MAHATRANSCO
Maharashtra State Electricity Transmission Co. Ltd.

CIN NO. U40109MH2005SGC153646
GST NO.: 27AAECM2936N1Z2

MAHARASHTRA STATE ELECTRICITY TRANSMISSION CO. LTD.

REGISTERED OFFICE

Prakashganga, Plot No. C-19, "E" Block, Bandra-Kurla Complex, Bandra (E), Mumbai-400 051.
Visit us at : www.mahatransco.in

MAHARASHTRA STATE ELECTRICITY TRANSMISSION CO. LTD. 15TH ANNUAL REPORT 2019-2020

MAHATRANSCO
Maharashtra State Electricity Transmission Co. Ltd.

CIN NO. U40109MH2005SGC153646
GST NO.: 27AAECM2936N1Z2

15TH ANNUAL REPORT 2019-2020

MAHATRANSCO
Maharashtra State Electricity Transmission Co. Ltd.

MAHARASHTRA STATE ELECTRICITY TRANSMISSION COMPANY LIMITED

(CIN No. U40109MH2005SGC153646)

GST No. 27AAECM2936N1Z2

Annual Report
F.Y. 2019-2020

MAHATRANSCO
Maharashtra State Electricity Transmission Co. Ltd.

(CIN No. U40109MH2005SGC153646)

MAHARASHTRA STATE ELECTRICITY TRANSMISSION COMPANY LIMITED

15th Annual Report for the period of 2019-2020

CONTENTS

(CIN No. U40109MH2005SGC153646)

MAHARASHTRA STATE ELECTRICITY TRANSMISSION COMPANY LIMITED

15th Annual Report for the period of 2019-2020

CORPORATE DETAILS

BOARD OF DIRECTORS*		
S. No.	**NAME OF THE DIRECTOR'S**	**DESIGNATION**
1.	Shri Dinesh T. Waghmare, IAS	Chairman & Managing Director
2.	Shri Aseem Kumar Gupta, IAS	Nominee Director
3.	Shri Sanjay Taksande	Director(Operations)
4.	Shri R.D. Chavan	Director(Projects)
5.	Shri Ashok Phalnikar	Director(Finance)

COMPANY SECRETARY	STATUTORY AUDITORS
Ms. Vineeta Shriwani	M/s Khimji Kunverji & CO. LLP Chartered Accountants

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

**As on 29.12.2020*

DIRECTORS BRIEF PROFILE

Shri Dinesh T. Waghmare, IAS
Chairman and Managing Director

Shri Dinesh Waghmare (IAS) has joined as Chairman and Managing Director of Maharashtra State Electricity Transmission Co. Ltd. (MSETCL) on 23.01.2020. He is a senior IAS officer of 1994 batch. He took charge from Shri Parrag Jaiin Nainutia, IAS who is posted as Secretary, Social Justice and Special Assistance Department, Government of Maharashtra. Prior to joining of MSETCL, Shri Waghmare was posted as Principal Secretary, Social Justice and Special Assistance Department, Government of Maharashtra.

Shri Waghmare is B.E. (Electronics) from Visvesvaraya National Institute of Technology, (VNIT) Nagpur and M. Tech from IIT Kharagpur in Computer Science. He has also done M.Sc. in Development & Project Planning, Bradford University, England, UK. He possesses more than 26 years of experience in responsible roles in spheres of Management and Administration. He brings in rich expertise in team, project leadership, administration and management.

Shri Aseem Kumar Gupta, IAS
Nominee Director

Mr. Aseem Kumar Gupta, Principal Secretary, Department of Energy, Government of Maharashtra, has been appointed as the Chairman and Managing Director of the Maharashtra State Electricity Distribution Company. Mr. Aseem Kumar Gupta is an officer in the Indian Administration Service in 1994 and has previously served in important posts in various departments of the Government of Maharashtra.

Mr. Aseem Kumar Gupta holds B.Tech. (Naval Architecture), M.Tech, (Mechanical Engineering). Shri Gupta has worked as Assistant Collector of Kolhapur, Sangli, Miraj and Kupwad, Pimpri Chinchwad, Aurangabad, Nagpur, Thane Metropolitan Municipal Commissioner and Mumbai Metropolitan City Commissioner. He has also served as the Chief Officer of Satara Zilla Parishad, Collector of Nandurbar, Chief of the Slum Rehabilitation Office, Principal Secretary of the Rural Development and Panchayat Raj Department and Secretary of the Department for Skill Development & Entrepreneurship Development.

Shri. Sanjay Taksande
Director (Operations)

Shri Sanjay Taksande is appointed as Director (Operations), Maharashtra State Electricity Transmission Company Limited (MSETCL) and he has joined on 01.04.2019. Prior to joining at MSETCL, he was Regional Director, Pune with Maharashtra State Electricity Distribution Company Limited (MSEDCL). Prior to that, he has worked as the Chief Engineer, MSEDCL, Amravati Zone and later as Executive Director (Distribution) at the Corporate Office, MSEDCL, Mumbai.

Shri Taksande is having more than 29 years of experience in the Power Sector and worked at various capacities including Central Electricity Authority (Government of India) and Power Grid Corporation of India (Government of India Undertaking). His exclusive experience in Transmission & Distribution Sector will be beneficial to Maharashtra State Electricity Transmission Company Limited.

Shri. Ravindra D. Chavan
Director (Projects)

Shri Chavan has done BE in Electrical from Pune University and MBA (Finance) from YCMOU. He has certification as Lead Auditor, ISO 9000 accredited in IRCA, London. He is accredited Energy Auditor from Bureau of Energy Efficiency, GoI (BEE). Prior to joining as Director (Projects), Shri Chavan has worked as the Chief Engineer (Projects - Contract & Monitoring) at MSETCL. He was also holding additional charge of the post of the Executive Director (Projects), MSETCL.

Shri Chavan has rich and varied experience in the power sector for more than 25 years. His experience is in various large size projects execution along with technical, legal, commercial and management issues. He has addressed the bottlenecks of resources, complex MIS systems, use of ERP (SAP) for Business. He had streamlined various aspects of Management such as Supply Chain, Quality Enhancement, Cash Flow Management, Contract Management, and Monitoring Mechanism. He had made sincere efforts for taking Leap Forward in Projects Management through the use of principles of Theory of Constraints. In nut shell, he had handled complex Business scenarios in Power Transmission Infrastructure Establishment from concept to commissioning in Green Field as well as Brown Field Projects and is fully aware of challenges and solution approaches. Shri. Chavan also represents MSETCL as Director in Joint Ventures of MSETCL – Jaigad Power Transmission Ltd. and Maharashtra Transmission Communication Infrastructure Ltd.

Shri Chavan was appointed on the Board of MSETCL as Director(Projects) w.e.f 05.05.2015 for a period of three years. He was re-appointed as Director(Projects) w.e.f. 18.05.2018.

Shri. Ashok Phalnikar
Director(Finance)

Shri. Ashok A. Phalnikar has joined as Director (Finance) at Maharashtra State Electricity Transmission Company Limited (MSETCL) on 21.08.2020. He is from director cadre of Finance and Audit Services of Government of Maharashtra. Prior to joining at MSETCL, he worked as Financial Advisor and Chief Account Officer at Maharashtra State Road Transport Corporation, Mumbai. Before that, he has served in various distinguished offices including Hon'ble Bombay High Court, Mumbai, Hon'ble Chief Minister's Office and University of Mumbai, etc.

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

Maharashtra State Electricity Transmission Co. Ltd.

(CIN No. U40109MH2005SGC153646)
GST No. 27AAECM2936N1Z2

MAHARASHTRA STATE ELECTRICITY TRANSMISSION COMPANY LIMITED

DIRECTORS' REPORT

F.Y. 2019-2020

Contents of Directors' Report for F.Y. 2019-2020

MAHARASHTRA STATE ELECTRICITY TRANSMISSION COMPANY LIMITED

Directors' Report

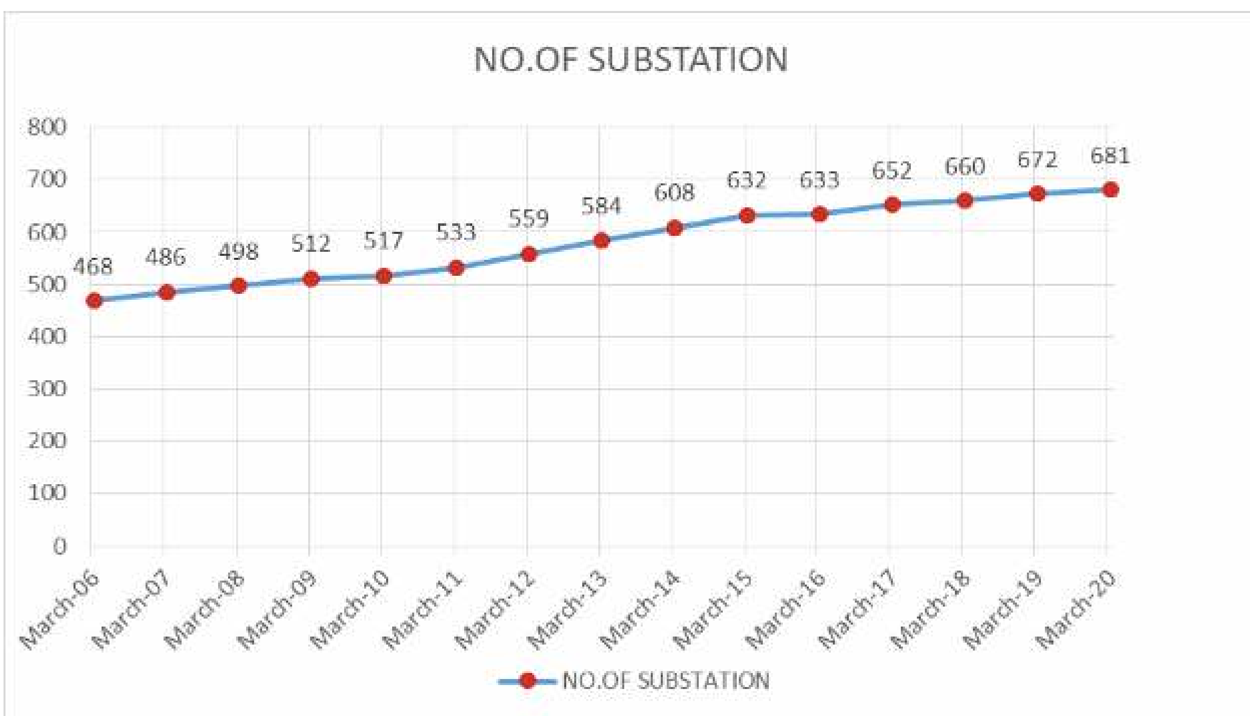
To,

The Members,
We are delighted to present the report on our business and operations for the Financial Year ended March 31, 2020.

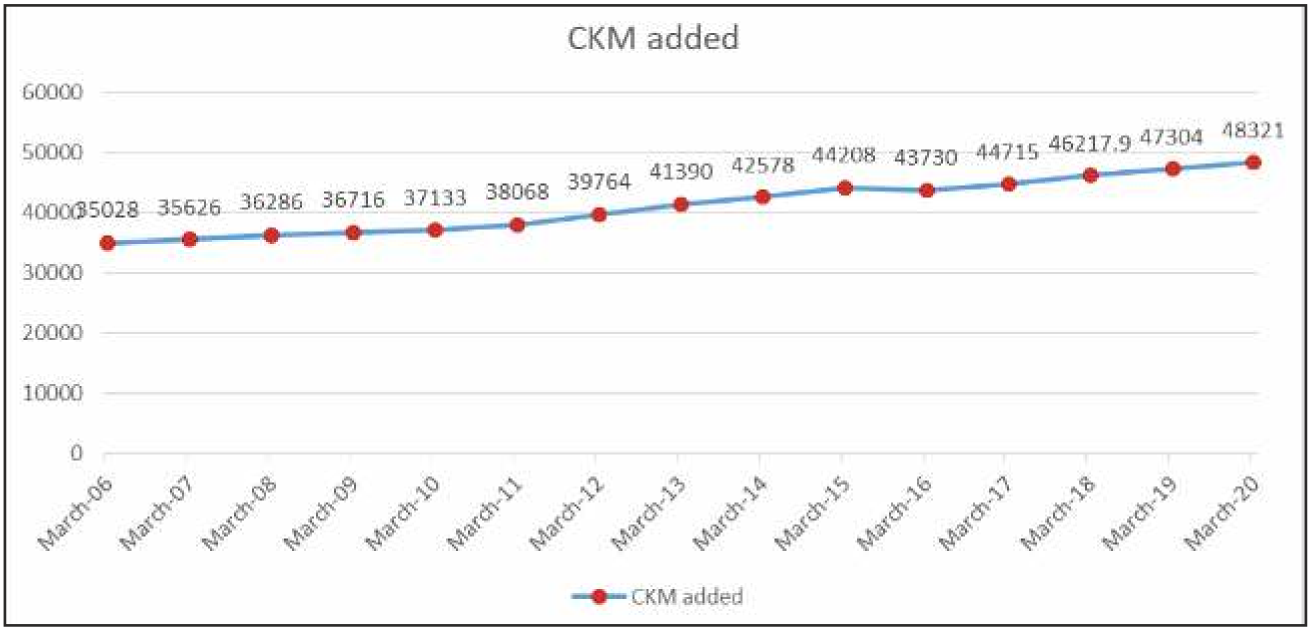
I. STATE OF COMPANY'S AFFAIRS AND FUTURE OUTLOOK

(A) Overview of Journey from formation of Company till March 2020

We have built and own 681 number of substation as on 31st March 2020 in comparison to 468 Nos of substations in March, 2006 showing a compounded annual growth rate (CAGR) of 3.18 %. Each new substation is being added not only to cater the demand but to give reliable & quality power on 24 x 7 basis along with stability of network as well as reducing the losses. With the addition of each new substation, one can understand the growth of transmission utility commensurate with additional generation capacity matching with demand and requirements of the transmission system.



Similarly we own a vast network of EHV transmission lines ranging from 66kV to 400kV & 500 kV HVDC. As on March- 2006, we had 35028 Ckm of transmission lines, which is expanded to 48321 Ckm as on 31st March 2020, ranging from 66kV to 400 kV and 500kV HVDC lines with CAGR of 2.72 %.



The voltage levelwise growth from 2005-2006 till March 2020 is as under:

Sr.No	Voltage Class	Substations as on (Nos.)		EHV network as on (Ckm)	
		March-2006	March-2020	March-2006	March-2020
1	500 kV HVDC	2	2	1504	1504
2	765KV	0	1	0	0
3	400 kV	17	31	6375.74	8415
4	220 kV	134	233	11478.28	18465
5	132 kV	217	332	10084.61	16876
6	110 kV	31	37	1637	1764
7	100 kV	25	38	678	701
8	66 kV	42	7	3270	595
	TOTAL	**468**	**681**	**35027.61**	**48321**

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

Present transmission network and related data (as on 31/03/2020)

Sr. No.	Voltage Class	EHV Substations(Nos.)	Transformation Capacity(MVA)	Transmission Lines (Ckm)
1	500 kV HVDC	2	3582	1504
2	765 kV	1	3000	0
3	400 kV	31	31045	8415
4	220 kV	233	56535	18465
5	132kV	332	29529.5	16876
6	110 kV	37	2330	1764
7	100 kV	38	2798	701
8	66 kV	7	170.5	595
	TOTAL	**681**	**128990**	**48321**

Achievements against planning for the year 2019-2020

Sr. No.	Voltage Class	Substations (Nos.)			Transmission Lines (Ckm)	
		Planned	Actual	MVA	Planned	Actual
1	500 kV HVDC	0	0	0	0	00
2	765 kV	0	0	0	0	0
3	400 kV	0	0	0	0	0
4	220 kV	5	2	700	382.12	330.55
5	132kV	3	6	275	417.88	685.57
6	110 kV	1	1	0	0	0.8
7	100 kV	0	0	0	0	0
8	66 kV	0	0	0	0	0
	TOTAL	**9**	**9**	**975**	**800**	**1016.92**

This shows that we have achieved an incremental growth rate in adding number of substations as well as Ckm of transmission lines.

Against the targets of 09 Nos. of various voltage level substations, the actual achievement is 09 nos. which is 100%.

Against the targets of 800 Ckm of various voltage level lines, the actual achievement is 1016.9 Ckm, which is 127.11%.

The EHV new substations commissioned during year 2019-20:List attached as ANNEXURE 'I'.
The EHV transmission lines commissioned during year 2019-20:List attached as ANNEXURE 'II'.

