also not withdrawn from the block of fixed assets. In case the conditions for capitalisation are not satisfied the said amount (which has not been quantified by the management) will have to be charged to the Profit and Loss Account, resulting in an equivalent impact on the Surplus and value of fixed assets.
- ii) The company has capitalised to the fixed assets, employee cost, head office supervision charges and other general administration charges incurred at its various circles (other than construction circles) amounting to Rs. 76,56,12,743 (Previous year Rs. 17,49,84,624) on

an ad-hoc basis rather than following the principle of identifying whether the said costs are directly related to the acquisition / construction of the fixed assets. This has resulted in overstatement of Surplus for the year, the effect of which has not been quantified. Our audit report on the financial statements for the period ended 31st March 2007 was also modified accordingly.

iii) Expenses on account of transit insurance, octroi and freight on capital goods incurred during the year are charged to the Revenue account instead of including the same as part of the cost of the fixed assets. This has resulted in understatement of surplus for the year, the effect of which has not been quantified. Our audit report on the financial statements for the period ended 31st March 2007 was also modified accordingly.

iv) Loss to fixed assets pending investigation (as per schedule 23), whose written down value is Rs. 95,61,558 has not been charged to profit and loss account. The above referred assets are also not withdrawn from block of fixed assets, thereby resulting into overstatement of gross cost of fixed assets and provision for depreciation to that extent.

v) Assets which are not in active use (as per Schedule 22) are stated at written down value instead of written down value or net realizable value whichever is lower. As informed to us, the net realizable value of these assets cannot be ascertained and hence the effect of same on the surplus for the year has not been quantified. Our audit report on the financial statements for the period ended 31st March 2007 was also modified accordingly.

c) AS 12: Accounting for Government Grants

The amount of outright contribution received during the year Rs. 512,335,558 (previous year Rs. 324,524,880) and grants received from Government of Maharashtra Rs.800,000,000 (previous year - Rs. 685,800,000) (as per Schedule 34), towards cost of fixed assets is not reduced from the cost of assets constructed to the extent of construction of assets completed till the year end or from the relevant revenue expenditure incurred during the year. The effect of this on the surplus for the year has not been quantified. Our audit report on the financial statements for the period ended 31st March 2007 was also modified accordingly.

d) AS 16: Borrowing Costs

i) Expenses on account of borrowing cost consisting of Interest expenses of Rs. 36.73 crores (Previous Year Rs. 27.30 crores) is entirely capitalized on all items of capital work in Process at the end of the year, rather than by considering the same only on 'Qualifying Assets' as required by AS 16. The effect of the same on the surplus for the year has not been quantified. Our audit report on the financial statements for the period ended 31st March 2007 was also modified accordingly;

ii) Other ancillary costs like Guarantee charges, stamp duty, service fee and deferred costs related to restructuring of debts are not considered as borrowing costs as required by AS 16 for the purpose of capitalization to the qualifying fixed assets. The effect of the same

on the surplus for the year has not been quantified. Our audit report on the financial statements for the period ended 31st March 2007 was also modified accordingly;

e) AS 19: Leases

The company has not made disclosures regarding assets taken on lease. Our audit report on the financial statements for the period ended 31st March 2007 was also modified accordingly;

f) AS 22: Accounting for taxes on Income

The company has not accounted for deferred tax on account of timing differences arising out of differences between taxable incomes and accounting income. The amount for the same has not been quantified. The company has also not made disclosures relating to items of Deferred Tax Liabilities and Deferred Tax Assets and reasons for non-recognition of deferred tax on account of timing differences. Our audit report on the financial statements for the period ended 31st March 2007 was also modified accordingly;

g) AS 26: Intangible Assets

Expenditure of Rs. 142,65,500 incurred on Repairs to machinery in the year 2006-07 and debited to "Repairs and Maintenance to Plant and Machinery" in that year has been reversed during the year and shown under the head Deferred cost (Schedule 23) (net of write off of Rs. 57,06,200 during the year). This has resulted in overstatement of surplus for the year by Rs. 85,59,300 and overstatement of reserves to that extent.

h) AS 29: Provisions, Contingent Liabilities and Contingent Assets.

The company has not made disclosures regarding provisions and contingent liabilities (including those related to guarantees issued by Government of Maharashtra on behalf of the company to its lenders). Our audit report on the financial statements for the period ended 31st March 2007 was also modified accordingly;

7. The company has made provision for depreciation at the rates notified under ESAAR, which are different from those specified by Schedule XIV to the Companies Act, 1956. As per the said Schedule XIV, the Company is required to disclose depreciation rates or useful life of the assets if these are different from the principal rates specified in the said schedule. The company has, however, not made such disclosures. Our audit report on the financial statements for the period ended 31st March 2007 was also modified accordingly;
8. Balances of Secured Loans, Sundry Debtors, Sundry Creditors, Loans and Advances, inter unit balances and various other debit / credit balaces 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 surplus for the year is also not quantified. Our audit report on the financial statements for the period ended 31st March 2007 was also modified accordingly.

9. Further to our observations in the annexure referred to in paragraphs 5 to 8 above, we report that :
- a) Subject to our observations in paragraph 8 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 and Revenue Account referred to in this report are in agreement with the books of accounts.
 - d) In our opinion, the Balance Sheet and the Revenue account, subject to our comments in paragraph 6 above, 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 5 to 8 above, the total impact of which on financial statements has not been quantified, 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 (Statement 4) and Notes to Accounts (Statement 5) both forming part of the accounts, gives the information required by the Companies Act, 1956 in the manner so required and gives a true and fair view :
 - i) In the case of Balance Sheet, of the state of affairs of the company as at 31st March, 2008,
 - ii) In the case of Revenue Account, of the Surplus 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
Contractor Nayak & Kishnadwala
Chartered Accountants

Sd/-
H.V.Kishnadwala
Partner,
Membership No. 37391
Mumbai, September 17th 2008

ANNEXURE TO THE AUDITORS REPORT REFERRED TO IN PARAGRAPH 4 OF OUR REPORT OF EVEN DATE OF MAHARASHTRA STATE ELECTRICITY TRANSMISSION COMPANY LIMITED FOR THE YEAR ENDED ON 31ST MARCH 2008

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 previous year, 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, inventories have been physically verified by the management in September 2007 at three major stores circles, 5 stores centre and fabrication work shop.
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 were not material in relation to the operations of the company.
3	On the basis of the records verified by us, the company has neither taken nor granted any loans to / from companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956 Thus provisions of clause 4 (iii) (a) to 4 (iii) (g) of the order are not applicable to the company for the year.
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, as to commensurate with the size of the company and nature of its business. Further, on the basis of our examination, and according to the information and explanations given to us, we have neither come across nor have we been informed of any instance of major weaknesses in the aforesaid internal control system and there is not 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.	The Company has its own Internal Audit department. However, in our opinion the same is not commensurate with the size of the company and the nature of its business since the internal audit function suffers from inadequacies on account of scope, coverage, extent, personnel and regular reporting.
8.	On the basis of records produced, we are of the opinion that prima facie, the cost records and accounts prescribed by the Government of India under section 209(1) (d) of the Act have been made and maintained by the company. However, we are not required to carry out and have not carried out any detailed examination of such records and accounts.
9 (a)	According to the information and explanations given to us and according to the books and records verified by us, the company is generally regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Investor Education and Protection Fund, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and any other statutory dues with the appropriate authorities.
9 (b)	According to the information and explanation given & representation made to us, there are no dues of income-tax, wealth-tax, sales tax, service tax, custom duty, excise duty and cess which have not been deposited on account of any dispute.
10	The Company does not have accumulated losses as at 31st March, 2008 and has not incurred cash losses during the financial year ended on that date or in the immediately preceding financial period;
11	In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to the banks, 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 and explanation given to us, the company is not dealer or trader in securities.

15	According to the information and explanation given to us, the company has not given any guarantee for loans taken by others from bank or financial institutions.
16	In our opinion and according to the information and explanations given to us, and on overall examination of the Balance sheet of the company, the term loans raised during the year have prima facie been applied for the purpose for which they were raised.
17	According to the information and explanation given to us, and on overall examination of the balance sheet of the company, in our opinion there are no funds raised on short-term basis which have been used for long term investments.
18	The company has not made any preferential allotment of shares during the year ended on 31st March, 2008.
19	Since the company has not issued any debentures, the question of creation of securities for debentures does not arise.
20	The company has not raised any money by making a issue of shares during the year covered by our report.
21	During the course of our examination of the books and records of the company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have not come across any instance of fraud on or by the company noticed or reported during the year.

For and on behalf of
Contractor Nayak & Kishnadwala
Chartered Accountants

S/d

H.V.Kishnadwala
Partner,
Membership No. 37391
Mumbai, September 17th 2008

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

The preparation of financial statements of “**Maharashtra State Electricity Transmission Company Limited**”, **Mumbai** for the year ended 31 March 2008 in accordance with financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the Company. The statutory auditors appointed by the Comptroller and Auditor General of India under Section 619 (2) of the Companies Act, 1956 are responsible for expressing opinion on these financial statements under section 227 of the Companies Act, 1956 based on independent audit in accordance with 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 **17 September, 2008**.

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 31 March 2008. 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 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 is necessary for enabling a better understanding of the financial statements and the related Audit Report.

I Comments on Profitability.
Revenue Account (Statement 1)

1 INCOME
Revenue from Transmission Charges (Statement 1)
Transmission Charges Recoveries (A/c Code 61.8) - Rs. 1571.06 crore

This does not include an amount of Rs. 60.76 lakh being the open access charges receivable from Power Grid Corporation on India Ltd., for the month of February and March 2008 (SLDC, Kalwa) This was noticed by the company in June 2008 when its accounts were kept open and hence should have been accounted.

This has resulted in understatement of receivables and income by Rs. 60.76 lakh and understatement of surplus to that extent.

II Balance Sheet as at 31 March, 2008.

1 LIABILITIES
Other Current Liabilities (Sch-28)-Rs.1389.32 crore
Liability for Capital Supplies/Works (A/c code 42.1 to 42.7) - Rs.63.41 crore

- 1** This is reduced by Rs.5.12 crore being the minus balance transferred from the accounts of the erstwhile Maharashtra State Electricity Board on its reorganization into four companies. The balance is lying in the Company's accounts for the last three years without being operated. In the absence of records this could not be verified.

Accrued/Unclaimed amounts relating to Borrowings (A/c code 46.7)-Rs.54.12 crore

- 2 This includes Interest accrued is shown as Rs.15.30 crore for which neither corresponding loan or bonds exist in the account nor are relevant records available for verification (HO & WM)Hence, the correctness of the amount is not verifiable.

Other Liabilities and Provisions (A/c code 46.9)-Rs.239.99 crore

- 3 This is reduced by Rs.7.02 crore due to the setting off of amount receivable from the employee's C.P.F. trust with the subscription recovered from the employees and payable to the C.P.F. trust. This has resulted in understatement of liabilities and receivables by Rs.7.02 crore.

Capital Liabilities (Sch 32) - Rs. 2486.91 crores

Loans from Other : 1) Mumbai DCC Bank (A/c code 53.704) - Rs. 4.12 crores

- 4 This amount of RS. 4.12 crores represents the un-reconciled balance for promissory notes issued to K.E.C International Ltd during 1997 for supply and erection of Nagothane-Wadkal Line. The Company has not adjusted the balance since the past three years.

Contributions, Grants and Subsidies towards cost of Capital Assets - Rs. 260.53 crore (Sch 34)

Consumer Contribution towards cost of Capital Assets (Outright Contribution) for H.T Consumers (A/c Head 55.103) : Rs. 74.50 crore.

- 5 This does not include amount of Rs. 37.45 crores (additions during the year Rs. 14.28 crores and additions during the previous years Rs. 23.17 crores) being the deposits received from HT consumers for outright contribution works carried out by the Company

This has resulted in understatement of H.T Consumers' contribution towards cost of capital assets by Rs. 37.45 crores and overstatement of consumer contributions for service line charges Rs. 36.39 crores and overstatement of L.T consumers' contribution towards cost of capital assets by Rs. 1.06 crores

3 ASSETS

Capital Expenditure in Progress (Sch 21) - Rs. 1174.86 crores

Capital Work in Progress (A/c code 14.1) - Rs. 1077.58 crores

- 1 The Company has commissioned 435 numbers of works valuing Rs. 682.50 crores during 2007-08. However, out of these works commissioned , 41 numbers of works valuing Rs. 33.61 crores were shown under WIP. Moreover, 6 numbers of works valuing Rs. 7.46 crores pertaining to EHV O&M Nashik commissioned prior to 2007-08 were also shown under WIP as on 31st March 2008

This has resulted in overstatement of capital expenditure in progress by Rs. 41.07 crore and understatement of assets to that extent and resultant understatement of provision for depreciation.

- 2 The above includes an amount of Rs. 20.59 lakhs, being the balance amount for replacement of 132/33 KV BB make transformer commissioned on 12 January, 2008 at 132 KV Sinnar Sub Station

This has resulted in overstatement of Capital Expenditure in progress and understatement of Assets by Rs. 20.59 lakh

Net Current Assets

Sundry Receivables (Schedule 26(e))

Other Claim and Receivables (A/c codes 28.700) Rs. - 609.99 crore.

- 3 An amount of Rs. 551.51 crores being the expenditure incurred for servicing of private bonds and PFC loans, taken by the erstwhile MSEB for settlement of Dabhol Company related issues is shown as receivables from MSEB Residual Company. MSEB ceased to exist from 6 June, 2005 and the existence of MSEB Residual Company is not on record.

As per the Board Resolution dated 14 May 2008 this should have been shown as receivable from Government of Maharashtra until the reimbursement of the same by the Government

This fact needs to be disclosed in the accounts.

III Comments on Disclosures

Notes to Statements of accounts

Note No. 3 Earning Per Shares

The earnings per share is computed on the basis of net profit as per accounts. This net profit includes prior period income and extraordinary items (income clearly distinct from the ordinary activities). As per the provision of AS 20 , the earnings per share is to be computed on the earnings for the period (not prior period) and should excludes extraordinary items. The earnings per share as disclosed in the note to statement of accounts is misleading to the extent of inclusion of income not pertaining to the period and income pertaining to extraordinary items. The manner in which numbers of shares have been computed for this purpose is also not disclosed

IV Other Comments

- 1 The Company has not prepared the accounts in the for set out in the Part I of Schedule - VI as provide by Section 211 of the Companies Act, 1956 and consequently not provided for depreciation as per Schedule XIV of the Companies Act, 1956. The Company follows the Electricity Supply Annual Accounts Rules 1985 and is in the process of switching over to the Companies Act, 1956

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

Sd/-
S. Jafa
ACCOUNTANT GENERAL
(COMMERCIAL AUDIT)

Date : 01/04/2009
Place : Mumbai.