		Comparison of last five years					
Sr. no.	Particulars	2015-16 (Actual)	2016-17 (Actual)	2017-18 (Actual)	2018-19 (Actual)	2019-20 (Actual)	Total
1	New Substations	24	19	12	12	9	76
	A. MVA addition due to New substations	3850	2750	1250	775	200	8825
	B. MVA addition due to Additional transformers	1565	4985	3575	3050	775	13950
	C. MVA addition due	337.5	663	535	343.5	0	1879
	to Replacement of transformers						
	Total MVA addition	5752.5	8398	5360	4168.5	975	24654
2	EHV lines (Ckm)	2108.98	985	1600.15	1086.2	1016.92	6797.25
3	Capital Expenditure (Rs. in Crores)	1263	1190	1025.21	1388	1498 (Provisional)	

Future Road Map

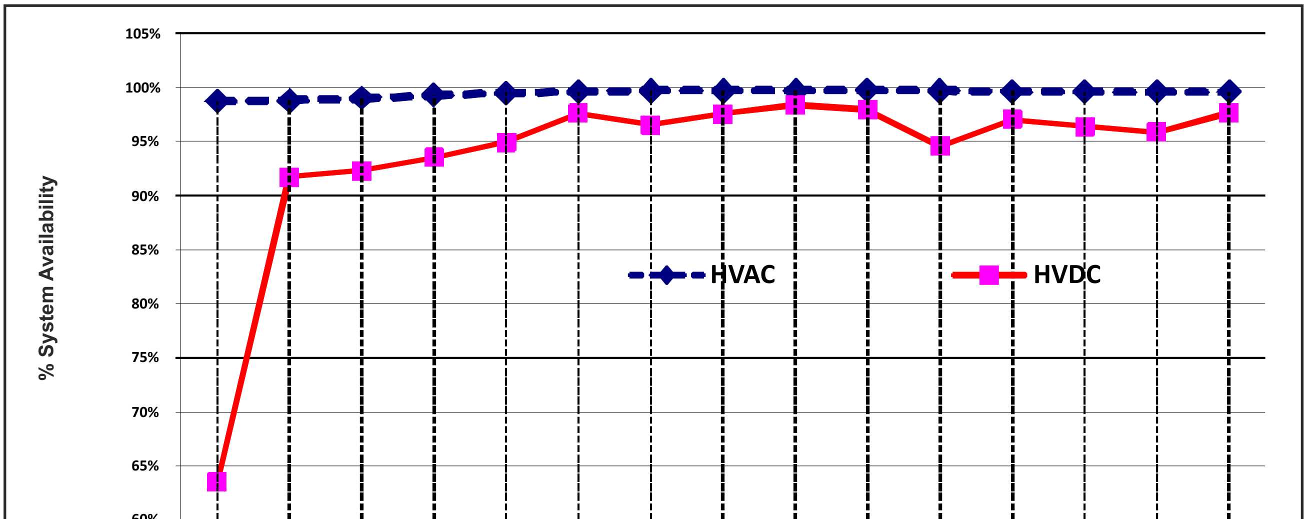
The state has very high growth rate of development and power being vital engine for accelerating the growth, MSETCL has planned to construct 08 Nos of new substations and 873 CkM of transmission lines for the period 2020-21, the voltage level-wise targets are tabulated below :

Sr. No.	Voltage Class	Substations(Nos.)	Tr. lines (CkM)
1	765 kV	0	0
2	400 kV	0	0
3	220 kV	4	431
4	132 kV	4	442
5	110 kV	0	0
6	100 kV	0	0
7	66 kV	0	0
	Total	**08**	**873**

8) Transmission Licensee

(1) HVAC and HVDC system availability from 2005-06 to 2019-20

HVAC & HVDC System Availability

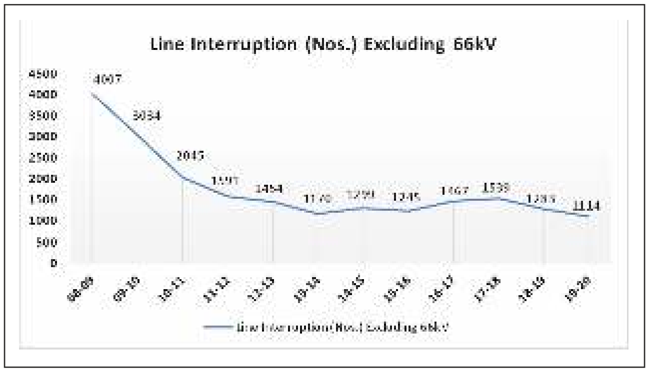


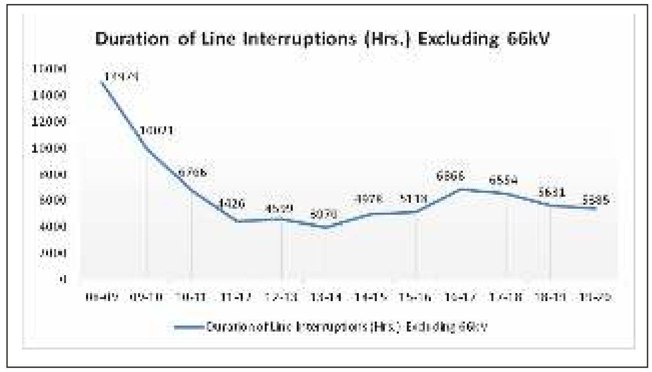
Year	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
HVAC	98.72	98.82	98.99	99.29	99.48	99.62	99.72	99.71	99.72	99.73	99.72	99.64	99.61	99.58	99.59
HVDC	63.48	91.73	92.29	93.55	94.96	97.62	96.55	97.54	98.40	97.96	94.56	97.07	96.41	95.89	97.64

HVAC (High Voltage Alternate Current System) & HVDC (High Voltage Direct Current System) Availability Achievement from FY 2005-06 to 2019-20

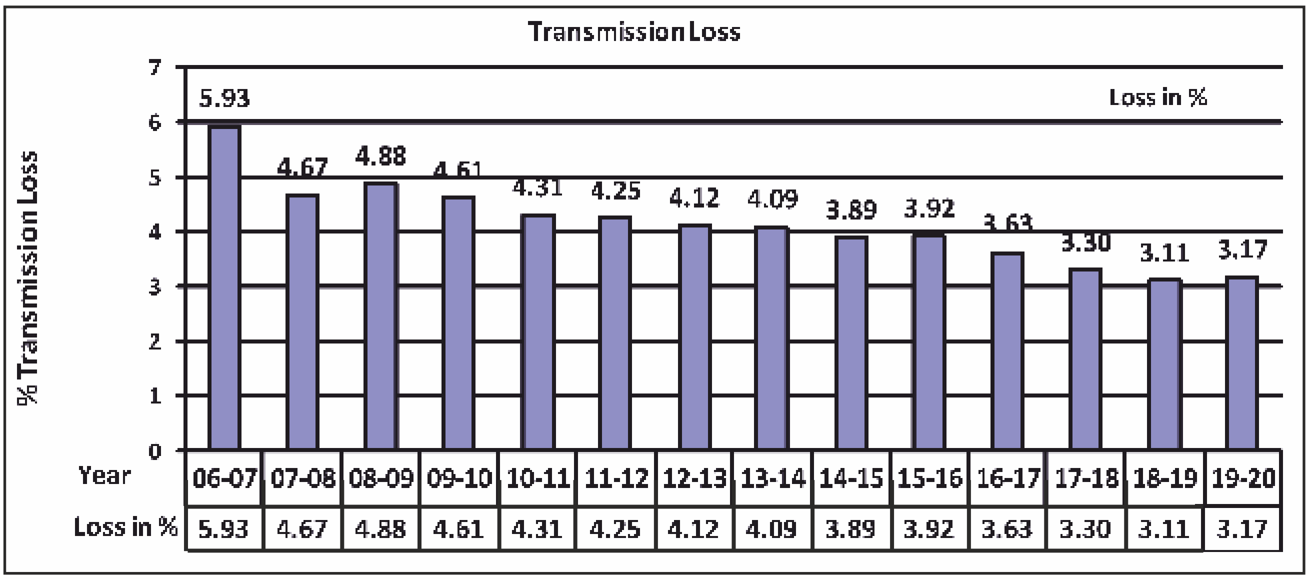
F.Y.	HVAC	HVDC
2005-06	98.72%	63.48%
2006-07	98.82%	91.73%
2007-08	98.99%	92.29%
2008-09	99.29%	93.55%
2009-10	99.48%	94.96%
2010-11	99.62%	97.62%
2011-12	99.72%	96.55%
2012-13	99.71%	97.54%
2013-14	99.72%	98.40%
2014-15	99.73%	97.96%
2015-16	99.72%	94.56%
2016-17	99.64%	97.07%
2017-18	99.61%	96.41%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

(B)(1)(a) Year wise EHV Lines Interruptions (Numbers & Duration)





(B)(2) Transmission Loss



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

The Transmission loss of 3.17% in the year 2019-20 is reduced as compared to previous years and it is one of the best among utilities across the country.

(B)(3) Present Transmission Network and Related Data (As on 31/03/2020)

Voltage level	EHV Substation Capacity (MVA)	Transformation	EHV Lines (CKT KM.)
765 kV	1	3000	0
500 kV HVDC	2	3582	1504
400 kV	31	31045	8415.497
220 kV	233	56535	18453.383
132 kV	332	29553	16884.9968
110 kV	37	2330	1763.965
100 kV	38	2798	701.403
66 kV	7	127	594.8
Total	**681**	**128970**	**48318.0448**

Present Transmission System Availability as against MERC benchmark

Year	16-17	17-18	18-19	19-20
EHV AC Avail. %	**(MERC Benchmark 98%)**			
	99.64%	99.61%	99.58%	99.59%
HVDC Avail. %	**(MERC Benchmark 95%)**			
	97.07%	96.41%	95.89%	97.64%

(B)(4) Challenges before Transmission Licensee

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

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

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

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

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

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

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

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

3) Hot-Line Washing:

Various EHV lines of MSETCL pass through the industrial and foggy area which causes more number of trippings on these lines. To reduce these trippings, the Hot Line Units have to carry out the activity of Hot line washing on these lines regularly. MSETCL has procured two numbers of Hot-Line washing equipments one for each Karad & Nashik zones and also procurement of five numbers of Hot-Line washing equipments is under process.

4) Hotline Maintenance / Puncture Insulator Detection (PID):

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

5) Digital Substation & Digital Bay:

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

6) Implementation of Rapid Restoration System (RRS):

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

B. State Grid Operations

State Load Dispatch Centre

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

The functions of State Load Dispatch Centre are as under:

(a) Responsible for optimum scheduling and dispatch of electricity within a State, in accordance with the contracts entered into with the licensees or the generating companies operating in that State;
(b) Monitor grid operations;
(c) Keep accounts of the quantity of electricity transmitted through the State grid;
(d) Exercise supervision and control over the intra-State transmission system; and
(e) responsible for carrying out real time operations for grid control and dispatch of electricity within the State through secure and economic operation of the State grid in accordance with the Grid Standards and the State Grid Code.

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

(B)(1) Highlights for the FY 2019-20 are as under:

1. Max State Demand Catered was 24550 MW in the month of February 2020.
2. System Frequency remained in permissible range of 49.90 Hz – 50.05 Hz for 72.46% of time. (Max. frequency noted in Jul' 2019 as 50.31 Hz and Min. Frequency was noted in Mar 2020 as 49.56 Hz, Average frequency was 49.99 Hz)
3. Total 157860 MUs energy Demand was catered.
   (All Figures are operational and based on SCADA data)

(B)(2) Major Achievements

1. Web – based Mumbai Daily System report developed and implemented at MSLDC w.e.f.01st August 2019.
2. Renewable Energy Management Centre (REMC) Commissioned at MSLDC in April'2020 and the Scheduling activities were initiated w.e.f. 00:00 hrs of 01.07.2019 as mandated by Hon'ble MERC.
3. The MERC (Forecasting, Scheduling & Deviation Settlement of Solar & Wind Generation) Regulation, 2018 was commercially implemented in the State w.e.f. 00:00 hrs. of 06.01.2020, as mandated by Hon'ble MERC. Monthly (4 weekly) Energy Deviation Account Statements & bills thereof were issued to the Qualified Co-ordinating Agencies (QCAs) from Jan'2020 in accordance with the provisions

(B)(3) Generation capacity addition during FY 2019-20 in MW :

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

Central Sector Units declared COD in FY 2019-20

Unit	Capacity in MW	MSEDCL share in MW	Date of COD
Gadarwara STPP (Unit - 1)	800 MW	50	COD on 01.06.2019
LARA STPP (Stage - 1)	800 MW	231	COD on 01.10.2019
Khargone STPP (Stage-1)	660 MW	50	COD on 01.11.2019

(B)(4) Short Term Open Access Granted during the FY 2019-20:-

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

A) Intra/Inter State STOA:

FY	Firm Power	Day Ahead/Same Day Power	Total No of Applications
2018-19	1780	1206	2986
2019-20	1661	1071	2732

B) Inter State STOA through Power exchange :-

FY	Standing clearance NOC's through IEX Applications	Standing clearance NOC's through PXIL Applications	Total Nos. of Standing clearance NOC's processed
2018-19	359	0	359
2019-20	384	0	384

C)Energy Transaction through STOA:-

FY	Total Quantum (MUs)
2018-19	20143
2019-20	16819

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

(B)(5) Challenges before State Load Despatch Centre

1) **Grid Operational challenges:** Management of Deviation limits, increased complexity in CTU/STU system, Demand forecasting & management, ramp up/down capability for balancing variations with impact of RE injection. 100% visibility is required for reliable and secure grid operation.
2) **Technology up-gradation:** Enhancement of SCADA / Communication system for data visibility and controllability, Real time Reliability/dynamic security assessment using (WAMS) and development of Decision support tools for control action.
3) **Renewable Energy - Large scale integration issues and REMC:** Forecasting and scheduling of RE, Establishment of Renewable Energy Management Centre & its operational framework and Ancillary services operation.
4) **Energy Accounting, Commercial or Market Related Challenges:** Automated Meter reading System, Finalization of weekly UI bills under DSM Mechanism, Up gradation of Billing and Commercial software, and Switchover to national level mechanism for deviation settlement.
5) **Training and Capacity Development:** Capacity development, training, attitude, domain knowledge, competence & skill and redefine process for selection and placement of personnel in SLDC.

SCADA DEPARTMENT

Establishment of Renewable Energy Management Center (REMC)

REMC project is developed through MoP grant in co-ordination with Power grid. There is an impact of integration of RE generation on power generation and transmission network is different from that of conventional generation. This calls for establishment of Renewable Energy Management Centre (REMC) as dedicated RE management system to facilitate adequate grid operation in the area of responsibility. Renewable Energy Management Centre (REMC), equipped with Forecasting and Scheduling Tool & Real Time Monitoring of RE generation for safe, secure and optimal operations of the overall grid.
The Project has been commissioned and handed over to MSLDC on 01/01/2020. As of now 104 RE pooling substations have been integrated for Forecasting of RE generation .

Up-gradation of Video Projection Screen (VPS) of SCADA system

The SCADA VPS System in Control Room was lamp based. In this system the illumination was not much bright. Also lamps were subjected to failure intermittently and needed replacement frequently thus the maintenance cost was too high. For REMC project VPS screen installed was LED based having brighter illumination and low maintenance. Accordingly work of SCADA VPS screen for up-gradation to LED based screen 4X2, with Aspect Ratio 16:09 was taken in hand in the FY 2018-2019 and system has been commissioned on 01/07/2019. Thus VPS Screen was technologically upgraded by LED system and also matched with REMC Screen to maintain Aesthetics in Control Room.

Supply installation testing and Commissioning of 3 nos of data Concentrators at SLDC

Solar, Wind ,small hydro , bagass generation scada data is routed through Data Concentrator installed at SLDC . This Data Concentrator aggregate all this data to SCADA system . This DC needs replacement . Also in REMC project Solar & Wind data is to be terminated directly on REMC system . presently solar and wind data is routed in REMC system from Scada system on ICCP protocol . Considering these facts work of Supply installation testing and commission of 3 nos of Data Concentrators is in progress at SLDC.

C. State Transmission Utility

(1) Regulatory and Commercial Activity for the Year 2019-20:

Case No. 327 of 2019: Case of Maharashtra State Electricity Transmission Company limited for Determination of Multi-Year Tariff for Intra-Sate Transmission System for the 4th MYT Control Period from FY 2020-21 to FY 2024-25.

Case No. 302 of 2019: Case of Maharashtra State Electricity Transmission Co. Ltd. for Truing-up of Aggregate Revenue Requirement (ARR) for FY 2017-18 & FY 2018-19, Provisional truing-up of ARR for FY 2019-2020 and Estimates of ARR from FY 2020-2021 to FY 2024-25.

(C)(2) Open Access & Grid Connectivity related Activities for the year 2019-20:

- **Open Access**
  - Long Term Open Access: Nil
  - Medium Term Open Access: Nil

- **Grid Connectivity**
  - **Independent power project/CPP:**

    Grid connectivity issued to 02 nos. with installed capacity of 1328 MW
  - **Co-generation power project:**

    05 nos. of Co-generation power plant with installed capacity of 90.5 MW are commissioned & Grid Connectivity issued to 22 nos. of co-gen projects with installed capacity of 490.4 MW.
  - **Wind power project:**

    Final Grid Connectivity towards synchronization of 03 no. project with installed capacity 175 MW has been issued.

Solar power project:
Final grid connectivity towards synchronization for 04 nos. of projects with installed capacity 80 MW has been issued. Grid connectivity issued to 18 nos. of projects of capacity of 832 MW.

➢ **Small Hydro Power Plant:**
Final Grid Connectivity towards synchronization of 02 no. project with installed capacity 7.15 MW has been issued.

➢ **EHV Consumers/Railway:**
Final grid connectivity issued to 27 nos. of EHV consumers with power demand of 346 MVA. Grid connectivity issued to 19 nos. of EHV consumers with power demand of 753 MVA.

(C)(3) STU Five year Transmission plan for the period 2018-19 to 2023-24

- STU Five year plan for the F.Y. 2019-20 to 2024-25 has been approved by Board. The technical abstract for the same is a below :

Sr. No.	Particulars	Maharashtra State Abstract						Total
		2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	
1.	New substations							
	400 KV	0	0	3	1	1	1	**6**
	220 KV	7	12	6	8	12	5	**50**
	132 KV	5	4	6	6	6	0	**27**
	110 KV	0	0				1	**1**
	100 KV	0	0	1		1	1	**3**
	Sub Total	**12**	**16**	**16**	**15**	**20**	**8**	**87**
2.	EHV Lines							
i)	Lines associated with new s/s in ckt -km							
	400 kV	0	0	544	6	0	40	**590**
	220 kV	587	853.5	375.4	400.6	356	116	**2688.5**
	132 kV	461.13	309.5	193	396	217.5	0	**1577.13**
	110 kV	0	0	0	0	1	10	**11**
	100 kV	0	0	3	0	0	90	**93**
	Sub Total	**1048.13**	**1163**	**1115.4**	**802.6**	**574.5**	**256**	**4959.63**
ii)	Link Line in ckt -km							
	765 KV	0	0	0	0	0	0	**0**
	400 KV	0	1	0	54	6	0	**61**
	220 KV	40	483.5	634	114	7	0	**1278.5**
	132 KV	361.5	653.5	346.4	182	220	0	**1763.4**
	110 KV	71	58	70	105	15	0	**319**
	100KV	0	0	0	0	6	0	**6**
	Sub Total	**472.5**	**1196**	**1050.4**	**455**	**254**	**0**	**3427.9**
iii)	2nd ckt stringing in ckt -km							
	400 KV	0	0	0	0	0	0	**0**
	220 KV	83.4	95	0	34.5	0	0	**212.9**
	132 KV	833	135	172	192.4	0	0	**1332.4**
	110 KV	30	20	0	0	0	0	**50**
	100 KV	3	0	0	0	0	0	**3**
	Sub Total	**949.4**	**250**	**172**	**226.9**	**0**	**0**	**1598.3**

iv)	**Reorientation of existing line in ckt -km**							
	400 KV	4	0	0	0	0	0	**4**
	220 KV	1.5	0	0	0	0	0	**1.5**
	132 KV	50	0	0	0	0	0	**50**
	110 KV	2	0	0	0	0	0	**2**
	100 KV	0	0	0	0	0	0	**0**
	Sub Total	**57.5**	**0**	**0**	**0**	**0**	**0**	**57.5**
v)	*** Replacement of conductor in ckt -km**							
	400 KV	0	0	0	52	52	0	**104**
	220 KV	104.74	0	0	27	0	0	**131.74**
	132 KV	166.5	99.4	92.5	0	50	0	**408.4**
	110 KV	0	0	0	0	0	0	**0**
	100 KV	18.5	0	0	0	0	0	**18.5**
	Sub Total	**289.74**	**99.4**	**92.5**	**79**	**102**	**0**	**662.64**
	EHV Lines Total (Ckt-kM)	**2817.27**	**2708.4**	**2430.3**	**1563.5**	**930.5**	**0**	**10706**
3 i)	**Addition of Transformation capacity in MVA**							
	400 KV	0	0	3000	1000	1000	1000	**6000**
	220 KV	1400	2350	1000	1450	1500	500	**8200**
	132 KV	200	250	350	300	350	0	**1450**
	110 KV	0	0	0	0	50	50	**100**
	100 KV	0	0	50	0	0	50	**100**
	Sub Total	**1600**	**2600**	**4400**	**2750**	**2900**	**1600**	**15850**
ii)	**Creation of new level in existing s/s in MVA**							
	400 KV	0	400	100	0	315	0	**815**
	220 KV	275	1700	400	50	0	0	**2425**
	132 KV	0	50	0	0	0	0	**50**
	110 KV	0	0	0	0	0	0	**0**
	Sub Total	**275**	**2150**	**500**	**50**	**315**	**0**	**3290**
iii)	**Additional ICT in existing s/s in MVA**							
	400 KV	0	1945	500	500	0	0	**2945**
	220 KV	700	600	100	0	100	0	**1500**
	132 KV	0	0	0	0	0	0	**0**
	110 KV	0	0	0	0	0	0	**0**
	100 KV	0	0	0	0	0	0	**0**
	Sub Total	**700**	**2545**	**600**	**500**	**100**	**0**	**4445**
iv)	**Replacement of ICT in existing s/s in MVA**							
	400 KV	370	370	370	0	0	0	**1110**
	220 KV	300	850	50	0	0	0	**1200**
	132 KV	0	0	0	0	0	0	**0**
	110 KV	0	0	0	0	0	0	**0**
	100 KV	0	0	0	0	0	0	**0**
	Sub Total	**670**	**1220**	**420**	**0**	**0**	**0**	**2310**
v)	**Additional Transformer in existing s/s in MVA**							
	400 KV	0	100	75	0	0	0	**175**
	220 KV	75	425	425	100	0	0	**1025**

132 KV	425	450	600	50	0	0	**1525**
110 KV	50	25	0	0	0	0	**75**
100 KV	0	50	75	0	0	0	**125**
Sub Total	**550**	**1050**	**1175**	**150**	**0**	**0**	**2925**
vi) Replacement of Transformer in existing s/s in MVA							
400 KV	0	0	0	0	0	0	**0**
220 KV	200	175	500	100	0	0	**925**
132 KV	200	175	300	25	0	0	**700**
110 KV	125	25	0	0	0	0	**150**
100 KV	25	0	50	0	0	0	**75**
Sub Total	550	325	850	125	0	0	**1850**
Capacity addition Total (MVA)	**4345**	**9890**	**7945**	**3575**	**3315**	**1600**	**30670**

(C)(4) Challenges before STU

1) Lack of Reliable data: There is a lacuna in availability of important system parameters for all locations in STU network resulting into difficulties of carrying growth projection, likely congestion, utilization assessment & other studies. A reliable IT mechanism needs to be created for this purpose.

2) Evacuation of Renewable Generation and integration: There is considerable renewable generation targets in the Govt. policy. There is no detailed areawise study available for realizable potential of RE in Maharashtra. Hence, difficulties are faced to plan transmission backbone network accordingly.

3) The Time gap in transmission plan and its realization in some area has created challenges in transmission network for the region.

4) Capacity building of STU personnel: There is a need of expertise staff to handle system planning. It is a need of the hour to develop such expertise with assistance of technical institution like IIT, Mumbai and companies providing such services.

D. JOINT VENTURES OF MSETCL

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

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

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

JPTL was awarded transmission license dated 8th February, 2009 by Hon'ble Maharashtra Electricity Regulatory Commission (MERC) under Section 14 of the Electricity Act, 2003. The license authorizes the

Company to establish, operate and maintain transmission system consisting of 400 kV Jaigad - New Koyna and Jaigad - Karad transmission lines for 25 years.

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

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

The ongoing COVID-19 related issues and the lock-down of all non-essential services have led to a stark compression in the economic activity in the country. However, being an essential service, the supply of power continues uninterrupted albeit at lower PLFs across the plants in the country. The disruption in the supply chain and logistics and the imposition of travel restrictions have impacted the supply of key inputs to the power sector, and have also led to disruptions in billing and collections at the discom level.

In JPTL, the transmission charges are recovered through a 'cost-plus' mechanism. This mechanism of fixing transmission charges ensures recovery of O&M expenses, interest expense, depreciation etc. and a post-tax return on equity of 15.5%. However, a temporary cash flow impact is expected due to the expected collection weakness at the discom level.

For the Financial Year 2019-20, the transmission system availability achieved was 99.63% against the normative availability of 98%.

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

JPTL had filed petition for Truing up of Annual Revenue Requirement (ARR) for Financial Year 2017-18 and Financial Year 2018-19, Provisional Truing up of Financial Year 2019-20 and ARR of Control Period Financial Year 2020-21 to Financial Year 2024-25 in this Order, which was approved by MERC vide order dated 30th March, 2020.

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

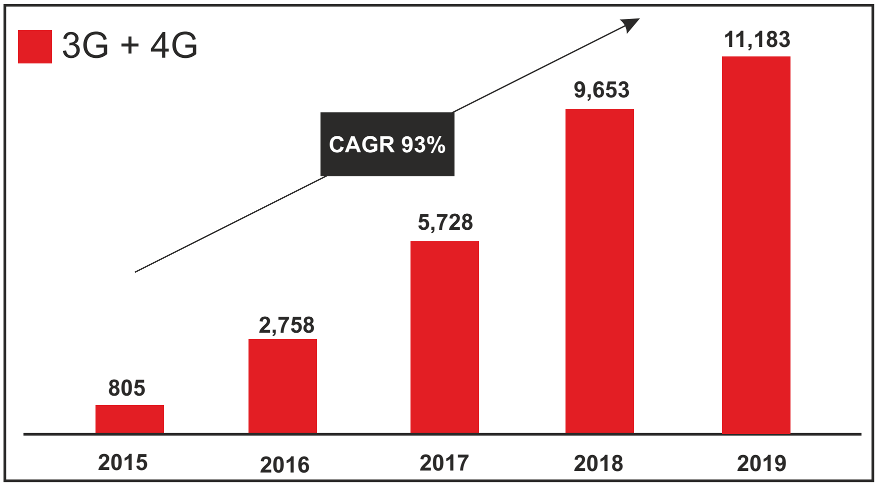
The Company (MTCIL) is a Joint Venture between Sterlite Technologies Limited (STL) and Maharashtra State Electricity Transmission Company Limited (MSETCL). It was formed to develop 2,801 Kms Optical Passive Ground Wire (OPGW) based Telecom network and monetize subsequently with a provision to add 500 route Kms over MSETCL's Extra-High Voltage (EHV) transmission infrastructure in the state of Maharashtra, connecting major cities like Navi Mumbai, Pune, Nasik, Nagpur, Aurangabad, Kolhapur and several other cities, semi-urban and rural areas. The Company had obtained the required Infrastructure Provider-1 (IP-1) registration certificate from Dept. of Telecom, Govt. of India in the month of April 2014.

During the period under review, your Company has achieved 2917 Km live line installation & Commissioning of 48F OPGW on EHV transmission lines. The Company has also Installed & Commissioned 35 nodes (FOTE - active equipment's) of SDH & PDH with STM-1 capacity, 35 nodes tele-protection equipment and 2 no.s of Network Operating Centres (Kalwa & Ambazari) for MSETCL internal applications like ABT metering, RTU connectivity, VOIP, etc. The company has constructed 24 nos' of collocations (6 colocations added this year) to provide the space and power for installation of Customer's equipment. All the 24 Collocations with equipment e.g. grid power 440 V AC, battery bank, temperature, security, emergency alarms etc. are monitored through Remote Monitoring System (RMS). A cloud-based Network operation Centre (NOC) has been established to support the remote monitoring. Also, Company has successfully carried out the 19 nos. (15 Km) Out Right Contribution (ORC) activities at different location on MTCIL 48F OPGW Network during this year. The complete network has successfully maintained 100% uptime during the year.

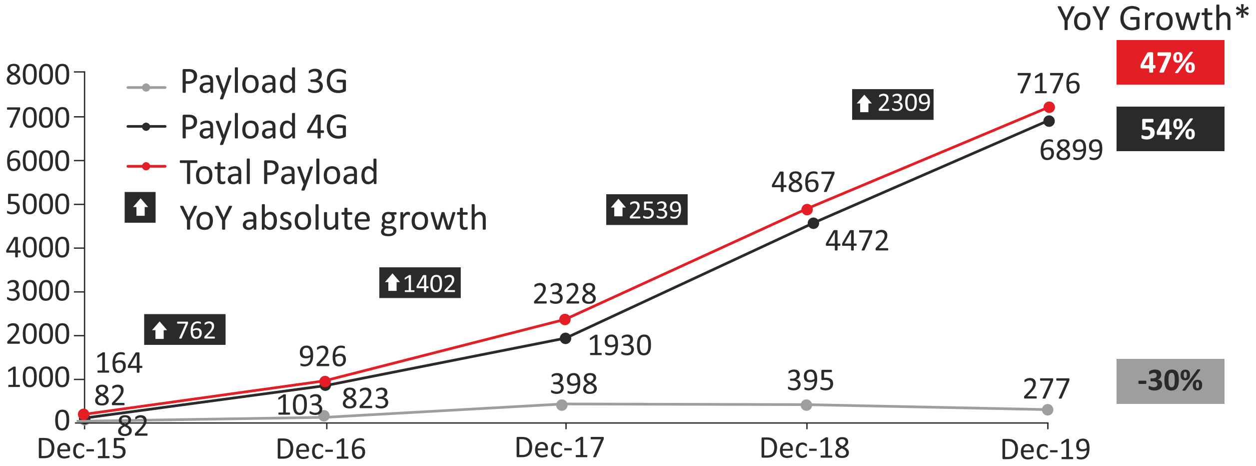
DATA GROWTH AND FIBER REQUIREMENT:

The market of data consumption in the country has been described here through the prism of mobile data consumption. Several reports released in the recent past have highlighted the exponential growth being witnessed in the mobility data market. According to the Nokia MBiT 2020 report, the total data traffic in India has increased by 44 times in the last four years and 2019 saw an increase of 47% in overall data traffic. The average data usage per month surpassed 11GB in December 2019. Rising smartphone users, falling data tariff and the changing video viewing habits (OTT consumption) of the population have become harbingers of growth for 4G consumption. As the Broadband penetration in India (currently at 47%) expands further, the mobile data usage can be expected to follow the trend.

Average data per user / month (MB)[1]



Pan-India mobile data usage-in petbyetes (PB) per month, December[1]**



Consumption of video, which is the driver of data usage is likely to enhance the engagement level of the consumers as these videos get embedded in all types of online content. The Ericsson Mobility Report released in 2019 envisages that the adoption of 5G in India is expected to be swift, with the demand being fueled by the consumers themselves.

In addition to mobility, a synchronous enhancement in data traffic is anticipated to pivot from data centres. The steady rise in cloud computing, virtualization and Govt of India's Digital India Initiative is likely to result in proliferation of the Data Centre Connectivity market. The market is pegged to touch 640 Million USD by 2022, as per the report published by Hive Research.

This ever increasing and multifaceted demand for data, will require a robust fiber backhaul. As uninterrupted services become a necessity, uptimes and superior SLAs that are characteristic of OPGW fibre infrastructure will gain more and more traction, thereby benefitting the OPGW infrastructure providers.

MTCIL BUSINESS OUTLOOK:

MTCIL continues to be a preferred choice for large telecom service providers, ISPs and MSOs who are wanting OPGW fibre connectivity to boost their network performance and have near 100% uptime to provide superior services to their end customers. MTCIL has an active customer base with 14 leading Telecom and Internet services providers including Reliance Jio Infocomm Ltd. (RJIL), Vodafone Idea Ltd (VIL) and TATA Communications Ltd. (TCL) leased Mumbai-Nagpur approx. 1050 Km route for 1 pair fiber. VIL has also sourced 2 fibre pairs in difficult terrain of Karad-Koyna and continues to depend on the reliability of OPGW Network. In addition to these marquee names, MTCIL also takes pride in mentioning of the association with PGCIL who has signed MSA for finalization of a fiber pair between Kalwa and Padgha route. Further, basis our unmatched performance, there has also been a repeat business of 1 pair fiber on IRU basis from RJIL on Mumbai - Kolhapur OPGW section of MTCIL which has been successfully delivered in March 2020.The Company is in in advanced stages of discussion with all the prominent ISPs and MSOs for finalizing fibre pair between Mumbai-Pune and Mumbai-Nasik though there would be continued traction on long term deals with Telcom service providers. MTCIL with its superior and reliable network is thus poised to benefit from impending growth in data traffic with its fiber optic networks rollouts.

E. Special Purpose Vehicle

(E)(1) Kharghar Vikhroli Transmission Private Limited (SPV)

MSETCL is exploring new business opportunities in Power Sector in India and abroad. To promote, organize and carry on the business of consultancy services in any field of activity Board of Directors has accorded approval for the concept of New Business Avenues for MSETCL in Domestic and International Market. For exploring & undertaking new Business Avenues for MSETCL in Domestic & International Market including but not limited to promoting, organizing or carrying on the business of consultancy in the Electricity business, the section of Business Development Cell was created. As a part of this, MSETCL have identified new business opportunity in various projects of TKC, PMC (Project Management Consultancy) and others.

The 400 KV Vikhroli scheme is to strengthen Mumbai Transmission Network and thereby import additional nearly 800 to 1000 MW power into Mumbai from external sources in order to meet growing electricity demand. The said project is under TBCB.

The Government of Maharashtra appointed Maharashtra State Electricity Transmission Company Ltd (MSETCL) as the Bid Process Coordinator (BPC) for this Project.

MSETCL as BPC incorporated a Special Purpose Vehicle (SPV) company named Kharghar Vikhroli Transmission Private Limited (KVTPL) for execution of the Project, to be acquired by the Successful Bidder after completion of the bidding process.

MSETCL has successfully conducted the Tariff Based Competitive-Bidding process and issued the Letter of Intent to successful bidder on 12 December, 2019.

In near future, MSETCL is keen to participate in new business ventures. This identified new source of revenue will be included in Aggregate Revenue Requirement (ARR) of the company and ultimately will help in reducing the tariff burden on consumer.

F. Human Resource Department

(F)(1) The MSETCL takes pride in its highly motivated and competent Human Resource that has contributed its best to bring the Company to its present heights. The productivity of employees is demonstrated by increase in efficiency of transmission capabilities and reduction in transmission losses. MSETCL believes that, the Employees are the driving force behind the sustained stellar performance of the company. Our employees are committed towards Company's Core Values, and Objectives of the Company. Employees' Participation in Management was made effective based on mutual respect, trust and a feeling of being a progressive partner in growth and success.
In its pursuit of personnel management excellence, the Company has been implementing various initiatives with the primary objective of ensuring supreme performance by providing optimal support for employees. The Company always strives to develop a management culture, trust, transparency and open communication and to establish a strong ethos of work culture, quality consciousness and high performance across the organization.

(F)(2) Working Manpower Strength as on 31st March 2020 is as under :

Pay Group	Working Strength (Including supernumerary)
PG - I	991
PG - II	2400
PG - III	2519
PG - IV	3714
Total	**9624**

(F)(3) HRD Initiatives

- Implementation of Good Practices from other State Utilities.
- With objective to have multi-skilled, multi-tasking employees, Manpower Planning is being done in order to align them with Company's objectives.
- In order to get leverage form SAP (ERP), various HR Modules are being implemented. With these consistent efforts Centralised Salary Disbursement system is implemented.
- End-user training for implementation of SAP (ERP) is being given.
- Implementation of Training Policy for employee development.
- Development of Regional Training Centres as a new profit centres.
- Progress of the MSETCL has been recorded by publication of "Prakashparva" Coffee-table book.

(F)(4) MSETCL Training & Development

a. MSETCL Training Policy-

MSETCL Belief: MSETCL believes that Human Resource has pivotal role in growth & development of the company. MSETCL endeavours to build employees' capability through training.

MSETCL Training Policy:

MSETCL has adopted National Training Policy issued by Ministry of Power, Government of India. As per this policy 7 days training is to be provided to each employee annually. Out of 7 days training, 4 days training is based on functional area and 3 days on behavioral area.

Development of RTCs :

MSETCL with an aim to develop its own training infrastructure, 07 Regional Training Centres (RTCs) have been strengthened. MSETCL always strive to enhance technical as well as soft skills of the officers.