WHAT WE EARNED AND SPENT
(RS. IN LAKHS)

	As at 31-03-2008		As at 31-03-2007	
WE EARNED (REVENUE)				
Revenue from Transmission Charges		157106		142293
Other Income		9381		3977
Total Income		166488		146270
WE SPENT (EXPENSES)				
Expenditure on Repairs and Maintenance, Employee costs, Adm Expenses		69630		68644
Less : Capitalised	13359	56271	8884	59760
Depreciation & Related Debits		52541		47594
Less : Capitalised	82	52459	41	47553
Interest and Finance Charges	25821		22565	
Less : Capitalised	3673	22148	2730	19835
Provision for Income Tax /FBT		9790		2236
TOTAL EXPENDITURE		140667		129384
What remained Surplus		25820		16886

OUR POSITION**(RS. IN LAKHS)**

	As at 31-03-2008	As at 31-03-2007
TOTAL ASSETS		
Net Fixed Assets (including Intangible Assets)	456783	421598
Work-in-Progress	117486	93040
Other Assets	316	3880
Investments	41474	14526
Net Current Assets	-366	-8692
Total	615692	524353
FINANCED BY		
Borrowings for Working Capital	0	0
Funds from State Govt.	0	0
Equity Capital	269604	269604
Contribution, Grants & Subsidies towards Cost of Capital Assets	26054	12931
Capital Liabilities (Including Payments due on Capital Liabilities)	248691	194118
Reserves and Reserve Funds	9879	4228
SURPLUS	61465	43472
TOTAL	615692	524353

REVENUE ACCOUNT
**STATEMENT - 1
(RS. IN LAKHS)**

SCH. NO.	Particulars	Financial Year 2007-08	Previous Year 2006-07
	UNITS TRANSMITTED (IN MILLIONS) (NET)	89189.876 MKWH	73142.000 MKWH
	INCOME		
1	Revenue from Transmission Charges	157106	142293
4	Revenue Subsidies and Grants	0	0
5	Other Income	8098	3984
	TOTAL	165204	146276
	EXPENDITURE		
6	Purchase of Power	0	0
7	Generation of Power	0	0
8	Repairs and Maintenance	24895	16286
9	Employee Costs	34870	45384
10	Administration and General Expenses	7134	5970
11	Depreciation & Related debits (Net)	49548	47452
12	Interest and Finance Charges	25796	22532
	TOTAL	142243	137624
	Less : Expenses Capitalised		
13	Int. & Finance Charges Capitalised	3673	2730
14	Other Expenses Capitalised	13441	8924
	TOTAL	17114	11655
15	Other Debits	1013	138
16	Extraordinary Items.	4	
	TOTAL (6 TO 16)	126145	126107
	PROFIT / (LOSS) BEFORE TAX	39059	20169
17	Provision for Fringe Benefit Tax	140	102
	PROFIT / (LOSS) BEFORE TAX AFTER FBT	38919	20067
17	Provision for Income Tax	9650	2134
18	Net Prior Period Credits / (Charges)	(3448)	(1047)
	SURPLUS/(DEFICIT)	25820	16886
	Earnings Per Equity Share		
	(Face value of Rs. 10 per share)		
	Basic	51641.00	33773.00
	Diluted	0.96	0.63
	Surplus Gross/Net as a Percentage of the value of Fixed Assets of the MSETCL in service at the beginning of year		
	Minimum specified as per Electricity (Supply) Act	4.50%	4.50%
	ACTUAL	6.22%	3.90%

ANIL DESHPANDE
CHIEF GENERAL MANAGER (F&A)

PRAMOD KHANDALKAR
DIRECTOR (FINANCE)

NET REVENUE AND APPROPRIATION ACCOUNT**STATEMENT - 2
(RS. IN LAKHS)**

Sr. No.	Particulars	Financial Year 2007-08 Rs.	Previous Year 2006-07 Rs.
1	Balance brought forward	43472	30812
2	Surplus / (Deficit) from Revenue Account	25820	16886
3	CREDITS		
	Transitional adjustment for employee benefits	2178	
	Transfer from General Reserve		
4	APPROPRIATIONS		
	Contributions to Reserves & Reserve Funds	4573	4226
	Contributions to Special Reserves Funds	1077	
	i) Sinking Fund for Repayment of Borrowings		
	ii) General Reserve		
	BALANCE CARRIED FORWARD TO BALANCE SHEET	61465	43472

ANIL DESHPANDE
CHIEF GENERAL MANAGER (F&A)

PRAMOD KHANDALKAR
DIRECTOR (FINANCE)

BALANCE SHEET**STATEMENT - 3
(RS. IN LAKHS)**

Sch. no.	Particulars	As at 31st March 2008		As at 31st March 2007	
		Rs.	Rs.	Rs.	Rs.
	NET ASSETS				
19 *	Net Fixed Assets				
19a	Gross Block	988528		901584	
19b	Less : Accumulated Depreciation	531808		480059	
	Net Fixed Assets		456720		421524
21	Capital Expenditure in Progress		117486		93040
22	Assets not in use		132		71
23	Deferred Costs		184		3810
24	Intangible Assets		63		74
25	Investments		41474		14526
	SUB TOTAL		616059		533044
	NET CURRENT ASSETS				
26a	Stock	18237		9632	
26b	Receivable against supply of power	29746		42776	
26c	Cash & Bank Balance	11028		7937	
26d	Loans & Advances	17320		14043	
26e	Sundry Receivables	62234		15708	
26	Total Current Assets	138566		90096	
	Less:-				
27	Security Deposits from Consumers	0		0	
28	Other Current Liabilities	138932		98787	
	Total Current Liabilities	138932		98787	
	Net Current Assets		-366		-8692
29	Subsidy Receivable from Government				
	NET ASSETS		615692		524353
	FINANCED BY				
30	Borrowings for Working Capital		0		0
31	Payments due on Capital Liabilities Interest accrued but not due on Government Loan		0		0
32	Capital Liabilities		248691		194118
33	Funds from State Government		0		0
33	Equity Capital		269604		269604
34	Contributions, Grants & Subsidies towards Costs of Capital Assets		26054		12931
35	Reserves and Reserve Funds		9879		4228
	SURPLUS/(DEFICIT)		61465		43472
	TOTAL FUNDS)		615692		524353

* Schedule 20 relates to function-wise Break up to Fixed Assets diff.

ANIL DESHPANDE
CHIEF GENERAL MANAGER (F&A)

PRAMOD KHANDALKAR
DIRECTOR (FINANCE)

REVENUE FROM TRANSMISSION CHARGES**SCHEDULE - 1
(RS. IN LAKHS)**

Sr. No.	Particulars	Account Code	This Year 2007-08 Rs.	Previous Year 2006-07 Rs.
1	Transmission Charges Recoveries	61.8	156216.79000	140942.34239
2	Transmission Charges Recoveries (Goa)	61.8	889.55004	1350.16971
3	Miscellaneous Charges from Consumers	61.9		
4	GRAND TOTAL		157106.34004	142292.51210

REVENUE SUBSIDIES AND GRANTS**SCHEDULE - 4
(RS. IN LAKHS)**

Sr. No.	Particulars	Account Code	This Year 2007-08 Rs.	Previous Year 2006-07 Rs.
1	R. E. Subsidies	63.110		
2	Grants for Research and Development Expenses	63.120		
	TOTAL		0.00000	0.00000

OTHER INCOME**SCHEDULE - 5
(RS. IN LAKHS)**

Sr. No.	Particulars	Account Code	This Year 2007-08 Rs.	Previous Year 2006-07 Rs.
1	Interest on Staff Loans and Advances	62.210	15.88780	13.79655
2	Income from Investments in Bank Deposits	62.220	2870.32931	379.16057
3	Interest On Securities	62.230		
4	Interest on Other Investments	62.290		
5	Interest on Loans and Advances to Licensees	62.240		
6	Delayed Payment Charges from Consumers	62.250		
7	Interest from Consumers	62.251		
8	Interest on Advances to Suppliers / Contractors	62.260		
9	Interest from Banks (other than on Fixed Deposits)	62.270		
10	Income from Trading	62.300	430.59335	533.06515
11	Income from Staff Welfare Activities	62.600	0.68596	0.48191
12	Miscellaneous Receipts	62.900	4780.08067	3057.26942
	GRAND TOTAL		8097.57709	3983.77360

PURCHASE OF POWER
**SCHEDULE - 6
(RS. IN LAKHS)**

Sr. No.	Particulars	Account Code	This Year 2007-08 Rs.	Previous Year 2006-07 Rs.
1	Power Purchased	70.1		
	i. Koyna Hydro Project	70.101		
	ii. Tata Electric Power Station	70.103		
	iii. Tarapur Atomic Power Station	70.105		
	iv. Gujarat Electricity Board	70.107		
	v. Madhya Pradesh Electricity Board	70.109		
	vi. Karnataka Electricity Board	70.111		
	vii. Rashtriya Chemicals & Fertilisers Corporation	70.115		
	viii. Oil & Natural Gas Commission	70.117		
	ix. National Thermal Power Corporation	70.119		
	x. Kakrapar Atomic Power Station	70.121		
	xi. Sugar Factories	70.123		
	xii. I.G.P.L.	70.125		
	xiii. Wind Mills	70.127		
	xiv. B.S.E.S. LTD	70.129		
	xv. Power Purchased from Goa	70.132		
	xvi. Dabhol (Capacity payment)	70.133		
	xvii. Dabhol (Energy charges)	70.134		
	xviii. Power Purchased from Dhabhol Power Corp.	70.135		
	xix. Power Purchased from Bhandardara	70.136		
	xx. Power Purchased from WREB Payment as per "Availability Based Tariff" Unscheduled Interchange Charges WRLDC	70.137		
	xxi. Power Purchased from WREB Payment as per "Availability Based Tariff" Reactive Energy Charges WRLDC	70.138		
	xxii. Power Purchased from Power Trading Corporation of India	70.139		
	xxiii. Generation through solar Energy	70.140		
	xxiv. Through Municipal Solid Waste - MSW	70.141		
	xxv. Small Hydro Projects i.e. upto 25MW under CPP Category	70.142		
	xxvi. Captive Power Purchased	70.143		
2.	Total Power Purchased		0.00000	0.00000
3.	Write-off of costs of acquiring rights to receive power from other bodies	70.3		
4.	Wheeling Charges	70.4		
	Total		0.00000	0.00000

GENERATION OF POWER

SCHEDULE - 7 (RS. IN LAKHS)

Sr. No.	Particulars	Account Code	This Year		Previous Year	
			Rs.	Rs.	Rs.	Rs.
1	FUEL CONSUMPTION					
2	Coal	71.110				
	Oil					
	i) Furnace Oil	71.120				
	ii) Light Diesel Oil	71.121				
	iii) High Speed Diesel Oil	71.122				
3	Gas (Steam Power Generation)	71.130				
4	Gas (Internal Combustion)	71.140				
	a) L S & H S	71.141				
5	Coal Handling Plant					
6	TOTAL 1 TO 5		0.00000		0.00000	
7	i) Other Fuel Related Costs	71.2				
	ii) Freight variance on Coal Receipt	71.3				
	iii) Stock Shortages on Physical Verification of Coal Stock	71.410				
	iv) Stock Shortages on Physical Verification of Oil Stock	71.420				
	v) Stock Excess on Physical Verification of Coal Stock	62.710				
	vi) Stock Excess on Physical Verification of Oil Stock	62.720				
	Sub Total (i to vi)		0.00000		0.00000	
8	Sub -Total for Fuel Costs (6+7)		0.00000		0.00000	
9	Operating Expenses					
	Cost of Water (Hydel/Thermal P.S.)	71.500				
10	Lubricants & Consumable Stores	71.600				
11	Station Supplies	71.700				
12	Sub-Total for Operating					
	Expenses (9 to 11)		0.00000		0.00000	
13	Cost of Generation of Power (8+12)		0.00000		0.00000	
14	Lease Rent of Hydro Power Stations	71.850				
15	Fuel Related Losses					
	i) Total Transit Loss I Coal	72.101				
	ii) Total Transit Loss II Coal	72.102				
	iii) Transit Loss of Oil	72.131				
	iv) Loss on Short Receipt of Gas	72.141				
	v) Difference on Settlement of Railway Claims for Coal	72.210				
	vi) Difference on Settlement of Railway Claims for Oil	72.220				
	vii) Difference in Grade of Coal	72.300				
	Sub Total (I to VII)		0.00000		0.00000	
16	Total (13+14+15)		0.00000		0.00000	
17	Excise Duty on Generation	71.800				
	GRAND TOTAL		0.00000		0.00000	

REPAIRS AND MAINTENANCE**SCHEDULE - 8
(RS. IN LAKHS)**

Sr. No.	Particulars	Account Code	This Year 2007-08 Rs.	Previous Year 2006-07 Rs.
	REPAIRS AND MAINTENANCE TO,			
1	Plant and Machinery	74.1	17216.61579	11787.58622
2	Building	74.2	2063.04522	1293.42224
3	Civil Works	74.3	1880.18216	1056.60162
4	Hydraulic Works	74.4	3.29098	0.03400
5	Lines, Cable Network etc.	74.5	3438.27398	1939.19603
6	Vehicles	74.6	128.15981	114.82751
7	Furniture and Fixtures	74.7	17.47233	5.58783
8	Office Equipments	74.8	148.37072	89.20359
	GRAND TOTAL		24895.41099	16286.45904

EMPLOYEE COSTS**SCHEDULE - 9
(RS. IN LAKHS)**

Sr. No.	Particulars	Account Code	This Year 2007-08 Rs.	Previous Year 2006-07 Rs.
1	Salaries	75.1	11678.87219	12006.18868
2	Overtime	75.2	1578.01979	1408.88130
3	Dearness Allowance	75.3	10463.98646	9166.90040
4	Other Allowance	75.4	2515.74593	2569.70915
5	Bonus / Ex-gratia	75.5	44.10000	
6	SUB TOTAL		26280.72437	25151.67953
7	Medical Expenses Reimbursement	75.611	111.10774	134.34853
8	Leave Travel Assistance	75.612	59.79583	43.42130
9	Earned Leave Encashment	75.617	357.70536	1017.50781
10	Leave Salary Contribution (deputation staff)	75.618		0.36344
11	Honorarium	75.620	0.10692	0.01500
12	Expenditure on paper setting etc.	75.621	131.23657	28.77147
13	Payment under Workmen's Compensation Act	75.629	3.91280	19.00127
14	Board's Contribution under Welfare Act.	75.640	5.04495	5.46843
15	Administration Charges (Employees Deposit Linked Insurance Scheme)	75.645	0.33383	0.38137
16	Provision for shortfall in fair value in plan assets	75.646	89.00000	
17	Board's Contribution to ESI Fund	75.650	0.00290	0.31404
18	Medical Expenses Reimbursement (CHP)	75.681		
19	Medical Expenses Reimbursement (AHP)	75.682		
20	Medical Expenses Reimbursement (Others)	75.683	6.73741	0.20000
21	Leave Travel Assistance (CHP)	75.691		
22	Leave Travel Assistance (AHP)	75.692		
23	(TOTAL OTHER STAFF COSTS (7 TO 22))		764.98431	1249.79266
24	Staff Welfare Expenses	75.7	228.64673	200.96042
25	Terminal Benefits	75.8	7595.63855	18781.38157
	GRAND TOTAL		34869.99396	45383.81418

ADMINISTRATION AND GENERAL EXPENSES
**SCHEDULE - 10
(RS. IN LAKHS)**

Sr. No.	Particulars	Account Code	This Year 2007-08 Rs.	Previous Year 2006-07 Rs.
1	Rent, Rates and Taxes			
i)	Rent (Including Lease Rent)	76.101	941.23196	1076.74680
ii)	Rates and Taxes	76.102	988.60324	605.28790
2	Insurance			
i)	Insurance on Fixed Assets	76.104	9.74396	5.60931
ii)	Insurance on Stocks	76.105	16.25701	0.01737
iii)	Insurance on Assets under Construction	76.106	0.00450	1.63668
iv)	Insurance charges for HVDC Project	76.107	73.26689	67.99295
v)	Lease rentals for HVDC Project	76.108	27.34250	27.34250
vi)	Taxes and Charges for HVDC Project	76.109	1.09370	1.09370
3	Telephone Charges, Postage, Telegrams and Telex Charges	76.111 to 76.113	323.06058	302.48345
4	Legal Charges	76.121	21.31383	13.78899
5	Audit Fees	76.122	16.24020	12.52868
6	Consultancy Charges	76.123	217.64906	260.82750
7	Technical Fees	76.124	6.10178	5.14909
8	Other Professional Charges	76.125	93.54389	84.23273
9	Remuneration to Chairperson/Member	76.126	0.00853	0.04984
10	Conveyance and Travel			
i)	Conveyance Expenses	76.131	10.14185	13.19202
ii)	Travelling Expenses	76.132	728.61585	486.13571
iii)	Travelling Allowance to Employees	76.133		
iv)	Travelling Expenses for foreign tour	76.134	5.19800	
v)	Vehicle running Expenses Petrol & Oil (Other than for trucks/delivery vans)	76.136	342.37221	364.80254
vi)	Vehicles Licence and Registration Fees	76.138	22.95121	14.50118
vii)	Expenses of hire of Taxi	76.139	374.54528	309.24509
11	Other Expenses			
i)	Fees and Subscriptions	76.151	42.18039	56.73958
ii)	Books and Periodicals	76.152	5.28478	3.74839
iii)	Printing and Stationery	76.153	203.27143	158.24445
iv)	Advertisement Expenses	76.155	51.58982	71.33385
v)	Contributions	76.157		
vi)	Electricity Charges	76.158	513.96748	438.91038
vii)	Water Charges	76.160	268.63547	296.43432