Innovative Training Practices:

Further, in order to enhance technical knowledge and skills of engineers, institutional tie-ups have formed with Original Equipment Manufacturers (OEMs) (ABB, GE, Siemens) and Institutes such as ESCI, CBIP, IEEMA and NPTI etc. The tie up is made for behavioral training with TISS / IIMs. There has been exposure visits at M/s Power Grid Corporation Ltd, New Delhi, being Central Electricity Transmission Company.

b. During the year 2019-20, various training programs were conducted as under:

- Techinical and Advance
- Behavioural & Work Culture
- Leadership Development
- OEM
- CHR

c. Development of RTCs as new Profit Centers:

- Specialized training infrastructure has been set-up through development of seven RTCs at each zones. These RTC's are CEA recognized. The inspections for RTC reorganization as training centre were conducted by CEA authorities.
- The facilities at RTCs are being developed. The training programmes for the Pay Group III and IV are structured and imparted through in-house faculties.

d. Other Value Additions:

- Leadership Development training programs
- Implementation of training policy

e. Training imparted and expenditure incurred during the year 2019-20 is as under:

Pay Group	Achieved Mandays 2019-20
Functional	9369
Behavioural	4745
RTC	42409
CHR	372
Total	**56895**

f. Future Plans:

- Need based training programs
- Revamping of training policy
- Corporate Training Center at Lonawala - MSETCLs own training center mainly for behavioural studies for PG -I/II.
- Training Management Information System (TMIS) -Training database provided in ERP system of MSETCL

(F)(5) Employee Welfare

- MSETCL undertakes various employee welfare policies time to time. Under the MSEB HCL Group Mediclaim Insurance Policy it has provided Mediclaim Insurance for the employees and his 05 dependents and accident policy for the employee.
- Company conducts Sports tournaments at Division, Circle, Zone & State level and Drama Competition at Zone & State level. Sports and Drama Competitions are organized at alternate years.
- In the year 2019-2020, the Inter-Zonal Sports Competition was organized at Aurangabad Zone won 1st prize respectively.
- The Company also participates in tournaments organized by All India Electricity Sports Control Board (AIESCB). The employees secured Gold/ Silver/ Bronze medal in National/ International, AIESCB Sports tournaments is felicitated with cash prizes.
- The Company encourages employees to participate in Drama Competition. It conducts Drama Competition at Circle, Zone & Inter-Company level. Some of the winner Drama teams also secured prestigious awards in Drama Competition conducted by Maharashtra State Govt.
- MSETCL also provides various cash prizes to the wards of the employees for various selection for qualifications viz. M.B.B.S., Scientific Research, selected in UPSC/ MPSC for Class-I post. National Saving Certificate of Rs. 5000/- to the employees who have given birth to female child is provided.
- Scholarship to the wards of the employees who stands in merit in the 10th Standard upto graduation level is provided through MSEB Staff Welfare Fund Committee.
- School bus facility is provided at remote sub-stations such as Padgha.
- The wards of employees having minimum 40% disability / deaf & dumb as certified by the District Civil Surgeon will be given financial aid of Rs. 5,000/- to purchase tricycle/ hearing aids through MSEB employees Staff Welfare Fund Committee.

(F)(6) Statutory Compliance under Industrial and Labour Laws -

a) To obtain essential Liaisons from various government authorities under various labour laws and Settlement of on duty accident medical cases and compensation of their claims as per Labour laws.
b) Grievance meetings are conducted by playing mediator role between management and unions, so as to maintain harmonious industrial relations.

(F)(7) Obligation of Company under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

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

II. DIRECTORS AND KEY MANAGERIAL PERSONNEL

(A) Directors

During the financial year 2019-20, the following changes in the composition of the Board of Directors of the Company have taken place as per the directions of the Energy Department, Government of Maharashtra and the holding Company, MSEB Holding Co. Ltd.

Sl. No.	Name of the Director	Date of Appointment	Date of Cessation
1.	Shri Parrag Jaiin Nainutia, IAS-CMD	02.05.2018	22.01.2020
2.	Shri Dinesh Waghmare, IAS-CMD	23.01.2020	-
3.	Shri Arvind Singh, IAS	30.03.2017	05.11.2019
4.	Shri Sanjeev Kumar, IAS	05.11.2019	16.01.2020
5.	Shri Aseem Kumar Gupta, IAS	17.01.2020	-
6.	Smt. Pushpa Chavan	05.09.2019	-
7.	Shri R.D. Chavan	05.05.2015	-
8.	Shri Vinayak Sathe	02.04.2016	31.01.2020
9.	Shri Vishwas Pathak	24.08.2015	08.01.2020
10.	Shri Sanjay Taksande	01.04.2019	-

Directors on the date of report are as follows:

Sl. No.	Name of the Director	Designation	Date of Appointment
1.	Shri Dinesh Waghmare, IAS	Chairman & Managing Director	23.01.2020
2.	Shri Aseem Kumar Gupta, IAS	Nominee Director	17.01.2020
3.	Shri Sanjay Taksande	Director(Operations)	01.04.2019
4.	Shri R.D. Chavan	Director(Projects)	05.05.2015 18.05.2018*
5.	Shri Ashok Phalnikar	Director(Finance)	05.10.2020

Shri Chavan completed his tenure of three years on 04.05.2018 and thereafter was reappointed on 18.05.2018

(B) PERFORMANCE EVALUATION OF DIRECTORS

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

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

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

(C)Key Managerial Personnel

During the financial year 2019-20 the following are the Key Managerial Personnel of the Company as per the provisions of the Companies Act, 2013:

Sl. No.	Name of the Key Managerial Personnel	Designation	Date of Appointment	Date of Cessation
1.	Shri Parrag Jaiin Nainutia, IAS	Chairman & Managing Director	02.05.2018	22.01.2020
2.	Shri Dinesh Waghmare, IAS	Chairman & Managing Director	23.01.2020	-
3.	Shri Vinanyak Sathe	Chief Financial Officer	02.04.2016	31.01.2020
4.	Ms. Vineeta Shriwani	Company Secretary	22.06.2015	-

(D) Meetings

(i)Board Meetings

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

S.No.	Number of Board Meeting	Date of Board Meeting
1.	134th Board Meeting	05.04.2019
2.	135th Board Meeting	06.06.2019
3.	136th Board Meeting	29.07.2019
4.	137th Board Meeting	05.09.2019
5.	138th Board Meeting	18.09.2019
6.	139th Board Meeting	12.12.2019
7.	140th Board Meeting	08.01.2020

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

Board Meeting attendance of directors during financial year 2019-20

Name of the Director	No. of Board Meetings held	
	Held	Attended
Shri. Parrag Jaiin Nainutia	7	7
Shri. Dinesh Waghmare(1)	7	0
Shri. R.D. Chavan	7	7
Shri. Vinayak Sathe	7	7
Shri. Sanjay Taksande	7	7
Smt. Pushpa Chavan	7	7
Shri. Vishwas Pathak(2)	7	6
Shri. Arvind Singh(3)	7	5
Shri. Sanjeev Kumar(4)	7	2
Shri. Aseem Kumar Gupta(5)	7	0

1. Shri Waghmare was appointed as a CMD w.e.f. 23.01.2020
2. Shri Pathak ceased to be Independent Director w.e.f. 08.01.2020
3. Shri Singh ceased to be Nominee Director w.e.f. 05.11.2019
4. Shri Kumar was appointed as Nominee Director w.e.f. 05.11.2019 and ceased to be Director w.e.f. 17.11.2020
5. Shri Gupta was appointed as Nominee Director w.e.f. 17.01.2020

(ii) COMMITTEE OF THE BOARD OF DIRECTORS

The Company has the following Committees of the Board:

- Audit Committee (AC)

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

As per amendments vide MCA notification dated 05.07.2017 in Rule 4 of The Companies (Appointment and Qualifications of Directors) Rules, 2014 and MCA notification dated 13.07.2017 Rule 6 of Companies (Meetings of Board and its Powers) Rules, 2014, MSETCL being a wholly owned subsidiary of MSEB Holding Company Limited, is not required to appoint Independent Directors or to constitute an Audit Committee and Nomination and Remuneration Committee of the Board.
As a good governance practice MSETCL continued with the appointment of Independent Directors and Audit Committee also. In FY 2019-20, Shri Vishwas Pathak, Independent Director resigned from the Board of MSETCL w.e.f. 08.01.2020 and Smt. Pushpa Chavan also resigned w.e.f 10.06.2020.
As on date there are no Independent Directors on the Board of MSETCL and the Audit Committee stand dissolved till new Independent Directors are appointed.

During the financial year under review, five Audit Committee Meetings were held on the following dates:

S.No.	Number of Audit Committee Meeting	Date of Meeting
1.	24th Audit Committee Meeting	05.04.2019
2.	25th Audit Committee Meeting	29.07.2019
3.	26th Audit Committee Meeting	05.09.2019
4.	27th Audit Committee Meeting	18.09.2019
5.	28th Audit Committee Meeting	12.12.2019

AC Meeting attendance of directors during financial year 2019-20

Name of the Director	No. of Meetings held	
	Held	Attended
Shri Vishwas Pathak	5	5
Smt. Pushpa Chavan	5	5
Shri R.D. Chavan	5	5

During the year under review, the Board of Directors of the Company had accepted all the recommendations of the Committee.

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

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

As on date there are no Independent Directors on the Board of MSETCL and the Audit Committee stand dissolved till new Independent Directors are appointed.
During the financial year under review, no NRC Meeting was held.

- **Corporate Social Responsibility Committee (CSRC)**

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

Sr. No.	Name of Committee Members	Designation	In the ex-officio capacity of
1.	Shri Dinesh Waghmare, IAS	Chairman	Chairman & Managing Director
2.	Shri R.D. Chavan	Member	Director (Projects)-Executive
3.	Shri Ashok Phalnikar	Member	Director(Finance)-Executive

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

S.No.	Number of CSRC Meeting	Date of Meeting
1.	18th Corporate Social Responsibility Committee Meeting	06.06.2019
2.	19th Corporate Social Responsibility Committee Meeting	29.07.2019
3.	20th Corporate Social Responsibility Committee Meeting	12.12.2019

CSRC Meeting attendance of directors during financial year 2019-20

Name of the Director	No. of Meetings held	
	Held	Attended
Shri Parrag Jaiin Nainutia, IAS	3	3
Shri R.D. Chavan	3	3
Shri Vinayak Sathe	3	3
Shri Vishwas Pathak	3	3

MEETINGS OF THE MEMBERS OF THE COMPANY

Annual General Meeting

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

AGM	For the Financial Year	Venue	Day and Date	Time
12th	2016-17	Conference Hall, 3rd Floor, HSBC Building, Fort, Mumbai-400001	Tuesday, December 26, 2017	17.00 Hrs.
13th	2017-18	Conference Hall, 3rd Floor, HSBC Building, Fort, Mumbai-400001	Friday, December 28, 2018	11.45 Hrs.
14th	2018-19	Conference Hall, 6th Floor, Prakashgad, Bandra(East), Mumbai- 400051	Thursday, December 12, 2019	14.00 Hrs.

III FINANCIAL HIGHLIGHTS

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

[Rs. In Crs]

Particulars	2019-20	2018-19
Total Income	4114.00	3883.17
Total Expenditure	3621.08	3137.74
Profit Before Extraordinary Items and Tax	**492.92**	**745.43**
Extraordinary Items :	**0**	**0**
Profit Before Tax	**492.92**	**745.43**
Provision for Tax	278.90	220.37
Net Profit / (Loss) after Tax available for Appropriation	**214.02**	**525.06**
Other Comprehensive Income	**(82.91)**	**(2.69)**
Total Comprehensive Income	**131.11**	**522.37**

Profit before Tax for the year 2019-20 is at Rs.492.92 crore as against Rs.745.43 crore during the previous FY 2018-19. Profit after Tax for FY 2019-20 is at Rs.214.02 crore as against Rs.525.06 crore during the previous FY 2018-19. The major element of Revenue for the Company is Transmission Charges which is collected from State Transmission Utility (STU).

(B) Reserves

The Company has transferred Rs. 65.97 crores to Contingency Reserve Fund and Rs Nil to Special Reserve Fund.

(C) Change in Share Capital

The Capital Structure of the Company is as under:

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

In F.Y. 2019-20 there was no change in the Share Capital of the Company.

(D) Dividend

Considering the requirement of funds for system improvement and various infrastructural projects, Directors did not recommend any dividend for the financial year ended 31st March 2020.

(E) Internal Controls

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

(F) Subsidiary and Associates Company:

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

MSETCL has two Associate Company's namely

i) Jaigad Power Transco Limited

ii) Maharashtra Transmission Communication Infrastructure Limited

MSETCL has one Subsidiary Company namely

iii) Kharghar Vikhroli Transmission Private Limited (up to 24.06.2020)

(G) Cost Auditors

The Government of India, Ministry of Corporate Affairs, Cost Audit Branch, New Delhi, in exercise of powers conferred u/s 148 of the Companies Act, 2013 issued Companies (Cost Records and Audit) Amendment Rules, 2014 to audit Cost Accounting Records and Books of Accounts maintained by the company in respect of Electricity Industry. M/s B J D Nanabhoy & Co.,Cost Accountants were the cost auditor for the F.Y. 2019-20

The Board of Directors appointed M/s B J D Nanabhoy & Co.,Cost Accountants, as the cost auditor for the F.Y. 2020-21 and their appointment has been taken on record by MCA.

(H) Statutory Auditors

As the Company is a Government Company under section 2(45) of the Companies Act, 2013, the Comptroller and Auditor General of India under section 139(5) of the Companies Act, 2013 appoints the statutory auditors to audit the annual accounts. The C&AGI, New Delhi vide letter No. CA.V/COY/MAHARASHTRA, MSETCL(1)/1675 Dated 27.08.2019 has appointed M/s Khimji Kunverji & Co. LP Chartered Accountant as Statutory Auditors for F.Y. 2019-20.

The C&AGI, New Delhi vide letter No. CA.V/COY/MAHARASHTRA, MSETCL (1)/1265 dated 01.09.2020 has appointed ' M/s Khimji Kunverji & Co. LLP' Chartered Accountant Firms as the statutory auditors for the financial year 2020-21. The statutory auditors appointed by C&AGI will hold office until the conclusion of next Annual General Meeting.

(I) Explanation to the remarks of Statutory Auditors' Report
An explanation to the remarks of the Statutory Auditors is enclosed as Annexure III.

In terms of Section 143 (6) of the Companies Act, 2013 the comments of the Comptroller and Auditor General of India on the accounts of the Company for the year ended March 31, 2020 are annexed to the report as Annexure IV.

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

(K) Particulars of Loans, guarantees or investments
Your company has not directly or indirectly:
a) given any loan to any person or other body corporate other than usual advances envisaged in a contract of supply of materials if any,
b) given any guarantee or provide security in connection with a loan to any other body corporate or person and
c) acquired by way of subscription purchase or otherwise, the securities of any other body corporate exceeding sixty percent, of its paid-up share capital, free reserve and securities premium account or one hundred percent of its free reserves and securities premium account whichever is more.

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

(**M) Change in the Nature of Business, If any**
There is no change in the nature of business of the Company.

(N) Funding arrangement/Institutional Borrowing
MSETCL has submitted its Capital Expenditure Plan for FY 2019-20 to 2024-25 of around Rs.6442 crores to MERC.

In the Financial Year 2019-20, MSETCL has raised Rs.743 crores through Debt. For debt component, MSETCL has tied up with Power Finance Corporation (PFC), Rural Electrification Corporation (REC), Nationalized Banks and KFW Germany. MSETCL has earlier raised loans from International Agencies like the International Monetary Fund and the Japanese Bank of International Co-operation (JBIC).

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

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

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

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

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

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

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

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

Your Company did not have any funds lying unpaid or unclaimed for a period of seven years.
Therefore there were no funds which were required to be transferred to Investor Education and Protection Fund (IEPF).

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

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

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

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

Technology Absorption

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

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

Foreign exchange earnings and Outgo

There has been no Foreign Exchange earnings and outgo during the year 2019-20.

VI. CORPORATE SOCIAL RESPONSIBILITY (CSR)

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

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

VII. DIRECTORS' RESPONSIBILITY STATEMENT

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

(a) in the preparation of the annual accounts for the financial year ended March 31, 2020, the applicable accounting standards had been followed along with proper explanation relating to material departures;
(b) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at March 31, 2020 and of the profit and loss of the company for that period;
(c) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
(d) the directors had prepared the annual accounts for the financial year ended March 31, 2020, on a going concern basis; and
(f) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

VIII. ACKNOWLEDGEMENTS

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

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

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

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

For and on behalf of the Board of Directors

Sd/-
Dinesh T. Waghmare
Chairman & Managing Director

Place: Mumbai
Date: 29.12.2020

Annexure Index

Annexure	Content
I	List of EHV substation commissioned during the F.Y. 2019-20
II	List of EHV transmission lines commissioned during the F.Y.2019-20
III	Comments of Statutory Auditors and Management's Response thereupon
IV	Comments of Comptroller and Auditor General and Management's Response thereupon
V	MR-3 Secretarial Audit Report
VI	Annual Return Extracts in MGT 9
VII	Annual Report on Corporate Social Responsibility

EHV Substations commissioned during the F.Y. 2019-20 Annexure-I

EHV Substations commissioned during 2019-20							
S.n.	**SS Name**	**MBR**	**MVA**	**Date (COD)**	**District**	**Circle/Zone**	**Remark**
1	132/33KV Morgaon Arjuni S/S 1X25 MVA, 132/ 33 kVT/F	34/04, dtd. 04-10-2008	25	09-05-2019		Nagpur/ Nagpur	T/f was test charged on 15/03/2019, however due to balance work of line was not considered in FY 2018-19.
2	132/66 kV Allapalli S/S 1X25, 132/ 66 kV MVA T/F alongwith 132 kV Line end bay	107/06, dtd. 02-04-2016	25	02-06-2019		Nagpur/ Nagpur	T/f was test charged on 29.03.2019, however due to balance work of line was not considered in FY 2018-19.
3	220 kV Malkapur 1X100 MVA, 220/132 kV ICT-I	99/23, dtd. 13-05-2015	100	07-08-2019		Amravati/ Amravati	ICT-I was backcharged on 29.03.2019,however due to balance work of line was not considered in FY 2018-19
4	132/33kV Chamorshi S/S 2 x 25 MVA, 132/33kVT/Fs	BR 119/10 dt 05- 08-2017	50	30-12-2019	Gadchiroli	Nagpur/ Nagpur	
		Subtotal MVA : 200					
Augmentation in New Substation							
S.n.	**SS Name**	**MBR**	**MVA**	**Date (COD)**	**District**	**Circle/Zone**	**Remark**
1	220/132kV Malkapur SS 1 x 100 MVA, 220/132kV ICT-II	BR 99/23 Dt 13- 05-2015	100	08-01-2020	Buldhana	Amravati/ Amravati	
		Subtotal MVA : 100					
Transformer Augmentations (Projects)							
S.n.	**SS Name**	**MBR**	**MVA**	**Date (COD)**	**District**	**Circle/Zone**	**Remark**
1	220Kv Ner Substation 1x25MVA, 220/33KV T/F -II	104/15 dt. 05.12.2015	25	01-04-2019	Amravati	Amravati / Amravati	
2	220/132/33kV Karanja S/s 2 x 100MVA,220/132 KV ICT; 1X25 MVA 220/33KV T/F	BR 119/08, 05-08-2017	225	27-11-2019	Wardha	Nagpur/ Nagpur	
		Subtotal MVA : 250					
Transformer Augmentations (O&M)							
S.n.	**SS Name**	**MBR**	**MVA**	**Date (COD)**	**District**	**Circle/Zone**	**Remark**
1	132/ 33 kV Dhad S/S 1X25 MVA, 132/ 33 kV	CMD-181 dt. 16.02.2017	25	24-04-2019		Amravati / Amravati	
2	132/ 33 kV Seloo S/S 1X25 MVA, 132/ 33 kV	Dir-651 dt. 21.04.2017	25	26-04-2019		Nagpur/ Nagpur	
3	220/ 33 kV Kharepatan S/S 1X25 MVA, 220/ 33 kV	76 dt. 18.01.2007	25	30-04-2019		Karad/ Karad	