ADMINISTRATION AND GENERAL EXPENSES
**SCHEDULE - 10
(RS. IN LAKHS)**

Sr. No.	Particulars	Account Code	This Year 2007-08 Rs.	Previous Year 2006-07 Rs.
	viii) Entertainment	76.162	5.21389	5.11954
	ix) Expenditure on Meetings, Conferences etc.	76.165	21.56627	20.22550
	x) Up-keep of office	76.166	179.00406	120.82807
	xi) Expenditure on Computer Billing & EDP Charges	76.167	3.47668	11.62315
	xii) Expenditure on Consumers billing	76.168	0.00233	
	xiii) Interest Charges for late payment of Electricity Duty	76.169	0.47220	
	xiv) Security Measures for Safety & protection contract basis	76.170	762.73976	532.91743
	xv) Remuneration to Officer / Inspector	76.171		
	xvi) Miscellaneous Expenses	76.190	0.19955	0.06469
	xvii) Government Guarantee fee	76.191		
	xviii) Government Inspection fees for Board's Installations	76.192	262.11957	255.43419
12	Total of Other Expenses		2319.72368	1971.62354
13	Freight			
	i) Freight on Capital Equipment	76.210	10.62493	10.69178
	ii) Other Freight	76.220	22.31674	0.88573
14	Other Purchase Related Expenses			
	i) Transit Insurance	76.230	52.85674	34.74236
	ii) Vehicles running Expenses, Trucks and Delivery Van	76.240	126.43082	126.76335
	iii) Octroi	76.250	103.22326	67.26798
	iv) Advertisement of Tenders, Notices	76.260	181.73975	66.33972
	v) Incidental Stores Expenses	76.270	32.58780	8.22433
	vi) Other Material Related Expenses	76.279	64.83870	30.49581
	vii) Fabrication Charges	76.281	0.00170	0.02500
	Less : Fabrication Charges absorbed in cost of Fabrications	76.282		
	Total of other Purchase Related Expenses		561.67877	333.85855
15	Total Freight and other Purchase Related Expenses (13 + 14)		594.62044	345.43606
16	GRAND TOTAL		7133.63015	5969.72363

DEPRECIATION AND RELATED DEBITS (NET)
**SCHEDULE - 11
(RS. IN LAKHS)**

Sr. No.	Particulars	Account Code	This Year 2007-08 Rs.	Previous Year 2006-07 Rs.
1	Depreciation	77.1		
2	Assets Decommissioning Costs	& 77.2	49546.23332	47451.21346
3	Small & Low value items	77.5	0.56778	
	Written - off	77.6	0.99086	0.83284
4	SUB TOTAL 1 TO 3		49547.79196	47452.04630
5	Written down value of Assets Scrapped	77.710	0.14271	
6	Write-off of deficits of			
	Fixed Assets observed upon			
	Physical verification	77.720		
7	Loss on sale of Fixed Assets	77.730		
8	TOTAL 5 TO 7		0.14271	0.00000
9	Total Debits (4 and 8)		49547.93467	47452.04630
10	Less :			
	Gain on Sale of Assets			
	(excluding Capital gains transfered)			
	to Capital Reserve)	62.400		
11	TOTAL		49547.93467	47452.04630

INTEREST AND FINANCE CHARGES
**SCHEDULE - 12
(RS. IN LAKHS)**

Sr. No.	Particulars	Account Code	This Year 2007-08 Rs.	Previous Year 2006-07 Rs.
1	Interest on State Govt. Loans	78.100		
2	(i) Interest on State Govt. Bonds	78.200	5196.18836	5968.49000
	(ii) Private Bonds Interest and other finance charges	78.210		
	(iii) Foreign currency syndicate term interest and other finance charges	78.211		
3	Interest on Debentures	78.3		
	(i) Interest on Debentures	78.300		
	(ii) Interest on R.E. Debentures	78.320		
4	Interest on Foreign Currency Loans and Credits	78.400		
	(i) Interest Charges SEB SWEDEN	78.441	7.02907	96.17767
	(ii) Interest Charges credit SUISSE SWITZERLAND	78.442	14.58394	79.18728
	(iii) Interest Charges KFW GERMANY	78.443	17.93940	86.04178
	(iv) Interest Charges ANZ BANKING GR. LONDON	78.444		
5	Interest on other Loans/Deferred Credits	78.5		
	(i) Interest on Loans from LIC	78.501	1921.83896	2208.84348
	(ii) Interest on Loans from REC	78.510	8233.65246	4031.39349
	(iii) Interest on Loans from participating Banks for SPA Schemes	78.515		
	(iv) Interest on Loans from NABARD	78.516		
	(v) Interest on Loans from Commercial Banks for Electrification Schemes	78.517		
	(vi) Interest on Loans from IDBI	78.518		
	(vii) Interest on Loans from Tata Elec. Co.,	78.519		
	(viii) Interest on Loans from AFC	78.520		
	(ix) Interest and other finance charges U.T.I.	78.521		
	(x) Interest and other finance charges D.C. Bank, Pune	78.522		
	(xi) Interest and other finance charges C.M's Relief Fund	78.523		
	(xii) Interest on Loans from ARFC	78.530		
	(xiii) Interest on Loans from CBI/ Canara Bank/HUDCO for Urban renovation schemes GTPS Urban	78.531		
	(xiv) Interest on Loans from HDFC for staff quarters	78.532		
	(xv) Interest on Loans-Project from Power Finance Corporation	78.533	7797.39345	7181.18634
	(xvi) Interest on R/M Loans from Power Finance Corporation	78.534		
	(xvii) Interest on Central Govt. Loans for R/M Scheme	78.535		
	(xviii) Interest on Loans for M.S. Co-op. Bank for energisation of Agricultural pump set	78.536		
	(xix) Interest accrued & due on Indian Currency Loan IL & FS Bombay	78.537		
	(xx) Interest on CCF Canara Bank Loan (if interest is to be treated as revenue expenditure)	78.538		
	(xxi) Interest on stock not guaranteed under Section 66 of Electricity (Supply) Act, 1948.	78.540		
	(xxii) Reimbursement on GOM Int Bonds issued by GOM in favour of CPSUS P P dues	78.541		

INTEREST AND FINANCE CHARGES

SCHEDULE - 12 (RS. IN LAKHS)

Sr. No.	Particulars	Account Code	This Year 2004-05 Rs.	Previous Year 2003-04 Rs.
	(xxiii) Reimbursement on GOM Int. Bonds issued by GOM in favour of CPSUS Coal dues	78.542		
	(xxiv) Interest on Bonds not guaranteed under Section 66 of Electricity (Supply) Act, 1948	78.550		
	(xxv) Interest on stocks guaranteed under Section 66 of Electricity (Supply) Act, 1948	78.560		
	(xxvi) Interest on other Loans	78.580	1.54195	1.04551
6	Penal Interest in respect of Capital Liabilities	78.590	0.00001	
7	Interest to Consumers	78.6		
	(i) Interest on Fixed Deposits	78.601		
	(ii) Interest on Financial Participation of Consumers	78.602		
8	Total Interest on Capital Liabilities		23190.16760	19652.36555
9	Interest on Borrowings for Working Capital	78.700		
10	Other Interest & Finance Charges	78.8		
11	Discount to Consumers for Timely Payment of Bills	78.820		
12	A) Interest to Suppliers / Contractors (Capital)	78.841		
	B) Interest to Supplier / Contractors (O & M)	78.842		
13	Interest on Consumers Security Deposits	78.850		
14	Interest on Contributory Provident Fund	78.851		
15	Interest on General Provident Fund	78.852		
16	Other Interest - Interest on Security Deposits from Staff	78.853		
17	Cost of Raising Finance			
	i) Stamp Duty	78.861	85.18270	58.33058
	ii) Legal Charges	78.862		
	iii) Advertisements	78.863		
	iv) Service Fee	78.864	7.62056	21.17743
	v) Credit Fee	78.865		
	vi) Commitment Charges	78.866		
	vii) Lease Management Fees paid for HVDC Project	78.867		
	viii) Late fees paid for HVDC Project	78.868		
	ix) State Govt. guarantee fees	78.869		
	x) Other Expenses	78.870	0.09602	
18	Discount on issue of Bonds/Debentures	78.871		
19	Interest on Deposits from V.D.S from consumers	78.872		
20	Premium on Redemption of Bonds/Debentures	78.873		
21	Other Charges			
	i) Bank Charges for Remittances between Board's Office	78.881	0.17606	2.45381
	ii) Bank Commission for Collections from Consumers	78.882	0.01069	
	iii) Other Bank Charges	78.883	36.71235	53.85915
	iv) Guarantee Charges	78.884	2475.96164	2743.74401
22	Interest on sums paid by State Govt. under Guarantee	78.890		
	Total		25795.92762	22531.93053

INTEREST AND FINANCE CHARGES CAPITALISED**SCHEDULE - 13
(RS. IN LAKHS)**

This Year 2007-2008	3673.40680
Previous Year 2006-07	2730.45740

Detailed working for computing the amount of capitalised interest on funds used during construction stage is given on the next page.

CAPITALISATION OF INTEREST

2007-08

SCHEDULE - 13A
(Rs. IN LAKHS)

Sch. Ref.	Sr. No.	A/C. Code No.	ESAAR 1985 Ref.	Particulars	Rs.	Rs.	Rs.	Rs.
1	2	3	4	5	6	7	8	9
21	1 5 7 8	14.1 15.1 15.2 15.5	1 (a)	Assets at Construction Stage (ACS) Capital work in progress Contracts in progress Rev. exp. pending alloc. over capital works Prov. for compl. Works		107757.5152 301.5162 0.00000 65.8853	108124.9168	
19 22 23 24 25			1 (b)	Assets at Construction Stage (ACS) Balance Net Assets (BNA) Net Fixed Assets Assets not in use Deferred Costs Intangible Assets Investments Net Current Assets Total Current Assets Less Security Deposits Other Current Liabilities			456719.9608 131.8116 183.8073 63.2820 41474.0000	
26 27 28						138565.7912 0.0000 138932.0213		
29				Subsidy Receivable			-366.2301	
21	3 4 13 14 2 11	22.64 22.601 to 619 22.64 22.601 to 619 25.1 to 25.5 25.1 to 25.9		Capital Stores & Adv. for Capital supp/work Material at sites (Direct Debit) Material at const stores (Direct Debit) Material at sites (capital) other th. dir. Deb. Material at const stores Adv. to Suppliers (Capital) (Direct Debit) Adv. to Suppliers & Contractors		116.4418 1809.5296 0.0000 0.0000 3751.1707 10.3998		5687.5419
				Balance Net Assets (BNA)			503894.1734	

CAPITALISATION OF INTEREST

2007-08

SCHEDULE - 13A
(Rs. IN LAKHS)

Sch. Ref.	Sr. No.	A/C. Code No.	ESAAR 1985 Ref.	Particulars	Rs.	Rs.	Rs.	Rs.	Rs.
1	2	3	4	5	6	7	8	9	
28 21	6	42.1 to 42.7	2	Excess of Liability for cap. supply/works over Capital stores & Adv. for capital supply/works if any to be reduced from ACS ACS at 1 (a) above Liability for cap. supply/works Capital stores & Adv. for capital supply/works ACS BNA to be increased by that amount add excess liability for cap. Supply/work BNA BNA shall be derived after balance current assets are metted off current liab already done BNA	6341.3034 0.0000	108124.9168 6341.3034	101783.6134 510235.4768		
			3				510235.4768		
								612019.0902	
30			4	Total Funds as per B/S will be classified					
	(a)			Borrowing for working capital			0.0000		
	(b)			Payment due on capital liabilities Payment due on capital liabilities Int. accrued but not due on Govt. Loans		0.0000 0.0000			
	(c)			Loans having initial period of int. holiday		0.0000	0.0000 0.0000		
32	16 17 18	53.612 53.620 53.621		Dep.collected to be refunded after 8 yrs. Financial participation by consumers Int. free loan from MIDC for elec. works.		0.0000 0.0000 0.0000			
34			(d)	Other int. free liabilities Contr., grants & subsidies towards cost of capital assets			0.0000		26053.9599

CAPITALISATION OF INTEREST

2007-08

SCHEDULE - 13A
(Rs. IN LAKHS)

Sch. Ref.	Sr. No.	A/C. Code No.	ESAAR 1985 Ref.	Particulars	Rs.	Rs.	Rs.	Rs.
1	2	3	4	5	6	7	8	9
35				Reserve Fund Reserve & Surplus			9878.8211	
33(a)				Surplus of Rev. A/C before int capitalisation Surplus of previous year Equity Capital		14319.0083 43472.2822 269604.2046		
32			(g)	Interest bearing capital liabilities Capital liabilities Less Items 4(c) above		248690.8142 0.0000 248690.8142	327395.4950	
33				Add Funds from State Govt.		0.0000		
							248690.8142	612019.0902
			5(a)	Borrowing for work cap. & payment due on cap. Liab. shall be deemed to finance BNA & therefore deducted from BNA BNA at (3) above Less		510235.4768 0.0000 0.0000		
			5(b)	Borrowing for working capital Payment due on capital liabilities Capital loans int. free shall be fully appor. against the ACS			510235.4768	
				ACS at (2) above Less Loans having initial period of int. holiday		101783.6134 0.0000		
			5(c)	Int. free cap. liab. proportionately divided over ACS & BNA Other int. free liabilities			101783.6134	
				ACS & BNA ACS & BNA	Total 612019.0901 26053.9599 585965.1303	101783.6134 4332.9795 97450.6339	BNA 510235.4768 21720.9804 488514.4964	

CAPITALISATION OF INTEREST

2007-08

SCHEDULE - 13A
(Rs. IN LAKHS)

Sch. Ref.	Sr. No.	A/C. Code No.	ESAAR 1985 Ref.	Particulars	Rs.	Rs.	Rs.	Rs.
1	2	3	4	5	6	7	8	9
35			5(d)	Reserve Fund shall be set off against Investments made against Funds Reserve Fund		9878.8211		
25	1	20.1		Less Investment against Funds		0.0000	9878.8211	
			5(e)	Reserve, surplus & the excess of Reserve Fund over its investment shall be added up to determine 'own Funds' Reserve & Surplus Reserve Fund			327395.4950 9878.8211 337274.3161	
				Own Funds				
				Own Funds shall be divided proportionately over ACS & BNA				
			5(f)	Where 'own funds' are negative - no adjust of own funds shall be made	Total 585965.1303 337274.3161 248690.8142	ACS 97450.6339 56091.3853 41359.2486	BNA 488514.4964 281182.9308 207331.5656	
			6	Interest bearing ACS & BNA Aggregate of these should be equal to Interest bearing Capital Liabilities	248690.8142 248690.8142	41359.2486	207331.5656	
			7.	Interest bearing ACS & BNA at the beginning of the year & at the end of the year shall be used to determine 'Average' Interest bearing ACS & Interest bearing BNA				
				Total	Total 194117.9886 248690.8142 442808.8028	ACS 28783.2752 41359.2486 70142.5238	BNA 165334.7134 207331.5656 372666.2790	Year 2006-07 2007-08
12	8			Average ACS & BNA Interest for 2007-08 apportioned over ACS & BNA Interest to be capitalised during the period 01-04-07 to 31-03-08	442808.8028 442808.8028 23190.1676	70142.5238 3673.4068 3673.4068	372666.2790 19516.7608	

OTHER EXPENSES CAPITALISED

SCHEDULE - 14 (RS. IN LAKHS)

Sr. No.	Particulars	Account Code	This Year 2007-08 Rs.	Previous Year 2006-07 Rs.
1	Capitalisation of cost of Generation during Trial stages	71.900	0.00000	0.00000
2	Repairs and Maintenance Charged to works	74.900	190.44644	80.47025
3	Employees costs charged to Capital Works	75.900	13168.87728	8803.42098
4	Administration & General Expenses charged to Capital Works	76.900		
5	Depreciation and related costs charged to Capital Works	77.900		
	Total		13441.08844	8924.41524

OTHER DEBITS

SCHEDULE - 15
(RS. IN LAKHS)

Sr. No.	Particulars	Account Code	This Year 2007-08 Rs.	Previous Year 2006-07 Rs.
1	Materials Cost Variance	79.1		
	i) Materials Cost Vairance Capital	79.110		
	ii) Materials Cost Variance O & M	79.120	0.00000	
	iii) Coal Cost Variance Accounts	79.125		
	iv) Materials Cost Variance A/Cs	79.130	0.00000	
2	Research & Development Expenses	79.210		
3	Cost of Trading/Manufacturing Activity	79.300		
4	Bad & Doubtful Debts written Off/provided for	79.4		
	i) Bad Debts Written off- Dues from consumers	79.410		
	ii) 50% B.P. Interest out of arrears 01.04.03 Agri Cons w/o under Krishisanjivani	79.411		
	iii) D.P.C. out of arrears 01.04.03 Agri Cons w/o under Krishisanjivani	79.412		
	iv) 60% Interest waived out of arrears for current financial year DWW/PWW	76.413		
	v) 50% balance portion of interest out of arrears due as on 31.03.04 in respect of 'Powerloom Consumers' to be written off under 'Yantramag Sanjivani Yojana'	76.414		
	vi) Entire Portion of Delayed payment charges out of arrears due as on 31.03.04 in respect of 'Powerloom consumers' to be written off under 'Yantramag Sanjivaji Yojana'	79.415		
	vii) 50% balance portion of interest out of arrears due as on 30.06.04 in respect of 'Public Water Supply Scheme' to be written off under 'Public Water Supply Scheme Sanjivani Yojana'	79.416		
	viii) Entire Portion of Delayed payment charges out of arrears due as on 30.06.04 in respect of 'Public Water Supply Scheme' to be written off under 'Public Water Supply Scheme Sanjivani Yojana'	79.417		
	ix) Bad Debts Written off- Advances to Suppliers/Contractors	79.420		
	x) Bad Debts Written off- Others	79.430	0.05244	
	xi) Bad & Doubtful Debts Provided for dues from Consumers	79.460		
	xii) Bad & Doubtful Debts Provided for Advances to Suppliers/Contractors	79.470		
	xiii) Bad & Doubtful Debts provided for others	79.480		
5	Miscellaneous Losses & Write-off / Provided for	79.5		
	i) Shortages on Physical Verification of Stocks Provided for	79.510	146.02236	
	ii) Loss of Materials by pilferage etc.	79.511	0.04480	
	iii) Loss on Settlement of claims for materials	79.512	0.02000	
	iv) Write-off of P.C. Poles broken in transit	79.513		
	v) Loss of Cash written-off	79.520		
	vi) Compensation for injuries, death and damages to staff	79.530	3.45040	16.04667
	vii) Compensation for injuries, death and damages to outsiders	79.531	10.52933	2.87553
	viii) Infuctuous Capital Expenditure written-off	79.532		