S.n.	SS Name	MBR	MVA	Date (COD)	District	Circle/Zone	Remark
4	132KV Durgawada substation 1x25MVA, 132/33 KV transformer	Dir/OP/1293 dt.18.08.2017	25	13-05-2019	Akola	Amravati / Amravati	
5	132kV Wai SS1 x 25 MVA, 132/33kV T/F	BR 115/7 dt 20.04.2017	25	14-06-2019	Satara	Karad/ Karad	
6	132kV Lalkhedi s/s 1 x 25 MVA, 132/33kV T/F	CMD/181 dt 16-02-2017	25	02-07-2019	Amravati	Amravati / Amravati	
7	220KV Kalwan Substation 1 x100MVA, 220/132kV ICT	126/10 dt. 23.02.2018	100	06-08-2019	Nashik	Nashik / Nashik	
8	220KV Hingoli substation 1x100MVA, 220/132KV ICT	126/11 dt 23.02.2018	100	17-08-2019	Hingoli	Aurangabad / Aurangabad	
9	220kV Sicom S/s 1 x 25 MVA, 220/33kV T/F	CMD/MSETCL/ 12 92 dtd 01-12-2015	25	31-10-2019	Nagpur	Nagpur / Nagpur	
	Subtotal MVA : 375						
	Transformer Replacements						
S.n.	**SS Name**	**MBR**	**MVA**	**Date (COD)**	**District**	**Circle/Zone**	**Remark**
1	220kV Wardha S/S 1 x 50 MVA, 220/33kV replaced by 1 x 50 MVA, 220/33kV	BR 115/11 dt 20- 04-2017	0	04-05-2019	Wardha	Nagpur / Nagpur	
2	220KV Amravati SS 25MVA, 132/66KV replaced by 25MVA, 132/33KV	CMD/179 dt 16.02.2017	0	11-05-2019		Amravati/ Amravati	
	Subtotal MVA : 0						
	ORC						
	New Substations						
S.n.	**SS Name**	**MBR**	**MVA**	**Date (COD)**	**District**	**Circle/Zone**	**Remark**
1	220KV Taloja Panchananda SS (for CIDCO's Metro rail project)	BR	0	21-08-2019	Thane	Kalwa/ Vashi	
2	110kV Miraj TSS	BR	0	01-09-2019	Kolhapur	Kolhapur / Karad	Only bays.
3	132kV Hotgi TSS Bays	CMD 1126 dtd 01-11-2017	0	13-11-2019	Pune	Pune/ Pune	
4	132kV Patansaongi TSS	BRMSETCL/ Dir(Ops) /1959 dt 06-12-2017	0	01-02-2020	Nagpur	Nagpur / Nagpur	
5	132kV Nandurbar TSS Only Bay	Dir/Proj)/ 1166 dt 06-03-2017	0	22-02-2020	Nandurbar	Nashik/ Nashik	
	Subtotal MVA : 0						
	Transformer Augmentations (Projects)						
1	20 MW Solar Power project of M/s Parampujya Solar Energy at Tq Tuljapur at 132/33kV Naldurg SS. 1 x 50 MVA, 132/33kVT/F	BR	50	17-12-2019	Osmanabad	Aurangabad / Aurangabad	
	Subtotal MVA : 50						
	Total MVA : 975						

EHV Transmission lines commissioned during the F.Y. 2019-20

S.n.	Line Name	MBR	Ckm	Date (COD)	Type	Circle/Zone	Remark
1	132kV LILO on Amravati-Morshi line at 220kV Nandgaonpeth S/S	Board, 112/29, dtd. 02-12-2016	7.44	01-04-2019	LILO	Amravati / Amravati	Line was test charged on 30-03-2019.
2	220kv Badnera-Ner SCDC line	104/15 dt.05.12.2015	43	01-04-2019	D/C	Amravati / Amravati	
3	2nd ckt stringing of 132kV Akot-Hiwarkhed line	BR	29	06-05-2019	S/C	Amravati/ Amravati	Executed by EHV O & M
4	132 kV Bhokardhan - Dhad DCDC line (By making tap arrangement on 132 kV Chikhali - Dhad line)	116/07, dtd. 18-05-2017	60	09-05-2019	D/C D/C	Amravati / Amravati	Line Test-charged.
5	Balance portion of 132 KV Lakhandur to Morgaon Arjuni Line --- Pkg-II (T-7: MorgaonArjuni to Loc. No. 13/0, 35 Locs)	34/04, dtd 04-10-2008	10.1	09-05-2019	D/C D/C	Nagpur/ Nagpur	Balance portion of Pkg-II commissioned.
6	220KV DC PGCIL(Kumbhari)-Bale line (DC Portion)	BR 67/11 dtd 04- 10-2011	57.58	01-06-2019	D/C	Pune/ Pune	
7	Balance portion of 132kV Ashti -Allapalli line (Loc 170-176)	BR 107/6 dtd 02- 04-2016	1.763	02-06-2019	S/C D/C	Nagpur/ Nagpur	
8	Second ckt stringing of 132kV Manmad-Yeola line under GEC Project	BR 98/08 Dt 16-03- 2015	28.788	03-06-2019	S/C	Nashik/ Nashik	
9	Reorientation of 132kV lines : LILO on 132kV Malkapur- Paras and 132kV Malkapur - Khamgaon at 220kV Malkapur SS	BR 99/23 dt 13-05- 2015	18	04-06-2019	M/C	Amravati/ Amravati	
10	132kV Bajaj- Garware line	101 dtd 04.02.2017	3.84	10-06-2019	D/C	Aurangabad/ Aurangabad	
11	2nd ckt stringing of 132kV Narsi-Degloor line	BR	17.7	27-06-2019	S/C	Aurangabad/ Aurangabad	
12	132kV LILO on Nilanga-Omerga at 220kV Narangwadi S/s	BR 114/7 dt 30-03- 2017	25.432	02-07-2019	LILO	Aurangabad/ Aurangabad	
13	132kV Wardha-II - Pulgaon line by making LILO on 2nd ckt stringing of Bhugaon Deoli line	BR 34/4 dt 04-10- 2008	46.04	03-07-2019	LILO	Nagpur/ Nagpur	
14	220Kv LILO on Paras-Balapur line at 220/ 132KV Malkapur Substation.	99/23 dt 13.05.2015	147	07-08-2019	LILO	Amravati/ Amravati	

EHV Transmission lines commissioned during the F.Y. 2019-20

S.n.	Line Name	MBR	Ckm	Date (COD)	Type	Circle/Zone	Remark
15	132kV LILO on Chinchwad- Ganeshkhind line at Rahatani SS	BR Dir (Proj) 755 dtd 10-05-2016	0.322	09-08-2019	LILO	Pune/ Pune	
16	132kV LILO on Shevgaon-Pathardi line at 220kV Amrapur SS.	BR 117/13 dtd 19- 07-2017	4.066	19-09-2019	LILO	Nashik/ Nashik	
17	Balance work of 132kV MCMC Shirpur Dondaicha line (Loc no 1A to 4) (3 ckts)	Dir(OP) 1853 dtd 18-11-17	1.25	21-09-2019	M/C	Nashik/ Nashik	
18	132kV LILO on Ambazari- Amravati at 220/132kV Karanja S/s.	BR 119/08 dt 05- 08-2017	1.19	24-09-2019	LILO	Nagpur/ Nagpur	
19	220kV LILO on Parli Harangul line at 400kV Parli (PG) S/s	BR 113/10 dt 27- 12-2016	26.59	09-10-2019	LILO	Aurangabad/ Aurangabad	
20	132kV Bhoakardhan-Jafrabad line ckt-II (2nd ckt stringing)	BR	29.41	10-10-2019	S/C	Aurangabad/ Aurangabad	
21	2nd ckt. stringing of 132 kV Shevgaon-Pathardi SCDC line	BR 98/8 dt 16-03- 2015	22.6	16-11-2019	S/C D/C	Nashik/ Nashik	
22	132kV interlink between 220kV Jath to 132kV Jath s/s	CE	0.227	26-11-2019	S/C	Karad/ Karad	
23	Second circuit stringing of 132 kV Georai-Beed SCDC line GEC-I	BR 98/8 dt 16-03- 2015	31.5	29-11-2019	S/C D/C	Aurangabad/ Aurangabad	
24	Second ckt of 132kV Shiroli-Bapat Camp line.	MD 383 dtd 09-01-2006	5.548	23-12-2019	S/C D/C	Kolhapur/ Karad	
25	132kV LILO on Ashti- Mul line for Chamorshi S/S	BR 119/10 dt 05- 08-2017	26.894	30-12-2019	D/C M/C	Nagpur/ Nagpur	
26	2nd ckt of 220kV Tilwani - Miraj line(From loc no 4 to 43).	BR 98/8 dtd 16-03- 2015	13	31-12-2019	S/C D/C	Kolhapur/ Karad	
27	132kV LILO on 132kV Yawatmal- Yawatmal MIDC line for 132kV Darwha S/S.	BR 119/12 dt 05- 08-2017	74	31-12-2019	LILO	Amravati/ Amravati	
28	132 kV Kadegaon - Kirloskarwadi DCDC line (Sangli) Line	BR 98/8 Dt 16-03- 15	25	31-12-2019	D/C D/C	Karad/ Karad	
29	2nd circuit stringing of 132kV Malegaon Nampur line	BR	28	08-01-2020	S/C	Nashik/ Nashik	
30	Diversion of 220 kv M/C Lines in front of proposed Govt. Medical College & Hospital at Baramati.(220kV Baramati - Kalyani ckt)	BR 90/30 dt 19-05- 2014	1.4	09-01-2020	S/C	Pune/ Pune	Only 220kV Baramati - Kalyani ckt charged.

EHV Transmission lines commissioned during the F.Y. 2019-20

S.n.	Line Name	MBR	Ckm	Date (COD)	Type	Circle/Zone	Remark
31	LILO on 132kV Theur - Sanaswadi & Kharadi - Markal line at 400kV Lonikand	BR 91/16 dt 26-06- 14	8.15	15-01-2020		Pune/ Pune	
32	Diversion of 220 kv M/C Lines in front of proposed Govt. Medical College & Hospital at Baramati.(220kV Baramati - Kurkumbh ckt)	Br 90/30 dtd 19- 05-2014	1.4	23-01-2020	S/C	Pune/ Pune	Only 220kV Baramati - Kurkumbh ckt charged.
33	Conversion from S/C to D/C of 132kV Kuruli Tap to Whirlpool line	BR 108 dt 20-04-2007	6.6	13-02-2020	S/C D/C	Pune/ Pune	
34	2nd circuit stringing of 132KV Shevgaon-Ghodegaon SCDC line (GEC-I)	BR 98/8 dt 16-03-15	39.95	07-03-2020	S/C	Nashik/ Nashik	
35	2nd ckt stringing of 132 kV Nandurbar - Visarwadi line (GEC-I)	BR 98/8 dt 16-03-15	43.75	08-03-2020	S/C	Nashik/ Nashik	
36	Diversion of 220 kv M/C Lines in front of proposed Govt. Medical College & Hospital at Baramati.(220kV Baramati - Jejuri and Baramati - Lonand ckt)	BR 90/30 dt 19-05- 2014	3.0	24-03-2020	D/C	Pune/ Pune	Balance 220kV Baramati - Jejuri and Baramati - Lonand ckt test charged.
Subtotal Ckm : 889.51							

	ORC						
S.n.	Line Name	MBR	Ckm	Date (COD)	Type	Circle/Zone	Remark
1	132KV second circuit stringing from Nandurbar SS to Nandurbar TSS	Dir/Proj)/1166 dt 06-03-17	3.5	10-05-2019	S/C	Nashik/ Nashik	
2	2nd ckt stringing of 132kV Nardana SS to Nardana TSS line	Dir/Proj)/1166 dt 06-03-17	2.37	12-05-2019	S/C	Nashik/ Nashik	
3	132Kv underground cable from 132kV Manakapur SS to 132kV Morris college Ground RSS (GIS SS)	CMD/902 dt. 31.08.2017	18	17-05-2019	U/G cable	Nagpur/ Nagpur	
4	Diversion of 220kV Chandrapur – Warora & Wani D/C line passing through Bhatadi OCM of WCL	BR 77/5 Dtd. 14.12.2012	16.6	14-06-2019	D/C	Nagpur/ Nagpur	
5	132kV Badnapur-Hyosung line	BR	28.1	01-09-2019	S/C	Aurangabad / Aurangabad	
6	110kV Tapping line to Miraj TSS on existing Miraj-Takali (Kurundwad) line.	BR	0.8	01-09-2019	S/C	Kolhapur/ Karad	
7	132kV Sterlite-Hyosung line	BR	6.8	02-09-2019	S/C	Aurangabad / Aurangabad	
8	220kV GCR Chandrapur-Sicom line ckt-I & II	BR	12.48	04-10-2019	D/C	Nagpur/ Nagpur	After completion of diversion work due to Durgapur OCM diversion.
9	LILO on 132kV Solapur MIDC-Ultratech at 132kV Hotgi TSS	CMD 1126 dtd 01-11-2017	3.78	13-11-2019	LILO	Pune/ Pune	
10	132kV SCDC line from 220kV Tuljapur S/S to M/s Siemens Gamesa Wind Power Project	BR	23.00	07-12-2019	S/C D/C	Aurangabad/ Aurangabad	
11	Height raising /Tower shifting of 400kV Kalwa-Padghe ckt-I at loc no 1118 to 1120 for proposed flyover bridge of MMRDA at Shilphata.	BR	0	16-12-2019	S/C	Kalwa/ Vashi	
12	132kV LILO on Bajaj-Chakan line at loc no 39 for M/s Taiyo Nippon Sanso India Pvt ltd.	BR	4.48	11-01-2020	LILO	Pune/ Pune	
13	132kV LILO on Kalmeshwar- Saoner line at Patansaongi TSS	BR MSETCL/Dir(Ops)/ 1959 dt 06-12-2017	7.5	01-02-2020	LILO	Nagpur/ Nagpur	
		Subtotal Ckm : 127.41					
		Total Ckm : 1016.92					

Annexure-III

Reply to the Statutory Auditors qualification on the Audit Report for the financial year 2019-20 (Ref. Basis for qualified opinion on Audit Report page no.2)

REPLIES TO THE STATUTORY AUDITOR OBSERVATIONS FOR THE STANDALONE FINANCIALS YEAR 2019-20		
Sr. No.	**STATUTORY AUDITOR'S REPORT**	**MSETCL's Reply**
	OPINION	
1.	We have audited the accompanying standalone Ind AS financial statements of Maharashtra State Electricity Transmission Company Limited ('the Company'), which comprise the Balance Sheet as at 31st March 2020, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.	Factual
	In our opinion and to the best of our information and according to the explanations given, subject to the deficiencies noted in internal controls pertaining to preparation and presentation of standalone Ind AS financial statements, coupled with non-compliances and audit observations noted in "Basis for modified opinion" paragraph below, the aggregate impact whereof is not quantified/ascertained, the stand alone Ind AS financial statements read with the notes thereto, in our opinion, give the information required by the Act in the manner so required and give a true fair view in conformity with the accounting principles generally accepted in India of the financial position of the Company as at March 31, 2020 and its profit (including other comprehensive income), changes in equity and cashflows for the year ended on that date. We have not been able to obtain sufficient and appropriate audit evidences to ascertain the combined impact of the items noted in "Basis for modified opinion" paragraph, hence unable to comment thereon.	Factual
	BASIS FOR MODIFIED OPINION	
2.	The following items form the basis for our modified opinion:	
2.1	Attention is invited to note no. 44 of Standalone Ind AS Financial Statement giving details about accumulated Delayed Payment Charges ('DPC') as at March 31, 2020 amounting to Rs. 85,499 Lakhs (with reference to 8 distribution licensees) relating to Financial Year 2015-16 under the head '**Other Income**'. The Company had then taken reference of the order No. 31 of 2016 of Maharashtra Electricity Regulatory Commission ('MERC'), wherein MERC had reduced the Aggregate Revenue Requirement("ARR") of the Company for F.Y. 2015-16 by the said amount, and classifying it as 'Non-Tariff Income'. Data/ details pertaining to the certainty over the	The fact has been disclosed in the Financial Statements vide Note No 43. STU raises the Monthly Tariff Charges Invoice to Distribution Licencees including the accumulated amount of DPC.