OTHER DEBITS

SCHEDULE - 15
(RS. IN LAKHS)

Sr. No.	Particulars	Account Code	This Year 2007-08 Rs.	Previous Year 2006-07 Rs.
	ix) Loss on obsolescence of Fixed Assets	79.560		67.39411
	x) Loss on obsolescence of Stores	79.561		
	xi) Loss on Exchange Rate Variation	79.570	-133.47337	41.93075
	xii) Sundry Debit Balance Written-off	79.571	905.39469	
	xiii) Loss on Sale of Scrap	79.572		
	xiv) Loss on Sale of Stores	79.573		
	xv) Loss on Sale of Broken Poles	79.574		
	SUB TOTALS OF 5		931.98821	128.24706
6	Sundry Expenses			
	i) Intangible Assets Written off	79.710	16.22191	0.02531
	ii) Intangible Assets Interest charges for HVDC project - Written off	79.711	10.07563	10.08573
	iii) Write-off of Deferred Revenue Expenditure	79.721	54.77100	
	iv) Concession granted to the Agricultural consumers (for arrears recovery)	79.722		
	v) Concession granted to the Power loom consumers	79.723		
	vi) Difference due to rounding off to nearest Rupees	79.725	-0.00212	0.00176
	vii) 50% P Amt arrears 01.04.03 of Agri Consumers to be reimbursed by GoM under Krishisanjivani Yojana	79.726		
	viii) 50% Int. P arrears 01.04.03 of Agri Consumers to be reimbursed by GoM under Krishisanjivani Yojana	79.727		
	ix) 50% Remission of Cum. Bills of Agri. Consumers to be reimbursement by GoM under Krishisanjivani Yojana	79.728		
	x) 50% of Principal Amount out of arrears due as on 31.03.04 in r/f 'Powerloom Consumers' to be reimbursed by the GoM under 'Yantramag Sanjiwani Yojana'	79.729		
	xi) 50% of Interest Portion out of arrears due as on 31.03.04 in r/f 'Powerloom Consumers' to be reimbursed by the GoM under 'Yantramag Sanjiwani Yojana'	79.730		
	xii) 50% of Principal Amount out of arrears due as on 31.06.04 in r/f 'Public Water Supply Scheme' to be reimbursed by the GoM under 'Public Water Supply Scheme Sanjiwani Yojana'	79.731		
	xiii) 50% of Interest Portion out of arrears due as on 30.06.04 in r/f 'Public Water Supply Scheme' to be reimbursed by the GoM under 'Public Water Supply Scheme Sanjiwani Yojana'	79.732		
	xiv) Concessions granted to Agriculture Consumers from July 2004 onwards for which ZERO AMOUNT is payable by the Ag. Consumers and to be reimbursed by the GoM	79.733		
	SUB TOTAL OF 6		81.06642	10.11280
7	Tax on Sale of Electricity	79.900		
	TOTAL		1013.10707	138.35986

EXTRAORDINARY ITEMS**SCHEDULE - 16
(RS. IN LAKHS)**

Sr. No.	Particulars	Account Code	This Year 2007-08 Rs.	Previous Year 2006-07 Rs.
1.	Extraordinary Credits			
	i) Subsidies against Losses on A/c of Flood, Fire, Cyclone etc.	63.200		
	TOTAL CREDITS			
2.	Extraordinary Debits			
	i) Loss to Fixed Assets on account of Flood, Cyclone, Fire etc.	79.881	1.46273	
	ii) Loss to Stocks on account of Flood, Cyclone, Fire etc.	79.882	2.29909	
	iii) Loss to Assets under Construction on account of Flood, Cyclone, Fire etc.	79.883		
	iv) Loss on write off of dues from Consumer's in areas affected by Flood, Cyclone, Fire etc.	79.884		
	TOTAL DEBITS		3.76182	0.00000
	EXTRAORDINARY ITEMS (NET)		3.76182	0.00000

PROVISION FOR INCOME TAX**SCHEDULE - 17
(RS. IN LAKHS)**

Sr. No.	Particulars	Account Code	This Year 2007-08 Rs.	Previous Year 2006-07 Rs.
1.	Provision for Income Tax	81.0	9650.00000	2134.00000
2.	Provision for Fringe Benefit Tax		140.00000	102.00000
	TOTAL		9790.00000	2236.00000

NET PRIOR PERIOD CREDITS/CHARGES
**SCHEDULE - 18
(RS. IN LAKHS)**

Sr. No.	Particulars	Account Code	This Year 2007-08 Rs.	Previous Year 2006-07 Rs.
1.	Income relating to Previous Year			
	i) Coal Related Gains of Prior Periods	65.110		
	ii) Oil Related Gains of Prior Periods	65.120		
	iii) Gas Related Gains of Prior Periods	65.130		
	iv) Receipts from Consumers relating to prior Periods	65.200		
	v) Interest Income for Prior Periods	65.400		0.31898
	vi) Excess Provision for Income Tax in prior Periods	65.500		
	vii) Excess Provision for Depreciation in prior Period	65.600	672.02138	299.14584
	viii) Excess Provision for Interest and Finance Charges in Prior Periods	65.700	0.62163	
	ix) Other Excess Provision in prior Periods	65.800	626.94532	98.80198
	x) Other Income Relating to Prior Periods	65.900	1283.74401	-6.64142
	SUB TOTAL 1 (i to x)		2583.33234	391.62538
2.	Prior Periods Expenses/Losses			
	i) Short Provision for Power Purchased in previous years	83.100		
	ii) Coal Related Expenses/Losses Relating to Previous years	83.210		
	iii) Oil Related Expenses/Losses Relating to Previous years	83.220		
	iv) Gas Related Expenses/Losses Relating to Previous years	83.230		
	v) Operating Expenses of Previous years	83.300	1518.89267	-76.08212
	vi) Excise duty on Generation Relating to Previous years	83.400		
	vii) Employees Costs Relating to Previous years	83.500	201.86118	155.17428
	viii) Pay fixation Arrears - Basic	83.501		
	ix) Pay fixation Arrears - DA	83.502		
	x) Pay fixation Arrears - Other Allowances	83.503		
	xi) Pay fixation Arrears - BS-CPF	83.504		

NET PRIOR PERIOD CREDITS/CHARGES
**SCHEDULE - 18
(RS. IN LAKHS)**

Sr. No.	Particulars	Account Code	This Year 2007-08 Rs.	Previous Year 2006-07 Rs.
	xii) Depreciation under provided in Previous years.	83.600	3664.68161	441.01527
	xiii) Interest and Other Charges relating to previous years.	83.700	25.78442	32.77300
	xiv) Reimbursement Interest for 01.10.01 to 31.03.03 on bonds issued by GOM in favour of CPSUS P P Dues	83.701		
	xv) Reimbursement Interest for 01.10.01 to 31.03.03 on bonds issued by GOM in favour of CPSUS Coal Dues	83.702		
	xvi) Short Provision for Income Tax in previous year	83.810		0.00000
	xviii) Administration Expenses in previous year	83.820	77.86960	859.91513
	xix) Adjustment due to concession granted to powerloom consumers	83.830		
	xx) Material Related Expenses Realting to Previous Years	83.840	542.47386	25.34079
	xxi) Adjustment to Past Billing Realting to Previous Years	83.900		
	xxii) Adjustment due to concession granted to Agri. Consumers	83.910		
	xxiii) 60% of interest portion waived out of arrears for prior period due from DWW/PWW	83.911		
	xxiv) Refund of FOCA in respect of Powerloom Consumers for the period from 01-04-2001 to 30-11-2003 and to be reimbursed by the GoM	83.912		
	xxv) Refund of Electricity Duty in respect of Powerloom Consumers from May 2000 and to reimbursed by the GoM.	83.913		
	SUB TOTAL 2 (i to xxv)		6031.56334	1438.13635
3	NET PRIOR PERIOD CREDITS / (CHARGES) (1-2) / (2-1)		-3448.23100	-1046.51097

SCHEDULE - 19
(RS. IN LAKHS)

		GROSS BLOCK				PROVISION FOR DEPRECIATION				NET BLOCK
Sr. No.	Assets Group	Account Code	As on 01-04-07	Additions During the Year 2007-08 Rs.	Deductions During the Year 2007-08 Rs.	As on 31-03-08	As on 01-04-07	Depreciation Dep./Adjustment for the Year 2007-08 Rs.	As on 31-03-08	As on 31-03-08
1	2	3	4	5	6	7	8	9	10	11
1	Land & Land Rights	10.1	9404.74415 (9422.91525)	2047.28558 (0.00000)	0.00000 (18.17110)	11452.02973 (9404.74415)	540.94992 (481.05926)	-35.20109 (5.51707)	560.49508 (540.94992)	10891.53465 (8863.79423)
2	Buildings	10.2	27412.86191 (27053.39118)	117.86841 (359.47073)	1.64985 (0.00000)	27529.08047 (27412.86191)	12160.93076 (11049.97011)	-145.31524 (1125.53421)	13146.53168 (12160.93076)	14382.54879 (15251.93115)
3	Hydraulic Works	10.3	2237.01403 (2232.67662)	0.00000 (4.33741)	9.22527 (0.00000)	2227.78876 (2237.01403)	665.51231 (594.86964)	-17.30890 (11.37616)	724.12631 (665.51231)	1503.66245 (1571.50172)
4	Other Civil Works	10.4	28041.08292 (26947.11780)	814.38262 (1093.96512)	4.29632 (0.00000)	28851.16922 (28041.08292)	7049.43216 (6175.75375)	-214.02942 (916.25556)	7731.33196 (7049.43216)	21119.83726 (20991.65076)
5	Plant & Machinery	10.5	466990.18956 (450886.51173)	58604.76599 (16141.36410)	0.00000 (37.68624)	525594.95555 (466990.18959)	283319.74018 (255400.37568)	29435.65656 (27805.64737)	315218.77671 (283319.74018)	210376.17884 (183670.44941)
6	Lines & Cable Networks	10.6	364213.98635 (348713.77682)	24980.16854 (15500.20953)	15.92821 (0.00000)	389178.22668 (364213.98635)	173752.75843 (156206.38087)	17853.17013 (17389.45898)	207.29718 (156.91858)	197365.00094 (190461.22792)
7	Vehicles	10.7	1425.26928 (1437.66710)	15.67199 (0.00000)	9.68823 (12.39782)	1431.25304 (1425.26928)	1278.39160 (1285.60521)	-4.99688 (2.97120)	1276.12586 (1278.39160)	155.12718 (146.87768)
8	Furniture & Fixtures	10.8	1090.19533 (1053.18242)	0.00000 (37.01289)	71.37388 (0.00000)	1018.82145 (1090.19531)	839.95552 (796.05698)	-76.53205 (52.92900)	812.97769 (839.95552)	205.84376 (250.23979)
9	Office Equipment	10.9	768.21281 (547.50576)	169.57055 (220.70704)	0.21861 (0.00000)	937.56475 (768.21280)	451.48941 (438.62595)	-0.18516 (22.02472)	498.91098 (451.48941)	438.65377 (316.72339)
	SUB TOTAL		901583.55634 (868294.74468)	86749.71368 (33357.06682)	112.38037 (68.25516)	988220.88965 (901583.55634)	480059.16029 (432428.69745)	2177.10841 (179.24938)	531782.50201 (480059.16029)	456438.38764 (421524.39605)
10	Capital Expenditure resulting in Assets not belonging to the MSETCL	11.1		307.17066		307.17066		25.59755	25.59755	281.57311
11	Spare/Service Units	11.2								
12	Capital Spares at Generating Stations	11.3								
13	Assets Transfer Inward	11.4								
14	Assets Taken over from Licensees Pending final valuation	11.5								
	GRAND TOTAL		901583.55634 (868294.74468)	87056.88434 (33357.06682)	112.38037 (68.25516)	988528.06031 (901583.55634)	480059.16029 (432428.69745)	49571.83086 (47451.21346)	531808.09956 (480059.16029)	456719.96075 (421524.39605)
	TOTAL (Previous year)									

FUNCTIONWISE BREAK-UP OF FIXED ASSETS

SCHEDULE - 20
(RS. IN LAKHS)

GROSS BLOCK										PROVISION FOR DEPRECIATION					NET BLOCK	
Sr. No.	Functions	As on 01-04-07 Rs.	Additions/ Deductions During the Year 2007-08 Rs.	As on 31-03-08 Rs.	As on 01-04-07 Rs.	Depreciation For the Year Adjustments/ Year 2007-08 Rs.	As on 31-03-08 Rs.	As on 31-03-08 Rs.	As on 31-03-07 Rs.							
1	2	3	4	5	6	7	8	9	10							
I	Trans 500 KV	229065.72998	12053.42433	241119.15431	122005.49794	22910.63221	144916.13015	96203.02416	107060.23204							
II	Trans 440 KV			0.00000			0.00000									
III	Trans 400 KV	195596.38097	1248.03723	196844.41820	99654.64909	4313.41426	103968.06335	92876.35485	95941.73188							
IV	Trans 220 KV	238112.82276	24638.45633	262751.27909	121791.63061	10250.75463	132042.38524	130708.89385	116321.19215							
V	Trans 132 KV	142238.90876	30197.11622	172436.02498	81015.16456	7351.16457	88366.32913	84069.69585	61223.74420							
VI	Trans 110 KV	12937.10714	6526.07961	19463.18675	8732.39728	3719.98801	12452.38529	7010.80146	4204.70986							
VII	Trans 100 KV	8063.02150	-2196.79586	5866.22564	4955.49619	-1792.79721	3162.69898	2703.52666	3107.52531							
VIII	Trans 66 KV	71781.34782	-5026.20451	66755.14331	40134.60737	-5084.67168	35049.93569	31705.20762	31646.74045							
X	Towering Lines		11634.95410	11634.95410		6014.88610	6014.88610	5620.06800	0.00000							
XI	General Assets		236.96454	236.96454		203.53840	203.53840	33.42614	0.00000							
XII	Consumers Servicing			0.00000			0.00000	0.00000	0.00000							
XIII	Civil Maintenance	1812.98537	1875.35304	3688.33841	597.57665	-12.91773	584.65892	3103.67949	1215.40872							
XIV	Stores	209.84727	408.79812	618.64539	84.24583	175.53695	259.78278	358.86261	125.60144							
XV	Administrative Offices	1765.40477	5348.32082	7113.72559	1087.89477	3699.41076	4787.30553	2326.42006	677.51000							
	TOTAL	901583.55634	86944.50397	988528.06031	480059.16029	51748.93927	531808.09956	456719.96075	421524.39605							

CAPITAL EXPENDITURE IN PROGRESS
**SCHEDULE - 21
(RS. IN LAKHS)**

Sr. No.	Particulars	Account Code	As at 31-03-2008 Rs.	As at 31-03-2007 Rs.
1	Capital Work-in-Progress	14.1	107757.51522	77443.95362
2	Advances to Suppliers (Capital) (Direct Debits)	25.1 & 25.5	3751.17073	5245.78119
3	Material at Site (Direct Debits)	22.640	116.44180	2379.48282
4	Material at Construction Stores (Direct Debits)	22.601 to 22.619	1809.52956	1469.10322
5	Contracts-in-Progress	15.1	301.51624	2354.96801
6	SUB-TOTAL (1 TO 5)		113736.17355	88893.28886
7	Revenue Expenses pending allocation over Capital works	15.2		
8	Provision for Completed Works	15.5	65.88533	211.27110
9	Interest Charges Capitalised		3673.40680	2730.45740
10	ASSETS AT CONST. STAGE (6 TO 9)		117475.46568	91835.01736
11	Advances to Suppliers/Contractors (Capital)	25.1 to 25.9	10.39979	1205.03793
12	SUB-TOTAL (10 TO 11)		117485.86547	93040.05529
13	Material at Site (Capital) (Other Than Direct Debits)	22.640		
14	Material at Construction Stores	22.601 to 22.619		
	TOTAL		117485.86547	93040.05529

ASSETS NOT IN USE

**SCHEDULE - 22
(RS. IN LAKHS)**

As at 01-04-06	Additions During the Year 2006-07	Deductions During the Year 2006-07	Sr. No.	Asset Group	Account Code	As at 01-04-07 Rs.	Additions During the Year 2007-08 Rs.	Deductions During the Year 2007-08 Rs.	As at 31-03-08 Rs.
1	2	3	4	5	6	7	8	9	10
0.03308 68.32256 0.40646 0.87433 0.16893 0.16502 0.65697	67.39411	67.39408 0.00000 0.13814 -0.04504 -0.09310	1 2 3 4 5 6 7 8 9	Written down value of Obsolete/Scrapped Assets Buildings Hydraulic Works Other Civil Works Plants & Machinery Lines & Cable Networks Vehicles Furniture & Fixtures Office Equipments Other Assets	16.110 16.120 16.130 16.140 16.150 16.160 16.170 16.180 16.190	0.03308 68.32256 0.40646 0.87433 0.03079 0.21006 0.75007	64.64268 1.52213 3.42040	4.44720 1.50417 2.43776 0.00600 0.00066 0.00518	0.03308 128.51804 0.42442 1.85697 0.02479 0.20940 0.74489
70.62735	67.39411	67.39408	Total			70.62735	69.58521	8.40097	131.81159

DEFERRED COSTS

**SCHEDULE - 23
(RS. IN LAKHS)**

As at 01-04-06 Rs.	Cost deferred during the Year 2006-07 Rs.	Cost Charged Revenue during Year 2006-07 Rs.	Particulars	Account Code	As at 01-04-07 Rs.	Cost deferred During the Year 2007-08 Rs.	Cost Charged to Revenue During the year 2007-08 Rs.	As At 31-03-2008 Rs.
1	2	3	4	5	6	7	8	9
			DEFERRED REVENUE EXPENDITURE	17.2				
			Compensation for Premature Take-Over of Licensees	17.221				
85.72252			Fixed Assets Pending Investigation	17.250	85.72252	13.08260	3.18954	95.61558
4741.70197		1019.86030	Other Deferred Revenue Expenditure	17.299	3721.84167	142.65500	3778.90367	85.59300
4827.42449	0.00000	1019.86030	Total Deferred Revenue Expenditure		3807.56419	155.73760	3782.09321	181.20858
1.81622	3.35183	3.16956	Expenditure On Survey/ Feasibility Studies of Project Not yet Sanctioned	17.300	1.99849	0.71869	0.11850	2.59868
			Expenses Incurred On Raising Finance	17.400				
4829.24071	3.35183	1023.02986	Total Deferred Cost		3809.56268	156.45629	3782.21171	183.80726

INTANGIBLE ASSETS

**SCHEDULE - 24
(RS. IN LAKHS)**

As at 01-04-06 Rs.	Cost incurred during the Year 2006-07 Rs.	Cost Charged Revenue during Year 2006-07 Rs.	Particulars	Account Code	As at 01-04-07 Rs.	Cost incurred During the Year 2007-08 Rs.	Cost Charged to Revenue During the year 2007-08 Rs.	As at 31-03-08 Rs.
1	2	3	4 5	6	7	8	9	10
	0.29100	0.29100	a) Payments To Acquire Right to Receive Power/Water for Power Station	18.100	0.00000			
0.02531	63.52840	0.02531	b) Payments towards Oracle Product	18.110	63.52840	18.24117	18.48759	63.28198
			c) Cost of Raising Finance	18.200				
			d) Expenses For forming and organising the Board Intangible Assets Interest Charges paid to IL and FS For HDVC Lease Agreement	18.250	10.07563		10.07563	
20.16136		10.08573						
20.18667	63.81940	10.40204	TOTAL		73.60403	18.24117	28.56322	63.28198

INVESTMENTS

SCHEDULE - 25 (RS. IN LAKHS)

As at 01-04-06 Rs.	Further Investments during the year 2006-07 Rs.	Investments realised during the year 2006-07 Rs.	Sr. No.	Particulars	Account Code	As at 01-04-07 Rs.	Further Invest- ments during the year 2007-08 Rs.	Investments realised during the year 2007-08 Rs.	As at 31-3-2008 Rs.	Details of investments certificates etc pledged or given as secu.deposit
1	2	3	4	5	6	7	8	9	10	11
			1	Investments against Funds						
			(i)	Staff pension Fund Investments	20.110					
			(ii)	Gratuity Fund Investments	20.120					
			(iii)	Depreciation Reserve Fund Investments	20.130					
			2	Investments other than Fund Investments						
			(i)	Investment in Govt. Securities	20.2					
			(ii)	Investments in Bonds Debentures of other Electricity Boards	20.210					
			(iii)	Investments in Bonds/ Debentures of other bodies engaged in Generation, Transmission or Distribution of power	20.230					
			(iv)	Investments in shares in Corporations and Public Limited Companies	20.250					
			(v)	Investment in shares in Debolhol Company	20.270	0.00000			0.00000	
			(vi)	Investment in the form of Fixed Deposits with Banks, Companies etc.	20.271					
	33826.00000	19300.00000		(vii) Other Investments	20.280	14526.00000	206454.00000	179506.00000	41474.00000	
				Total	20.290	14526.00000	206454.00000	179506.00000	41474.00000	
0.00000	33826.00000	19300.00000	3	Investments in Subsidiaries						
			(i)	Investment of equity shares in subsidiaries (MPDC Ltd.)	20.3					
			(ii)	Loans to subsidiaries Maha. power develop. Corporation mpdccl	20.311	0.00000			0.00000	
			4	Investments in partnerships joint ventures						
					20.331	0.00000			0.00000	
0.00000	33826.00000	19300.00000		TOTAL	20.4	14526.00000	206454.00000	179506.00000	41474.00000	

TOTAL CURRENT ASSETS**SCHEDULE - 26
(RS. IN LAKHS)**

Sr. No.	Particulars	Schedule No.	As At 31-03-08 Rs.	As at 31-03-07 Rs.
1	Stocks	26(a)	18236.69719	9632.22565
2	Receivable against Transmission Charges	26(b)	29746.34635	42775.75602
3	Cash and Bank Balances	26(c)	11028.35885	7936.66040
4	Loans and Advances	26(d)	17320.34331	14042.78894
5	sundry Receivables	26(e)	62234.04553	15708.25350
	TOTAL		138565.79123	90095.68451

STOCKS
SCHEDULE - 26(a)
(RS. IN LAKHS)

Sr. No.	Particular	Account Code	As at 31-03-08		As at 31-03-07	
			Rs.	Rs.	Rs.	Rs.
1	Fuel Stocks					
	i) Coal Stock	21.101				
	ii) Rejected coal stock	21.102				
	iii) Oil Stock-LDO	21.103				
	iv) Oil Stock-HSD	21.104				
	v) Oil stock-Furnance Oil	21.105				
	vi) Oil stock-LSHS	21.106				
	vii) Gas	21.108				
2	Coal in Transit	21.121				
3	Oil in Transit	21.125				
	sub- Total					
4	Insurance spares stock Account	22.1				
5	Stock of Materials at construction Stores	22.601 & 22.619				
6	Stock of Meterials at Other Stores	22.621 to 22.639				
7	Materials at Site A/c (O&M) (MASA Capital A/c 22.640 shown under schedule-21)	22.640 & 22.650				
8	Materials pending Inspection	22.660 & 22.670				
9	Material-in-Transit	22.680 & 22.690				
10	Other Materials accounts	22.7				
11	Fuel Stock Excess/Shortage Pending Investigation	21.2				
12	Materials Stock Excess/Shortage-Pending Investigation	22.8				
	TOTAL					

RECEIVABLES AGAINST TRANSMISSION CHARGES
SCHEDULE-26 (b)
(RS. IN LAKHS)

Sr. No.	Particular	Account Code	As at 31-03-2008 Rs.	As at 31-03-2007 Rs.
1	Sundry Debtors for Transmission Charges	23.1	1190.52062	16498.58630
2	Sundry Debtors for Inter State Sale of Power	23.6	667.16253	1350.16971
3	Sundry Debtors for Electricity duty	23.2		
4	Provision for Unbilled Revenue	23.4		
5	Dues from Permanently disconnected Consumers (Net of Security deposits forfeited)	23.5		
6	Sundry Debtors Miscellaneous Receipts from Consumers	23.7		
7	Receivable of STU from Distribution Licencees	23.8	15003.33333	13317.58334
8.	Receivables Against Transmission Charges	23.8	12885.32987	11609.41667
	SUB TOTAL		29746.34635	42775.75602
8	Less:			
	i) Sundry Debtors Collections A/c and Unposted Receipts	23.3		
	ii) Provision for Doubtful Dues from Consumers	23.9		
	TOTAL		29746.34635	42775.75602

CASH AND BANK BALANCES
SCHEDULE-26 (c)
(Rs. IN LAKHS)

Sr. No.	Particular	Account Code	As at 31-03-2008 Rs.	As at 31-03-2007 Rs.
1	Cash/Cheque in hand	24.1	6044.33206	2776.26265
2	Cash Imprest wth Staff	24.2	0.00000	0.08545
3	Balances with Banks	24.3		
		& 24.4	4851.14679	4192.08475
4	Cash in Transit	24.5		
		& 24.6	132.88000	968.22755
5	Deposit with Govt. Treasury	24.7		
	TOTAL		11028.35885	7936.66040

LOANS AND ADVANCES
**SCHEDULE - 26 (d)
(RS. IN LAKHS)**

Sr. No.	Particulars	Account Code	As at 31-03-2008 Rs. Rs.	As at 31-03-2007 Rs. Rs.
1	Advances for O & M Supplies / Works	26.1 to 26.7	4117.20934	5132.06244
2	Advances for Fuel Supplies	26.8		
3	Advances to Contractors (O & M)	26.9		
4	SUB-TOTAL OF 1 TO 3		4117.20934	5132.06244
5	Loans & Advances to Staff	27.1 & 27.2	1298.72434	1171.74966
6	Loans & Advances to Licensees	27.3		
7	Advance Income Tax/ Deductions at source	27.4	11892.90201	7713.77778
8	Loans & Advances-Others	27.8	11.50762	25.19906
9	TOTAL 4 to 8		17320.34331	14042.78894
10	Less : Provision for Doubtful Loans & Advances	27.9		
11	TOTAL (9-10)		17320.34331	14042.78894

SUNDRY RECEIVABLES
**SCHEDULE - 26 (e)
(RS. IN LAKHS)**

Sr. No.	Particulars	Account Code	As at 31-03-2008 Rs. Rs.	As at 31-03-2007 Rs. Rs.
1	Sundry Debtors-Trading Account	28.1	88.37614	222.05801
2	Income accrued and due on Investment	28.210 to 28.240	0.08145	0.08145
	Other Income	28.250 to 28.290		
				1.89950
3	Income accrued but not due	28.3	88.45759	224.03896
4	Amount recoverable from Employees/ Ex-Employees etc.	28.4	711.57657	286.28519
5	Fuel Related Receivables and Claims	28.511 & 28.512	8.86385	14.80963
	Grade difference of Coal (Net of provision for loss on grade difference)	28.513 & 28.514		
	Railway Claims for Coal	28.531 To 28.560		
	Others	28.700 & 28.800		0.00000
6	Other Claims & Receivables	28.857	60998.71383	14661.05425
7	Excess repayment of State Govt. Loans	28.900	431.96018	487.93661
8	Deposits		-5.52649	34.12886
9	Inter Unit Accounts			
	TOTAL		62234.04553	15708.25350

SECURITY DEPOSITS FROM CONSUMERS
**SCHEDULE -27
(RS. IN LAKHS)**

Sr. No.	Particulars	Account Code	As at 31-03-2008 Rs.	As at 31-03-07 Rs.
1	Security Deposits from Consumers (In Cash)	48.100		
2	Security Deposits from Consumers (Other than in Cash)	48.200		
3	Interest payable on Consumers Deposits	48.300		
	Total		0.00000	0.00000

OTHER CURRENT LIABILITIES
**SCHEDULE - 28
(RS. IN LAKHS)**

Sr. No.	Particulars	Account Code	As at 31-03-2008 Rs.		As at 31-03-2007 Rs.	
1	Liabilities to Railway for Coal Receipts	40.1				
2	Liabilities on account of Grade Difference of Coal	40.2				
3	Unpaid Coal Bills	40.7				
4	Other Fuel related Liabilities	40.3				
		to 40.8				
				0.00000		0.00000
5	Payable of STU to Transmission Licencees	41.1				
		to 41.3		15003.33333		13317.58334
6	Liability for Capital Supplies/ Works	42.1				
		to 42.7		6341.30341		2665.49803
7	Liability for O & M Supplies/ Works	43.1				
		to 43.5		13191.88354		10064.66815
8	Staff related Liabilities & Provisions					
	i) Provision for Gratuity	44.110		21334.52565		21371.00000
	ii) Provision for Leave encashment	44.340		13017.00000		11636.00000
	iii) Liability for shortfall in fair value of plan assets	44.432		2267.00000		
	iv) Other Liabilities and Provision	44.120				
		to 44.4		179.95551		145.56984
9.	Deposits and Retentions from Suppliers and Contractors	46.1	11509.05289		6984.78274	
	Less : (Net of Deposits received in form of investments etc.)	28.930	488.57483	11020.47806	437.11999	6547.66275
10.	Electricity Duty and Other Levies payable of Government	46.3				0.00915
11	Liability for Expenses	46.4		11547.10438		18947.26787
12	Amount owing to Licensees	46.6				
13	Accured/Unclaimed amounts relating to Borrowings	46.7		5411.73519		5396.01391
14	Provision for Income Tax / FBT	46.8		14998.10954		5208.00000
15	Other Liabilities and Provisions	46.9		23999.35540		2839.58718
16	Sub Total (1 to 15)			138311.78401		98138.86022
17	Deposits for Electrification, Service Connection etc.	47.1				
		to 47.8		620.23732		648.37013
18	TOTAL			138932.02133		98787.23035

SUBSIDY RECEIVABLE FROM GOVERNMENT**SCHEDULE -29
(RS. IN LAKHS)**

Sr. No.	Particulars	Account Code	As at 31-03-2008 Rs.	As at 31-03-2007 Rs.
1	Capital Subsidy/Grant Receivable	28.610		
2	Revenue Subsidy/Grant Receivable	28.620		
	TOTAL		0.00000	0.00000

BORROWINGS FOR WORKING CAPITAL**SCHEDULE -30
(RS. IN LAKHS)**

Sr. No.	Particulars	Account Code	As at 31-03-2008 Rs.	As at 31-03-2007 Rs.
1	Cash Credit from Banks	50.100		
2	Bank Overdrafts	50.200		
3	Temporary Overdrafts from Banks	50.300		
4	Temporary Advances from Governments	50.400		
	TOTAL		0.00000	0.00000

SCHEDULE - 31 (a)
(RS. IN LAKHS)

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PAYMENTS DUE ON CAPITAL LIABILITIES

SCHEDULE - 31 (a) (RS. IN LAKHS)