	realizability of such income (i.e. Trade Receivable) are not available with the Company. The accounting of such DPC as 'Other Income' in FY 2015-16 is in contravention to the applicable Accounting Standard as also Company's Accounting Policy, which in note No. 2.15 states that "Other Income is recognized on accrual basis except when ultimate realization of such income is uncertain". Had the Company not recognized such income of Rs. 85,499 Lakhs in the said earlier year, its balance of the retained earnings in the Profit & Loss Account and balance of Trade Receivable Account would have been lesser to that extent.	
2.2	In terms of Provisions of section 143(12) of the Act, reporting of fraudulent practice noted in course of our audit, was made to the Central Government (CG), Secretary, Ministry of Corporate Affairs on April 24, 2020 pertaining to excessive claims getting reimbursed towards leave encashment of several employees being in non-compliance of Company's laid down policy. The controls pertaining to processing and payment of such claims were not observed to be appropriate, including the records like 'Service Book' of employee remaining blank for years, the estimated impact of such excessive claims being in addition to Rupees One Crore, reporting to CG was made. Impact for reversal, write-back of such excess paid/ provided is not yet ascertained.	On the basis of extract submitted by auditor, 717 employees' have received excess leave encashment. However, on investigation, it is revealed that there were only 74 instances of multiple leave encashment. 2. Majority of the multiple entries that are seen in the ERP system are due to the payment of DA arrears, Higher Grade Benefits and also due to the wage revision done in the year 2014. 3.However, irrespective of considering quantum of misconduct, HR. Dept. has taken this matter very seriously and directed to field offices and CO to ensure 100% recovery. 4. As such, a total amount of Rs. 43,12,879 was recovered on account of multiple leave encashment and the said fraud was not tuned to Rs 100 Lakhs as what statutory auditor pointed. 5. Action Taken: a. An independent vigilance enquiry has been initiated vide letter no. 2137 dated 15.04.2020 and report thereof is awaited. b. In order to prevent such misuse of the system and full proofing of the system, ERP system has been re-designed and re-configured. Now, system will not allow multiple entry

		of leave encashment. c. Disciplinary action is already started against the identified maker and checker responsible for the multiple leave encashment vide letter No. 2217 dated 03.06.2020. d. It is directed to maintain Leave Register for each block period and shall be post audited through the F&A personnel by the method of cross checking with the General Ledger Account of the Leave Encashment in SAP system.
2.3	The Company's system/ processes to ascertain provision towards leave encashment, based on actuarial valuation needs to be strengthened, as the data of leaves and gratuity generated from the system and furnished to the actuary for valuation, was observed to be inaccurate. Accordingly, we are unable to comment upon the adequacy or otherwise of the actuarial valuation made in respect of leave encashment and gratuity valuations in the books of accounts, amount whereof has not been ascertained.	It was directed to all the offices to prepare data of fresh leave quota on the basis of on Service Book. Based on their data submitted to ERP Core Team, the ERP Core Team have uploaded the same in the system. Now, while submitting the data for actuarial data to Actuary, it is found that some of the data of leave quota was mis-match which is on later date rectified the error and sent finally to Actuary for valuation. Now, it is assured that next time more caution will be taken and 100% accuracy will be sent for valuation.
2.4	Party- wise break up of trade receivables with ageing is not readily available from the system. The details of ageing of Trade receivables prepared manually contained several inaccuracies. Hence, it could not be fully verified during the course of audit; accordingly, we are unable to comment upon adequacy of provision based on simplified version of Expected Credit Loss (“ECL”) Method.	Since, the generation of invoices and auto posting thereof in SAP system is under development, the details regarding ageing of the trade receivables were provided in excel utility. The Company appropriates the monies received from the Distribution Utilities towards the clearance of old dues first, the outstanding dues pertaines against latest invoices. Accordingly ageing analysis were provided during the course of audit.
2.4.1	Further, details/ breakup/ confirmations of Trade receivables aggregating to Rs.2,73,028.22 Lakhs, sought for, were not made available for verification during the course of audit. Consequential impact of ascertainment of the realizability	Though details of trade receivable have been provided, the balance confirmation from all the debtors have not received. As per the

	from these Trade Receivable and resultant provision, if any, for bad and doubtful debts on the Standalone Ind AS financial statements has not been ascertained. Based on selective checking of available data/ information from the system and from State Transmission Utility ("STU") invoicing cell, it was noticed that trade receivables from several parties totalling Rs13,954.33 Lakhs are considered doubtful of recovery but not provided for.	Company's assessment the provision for bad and doubtful debt is sufficient. Out of Rs 13954 lakhs Rs.11613 lakhs has already been provided.
2.4.2.	Further, differences were noted amounting to Rs.12,823.08 Lakhs in trade receivables as per SAP System and as per statement furnished by the STU of the invoices raised. In absence of complete data/ details, explanations of such differences, the combined impact thereof could not be ascertained.	STU has already submitted detail reconciliation for differences. The differences was mostly because of entries done by SLDC and field offices entries which was not in invoice of STU.
2.5	In terms of the provisions of Ind AS 101, "First Time Adoption of Indian Accounting Standards", the Company had availed option of Cost model of accounting for its Property, Plants and Equipment's ('PPE'). Accordingly, the carrying values of PPE on the transition date were taken as deemed cost and depreciation is calculated thereon manually on electronic spreadsheets considering the balance useful lives of items of PPE but without considering the residual value limits laid down by MERC regulations. As a result, several instances of charging excess depreciation on assets were noted. Further, in several cases the deprecation is manually calculated and provided at Head office for the assets located in Zone or Region for the reason of mismatches in dates of capitalization, critical spare items capitalization, etc. In absence of complete data/ details of such instances out of numerous line items of PPE, the combined impact of such erroneous depreciation is not ascertained.	The Company has appropriately done adjustment of deemed cost for PPE as on 01.04.2015.The consideration of net block as deemed cost is done as per guidance note on Ind AS Sch II by ICAI read with Ind AS 101 and appropriate disclosures have been made in the financial statements. Depreciation as per Ind AS on amount as per orginal cost method or as per carrying cost method comes to the same figure, as in SAP-ERP depreciation will be calculated on the original amount, also the residual value of 10% as per MERC regulations has been considered in the SAP-ERP for each assets. It is only for disclosure purpose in the financial statements. Company cannot change its present fixed assets register and fixed assets schedule in the system. In respect to depreciation for assets whose date of commissioning is prior to April 2019, the same needs to be manually calculated and entered in SAP/ERP System. This is due to late receipt of Work Completion Report (WCR) .However, procedures are being deviced for the generation of WCR through SAP/ERP itself, which would elimate the manual depreciation entry in future.

2.5.1.	Moreover, deferred tax liability amounting to Rs.7,549.17 Lakhs under the head PPE recognized, could not be satisfactorily explained in course of audit	The Company has provided for the impact due to treatment of Inventory (Standby Equipments) as Property, Plant and Equipments as per Ind AS 16 in the Financials. However, the same is done manually as the configuration of this treatment in SAP/ERP is under process. This impact accrues DTA/DTL based on the data available. The said working is being reverified through the services of Ind AS Consultant for proper confirmation.
2.5.2.	The Company has not maintained adequate details pertaining to items/ components giving rise to deferred tax assets/ Liability (DTA/ DTL). In absence whereof the recognition and disclosure of the DTA/ DTL not being complete and correct, the impact thereof on Statement of Profit & Loss for the year is not ascertained.	
2.5.3.	Without prejudicial the generality above, based on the scrutiny of available details of Asset register (ar01) during the course of our audit, the following discrepancies were also noticed:	
a	Several items of fixed assets whose useful life has fully exhausted totalling Rs.28,768.64 Lakhs (Gross Book Value), Rs.21,027.95 Lakhs (Accumulated Depreciation) and having net book value of Rs.7,740.68 Lakhs, are part of said register, resulting in overstatement of the value of PPE to that extent.	MSETCL uses the Assets , if in working condition, even if the useful life of the asset as per technical norms is exhausted. However, necessary policy would be devised to create an new asset class for such old but in use assets.
b	Depreciation is being charged on assets whose useful life is fully exhausted having estimated impact of Rs.2,672.00 Lakhs on Statement of Profit & Loss.	Necessary check points are initiated in the SAP/ERP System for controlling occurrence of such instances.
2.6	Based on the scrutiny of available details of free hold land, it was noticed that in the past, several items of leased land have been clubbed under this head; as a result, the amortization of such leasehold land is not carried out. In absence of complete data/ details of such instances, the impact thereof on Standalone Ind AS financial statements is not ascertained.	Considering the numerous number of agreements that too from MSEB period, the task of identifying leasehold land clubbed under freehold land is difficult, however, the process of identifying the same has been initiated in the Field Units
2.7	It is noticed during the course of audit that 66KV substations/ transmission lines having Gross Book Value amounting to Rs.17,846.08 Lakhs and accumulated depreciation Rs.12,260.47 Lakhs as at 31st March 2020 are not in use for the operations of the Company. Pending testing for impairment of the same, we are unable to comment upon the carrying value of such assets in the books of accounts.	The 66KV lines and S/S are in operation, however, for ease, the operation and maintenance of these assets have been entrusted on MSEDCL by handing over the said assets. However, the modality for determining consideration for such transfer is under consideration.

2.8	It is observed from the SAP generated report (4.4 - Capex report) by the Company, Negative capital expenditure is charged to (reduce from) some schemes amounting to Rs.6,391.00 Lakhs for which no plausible explanation could be provided. To that extent Asset Under Construction (AUC)/ Capital Work in Progress (CWIP) in the Balance Sheet is understated. Further, there is no movement in some AUC line items since last more than two years, indications of impairment if any have not been tested by the Company for making appropriate provisions, impact thereof on the Standalone Ind AS financial statements cannot be commented upon.	Field Units has adjusted the ORC deposit received against the CWIP incurred. However, the adjustment is done in current year for previous years too, hence the capex during the year shows negative amounts. If the adjustments done from the Opening Capex amounts, the during the year capex would show NIL or Positive Amounts
2.9	From April 1, 2019, the new accounting standard i.e. Ind AS 116 "Leases" became effective. The Company has adopted the new standard with modified approach and recognized asset in the form of 'Right to Use' (representing its right to use the leased asset over the lease term) and also liability towards present value of the balance of future lease payments for the leases. However, due to non-availability of lease documents and other records relating to several properties taken under lease, the Company is not able to identify and recognise the Right to use of said leases, hence no treatment was given in terms of provisions of Ind AS 116 for such leased assets. Impact thereof on the Standalone Ind AS financial statements has not been ascertained.	As discussed with the Ind AS Consultant, the leasehold land which is taken from GoM/CIDCO/ MIDC are to be shown as Right Of Use Assets. However no lease liability is to be created as discussed in the ITFG, as there is no lease liability accruing on such assets.
2.10	The policy about inventory valuation of the Company (Note No 2.14) states that inventories are valued at lower of cost or net realizable value ('NRV') but in course of our audit it is noticed that the Company does not have any data or details about the NRV. As such, the inventories are valued at cost. The impact of such practice on Standalone Ind AS financial statements is not ascertained.	The Core business of MSETCL is construction and maintenance of substation and lines. The inventory procured is of specific nature and is not for sale in the market. Moreover, the uniqueness of the business process of MSETCL makes the derival of NRV difficult. However, MSETCL would initiate a drive to capture data which would help to derive the NRV during the valuation process.
2.11	No inventory or data/ details/ description could be furnished for verification for the “Assets not in use – held for sale” (GL code 222010) amounting to Rs.3,615.43 Lakhs; moreover, such assets are held at their carrying value instead of “lower of carrying value or net realizable value”. The impact, if any, thereof on Standalone Ind AS financial statements has not been ascertained.	MSETCL has initiated steps to take a drive wherein the physical verification of assets is to be carried out to update the Fixed Asset Register. This activity would also cover the verification/reconciliation of Asset Not in use component. Necessary accounting entry would be passed after completion of the assignment.

2.12	The government Grants received by the Company amounting to Rs.23,850 Lakhs in Financial Year 2006-07 towards capital assets for specific projects out of which Rs.16,256.10 Lakhs are deferred for recognition as revenue as at March 31, 2020. The details of these grants with specific assets there against and conditions to be satisfied for the same are not made available for our verification. Hence, correctness thereof pertaining to accounting in terms of provisions of Ind AS 20, "Accounting for Government Grants and Disclosure of Government Assistance "cannot be commented upon.	The Government Grant is received for the construction of Sub-Stations and Lines in the Rural Areas as per the GoM Policy. The Assets wise list was submitted to the GoM for grant requirement. The grant for these assets is given by GoM on lumpsum basis and not asset wise. MSETCL bifurcated the grant based on the cost of the assets.
2.13	The Company does not collate, maintain and present the details of dues to its vendors registered under Micro, Small and Medium Enterprises ('MSME') Development Act, 2006. Hence, correctness of provision for interest, if any, on outstanding dues to MSME could not be verified.	The fact has been disclosed in the Financial Statements at Note no 41
2.14	The prior period items of Income and expenses have been disclosed by the Company in Note No.48 but the same have not been restated/ recasted in the respective previous years as mandatorily required under Ind AS 8," Accounting Policies, Changes in Accounting Estimates and Errors".	The fact has been disclosed in the Financial Statements at Note no 48
2.15	Pursuant to Central Electricity Regulatory Commission ('CERC') order dated 19th December 2017 pertaining to FY 2014-15, the company has recognised an amount of Rs.599 Lakhs as income during the year as against receipt of Rs.10,789.41 lakhs, which until previous financial year was accrued fully as income. Impact of the said order for earlier period remains to be given in the accounts, as a result of which, Surplus in Statement of Profit and Loss would be lower, and Advance from Customer would be higher by amount which has not been ascertained.	As per CERC order in Petition No. 256/TT/2013 dated 18.05.2015 in which tariff for FY 2013-14 was Rs. 77.10 Crs (per year) which is revised by CERC order in Petition No. 173/TT/2016 dated 19.12.2017 for FY 2014-15 Rs. 5.99 Crs (per year). However even after revised order by CERC payment made by PGCIL was on the basis of earlier order till Sept 2019. After that there was no receipt by PGCIL.
2.16	The deposits from customers towards Outright Contracts ('ORC') amounted to Rs.1,13,432.38 Lakhs as at 31st March 2020. The company recognises its supervision charges upfront as income on receipt of deposits and not as and when supervision services are provided, which is contrary to the provisions of Ind AS 115 "Revenue from Contracts with Customers".	As per Para 35 of Ind AS 115 An entity transfers control of a goods or service over time and, therefore, satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met: (a) the customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs (b) the entity's performance creates or enhances an asset (for example, work in progress) that the customer controls as the asset is created or

				enhanced,or (c) the entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date. MSETCL does not fulfil any of the above criteria and hence recognizes revenue on the basis of receipts in its books of Accounts.
2.17	The basis, quantum and completeness cannot be ascertained in the absence of required data/ details relating to the following income recognised during the year.			
	Sr No	**Nature of Transaction**	**Amount Involved (Rs. In Lakhs)**	
	1	Partial Open Access	7,615.94	The Distribution Linensees are paying the partial Open Access charges to MSETCL as per DOA Regulation 2016 Clause 14.5. This is main basis for recognising income. The same has been considered in the MERC Order in case no. 302 of 2019 at Clause 4.16.4 (Page no. 96-Copy Enclosed). As per this clause, the revenue from Partial Open Access is a Non tariff Income. Being non tariff income, It was not bifurcated among other transmission licensees.
	2	Long-Term Open Access	1,522.92	Tariff approved by MERC to CR vide MERC tariff order no. 91 of 2016 dated 22.07.2016. Subsequently additional LTOA was issued to CR for allocation of 120WM power from BRBCL vide STU letter No. 8089 dated 19.07.2017 for this monthly bill to CR was issued. MERC tariff order No. 265 of 2018 issued on dated 18.09.2018. In this order MERC approved tariff of CR considering additional LTOA issued to CR being part of CR. In view of the above combined billing to CR was started and stopped seperate billing for additional 120 MW to CR.