As at 01-04-06 Rs.	Becoming Due During The Year 2006-07 Rs.	Payments Made During The Year 2006-07 Rs.	Sr. No.	Particulars	Account Code	As at 01-04-07 Rs.	Becoming Due During The Year 2007-08 Rs.	Payments Made During The Year 2007-08 Rs.	As at 31-03-2008 Rs.
1	2	3	4	5	6	7	8	9	10
	1975.22645 3962.95910	1975.22645 3962.95910	II	INTEREST ACCRUED AND DUE ON					
	5968.49000	5968.49000		1) Loan from L.I.C.	51.201	0.00000	1670.11559	1670.11559	
				2) Loan from R.E.C.	51.205	0.00000	7966.18101	7966.18101	
				3) Loan from S.P.A.	51.206				
				4) Loan from N.A.B.A.R.D.	51.207				
				5) Loan from Public Bonds	51.220	0.00000	5309.39000	5309.39000	
				6) Private Bond Interest accrued and due	51.221				
				7) Loan from R.E. Debentures	51.225				
				8) Loan from Other Debentures	51.230				
				9) F.C.Loan from S.B.I.	51.232				
	124.74332	124.74332		10) Interest accrued and due on IDBI	51.240				
				11) Interest accrued and due on SEB Sweeden	51.241	0.00000	23.86480	23.86480	
				12) Interest accrued and due on					
				Credit suisse Switzerland	51.242				
	79.18728	79.18728		13) Interest accrued and due on kfw Germany	51.243	0.00000	14.58394	14.58394	
	113.63475	113.63475		14) Int. Charges ANZ Banking Group Ltd. London	51.244	0.00000	43.86349	43.86349	
				15) Loan from H.D.F.C.	51.246				
	8171.88709	8171.88709		16) Loan from P.F.C.	51.247	0.00000	8231.57133	8231.57133	
				17) R.M.Loan from P.F.C.	51.248				
				18) Loan from Central Govt.	51.249				
				19) Loan from Govt.	51.250				
				20) Loan from M.S.C. Bank	51.251				
				21) Loan from Unit Trust of India	51.252				
				22) Loan from P.D.C. Bank	51.253				
				23) Loan from C.M.'s Relief Fund	51.254				
				24) Term Deposits	51.255				
				25) Int. accrued & due on CCF Canara Bank	51.256				
				26) Deposit against R.E.Debentures	51.260				
				27) Financial participation by consumers	51.265				
	1.04551	1.04551		28) Loan from Staff Welfare Fund	51.270	0.00000	0.62681	0.62681	
				29) Loan from Others	51.290				
				i) M.I.D.C.					
				ii) M.M.R.D.A.					
				iii) Mumbai District Central Co-op. Bank					
				iv) Raigad District Central Co-op. Bank					
				v) Pune District Central Co-op. Bank					
				vi) Akola District Central Co-op. Bank					
				vii) Sangli District Central Co-op. Bank					
				viii) Canara Bank					
				ix) Bank of India					
				x) Bank of Maharashtra					
				xi) B.S.E.S.					
				xii) Dena Bank					
				xiii) KEC International					
				xiv) Andra Bank					

PAYMENTS DUE ON CAPITAL LIABILITIES

**SCHEDULE - 31 (a)
(RS. IN LAKHS)**

As at 01-04-06 Rs.	1	Becoming Due During The Year 2006-07 Rs.	2	Payments Made During The Year 2006-07 Rs.	3	Sr. No.	4	5	Particulars	Account Code	6	As at 01-04-07 Rs.	7	Becoming Due During The Year 2007-08 Rs.	8	Payments Made During The Year 2007-08 Rs.	9	As at 31-03-2008 Rs.	10
									xv) United Western Bank xvi) Sindhudurg District Central Co-op. Bank xvii) Chandrapur District Central Co-op. Bank xviii) Central Bank of India xix) Punjab National Bank xx) UCO Bank xxi) Indian Overseas Bank xxii) Bank of Baroda xxiii) MIDC - Ranjangaon xxiv) MIDC - Hinjewadi xxv) MIDC - Mahape xxvi) Indian Bank xxvii) ICICI Bank										
0.00000		20397.17350		20397.17350					TOTAL INTEREST ACCRUED AND DUE (1 TO 29)	51.200		0.00000		23260.19697		23260.19697		0.00000	
0.00001		51914.86427		51914.86427					TOTAL (I + II)			0.00001		66302.35272		66302.35272		0.00001	

INTEREST ACCRUED BUT NOT DUE ON GOVT. LOAN

**SCHEDULE - 31 (b)
(RS. IN LAKHS)**

1	Total Interest accrued but not due on Govt. Loans	46.716			0.00000
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CAPITAL LIABILITIES

SCHEDULE 32
(RS. IN LAKHS)

OUTSTANDING AS AT 01-04-06 Rs.	AMOUNT RECEIVED DURING THE YEAR 2006-07 Rs.	REPAYMENTS DUE DURING THE YEAR 2006.07 Rs.	SR PARTICULARS NO	DETAILS OF INTEREST RATE MORATORIUM AND RATE APPLICABLE AT THE END OF THE YEAR	ACCOUNT CODE	OUTSTANDING AS AT Rs.	AMOUNT RECEIVED DURING THE YEAR 2007-08 Rs.	REPAYMENTS DUE DURING THE YEAR 2007-08 Rs.	OUTSTANDING AS AT 31-03-08 Rs.
	1	3	4	5	6	7	8	9	11
50132.00000			1. Private Bonds		52.115				0.00000
			2. Public Bonds (Annexure)	7.25% to 13.50%	52.141 to 52.159	50132.00000		10140.00000	39992.00000
			3. Bond Subscription moneys pending allotment		52.17				0.00000
			4. R. E. Debentures	13.5%	52.21				
			5. Other Debentures		52.27				
			6. Debentures Subscription money pending allotment						
			(R.E. Debentures Deposits)	13.50&	52.29				
			7. Foreign Currency Loan (SBI) (in D.M.)	4.00 %	52.311				
2342.93539	3.65757	1590.52078	8. Foreign Currency Loan SEB-SWEEDEN (in SEK)	6.94%	52.341	756.07218		756.07218	0.00000
1396.04266	65.71191	980.85074	9. Foreign Currency Loan credit Suisse-switzerland (in CHF)	5.50%	52.342	480.90383		480.90383	0.00000
1937.56905		999.68263	10. Foreign Currency Loan KfW-Germany (in DM)	6.28%	52.343	937.88642		937.88642	0.00000
			11. Foreign Currency Loan Anz Banking Group Ltd – London (in USD)	7.38%	52.344				
23298.88642		3453.38525	12. Loan from LIC	7.25% to 14.00%	52.5	19845.50117		3453.38525	16392.11592
			13. Loan from A.R.F.C.		53.1				
36280.48474	21680.48100	8037.01523	14. Loan from REC	13.00% to 15.00%	53.3	49923.95051	69799.16800	10044.16444	109678.95407
			15. Loans from participating Commercial Banks for SPA Schemes	15.00 %	53.31				
			16. Loans from NABARD	14%	53.4				
			17. Financial Participation by Consumers (Interest Bearing)	12.50% to 14.00 %	53.610				0.00000
			18. Refundable Capital Cost Deposits	5.00% to 10.25%	53.611				0.00000
			19. Deposits collected to be refunded after eight years (without interest)		53.612				0.00000
			20. Financial Participation by consumers (Interest Free)		53.620				0.00000
			21. Interest free Loan from MIDC for Elect. Work		53.621				0.00000
115387.91826	21749.85048	15061.45463	Sub Total (1 to 21)			122076.31411	69799.16800	25812.41212	166063.06999
			LOAN FROM OTHERS						
			22. Loans from Staff Welfare Funds A/c.		53.700				
			23. Loans from Others I.D.B.I. (Under rediscounting scheme)		53.702				0.00000
			Less :- Interest	20.52%	53.701				0.00000
0.00000	0.00000	0.00000	NET			0.00000	0.00000	0.00000	0.00000

SCHEDULE 32
(RS. IN LAKHS)

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PUBLIC BONDS

**ANNEXURE TO SCHEDULE – 32
(RS. IN LAKHS)**

Outstanding At the end of The Previous Year 31-03-2006 Rs	Amount Received During the Year 2006-07 Rs	Repayments Due During the Year 2006-07 Rs	Sr No.	Particulars	Rate of Interest	Account Code	Outstanding At the End of The Previous Year 31-3-2007 Rs	Amount Received During the Year 2007-08 Rs	Repayments Due During The Year 2007-08 Rs	Outstanding At the End of the year 31-3-2008 Rs
1	2	3	4	5	6	7	8	9	10	11
8759.00000			1	M.S.E.B. Bonds 2008(20 years)	11.50%	52.150	8759.00000			8759.00000
247.00000			2	M.S.E.B. Bonds 2009 (20 years)	11.50%	52.151	247.00000			247.00000
84.00000			3	M.S.E.B. Bonds 2009(I)(20 years)	11.50%	52.152	84.00000			84.00000
10799.00000			4	M.S.E.B. Bonds 2009(II)(20 years)	11.50%	52.153	10799.00000			10799.00000
425.00000			5	M.S.E.B. Bonds 2010(I)(20 years)	11.50%	52.154	425.00000			425.00000
125.00000			6	M.S.E.B. Bonds 2010(II)(20 years)	11.50%	52.155	125.00000			125.00000
9311.00000			7	M.S.E.B. Bonds 2010(III)(20 years)	11.50%	52.156	9311.00000			9311.00000
10242.00000			8	M.S.E.B. Bonds 2011(20 years)	12.00%	52.157	10242.00000			10242.00000
10140.00000			9	M.S.E.B. Bonds 2007(15 years)	13.00%	52.158	10140.00000		10140.00000	0.00000
0.00000			10	M.S.E.B. Bonds 2003(10 years)	13.50%	52.159	0.00000			0.00000
50132.00000	0.00000		TOTAL				50132.00000			39992.00000

FUNDS FROM STATE GOVERNMENT

**SCHEDULE – 33
(RS IN LAKHS)**

Outstanding As At Year 01-04-06 Rs.	Amount Received During the Year 2006-07 Rs.	Repayments Due During The Year 2006-07 Rs.	Sr. No.	Particulars	Details of Interest Rate Moratorium and Rate applicable At the end of the year	Account Code	Outstanding As At the Year 01-04-07	Amount Received During the Year 2007-08 Rs.	Repayments Due During The Year 2007-08 Rs.	Outstanding As At Year 31-3-08 Rs.
1	2	3	4	5	6	7	8	9	10	11
				State Govt. Loans under Section 64 of the Electricity (Supply) Act 1948		54.2				
			1	Consolidated Loans as on 1.4.1961	4.90% (Not repayable)					0.00000
			2	Loan for R.E. Schemes Upto 31.3.77	6.00%					
				From 1.4.77 to 31.3.85	6.25%					
				From 1.4.85	9.00%					
				From 1.4.90	11.75%					
				From 1.4.94	11.75%					
			3	(Perpetual Loan) Loans from Major Gen & Transmission Schemes Upto 31.3.77	5.51%					0.00000
				From 1.4.77 to 31.3.85	6.25%					
				From 1.4.85	9.00%					
				From 1.4.90	11.75%					
				From 1.6.95	14.25%					
			4	(See note below) Loan for Tarapur Power Supply	(See Note Below) (Repayable in 20 Year)					0.00000
			5	Loan for D P C Equity	12.00%					0.00000
			6	Other Loans	10 Years					0.00000
			7	Amount received from State Govt under Guaranteed		54.4	0.00000	0.00000	0.00000	0.00000
0.00000	0.00000	0.00000								0.00000

EQUITY CAPITAL

SCHEDULE – 33 (a) (RS IN LAKHS)

Outstanding As At Year 01-04-06 Rs.	Amount Received During the Year 2006.07 Rs.	Repayments Due During The Year 2006-07 Rs.	Sr. No.	Particulars	Details of Interest Rate Moratorium and Rate applicable At the end of the year	Account Code	Outstanding As At the Year 31-3-07	Amount Received During the Year 2007-08 Rs.	Repayments Due During The Year 2007-08 Rs.	Outstanding As At Year 31-3-08 Rs.
1	2	3	4	5	6	7	8	9	10	11
5.00000			1	Amount Received fro GoM for repayment Guarantee of the Electricity Supply Act 1948		54.300				
269599.20455	785.26889	785.26889	2	Equity capital under section 66 (A) of Electricity (Supply) Act 1948		54.510	5.00000			5.00000
269604.20455	785.26889	785.26889	3	Share Suspense Account * (Pending allotment)			269599.20455			269599.20455
	785.26889	785.26889	Total				269604.20455	0.00000	0.00000	269604.20455

This represent share to be issued to MSEB Holding Co-Ltd, as a Part of purchase consideration as a result of demeger.

CONTRIBUTION, GRANTS AND SUBSIDIES TOWARDS COST OF CAPITAL ASSETS

**SCHEDULE - 34
(RS. IN LAKHS)**

As at 01/04/2006 Rs.	Additions during the Year 2006-07 Rs.	Sr. No.	Particulars	Account Code	As at 01/04/2007 Rs.	Additions during the Year 2007-08 Rs.	As at 31/03/2008 Rs.
1	2	3	4	5	6	7	8
336.51095	1931.77039	1)	Consumer's Contribution towards cost of Capital Assets (CRA) (Service Connection)	55.100	2268.28134	1371.31131	3639.59265
		2)	Consumer's Contribution towards cost of Capital Assets (CRB)	55.101			
		3)	Consumer's Contribution towards cost of Capital Assets (Outright Contribution)				
0.00000	49.19111	i)	For L. T. Consumers	55.102	49.19111	57.41939	106.61050
2490.84456	1264.28730	ii)	For H. T. Consumers	55.103	3755.13186	3694.62488	7449.75674
0.00000		4)	Consumer's Contribution towards cost of Capital Assets (TESCO)	55.105	0.00000		0.00000
0.00000		5)	Consumer's Contribution towards cost of Pole under Krishisanjivani	55.106	0.00000		0.00000
2827.35551	3245.24880	6)	Total Consumer's Contribution		6072.60431	5123.35558	11195.95989
		7)	Subsidies towards cost of Capital Assets	55.200			0.00000
0.00000	6858.00000	8)	Grants towards cost of Capital Assets	55.300	6858.00000	8000.00000	14858.00000
2827.35551	10103.24880		TOTAL		12930.60431	13123.35558	26053.95989

RESERVES AND RESERVE FUNDS

SCHEDULE - 35
(RS. IN LAKHS)

As at 01-04-06 Rs.	Additions during the Year 2006-07 Rs.	Deductions during the period 2006-07 Rs.	Sr. No.	Particulars	Account Code	As at 01-04-07 Rs.	Additions during the Year 2007-08 Rs.	Deductions during the Period 2007-08 Rs.	As at 31-03-2008 Rs.
1	2	3	4	5	6	7	8	9	10
0.00000				RESERVES					
			1	General Reserve	56.100				
			2	Capital Reserve	56.200				
			3	Investment Allowance Reserve	56.410				
			4	Investment Allowance Reserve (Utilised)	56.450				
			5	Sinking Fund for Repayment of Borrowings	56.300				
			6	Sinking Fund for Repayment of Govt. Loans	56.301				
			7	Tariff Reserve	56.500				
	1.61989		8	Reserve for Materials Cost Variance	56.610	1.61989	1.20118		2.82107
0.00000			9	Exchange Variance Reserve	56.620				
	4226.00000		10	Contingent Reserve	56.630	4226.00000	4573.00000		8799.00000
			11	Special Contingency Reserve			1077.00000		1077.00000
			12	Consumers' Rebate Reserve	56.640				0.00000
			13	Statutory Reserve	56.650				0.00000
			14	Property Insurance Reserve	56.660				0.00000
			15	Tariff and Dividend Control Reserve	56.670				0.00000
			16	Development Rebate	56.680				0.00000
			17	Development Fund	56.690				0.00000
0.00000	4227.61989	0.00000		TOTAL RESERVES		4227.61989	5651.20118	0.00000	9878.82107
				RESERVE FUNDS					
			1	Gratuity Fund	57.130				
			2	C. P. Fund					
			3	Staff Pension Fund	57.140				
0.00000	18.32729	18.32729	4	Staff Welfare Fund	57.150				.00000
			5	Staff Benevolent Fund	57.153				
0.00000	18.32729	18.32729		TOTAL RESERVE FUNDS		0.00000	0.00000	0.00000	0.00000
0.00000	4245.94718	18.32729		TOTAL		4227.61989	5651.20118	0.00000	9878.82107

STATEMENT OF ACCOUNTING POLICIES

STATEMENT - 4

A. Statement on compliance with the Section 185(2) (d) of the Electricity Act, 2003.

The MSETCL has maintained its accounts and complied its Annual Statement of Accounts in accordance with the Section 185(2) (d) of the Electricity Act, 2003.

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 15-09-2005 from the Registrar of Companies. The Company was incorporated under the notification of Maharashtra Electricity Reforms Transfer Scheme, 2005 (hereinafter referred to as the Transfer Scheme) issued on 4th June, 2005. As per the aforesaid Notification, Undertakings forming part of the Transmission Undertakings of 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. The transfer of Assets and Liabilities made under the above Transfer scheme was made by the State of Maharashtra and the consideration for the transfer of Undertaking comprising of value of Assets and Liabilities and the proceedings relating to Transmission Activities of erstwhile MSEB as specified in the Notification will be discharged by MSEB Holding Company Limited by Issue of Equity Shares of Rs. 26,95,99,00,000/- (being excess of assets over liabilities)

DISCLOSURE OF SIGNIFICANT ACCOUNTING POLICIES

i) Basis of preparation of financial statements.

- The Company is a Public Limited Company registered under the Provisions of Companies Act, 1956. The Company is governed by the Electricity Act, 2003.
- The provisions of the Electricity Act, 2003 read with the rules made there under prevail 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 are prepared under the historical cost convention. The company adopts accrual basis in preparation of its accounts.
- Assets and liabilities created under applicable electricity laws continue to be depicted under appropriate heads.

ii) 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.

iii) Fixed Assets and CWIP

- 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.
- Cost of acquisition is inclusive of freight, duties & taxes, levies, borrowing costs & all incidentals attributable to bringing the asset to its working condition.
- In case of fixed assets, for new projects / extension, the related expenses and interest cost up to the date of commissioning attributable to such project / expansion are capitalized.
- In case of units carrying out construction activities only, all the material cost (Inclusive of freight, insurance etc), labour and contractor costs, employee costs and other related expenses in the construction unit shall be capitalized to Work in progress.

- The company capitalizes GEC on additions to fixed assets and CWIP, at predetermined rates. Expenses at construction units are capitalized 100%.
- The company capitalizes HOS on additions to fixed assets and CWP, at predetermined rates.
- Depreciation on Fixed Assets comprising of Construction facilities and on fixed assets used for construction of other assets, is capitalized.
- In case of Capital Work in Progress for work against Deposits / work contract where the final settlement of bills with the contractor is yet to be effected, capitalisation is done on provisional basis subject to necessary adjustment in the year of final settlement.
- Claims for price variation in case of capital contracts are accounted for on acceptance thereof by the Company.
- The costs incurred on identification, survey and feasibility studies of a project under sanction are shown as a distinct item in capital work in progress till the period of its rejection. In case of rejection, the expenses are charged to revenue in the year of its rejection.
- Expenditure on renovation or modernization of fixed assets that has an effect of extending useful life of the asset or increasing output or capacity or efficiency of an asset or decreasing operating cost of the asset, is capitalized.

iv) Borrowing Cost

The Company capitalizes borrowing costs as per the guidelines prescribed under ESAAR 1985.

v) Government Grants

Consumers' Contribution, subsidies and grants towards cost of capital assets shall not be treated as a reduction in the 'cost' but as a capital receipt to be credited to capital reserve account.

vi) Machinery and Other Spares

- Machinery spares procured along with the Plant & Machinery or subsequently and whose use is expected to be irregular are capitalized separately, if cost of such spares is known and depreciated fully over the residual useful life of the related plant and machinery. If cost of such spares is not known particularly when procured along with concerned plant, these are capitalized & depreciated along with concerned plant.
- Written Down Value of Insurance spares is charged to revenue in the year in which such spares are consumed. Similarly value of such spares, procured & consumed in a particular year is charged to revenue in that year itself.
- Other spares are treated as "stores & spares" forming part of the inventory, valued at cost and expenses when issued.

vii) Depreciation / Amortization

i) Owned Assets :

- The company has provided depreciation on straight line method to the extent of 90% of the cost of asset following the rates notified by the Ministry of Energy (Dept. of Power) New Delhi published in the notification dt. 29-03-1994 under SO 93 (F) dt. 23-01-1992
- The company provides for Depreciation in the year, following the year of acquisition or capitalisation of the fixed asset.

ii) Intangible Assets :

Intangible assets are amortized over the period for which benefits are estimated.

iii) Leasehold Assets

Leasehold assets are depreciated on straight line basis up to 100% of the value of the assets over the lower of period of lease or the estimated useful life of the leased assets.

viii) Inventories

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

ix) Revenue Recognition

- Transmission of electricity is accounted for based on tariff rates approved by the Maharashtra Electricity Regulatory Commission (MERC), and includes unbilled revenues accrued up to the end of the accounting period.
- Other income is recognized on accrual basis except when ultimate realization of such income is uncertain.

x) Investments

Investments, are carried at cost.

xi) Foreign Currency transactions

Foreign currency transactions are accounted at exchange rates prevailing on the date of transaction. Foreign currency monetary assets and liabilities are translated at year end at exchange rates. Exchange difference arising on settlement of transactions and translation of monetary items are recognised as income or expenditure in the year in which they arise.

xii) Employee Benefits

i) Short Term Employee Benefits

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

ii) Post-employment benefits

● Defined contribution plans

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

● Defined Benefit Plan

Gratuity and Leave encashment

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

● Provident Fund Benefit

Company pays fixed contribution to Provident Fund at predetermined rates along with employee's contribution to a separate trust which also manages funds of other group companies, making it a Multi

Employer Defined Benefit Plan. The funds are then invested in permitted securities. The contribution to the fund for the period is recognized as expenses and is charged to the profit & loss account.

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

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

iii) Other long term employee benefits

Entitlements to annual leave and sick leave are recognized when they accrue to employees. The Company determines the liability for accumulated leaves using the Projected Unit Credit Method with actuarial valuations being carried out at each Balance Sheet date.

xiii) Taxation

Income Tax

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

xiv) Prior Period Items and Extra-Ordinary Items

Adjustment arising due to errors or omissions in the financial statements of earlier years are accounted under "Prior Period".

xv) Provisions, Contingent Liabilities and Contingement Assets

- Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as result of past events and it is probable that there will be outflow of resources.
- Contingent assets & liabilities are not recognized.

B. The following departures from the Basic Accounting principles and Accounting Policies (as permitted under the Rules) have been made for the reasons stated there against.

i) Capitalisation of the Expenditure of Construction-cum O & M Units.

As per Rule 2.10 of Annexure III-Basic Accounting Principles and Policies of the Rules, the employee costs excluding terminal benefits, bonus and ex-gratia of the staff who are deployed exclusively or largely on capital schemes only will be capitalised and the rest of the staff costs would be charged to revenue. No part of the general establishment charges of the offices looking after both Const. O & M actually would however be capitalised.

Further as per Rules 2.9 of Annexure III, the procedure laid down by the Electricity (Supply) (Annual Accounts) Rules 1985, the employee costs of purely construction units could only be capitalised which was done hitherto before also. However, it is difficult to identify whether the common staff looking after both the Const. and O & M activity is largely deployed in Capital Works etc, and in the absence of such identification, these costs would have to be charged to revenue. Rightly, some share of the common staff

costs is chargeable to capital expenditure. Similarly, some portion of the general establishment charges such as telephone, stationery, rent, taxes, vehicle expenditure etc. also is rightly allocable to capital expenditure. Consequently, if the procedure as per the electricity (Supply) (Annual Accounts) Rules 1985 is followed, a large portion of Const. Cum, O & M Division and Sub-Divisional expenditure (Employee Costs and General Estt. Charges) including Civil Const. Cum Maint. Division would now be required to be charged to revenue.

In the case of H.O. which is also a supervisory office looking after both the Const. and O & M activity, we have been allocating the expenditure between capital and revenue on pre-set percentage basis. Perhaps the employee costs of the staff deployed exclusively or largely on capital jobs as prescribed in the rules may mean that this is pertaining to only the direct employee costs and the rules presumably do not apply to the supervisory offices staff costs. MSETCL has therefore continued existing procedure of capitalisation of portion of employee costs as well as general estt. charges of the units supervising both capital and O & M works on the existing basis i.e. based on the predetermined percentages.

ii) Material Accounting

As per the Schedule 21 of the Electricity (Supply) (Annual Accounts) Rules 1985, all advances to suppliers/contractors whether covered under direct debit procedure or not would be grouped with the capital expenditure in progress.

The Material received in stores under direct debit procedure is now required to be exhibited as “Current Assets” under stock, capital stores. The material at site for materials covered under both Direct Debit procedure as well as other than Direct Debit procedure would now be required to be exhibited under “Current Assets” as material at site as a part of stock account.

The exhibition of the capital expenditure, capital stock and material at site account explained above would lead to anomalous exhibition of “Capital Expenditure in Progress” but when the material is received there against, the capital expenditure in progress gets reduced as the same would be covered under current assets “Stock of Materials”. Similarly, the material at site which is a part and parcel of capital expenditure in progress will not be exhibited as such but would be covered under Current Assets “Stock of Materials.”

To avoid incorrect exhibition as explained above, the MSETCL has continued to follow the existing procedure about exhibition of the “Capital expenditure in Progress”. The same will include the stock of material received under Direct Debit to works, procedure as well as material at site (Capital).

iii) Freight in F.O.R. Destination Purchases.

“According to para 2.20 (6) to Annexure V to Electricity (Supply) (Annual Accounts) Rules 1985, freight on materials purchased (whether incurred and billed by the supplier or incurred by the MSETCL) shall not be treated as materials cost and shall be recorded in a separate account provided for this purpose.

The MSETCL has, however, been placing orders on F.O.R. destination basis including cost, freight, insurance, duties and taxes etc. The element of freight included in F.O.R. destination price of materials is inseparable part of cost of materials and percentage of freight insurance and packing forwarding charges indicated in the A.T.S. is only estimated and the same is indicated in the orders in order to avoid payment of Excise Duty on freight, insurance etc. Further the accounting of freight included in F.O.R.

cost of material as cost of materials will only give true and fair view of the MSETCL and of the surplus/deficit of the MSETCL. The MSETCL has therefore continued the existing procedure of accounting freight included in F.O.R. destination price as cost of materials.

v) Accounting of Losses in the year of its Approval.

According to Para 2.125 to Annexure III to Electricity (Supply) (Annual Accounts), Rules 1985, loss on account of fire, cyclone, flood, etc. shall be treated as loss for the year in which the loss was incurred.

However the MSETCL is persistently following the procedure of booking the loss on account of flood, fire cyclone, etc. in the year in which the said loss is approved for write off. This is because before submitting the case for write off, necessary investigations and scrutiny along with the reasons, amount of loss etc. is required to be done and then only the amount of loss to be written off can be correctly arrived at. By the time investigation and scrutiny is complete, the Accounts for the year during which loss occurred are closed. Further accounting of loss in the year in which the same is approved for write off after detailed investigation will correctly reveal the surplus /deficit of the MSETCL. The same also holds good for losses on account of shortages vide Rule 2.20(12) to Annexure V ibid. As such the MSETCL has continued its practice of booking the loss in the year in which the same is approved for write off.

NOTES TO STATEMENT OF ACCOUNTS

1. MSETCL has been incorporated under the Companies Act, 1956 on 31st May, 2005. However as per clause (2)(d) of the Maharashtra Electricity Reforms Transfer Scheme, 2005 of the Government of Maharashtra notified on 4th June 2005 the "Date of Transfer" is the respective date notified by Government of Maharashtra for effecting transfer of properties, interest, rights and liabilities, proceeding or personal as the case may be to the relevant Transferee. As per clause 5(3) the said transfer scheme, the functions, business and undertakings forming part of MSETCL shall stand transferred to and vest in MSETCL on and from 6th June 2005, on the same line Accounts for the year 2007-08 have been complied.

2. Audit Fees for the Financial year 2007-08 includes the following

	(Amount in Rs.)	
	This year 2007-2008	Previous Year 2006-07
To Statutory Auditor		
Audit Fee	600000	600000
Out of Pocket Expenses	200000	157338
Service Tax	98880	93607
Total (A)	898880	850945
To others		
Tax Audit Fee	33000	30000
Vat Audit Fee	237372	
Cost Audit Fee (inclusive of service tax and out of pocket expenses)	375000	345000
Service Tax	79768	3708
Total (B)	725140	378708
Total (A + B)	1624020	1229653

3. **Earnings Per Share**

The elements considered for calculation of Earning Per Share are as under :

	This Year 2007-08	Previous Year 2006-07
Net Profit after tax as per Accounts (For Basic and Diluted Earnings per Share) -(A) (Rs. in lakhs)	25820.41509	16886.31383
Weighted Average number of shares outstanding during the year for Basic EPS (Nos.) -(B)	50,000	50,000
Add: Effect of potential equity shares on issue of shares against share suspense account	2695992045	2695992045
Add: Effect of potential equity shares on issue of shares against share application money.	NIL	NIL
Weighted Average number of shares outstanding during the year for Diluted EPS (Nos.) (C)	2,696,042,045	2,696,042,045
Basic Earnings per share (A)/(B)	51641	33773
Diluted Earnings Per Share (A)/(C)	0.96	0.63

4. **Nature of Business**

The company is engaged in the business of transmission of electricity and operates only in the state of Maharashtra. Disclosures for function-wise break up of Revenue (Statement 6) and Fixed Assets (Schedule 20) as required by ESAAR are however made in the financial statements.

5. **Impairment of Assets**

The holding company has obtained in the year 2006-07, a valuation report from an independent valuer for all fixed assets (except office equipments, vehicles and furniture and fixtures) of MSETCL located at O & M circles. The depreciated replacement cost of these fixed assets as on 5th June 2005 as per the said valuation report is Rs. 107,92,92.73 lakhs as compared to the net block of these assets of Rs. 456719.96 lakhs. In the view of the company, since the value of these operating assets is substantially higher than the books value thereof, there is no impairment in the value of these assets.

6. **Reserves**

In accordance with MERC Order Dt. 31-05-2008, the Company has created additional Contingency Reserve of Rs. 90 lakhs & Contingency Reserve of Rs. 4483 lakhs for the year 2007-08 & special Reserve of Rs. 1077 lakhs for the year 2006-07

7. **Employee Benefits**

Provident Fund :

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

Employer established provident funds are treated as Defined Benefit Plans, since the Company is obliged to meet interest shortfall, if any, with respect to covered employees. According to the Management, the Actuary has opined that actuarial valuation cannot be applied to reliably measure provident fund liabilities in absence of guidance from the Actuary Society of India. However, the actuary consultant has certified that there is no further liability which remained to be provided as at end of the year, on account of shortfall in interest payable to the beneficiaries.

Deficits, if any, having regard to the position of the fund as compared to aggregate liability is additionally contributed by the company and recognized as an expense. An amount of Rs. 21.78 Crores was adjusted against the surplus in profit and loss account. A further provision of Rs. 89 Lakhs has been made towards deficit of planned assets as compared to aggregate liability towards employees subscription and interest for the year.

Details of Company's share of assets and liabilities of the fund managed by the CPF Trust are as under :

	For the year ended 31st March, 2008 (Rs. in crore)	For the year ended 31st March, 2007 (Rs. in crore)
1. Liability for subscriptions and interest payable to employees at the end of year	678.21	628.74
2. Fair Value of Plan Assets at the end of year	655.54	606.96
3. Net Liability	22.67	21.78

Descriptions of Plan Assets

	For the year ended 31st March, 2008 (Rs. in %)	For the year ended 31st March, 2007 (Rs. in %)
1. Special Deposit Schemes	47.93	51.27
2. Bonds issued by public sector enterprises and Financial institutions	22.97	19.95
3. State Government Securities	16.81	16.39
4. Central Government Securities	10.10	10.40
5. Mutual Fund Units	0.54	0.57
6. Other	1.66	1.41

Gratuity

The company has an obligation towards Gratuity, a defined benefit retirement plan covering eligible employees. The plan provides a lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent of 15 days salary payable for each completed year of service subject to a maximum of 20 months salary. Vesting occurs upon completion of five years of service. The calculation of projected Benefit.

Obligation (PBO) has been made based on 'Unit Credit Method'. Actuarial gains and losses are recognized in the Profit and Loss Account, based on the valuation made as at the year end.

Compensated absences

Where the encashment/availment is not expected to wholly occur in the next twelve months, the benefit is considered as 'long term'. The employees are entitled to accumulate leave subject of 240 days and 180 days of HPL maximum for future encashment/availment. The liability is recognized based on the number of days leave unutilized at each Balance Sheet date on the basis of Actuarial Valuation. The Calculation of Projected Benefit Obligation (PBO) has been made based on 'Unit Credit Method'.

Expenses Recognised in the Profit & Loss Account

	For the year 2007-08 (Rs. in Crs.)	
Type of Employee Expenses	Gratuity Unfunded	Leave Encashment Unfunded
1. Current Service Cost	8.33	9.00
2. Interest Cost	17.00	3.58
3. Actuarial Gains / (Losses)	1.40	(14.49)
4. Total Employee Expenses Recognised in P & L A/c.	23.93	27.07

Reconciliation of Defined Benefit Obligation

		For the year ended 31st March 2008 (Rs. in Crs.)	
Type of Employee Expenses		Gratuity Unfunded	Leave Encashment Unfunded
1	Present Value of Obligation as at 1st April 2007	213.71	116.36
2	Current Service Cost	8.33	9.00
3	Interest Cost	17.00	3.58
7	Less : Benefits Paid	24.30	13.26
8	Actuarial Gains / (Losses)	1.40	(14.49)
9	Present Value of Obligation as at 31st March 2008	213.34	130.17

The gratuity provision has been recognised as 'Provision for Gratuity' and Provision for Leave Encashment' in "Staff related Liabilities & Provisions" under Schedule 28.

Summary of Actuarial Assumptions

		For the year ended 31st March 2008 (Rs.)	
Actuarial Assumptions		Gratuity Unfunded	Leave Encashment Unfunded
1	Salary Escalation Rate	5%	5%
2	Discount Rate	8%	8%
3	Attrition Rate	2%	2%
4	Mortality Tale	LIC (1994-96)	LIC (1994-96)
		Ult Table	Ult Table

8. Disclosure of transaction with related parties

No disclosure is required as regards related party relationships with Other State Controlled Enterprises and transactins with such enterprises.