	3	Open access/ NOC Application processing fees	143.70	As per MAHARASHTRA ELECTRICITY REGULATORY COMMISSION (TRANSMISSION OPEN ACCESS) REGULATIONS, 2016 clause No. 5.2. The application for Connectivity shall be accompanied by a Demand Draft or proof of payment by electronic mode of a non refundable fee of the following amount, for all except Renewable Energy based Generators is Rupees Two Lakh and for Renewable Energy based Generators is Rupees One Lakh. Which was duly paid by the consumers and accounted in during the year on account of Open access/NOC Application processing fee.
	4	Additional Transmission Charges	4,635.44	1. These charges are applicable only in case of conditions defined in MYT Regulation 2016 Clause No. (65). In other cases they are not applicable. Considering lacuna in billing process on account of difficulties previously observed on implementing these clause the billing was not done before November for add Tr. and Regulatory Charges. STU after taking approval of management stared billing on November and filed petition with MERC for removal of difficulties in MYT Regulation 2016 Clauses. 2. Add Tr. And Regulatory charges are charged as per conditions defined in MYT Regulation 2016 Clause No. (65). 3. The base TCR is allocated in transmission tariff order by Hon'Ble MERC to all the TSUs. Hence these clauses become applicable to TSUs is considered in the relevent transmission tariff order and billing is done accordingly. 4. The applicability of charges to a particular TSU is verified as per

				Clause 65 of MYT Regulation 2016 based on data/information from SLDC. Charges were included in monthly billing of transmission charges. 5. This amount being collected in STU pool Account is disbursed as per tariff order. 6. All Add. Tr. And regulatory charge were distributed to all Transmission Licencies as per their respective ratio mention in tariff order. And amount is not withold by MSETCL.
	5	Short-Term Open Access Charges	1,287.81	STOA Consumers deposits the charges in the bank account of SLDC and the same is repatriated to HO. The reconciliation takes place at a later date after receipt of details from STOA
2.18	During the year Company has revised its Pay scale to employees w.e.f. April 01, 2018, and same was approved by the Board of Directors of the Company post facto and it was decided to pay in 3 instalments out of which first instalment was paid and remaining two instalments were pending to be paid as at March 31, 2020. Hence provision for the same was made amounting to Rs.12,899.69 Lakhs for which details were not made available for verification. In the absence of required data/ details thereof, the basis, quantum and completeness of such provision made during the year could not be verified nor commented upon.			The details of arears to be provisioned was computed sent by HR Core Team. Based on this data, the provision of Rs. 12,899,69 Lakhs was made in the in the books of accounts.
2.19	Attention is invited to accounting Policy note no. 2.19 (C) of Standalone Ind AS Financial Statement on "Accounting of Contributions received from Consumers against Outright Right Works (ORC Schemes)". As informed during the course of audit, there is specific policy on ORC assets/ Liabilities and income thereon, but the same was not observed to have been followed by the Company, impact of which could not be ascertained in absence of relevant data/ details.			MSETCL has specific policy on the treatment of amounts received agaisnt ORC schemes refered vide Note No 2.19 (C). However, several clarificatory issues are faced in Field Units , which needs that the policy be reframed with proper guidelines. The necessary upgradation of the policy would be done with the approval of the Competent Authority by Trans O&M Section.
2.20	Attention is invited to note no. 38 of Standalone Ind AS Financial Statement giving details about "Contingent Liabilities and Contingent assets", full details as required under the statute are not accurately maintained. Hence, it could not be fully verified during the course of audit;			The Necessary template has been developed in SAP/ERP System, wherein all the details would be made available for verification.

	accordingly, we are unable to comment upon adequacy of provision based on details available with the Company.			
2.21	The amounts remaining and recognized in the following GL heads/ codes are subject to confirmation and reconciliation. The necessary data/ details pertaining to following were not made available during the course of audit for verification:			
	GL	**Name of Account heads**	**2019-20 Rs. In Lakhs Asset/Exp (Liability/income)**	
	100050	Grants towards cost of Capital Assets	(16,256.10)	The Government Grant is received for the construction of Sub-Stations and Lines in the Rural Areas as per the GoM Policy. The Assetswise list was submitted to the GoM for grant requirement. The grant for these assets is given by GoM on lumpsum basis and not assetwise. MSETCL bifurcated the grant based on the cost of the assets.
	123030	Security Deposits	(6,024.71)	to be reconciled with field units based on its current status
	123040	Security deposits of jobs/works	(11,253.61)	to be reconciled with field units based on its current status
	123050	Earnest Money	(820.66)	to be reconciled with field units based on its current status
	123060	Rentention money of Vendor	(71,869.36)	to be reconciled with field units based on its current status
	123060	Risk & Cost Adjust	(3,287.72)	to be reconciled with field units based on its current status
	123070	Misc. Deposits – Vend	(16.62)	to be reconciled with field units based on its current status
	123090	Advances from Customer	(7,107.41)	to be reconciled with field units based on its current status
	123100	Other Deposits from Consumers- O. R. C. Deposits	(1,13,432.38)	ORC Deposit to be adjusted against completed Assets.
	123110	Retentation GL for liquidity charges from vendor	(13,682.93)	to be reconciled with field units based on its current status
	130010	GR / IR CLEARING Account	(6,950.50)	to be reconciled with field units based on its current status
	130020	EMD Dummy entry	(417.60)	to be reconciled with field units based on its current status
	131010	Sundry Creditors Payable Domestic (other than SME)	(26,402.75)	OSL Provisions for Trade Payables
	132010	Sundry Creditors FI Vendor	(12.10)	to be reconciled with field units based on its current status

	133010	Sundry Creditors - Inter Company	(3,528.44)	Balance pertains to only MSPGCL and MSEB HCL. Major balance of MSEDCL has been cleared from Trade Receivables.
	134010	Sundry Creditors Employees	(57.40)	to be reconciled with field units based on its current status
	140030	Liability for Medical expenses	(0.33)	to be reconciled with field units based on its current status
	140060	Misc.deposits from Employee	(40.91)	to be reconciled with field units based on its current status
	140110	Regular CPF Recovery from Employee	(0.04)	to be reconciled with field units based on its current status
	140250	Medi-claim Top up Premium	(30.26)	to be reconciled with field units based on its current status
	140251	Medi-Claim Compulsary Premium through Salary	442.05	to be reconciled with field units based on its current status
	140252	Employee ACCIDENT Insurance	1.02	to be reconciled with field units based on its current status
	141040	MSEB CPF-Shortfall in fair value of Planned Assets	(3,593.92)	to be reconciled with field units based on its current status
	144010	STATE SALES TAX PAYABLE	0.06	to be reconciled with field units based on its current status
	146010	Deduction of Labour Cess Amt	(236.15)	to be reconciled with field units based on its current status
	150010	Provision for Capital Works	(12,310.78)	to be reconciled with field units based on its current status
	150020	Provision for O&M works	(23.81)	to be reconciled with field units based on its current status
	150030	Provision for Expenses - Others	(3,375.12)	to be reconciled with field units based on its current status
	150040	Provision for Expenses – Employees	(3,980.12)	to be reconciled with field units based on its current status
	150050	Provision for Pay Revision	(12,899.69)	to be reconciled with field units based on its current status
	150060	Provision for Interest - Contractors Deposits	(0.09)	to be reconciled with field units based on its current status
	150070	Provision for loss pending investigation	(711.02)	to be reconciled with field units based on its current status
	150110	Provision for Corporate Social Responsibility	(7,483.15)	to be reconciled with field units based on its current status
	150130	Provision for Int on Late Payment of Service	(264.43)	to be reconciled with field units based on its current status
	150140	Provision for Tree/Crop/Land Comp	(677.79)	to be reconciled with field units based on its current status
	160010	Liability towards staff welfare Fund with Board	(528.34)	to be reconciled with field units based on its current status

	160020	Board of Trustees P.F. & Final Settlement	(1,780.76)	to be reconciled with field units based on its current status
	165010	Stale Cheques	(302.72)	to be reconciled with field units based on its current status
	219701	ACC Dep not in use	(10,437.48)	to be reconciled with field units based on its current status
	222010	Assets Not in Use	14,053.31	to be reconciled with field units based on its current status
	223010	Loss to Fixed Assets pending Investigation	(0.40)	to be reconciled with field units based on its current status
	223030	Expen. on Survey/FStudy for Not sanctioned pr	433.07	to be reconciled with field units based on its current status
	223040	Pre-Op Exps for land acq. on Unsanctioned Sch	153.88	to be reconciled with field units based on its current status
	230040	AUC Cost of Land Devp. on Lease hold Land -Volt.F100KV	36.71	to be reconciled with field units based on its current status
	230050	AUC Cost of Land Dev.onLeasehold Land -Volt.G132KV	479.36	to be reconciled with field units based on its current status
	230060	AUC Cost of Land Dev. on Lease hold Land -Volt. H220KV	591.36	to be reconciled with field units based on its current status
	232010	AUC OTHER BLDGS-OFFICE, QRTS, TRAINING CENTRE	999.08	to be reconciled with field units based on its current status
	237010	AUC Others	18,093.88	to be reconciled with field units based on its current status
	237020	AUC LE	3,511.20	to be reconciled with field units based on its current status
	237030	AUC ORC	5,573.90	to be reconciled with field units based on its current status
	237040	AUC SOFTWARE DEVELOPMENT	34.35	to be reconciled with field units based on its current status
	237060	CWIP (Govt Grant Impact)	2,318.87	to be reconciled with field units based on its current status
	237061	CWIP (Inventory Impact)	998.75	to be reconciled with field units based on its current status
	255010	Material pending investigation	1.11	to be reconciled with field units based on its current status
	255020	Loss due to Material pending investigation	200.11	to be reconciled with field units based on its current status
	255040	MASA Stock (Physical Verification of Inventor	(114.44)	to be reconciled with field units based on its current status
	256010	Obsolete materials stock (including scrap)	509.80	to be reconciled with field units based on its current status
	260010	STU Sundry debtors for Trans. Charges	3.51	Balance pertains to only MSPGCL and MSEB HCL. Major balance of MSEDCL has been cleared from Trade Receivables.

	260011	Sund.Drs -Trans Chgs	1,71,614.68	to be reconciled with field units based on its current status
	260030	STU Sundry Debtors for STOA / SLDC Charges	(1.08)	to be reconciled with field units based on its current status
	260031	STU Sundry Debtors for STOA / SLDC Charges	1,031.71	to be reconciled with field units based on its current status
	260040	Sundry Debtors – Others	83,897.16	to be reconciled with field units based on its current status
	260060	Sundry Debtors - Inter Unit Account	2,100.52	to be reconciled with field units based on its current status
	290010	Advances to Contractors /Suppliers - O&M	1,059.25	to be reconciled with field units based on its current status
	290020	Capital Advance for Projects	541.29	to be reconciled with field units based on its current status
	292050	Loans & Advances to Staff -- Computer Advance	138.10	to be reconciled with field units based on its current status
	292120	Advance against Gratuity to Staff	4.82	to be reconciled with field units based on its current status
	293050	Miscellaneous Loans & Advances	207.27	to be reconciled with field units based on its current status
	294030	Income Accrued but not Due on Staff Loans & advances	36.75	to be reconciled with field units based on its current status
	295010	Amount Recoverable from Employee	4.02	to be reconciled with field units based on its current status
	295020	Amount Recoverable from EX-Employee	0.75	to be reconciled with field units based on its current status
	295030	TR Fee Pd To ITI To Be Recov from Dep of Deceased employee	(2.56)	to be reconciled with field units based on its current status
	296030	Misc. Amt rece from SEB Govt.Depts. Local& PvtBodi	2,379.40	to be reconciled with field units based on its current status
	296050	Exp recov from Suppliers	91.75	to be reconciled with field units based on its current status
	296060	Exp .recov from Contractors	170.31	to be reconciled with field units based on its current status
	296061	Current Amortised Transaction Cost	11,613.59	to be reconciled with field units based on its current status
	297020	Other Deposits	3,626.59	to be reconciled with field units based on its current status
	297050	FDR as Security Deposit	5.87	to be reconciled with field units based on its current status
	310010	Interest from Staff loans and advances	(10.29)	to be reconciled with field units based on its current status
	380040	Other Miscellaneous Receipts (GST taxable)	(3,848.82)	to be reconciled with field units based on its current status
	380041	Other Miscellaneous Receipts (Non GST)	(1,805.32)	to be reconciled with field units based on its current status

	380120	Government Grant Income	(966.31)	Amortisation done as per Ind AS 16
	400050	Material Consumption - Project	(7,015.57)	to be reconciled with field units based on its current status
	424010	MSETCL's Contribution to Employees Provident	7,370.31	to be reconciled with field units based on its current status
	430100	IT & Communication related Exp	714.78	to be reconciled with field units based on its current status
	453010	Intangible assets Written-off	120.89	to be reconciled with field units based on its current status
	470030	Interest on Public Bond	(0.03)	to be reconciled with field units based on its current status
	500022	CPF Section Account	(0.07)	to be reconciled with field units based on its current status
	The effect of adjustments arising from reconciliation and settlement of old outstanding balances remaining in the above accounts and possible gain/ loss that may arise on account of non-recovery or partial recovery or write-back thereof is not ascertained. Further, in absence of necessary data/ details, the bifurcation of items of assets/ liabilities under 'Current' or 'Non-current' head could not be accurately verified.			
	We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the Auditor's Responsibilities for the audit of the Standalone Ind AS Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the standalone Ind AS financial statements.			
	Information Other than the Financial Statements and Auditor's Report Thereon			
3.	The Company's Board of Directors is responsible for the preparation of the other information, comprising of the information included in the report of Board of Directors including Annexures thereto and such other disclosures related Information, excluding the standalone Ind AS financial statements and auditors report thereon ('Other Information'). The other information is expected to be made available to us after the date of this auditors' report. Our opinion on the standalone Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.			Factual

	In connection with our audit of the Standalone Ind AS Financial Statements, our responsibility is to read the other information when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the Standalone Ind AS Financial Statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.	Factual
	When we read the other Information and if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charges with governance as required under SA 720 'The Auditor's responsibilities Relating to other Information'	Factual
	Responsibility of Management for Standalone Ind AS Financial Statements	
4.	The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance, including other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error. In preparing the standalone Ind AS financial statements , management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. The Board of Directors are also responsible for overseeing the company's financial reporting process.	Factual

	Auditor's Responsibilities for the Audit of the Standalone Ind AS Financial Statements	
5	Our objectives are to obtain reasonable assurance about whether the standalone Ind AS financial statements, as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone Ind AS financial statements. Our audit process in accordance with the SAs is narrated in Annexure 1 to this report.	Factual
	Report on Other Legal and Regulatory Requirements	
6	As required by the 'Directions and sub directions' issued by office of the Principal Accountant General- III, Maharashtra in terms of Section 143(5) of the Act, we give in the **Annexure 2**-statement on the directions and sub-directions.	Factual
7	As required by the Companies (Auditor's Report) Order, 2016 ('the Order'), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the **Annexure 3**, a statement on the matters specified in paragraphs 3 and 4 of the Order.	Factual
8	As required by Section 143(3) of the Act, we report that:	
a	We have sought and obtained, except as noted in para 2 above, all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.	Factual
b	In our opinion, except as noted in para 2 above, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.	Factual
c	The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.	Factual
d	Except as noted in para 2 above, in our opinion, the Standalone Ind AS financial statements comply with the applicable Indian Accounting Standards notified under Section 133 of the Act, read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015.	
e	In View of exemption given vide notification no.463(E) dated June 5, 2015, issued by the Ministry of Corporate Affairs, provisions of section 164(2) of the Act regarding the disqualification of Directors, are not applicable to the Company;	Factual

f	With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in **Annexure** 4.	Factual
g	In terms of provisions of Section 197(16) of the Act, we report as under: The Company being a Government Company within the meaning of Section 2(45) of the Act the provisions of Section 197 of the Act, pertaining to managerial remuneration, are not applicable to it vide MCA Notification dated 5th June 2015.	
h	With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:	Factual
(i)	Except as noted in para 2.20 above, the Company has disclosed the impact of pending litigations on the financials position in its Standalone Ind AS financial statements. Refer Note 38 to the Standalone Ind AS financial statements.	Factual
(ii)	The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.	Factual
(iii)	As regards obligation for interest accrued but not due on "Private Bonds (GL- 121020) amounting to Rs.1,488.25 Lakhs, the Company has reversed the said liability as it belong to the period prior to trifurcation of Maharashtra State Electricity Board (MSEB), as such the said amount is considered as not payable or to be transferred to Investor Education and Protection Fund (IEPF).	Factual
	Other Matters	
	Due to complete lockdown imposed by the Central Government to restrict the spread of COVID19, the audit finalization process, for the year under report, was carried out from remote locations i.e. other than the Office of the Company, to the extent data / details available / feasible based on financial information / records remitted by the management through digital medium.	Factual

Annexure 1 to the Independent Auditors' Report to the Members of Maharashtra State Electricity Transmission Company Limited for the year ended March 31,2020

(referred to in paragraph 5 titled "Auditor's Responsibilities for the Audit of the Standalone Ind AS Financial Statements")

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

Annexure 2 to Independent Auditors' Report

(Referred to in paragraph 6 under the heading "Report on Other Legal and Regulatory Requirements" of our report of even date)

"Directions and sub –directions "issued by the office of the Principal Accountant General-III, Maharashtra vide their 'Letter' of even date in terms of section 143(5) of the Act for the year ended March 31,2020.

Sr. No.	Directions / Sub directions	Auditor's Comment	MSETCL's Reply
	Directions under sub-section (5) of section 143 of the Companies Act, 2013		
	Our report/findings on directions and sub-direction of CAG should be read in conjunction with our statutory audit report of even date on the Stand Alone Ind AS Financial Statements of the Company for the year ended 31st March 2020, more particularly paragraph 1 and 2 thereof		
1	**To report whether there are any cases of waiver/ write off of debts / loans /interest etc. if yes, the reasons thereof, and the amount involved.**	Based on verification of the books of accounts, during the year, the company has written off the following amounts as doubtful or bad: **Particulars** — **Amount (Rs. In Lakhs)** Sundry Debit Balances# — 2070.17 #Old balances considered doubtful hence written off	Factual
2.	**Whether proper records are maintained for inventories lying with third parties & assets received as gift from Government or other authorities.**	As per information and explanations given to us, there were no inventories or items of stores/ spares lying with third parties during the year under audit. Further, no assets have been received as gift from Government or other agencies by the Company during the year under audit.	Factual
3	**A report on age-wise analysis of pending legal/arbitration cases, including the reasons of pendency and existence / effectiveness of a monitoring mechanism for expenditure on all legal cases (foreign and local) may be given.**	Details of the pending litigation/arbitration cases have been disclosed in Notes to Accounts under the head "Contingent Liability" in Note No. 38 of Standalone Ind AS Financial Statements for the year ended March 31, 2020. The age-wise analysis of these litigation/arbitration cases were not made available to us for verification (Refer Para 2.20 above). Legal expenses as and when the incurred are accounted for on mercantile basis and are separately shown as "Legal and profession fees" under the head "Other Expenses" in Note no. 26 or statement of Profit & Loss. The total legal expenses incurred during the year amounted Rs. 533.62 Lakhs (F. Y. 2018-19 Rs. 293.08 Lakh) The legal expenses were observed to have been authorized and accrued as and when incurred in the routine manner as in the case of other administrative expenses Please refer statutory audit report of even date on the Stand Alone Ind AS Financial Statements of the Company, particularly para 2.21.	Factual

<table>
<tr><td>4.</td><td>If the Company has been selected for disinvestment, a complete status report in terms of valuation of Assets (including intangible assets and land) and Liabilities (including Committed & General Reserve) may be examined, including the mode and present stage of disinvestment process.</td><td>The company has not been selected for 'Disinvestment' purpose. Hence, the information sought under this clause is Not Applicable.</td><td>Factual</td></tr>
<tr><td></td><td colspan="3">Sub-directions under sub-section (5) of section 143 of the Companies Act, 2013</td></tr>
<tr><td>(I)</td><td>Whether there is appropriate classification of Inventory with value such as Scrap, Obsolete Material etc.</td><td>Inventory has been classified under different GL Codes as under:
<table>
<tr><th>GL Codes</th><th>Description of Inventory</th><th>O/s Balance as at March 31, 2020 (Amt in Rs. Lakhs)</th></tr>
<tr><td>250010</td><td>Steel</td><td>959.17</td></tr>
<tr><td>250030</td><td>Transformers</td><td>5,878.94</td></tr>
<tr><td>250040</td><td>Metering Equipment & substation Equipment</td><td>8,407.13</td></tr>
<tr><td>250050</td><td>Cables & Conductors</td><td>7,463.14</td></tr>
<tr><td>250080</td><td>Spares</td><td>1,064.73</td></tr>
<tr><td>280090</td><td>Others</td><td>1971.55</td></tr>
<tr><td>255010</td><td>Material Pending Investigation</td><td>1.11</td></tr>
<tr><td>255020</td><td>Loss due to Material pending investigation</td><td>200.11</td></tr>
<tr><td>255040</td><td>MASA Stock rectification</td><td>(114.44)</td></tr>
<tr><td>256010</td><td>Obsolete Material Stock (including scrap)</td><td>509.8</td></tr>
</table>
As regards carrying value of the items of inventories, please refer statutory audit report of even date on the Stand Alone Ind AS Financial Statements of the Company, particularly para 2.10 and 2.21.</td><td>Factual</td></tr>
<tr><td>(II)</td><td>Negative balances under “Advances to Contract” may be analyzed and commented with reasons and impact on financial statements.</td><td>Negative balances under “Advance to Contractor” has been observed and list of such vendor code along with its balance as on March 31, 2020 is enclosed herewith in Appendix- I.
As regards its impact on financial statement we are unable to comment on the same. Please refer to our 'Basis of Modified opinion' under para 2.21 of the statutory audit report of even date on the Stand Alone Ind AS Financial Statements of the Company.</td><td>Factual</td></tr>
</table>