Other disclosure in this respect are as under :

Name of the related Parties	Nature of Relationship	Type of payment	2007-08	2006-07
Shri Subrot Ratho	Managing Director w.e.f. 20-07-06	Remuneration	543537	489684
Shri Vinayak Rao	Director (Finance) Resigned w.e.f. 04-05-07	Remuneration	41747	402102
Shri P. G. Khandalkar	Director (Finance) w.e.f. 04-05-07	Remuneration	625192	--
Shri Anjan Roy	Director (Operations) w.e.f. 01-02-08	Remuneration	129528	--

Shri G. S. Limaye	Director (Operations)	Remuneration	627907	576185
Shri S. D. Shrouty	Exe Director (Operations) w.e.f. 11-02-08	Remuneration	63778	---
Shri W. R. Aswar	Exe Director (Operations) w.e.f. 04-03-08	Remuneration	61000	---
Dr. Mrs. Sapana Purohit	Exe Director (HR) w.e.f. 16-10-07	Remuneration	261558	---

9. The company generally makes payments to its creditors within a period of 45 days as stipulated in Micro Small and Medium Enterprises Act 2006. The company is in the process of identifying Micro Small & Medium enterprises as defined in above referred act. Hence relevant disclosures are not made. The Company has neither received any claims for interest nor provided any interest payable to Micro & small enterprises as required by the aforesaid act. In the absence of information, however such interest payable is not expected to be of material amount.

10. The company does not enter into any forward contract or derivatives. As at the year end, the exposures in foreign currency for the Company is as under :

Particulars

Particulars	31-03-2008	31-03-2008	31-03-2007	31-03-2007
	Foreign Currency	Amt. in Rs.	Foreign Currency	Amt. in Rs.
Accounts Receivables	NIL	NIL	NIL	NIL
Accounts Payable (Outstanding foreign Currency Loans)	NIL	NIL	US \$ 1780483.56 US \$ 4752939.73 CHF 1341059.20	772290791.34 206325113.67 48090382.91

NOTES TO ACCOUNTS

STATEMENT – 5

	From 01-04-07 to 31-03-08 Rs.	From 01-04-06 to 31-03-07 Rs.
1. Commitments for Capital Expenditure :		
Contracts placed but not executed and not provided for	NIL	NIL
Works Authorised but not contracted		
Total	NIL	NIL
2. Aggregate amount of Capital Liabilities		
falling due for Repayment / Redemption next year	NIL	NIL
(* Except IDBI Loan and other Loans)		

2. Lien etc. on MSETCL's Assets.

The MSETCL obtained loan Rs. Nil from Life Insurance Corporation of India during the year 2007-08 bringing the total loan against mortgage of Fixed Assets to Rs. 163.92 crores. The value of Fixed Assets so mortgaged stood at Rs. 424.54 crores as on 31-03-2008.

3. Classification of Expenditure :

"All expenses are reflected in Revenue account under natural heads. Accordingly expenses shown under Repairs and Maintenance do not include any employee costs, depreciation, administration and general expenses and interest and finance charges which are disclosed separately."

4. Total Energy (in Million Units)

	From 01-04-07 to 31-03-08	From 01-04-06 to 31-03-07
Total Energy Transmitted (in Million Units) (Net)	89189.876	73142.000

5. Purchase, Issues and Stock of Materials
(Value recorded in Account heads 22.2 to 22.6 disclosed here)

Particulars	Account Code	From 01-04-07 to 31-03-08		From 01-04-06 to 31-03-07	
		Rs.	Rs.	Rs.	Rs.
A. Opening Stock					
Capital	22.60 & 22.61	146910322		199427705	
O & M	22.62 & 22.63	618446119		<u>498471330</u>	
Total			765356441		697899035
B. Purchases					
Capital	22.20 & 22.21	188878266		-46910600	
O & M	22.22 & 22.23	3261232779		<u>1823492732</u>	
Total			4215467486		1776582132
C. Opening Stock + Purchase (A + B)					24744481167
D. Issue for Consumption					
Capital	22.30 & 22.31	84797		5606783	
O & M	22.32 & 22.33	2623346692		<u>1703517943</u>	
Total			2623431489		1709124726
E. Issue to Contractor					
Issues	22.34 & 22.35				
Returns	22.36 & 22.37				
Total					
F. Total Issues (D + E)			2623431489		1709124726
G. Closing Stock					
Capital	22.60 & 22.61	180952956		146910322	
O & M	22.62 & 22.63	1402560672		618446119	
Total			1583513628		765356441

FUNCTIONWISE BREAK-UP OF REVENUE AND EXPENDITURE FOR THE YEAR 2007-2008

**STATEMENT - 6
(RS. IN LAKHS)**

Sr. No.	Particulars	Transmission 66 KV & above	Consumers Servicing	Civil Maintenance	Stores	Administration & Management	GRAND TOTAL
1	2	3	4	5	6	7	8
	REVENUE						
1	Revenue from Transmission Charges	0.00000	0.00000	0.00000	0.00000	157106.34004	157106.34004
2	Revenue Subsidies & Grants	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
3	Other Income	370.01515	0.00000	98.85513	415.14841	7213.55840	8097.57709
	TOTAL INCOME	370.01515	0.00000	98.85513	415.14841	164319.89844	165203.91713
	EXPENSES						
1	Purchase of Power						
2	Generation of Power						
	i) Fuel Consumption						
	ii) Other Fuel related costs						
	iii) Operating Expenses						
	Sub Total (i to iii)						
3	Fuel related losses						
A	TOTAL OF (1 TO 3)	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
1	Repairs & Maintenance	20913.31999	145.85942	2379.99438	16.76337	1439.47383	24895.41099
2	Employee Costs	25707.24112	127.60620	2350.74239	268.30071	6416.10353	34869.99395
3	Administration & General Expenses	4469.37588	18.60900	189.97890	196.10101	2259.56536	7133.63015
4	Depreciation & Related Debit	48455.59654	232.94408	174.53750	19.05499	665.80156	49547.93467
5	Interest & Finance Charges	11.32279	0.00000	1.45811	1.12735	25782.01937	25795.92762
6	Other Debits	-1514.14869	0.00000	0.02026	-0.51308	2527.74859	1013.10708
7	Extra Ordinary items	2.93964	0.00000	0.00000	0.00000	0.82218	3.76182
8	Net Prior Period Cr./Dr.	2915.33516	6.11925	101.21093	52.50080	373.06486	3448.23100
9	Provision for Income Tax	0.00000	0.00000	0.00000	0.00000	9790.00000	9790.00000
	TOTAL OF (1 TO 9)	100960.98243	531.13795	5197.94247	553.33515	49254.59928	156497.99728
C	TOTAL OF A + B	100960.98243	531.13795	5197.94247	553.33515	49254.59928	156497.99728
	LESS						
10	Expenses Capitalised	8896.11430	0.00000	911.89499	0.06739	3633.01176	13441.08844
11	Expenses reallocated						
12	Interest Capitalised	0.00000	0.00000	0.00000	0.00000	3673.40680	3673.40680
	TOTAL OF 10 TO 12	8896.11430	0.00000	911.89499	0.06739	7306.41856	17114.49524
	Surplus / (Deficit)	-91694.85298	-531.13795	-4187.19235	-138.11935	122371.71772	25820.41509

SOURCES AND USES OF FUNDS
**STATEMENT - 7
(RS. IN LAKHS)**

Particulars	This Year 2007-08		Previous Year 2006-07	
	Rs.	Rs.	Rs.	Rs.
FUNDS PROVIDED BY				
Profit before Tax (excluding Revenue Subsidies & Grants)	17992.42		12660.31	
Less : Tax payments during the year	4179.12		3534.57	
		13813.29		9125.75
Add : Debits to Revenue Account not requiring Cash Outlay				
Depreciation	51748.94		47630.60	
Amortisation of Deferred Costs	3782.21		1023.03	
Amortisation of Intangible Assets	28.56		10.40	
		55559.71		48663.89
Less : Credit to Revenue Account not involving Cash Receipt				
		0.00		0.00
Net Funds from Earnings		69373.01		57789.64
Add : Receipts of Revenue Subsidies & Grants				
Contributions, Grants & Subsidies towards cost of Capital Assets		13123.36		10103.25
Proceeds from disposal of Fixed Assets				
FUNDS FROM OPERATIONS (A)		82496.36		67892.89
INCREASE/(DECREASE) IN WORKING CAPITAL				
Stock	8604.47		3049.16	
Receivable of STU from Distribution Licences			13317.58	
Receivable against Transmission Charges	-13029.41		3001.01	
Loans & Advances	-901.57		4290.70	
Sundry Receivables	46525.79		-11020.73	
Subsidy Receivable from Govt.				
Sub-Total		41199.28		12637.73
Less : Security Deposit from Consumers	40144.79		-2256.52	
Current & Accrued Liabilities			13317.58	
Payable of STU to Transmission Licences				
Sub-Total		40144.79		11061.06
Net Increase / (Decrease) in Working Capital		1054.49		1576.67
Add:- Increase / (Decrease) in Cash & Bank Balances	3091.70		6935.04	
Less:- Increase / (Decrease) in Borrowing for Working Capital	0.00		0.00	

SOURCES AND USES OF FUNDS
**STATEMENT - 7
(RS. IN LAKHS)**

Particulars	This Year 2007-08		Previous Year 2006-07	
	Rs.	Rs.	Rs.	Rs.
Funds Utilised / (Provided from) on Working Capital (B)		4146.19		8511.71
Net Funds from Operations (C) = (A) - (B)		78350.17		59381.18
FUNDS UTILISED ON CAPITAL EXPENDITURE				
Fixed Assets including				
Capital Work-in-Progress		111390.31		48773.11
Intangible Assets		18.24		63.82
Assets not in Use		61.18		0.00
Deferred Costs		156.46		3.35
Total Capital Expenditure (D)		111626.20		48840.28
Shortfall in Capital Funds met from External Sources (E) = (D)-(C)		33276.03		-10540.91
Net Increase / (Decrease) in Capital Liabilities				
Fresh Borrowings				
State Loans	0.00		0.00	
Foreign Currency Loans/Credits	0.00		0.00	
Others Borrowings	97614.98		31205.80	
		97614.98		31275.17
Less :				
Repayments State Loans	0.00		0.00	
Foreign Currency Loans/Credit	2174.86		3571.05	
Other Borrowings	40867.29		27946.64	
		43042.16		31517.69
Net Increase / (Decrease) in Capital Liabilities		54572.83		-242.53
Add:-				
Increase/(Decrease) in "Payments due on Capital Liabilities"		0.00		0.00
Increase in Equity Capital		0.00		0.00
Increase/(Decrease) in Reserves and Reserve Funds		5651.20		4227.62
Net Increase/(Decrease) in Capital Liabilities		60224.03		3985.09
Add :				
Net (Increase)/Decrease in investments		-26948.00		-14526.00
Net Capital Funds from External Sources (F) = (E)		33276.03		-10540.91
Net Funds from Operations as a percentage of Total Capital Expenditure (C) / (D)		70.19%		121.58%

STATEMENT OF CAPITAL BASE AND SURPLUS
(Under Section 59 of the Electricity (Supply) Act 1948)

STATEMENT - 8
(RS. IN LAKHS)

Sr. No.	Particulars	Schedule	At the Beginning of this year 2007-2008 Rs.	At the Beginning of Previous period 2006-2007 Rs.
1	Original Cost of Fixed Assets	19	901584	868295
2	Less : Accumulated Depreciation	19	480059	432429
3	Net Block (1-2)		421524	435866
4	Consumer's Contribution	34	6073	2827
5	Capital Base (3-4)		415452	433039
6	Surplus (Under Section - 59)		18695	19487
7	Surplus as % of Capital Base (Under Section-59)		4.50%	4.50%
8	Actual Surplus		25820	16886
9	Actual Surplus as % of Capital Base		6.22%	3.90%

STATEMENT OF TECHNICAL PARTICULARS

STATEMENT - 9
(RS. IN LAKHS)

Sr. No.	Particulars	This Year 2007-08	Previous Year 2006-07
1	Installed Generating Capacity (in (MW) at the year end. Hydel Thermal Gas	N.A.	N.A.
	Total	0.000	0.000
2	Normal Maximum Demand on the System (in MW)	N.A.	N.A.
	(a) Restricted		
	(b) Unrestricted		
3	Plant Capacity available at the time maximum system demand was met (as a % of Declared Net Capacity of generating stations)		
4	Plant Load Factor (Thermal)	N.A.	N.A.
5	Generation (in Million KWH) Hydel Thermal Gas		
	Total	0.000	0.000
6	Auxiliary Consumption (in Million KWH)	N.A.	N.A.
7	Power Purchased (in Million KWH) Sources		
	1. Tatas		
	2. Tarapur		
	3. M/s.RCF & ONGC		
	4. NTPC		
	5. Kakrapar		
	6. Co-Generation		
	7. Wind Generation		
	8. B.H.E.P. (Dodson)		
	9. Energy (Hydro/CPP/Wind) wheeled in system		
	10. Others		
	Total	0.000	0.000
8	Power available for Sale (in Million KWH) (5-6+7)	89189.876	73142.000
9	Energy Wheeled (in Million KWH) (Net)		
10	Transmission & Distribution Losses (in Million KWH) (8-9) As a % of total power available for sale		

STATEMENT OF TECHNICAL PARTICULARS

STATEMENT - 9
(RS. IN LAKHS)

Sr. No.	Particulars	This Year 2007-08	Previous Year 2006-07
11	(a) Fuel Consumption Coal (Th. M.T.) Oil (K.L.) Gas (Million SMC) *Subject to reconciliation (b) Average Calorific Value per Kg. of Fuel consumed (in K. Cal/Kg.) Coal (Weighted average) L.D.O. F.O. L.S.H.S. H.S.D. GAS (c) Consumption per Unit of Generation Coal (Kg/KWH) Oil (ML/KWH) Gas (SMC/KWH)	N.A.	N.A.

Sr. No.	Particulars	This Year 2007-08		Previous Year 2006-07	
		No.of Consumers	Connected load in MW	No.of Consumers	Connected load in MW
12	Sale of Power (Consumer Category)				
	i) Domestic				
	ii) Commercial				
	iii) Public Lighting				
	iv) Irrigation and Watering				
	v) Public Water Works				
	vi) Industrial (LT/HT)				
	(Power-Intensive Special)		N.A.		
	vii) Railway Traction				
	(Non-Traction)				
	viii) Bulk Supply (Licensees)				
	ix) Outside Supplies				
	x) Miscellaneous (Military)				
	TOTAL	0			0

CASH FLOW STATEMENT**Rs. in Lakhs**

Particulars	This Year 2007-2008	Previous Year 2006-2007
A. Cash flow from Operating activities		
Net Profit before Taxation and Extra Ordinary Items	23643.62	16886.31
Adjustments		
Exchange Variance		
Depreciation	51748.94	47630.46
Amortisation of Deferred Costs/Intangible Assets	3810.77	1033.43
Income from interest on investments	(2870.33)	(379.16)
Interest and Finance Charges	25795.93	22531.93
Operating Profit and working capital changes	78485.31	70816.66
Increase in Current Assets	(41199.28)	(12637.73)
Increase in Current Liabilities	40144.79	11061.06
Cash Generated from Operations	(1054.49)	(1576.67)
Less : Taxes paid during the year	(4179.12)	(3534.57)
	73251.70	65705.43
Net Cash from Operating Activities (Total A)	96895.31	82591.74
B Cash Flows from Investing activities		
Consumers Contributinos towards cost of Capital Assets	13123.36	10103.25
Capital Expenditure during the period	(111626.20)	(48840.28)
Income form interest on investments	2870.33	379.16
Investment	(26948.00)	(14526.00)
Net Cash from Investing Activities (Total B)	(122580.51)	(52883.87)
C Cash Flows from Financing Activities		
Exchange Variance		
Equity Share Capital	0.00	0.00
Loans (refund)	54572.83	(242.53)
Interest and finance charges	(25795.93)	(22531.93)
Net Cash form Financing Activities (Total C)	28776.90	(22774.46)
Net increase in Cash and Cash Equivalents (Total A+B+C)	3091.70	6935.04
Cash and Cash Equivalents at the beginning of the period	7936.66	1001.62
Cash and Cash Equivalents at the end of the period	11028.36	7936.66



M.S.E.T.C.LTD.

CHARTS / GRAPHS

MAHARASHTRA STATE ELECTRICITY TRANSMISSION COMPANY LIMITED

3rd Annual Report for the period of 2007-2008

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