<table>
<tr><td>(III)</td><td>Whether Profit / Loss mentioned in Audit Report is as per Profit & Loss Accounts of the Company?</td><td>Yes, except impact, if any, arising out of matters stated under para 2 of statutory audit report of even date on the Stand Alone Ind AS Financial Statements</td><td></td></tr>
<tr><td>(IV)</td><td>Is the system of evacuation of power commensurate with power available for transmission with the generating company ? If not, loss, if any, claimed by the generating company may be commented.</td><td>We have not carried out technical verification of the information required under this clause. Based on the information, explanation and representation received from the management the transmission network of the company is given in the table below:
<table>
<tr><th>Voltage Level</th><th>EHV Substation</th><th>Transformation Capacity (MVA)</th><th>EHV Lines (CKT KM.)</th></tr>
<tr><td>765 KV</td><td>1</td><td>3,000.00</td><td>0</td></tr>
<tr><td>500KV HVDC</td><td>2</td><td>3,582.00</td><td>1,504.000</td></tr>
<tr><td>400KV</td><td>31</td><td>31,045.00</td><td>8,415.497</td></tr>
<tr><td>220KV</td><td>233</td><td>56,535.00</td><td>18,453.383</td></tr>
<tr><td>132KV</td><td>332</td><td>29,553.00</td><td>16,884.9968</td></tr>
<tr><td>110KV</td><td>37</td><td>2,330.00</td><td>1,763.965</td></tr>
<tr><td>100KV</td><td>38</td><td>2,798.00</td><td>701.403</td></tr>
<tr><td>66KV</td><td>7</td><td>127</td><td>594.800</td></tr>
<tr><td>Total</td><td>681</td><td>1,28,970.00</td><td>48318.0448</td></tr>
</table>
As further informed by the management of the Company, present transmission system availability and losses as against MERC benchmark are narrated as under:
HVAC System (MERC Benchmark 98%)
<table>
<tr><th>Year</th><th>2018-19</th><th>2019-20</th></tr>
<tr><td>Avail</td><td>99.58%</td><td>99.59%</td></tr>
</table>
HVDC System (MERC Benchmark 95%)
<table>
<tr><td>Year</td><td>2018-19</td><td>2019-20</td></tr>
<tr><td>Avail</td><td>95.89%</td><td>97.64%</td></tr>
</table></td><td>Factual</td></tr>
<tr><td>(V)</td><td>How much transmission loss in excess of prescribed norms has been incurred during the year and whether the same been properly accounted for in the books of accounts?</td><td>We have not carried out technical verification of the information required under this clause. Based on the information, explanation and the representation received from the management the information in this regard is furnished as under.
The benchmark set by MERC for Transmission Losses is 4.85% and the Transmission Losses incurred by MSETCL during the F.Y. 2019-20 as computed by Maharashtra State Load Dispatch Center (MSLDC) are tabulated below:</td><td>Factual</td></tr>
</table>

<table>
<tr>
<td></td>
<td></td>
<td>
<table>
<tr><th>Intra State Transmission System (In. STS) Grid Loss for F.Y. 19-20</th><th>Energy Input Intra STS</th><th>Energy Output Intra STS</th><th>Trans mission Loss</th></tr>
<tr><td>Month</td><td>(In Million Units)</td><td>(In Million Units)</td><td>(in % age)</td></tr>
<tr><td>Apr-19</td><td>14,309.81</td><td>13,829.20</td><td>3.36%</td></tr>
<tr><td>May-19</td><td>14,899.70</td><td>14,412.00</td><td>3.27%</td></tr>
<tr><td>Jun-19</td><td>13,294.38</td><td>12,847.35</td><td>3.36%</td></tr>
<tr><td>Jul-19</td><td>12,079.63</td><td>11,692.80</td><td>3.20%</td></tr>
<tr><td>Aug-19</td><td>11,792.77</td><td>11,428.28</td><td>3.09%</td></tr>
<tr><td>Sep-19</td><td>11,356.63</td><td>11,026.58</td><td>2.91%</td></tr>
<tr><td>Oct-19</td><td>11,783.82</td><td>11,445.26</td><td>2.87%</td></tr>
<tr><td>Nov-19</td><td>11,998.41</td><td>11,622.67</td><td>3.13%</td></tr>
<tr><td>Dec-19</td><td>13,422.23</td><td>12,983.14</td><td>3.27%</td></tr>
<tr><td>Jan-20</td><td>13,393.16</td><td>12,964.18</td><td>3.20%</td></tr>
<tr><td>Feb-20</td><td>13,503.54</td><td>13,083.34</td><td>3.11%</td></tr>
<tr><td>Mar-20</td><td>13,339.93</td><td>12,926.21</td><td>3.10%</td></tr>
<tr><td>Total</td><td>1,55,174.005</td><td>1,50,261.007</td><td>3.17%</td></tr>
</table>
From perusal of the table above, it is evident that Transmission Loss incurred by MSETCL was 3.17% which is below the MERC's benchmark. The said loss in accounting parlance is to be termed as “Normal Loss” not requiring any separate accounting in the books of accounts.
</td>
<td></td>
</tr>
<tr>
<td>(VI)</td>
<td>Whether the assets have been constructed and completed on behalf of other agencies and handed over to them has been properly accounted for in the books of Accounts.</td>
<td>Based on the information, explanation and representations received from the management of the Company, the details in this regard are as under:
As informed to us in course of our audit, the Company has divided its field operations amongst seven different zones in the state of Maharashtra. The major activity of the company is 'transmission of power'. Company also undertakes construction of small sub-stations, towers, plants etc., for the supply of power to other agencies on 'order specific basis'. Such works are identified in the company as 'ORC works'. The company charges 'Supervision Fees' over and above the expenditure incurred for executing such “ORC Work” which gets recognized as company's revenue.
The details of ORC works across its different zones, as provided by the management, are given in the table below:</td>
<td>Factual</td>
</tr>
</table>

Sr. No.	Zones	ORC works as at 01.04.19 (Nos)	ORC works added during the year (Nos)	ORC works completed during the year (Nos)	Balance ORC works remaining as at 31.03.20 (Nos)
1	Amravati	9	12	13	**8**
2	Aurangabad	6	4	2	**8**
3	Karad*	4	4	1	**7**
4	Nagpur	24	5	4	**25**
5	Nasik	22	2	10	**14**
6	Pune	109	15	0	**124**
7	Vashi	77	8	13	**72**
	Total	**251**	**50**	**45**	**290**

In course of execution of the ORC works, deposits are taken from parties for whom the company performs/ executes such ORC works. Such ORC deposits are accounted for under GL Code 123100 which has an outstanding balance of Rs. 1,13,432.38 Lakhs (Previous Year Rs. 80,304.65 Lakhs as at 31.03.19). It was observed that old unreconciled balances are appearing in the said ledger for which details were readily not available with the respective profit centre within said seven zones of the Company.

However, it is to be noted that the ultimate ownership of such assets is with the Company only. The Assets are not handed over to the Other Agencies. The deposits collected from them is adjusted against the Assets constructed and a nominal value of Re. 1 is kept in the Asset Master for identification..

Execution of MEDA project is done in two ways.

(i) wherein the vendor gives the entire amount beforehand for execution of the project to the Company as ORC deposit and the Company after the execution of project reimburses 50% to the vendor and creates the asset of the same value and the remaining 50% is paid by MEDA to the vendor.

(ii) wherein the vendor itself executes the project and the Company subsequently pays 50% of the cost of project to the vendor and MEDA reimburses the remaining 50% to vendor.

The amount payable by Company to the vendor/

		private developer is accounted for under GL code 131010. It has been observed that both such GL codes (123100 & 131010) remain unreconciled as at the year end. Complete details of such projects falling under MEDA grant are not readily available with the Company. As a result, whether Asset Capitalization of such MEDA projects is accurate or not cannot be commented upon. "Substantial amount of employee, admin and other costs are not being loaded to ORC works and for the appropriate calculations at the time of estimations." Please refer statutory audit report of even date on the Stand Alone Ind AS Financial Statements of the Company, particularly para 2.16, 2.19 and 2.21 (GL Code-237030). *Opening Balance is not as per the closing balance of the last year due to non-reporting of 2 ORC works which was accepted during 2018-19.	
VII	**Items contained in the inspection report of CAG in previous year and remaining open till the date of Balance Sheet under report**	Please refer Appendix II-(a) and Appendix II-(b) to this report for the list of such items	
VIII	**Other Matters**	1. Based on the selective examination, double payment amounting to Rs. 1.02 Lakhs has been made to 1 employee during the year and same was recovered from employee once the error got noticed.	Necessary steps have been initiated to strengthen the payroll system to avoid such errors.
		2. Scope of internal audit needs to be enhanced to make the same commensurate with the size of the Company and its nature of the business	Scope of Internal Auditor is being reframed to resolve any untouched matter.
		3. Employee Master maintained in SAP system; several employees have similar Permanent Account Numbers for which no satisfactory explanation provided.	Necessary steps have been initiated to strengthen the payroll system to avoid such errors.
		4. The data given by the Company for actuarial valuation is found to be erroneous and corrected in course of our audit to the extent errors noticed and acted upon. This process needs to be strengthened to make it accurate.	Necessary steps have been initiated to update the employee data on realtime basis to avoid such errors.

		5. In course of our audit the data/details pertaining to Central Provident Fund (CPF) contributions and interest thereon are not made available for verification ; as a result the shortfall ,if any, on account of contributions/interest could not be accurately ascertained. The Company needs to ensure year wise reconciling the numbers of contributions, shortfall of interest, funds transferred to CPF.	The Statutory Audit of MSEB CPF Trust in under process. The provisional certificate produce by them shows a shortfall of Rs 91 lakhs pertaining to MSETCL. However, MSETCL has already made sufficient provisions for such shortfall in the Financials. The final reconciliation would be done on the completion of Statutory Audit of CPF Trust.

Appendix- I: -Vendor Code having negative balances

Vendor Code	Balance as at March 31, 2020 (Amount Rs.in Lakhs)	Vendor Code	Balance as at March 31, 2020 (Amount Rs. in Lakhs)	Vendor Code	Balance as at March 31, 2020 (Amount Rs. in Lakhs)	MSETCL's Replies
4000000276	-226.92	4000000730	-0.04	4000001006	-0.22	Necessary instructions has been given and reconciliation is being done at field offices
4000000111	-24.96	4000004972	-0.58	4000000969	-3.06	
4000000086	-26.85	4000000154	-5.33	4000001033	-0.01	
4000000377	-0.06	4000000361	-0.20	4000000164	-0.42	
4000000064	-2517.96	4000000228	-9.50	4000001552	-5.44	
4000000010	-449.45	4000000916	-5.74	4000005605	-0.10	
4000000425	-179.78	4000001067	-114.77	4000000152	-22.71	
4000000093	-241.14	4000000354	-3.69	4000000441	-2.77	
4000000123	0.00	4000000922	-18.49	4000009661	-0.08	
4000000403	-17.71	4000000351	-2.09	4000008012	-0.19	
4000000296	-71.45	4000000934	-23.49	4000001301	-0.01	
4000000391	-1.13	4000000161	0.00	4000006894	-0.05	
4000000389	-5.72	4000000014	-6.11	4000007463	-0.42	
4000000330	-8.64	4000000424	-149.41	4000000799	-0.23	
4000000216	-67.14	4000000217	-40.30	4000001338	-0.25	
4000000115	-128.24	4000000052	-51.18	4000005377	-0.25	
4000000417	-36.43	4000000938	-57.99	4000006164	-3.97	
4000000277	-4.49	4000000890	0.00	4000002720	-0.37	
4000000066	-238.46	4000000133	-218.10	4000004214	-9.31	
4000000476	-24.96	4000000165	-4.33	4000000442	-3.52	
4000000400	-0.61	4000000359	-32.59	4000000043	-95.40	
4000000119	-0.61	4000000893	-71.58	4000015817	-0.01	
4000003697	-17.010	4000000175	-14.440	4000000068	-0.80	
4000000011	-307.820	4000000254	0.000	4000003592	0.00	
4000000140	-46.200	4000000875	-97.660			
4000003173	-0.010	4000001031	-2.400			

Appendix II(a) :- Items contained in the inspection report of CAG in previous year (i.e. 2018-19) and remaining open			
Sr No	**CAG's COMMENTS**	**MSETCL's REPLY**	**Status as at end of FY 2019-20 and Auditor's Remarks**
A. Comments on Profitability Ind AS Compliant Statement of Profit & Loss Revenue Other Income (Note 22): Rs.292.85 Crore Other Miscellaneous Income: Rs. 182.07 crore			
1	**This does not include Rs.30.46 crore being interest recoverable on mobilisation advances which should have been recognised. Non recognition is not in conformity with the accounting policy adopted by the Company. This resulted in understatement of other miscellaneous income and profit for the year by Rs.30.46 crore and understatement of Trade Receivables to that extent.**	As per Accounting policy of the company disclosed under Note no 2.15 to the notes to account for the financial year 2019-20, interest income is accounted on accrual basis considering the certainty of the revenue. Further, the purpose of retention amount and bank guarantees with the Company is to secure performance of the contract and not to recover interest which is yet to be accepted by the agencies. With regard to the mobilization advance given to contractors, the company will account the same in books of accounts upon its ultimate realization.	The concerned matter (of GL Code 123060 & 290020) is covered under para 'Basis for Modified Opinion' please refer to 2.21 above
Expenses Other Expenses (Note 26): Rs. 309.45 crore Miscellaneous Losses and provisions: Rs. 0.36 crore			
2.	**This does not include provision on disputed transmission charges of Rs.49.68 crore already recognised but pending before the Appellate Tribunal for Electricity. The transmission licensee (M/s Sai Wardha Power Generation Ltd.) is also under the Corporate Insolvency Resolution Process. Non-Provision on the disputed claim is not in conformity**	There is a valid Bulk Power Transmission Agreement (BPTA) with M/s SWPL in pursuance of which invoices has been raised for transmission charges for the allocated capacity of 130/135 MW coupled with favourable decision of Hon'ble MERC in the instant matter. Though the matter is further pending with APTEL for its final decision, NCLT has initiated corporate insolvency proceeding against M/s SWPL under Insolvency and Bankruptcy Code 2016 (IBC), wherein IRP has been appointed and admitted a claim of Rs. 34.00 crore against the total claim	The Concerned item is covered by para 'Basis for Modified opinion' in our Standalone Audit Report. Refer Para 2.4 of the said report.

	with Ind AS 18 - Revenue resulting in understatement of other expenses and over statement of trade receivables with consequent overstatement of profit for the year by Rs.49.68 crore.	lodged by the Company of Rs. 119.51 crore keeping the balance amount of claim as contingent claim. It is noteworthy that the IRP has not rejected any amount of claim made by the company. Recently, NCLT has issued an order dated 17/10/2019 in the matter of IBC proceedings against M/s SWPL approving the Resolution plan submitted by the Resolution applicant wherein the admitted and contingent claim of operational creditors has been proposed to be paid in the phased manner within a period of 24 months as per the Resolution plan incorporated in the said order. In view of above, the provision for doubtful debts (Rs.8851.41 Lakhs) made in the books of accounts for the said receivable amount seems to be sufficient and hence no further provision has been made in the F.Y. 2019-20. MSETCL received Rs. 15 lakhs vide NCLT order no. 275/7/HDB/2019 dated 17/10/2019 as against the company claim of Rs. 119.51 crore. Further, MSETCL filed for appeal in NCLAT. NCLAT dismissed the appeal in Order No. 1401/2019 dated 03/02/2020. MSETCL filed for appeal in SC to challenge NCLAT order. Due to COVID period submission is awaited.	
Rates and Taxes: Rs. 10.20 crore -			
3.	**This does not include Rs.31.15 crore being property tax on leasehold land resulting in the understatement of**	Provision for property tax has been passed vide document number 100145636 dated 11/12/2019. No provision is made for interest due to late payment of property tax. MSETCL has approached Energy	The Company does not have accurate bifurcation of leasehold / freehold properties. Refer Para 2.6 and 2.21 of 'Basis for Modified Amounting' (GL Code 230040, 230050, 230060) of our standalone audit report. Considering

	rates and taxes with consequent overstatement of profits for the year by Rs.31.15 crore and understatement of Other Current Liabilities to that extent.	Department for waiver of property tax or levy the tax considering the purchase value of the property as against the capital value of the property used by the Navi Mumbai Municipal Corporation for the computation of property tax.	observation of CAG, company is advised to make provision for interest on late payment of property tax.
B.	**Comments on Financial Position** **Balance Sheet** **Assets** **Current Assets** **Trade Receivables (Note 10.2): Rs. 2320.67 crore**		
4.	**This does not include the differential amount of Outright Contribution (ORC) receivable from Maharashtra Eastern Grid Power Transmission Company Limited (MEGPTCL), resulting in understatement of trade receivables and overstatement of ORC work-in-progress by Rs.18.68 crore.**	As far as the matter of accounting based on demand notice is concern towards interest income of Rs. 12.63 crore, the company does not recognize any income on the basis of issuance of demand notice as is evidenced from the accounting policy adopted by the company as per Note No. 2.15 to the financial statement of FY 2019-20. The issue of demand notice doesn't entail into accrual of income. As also with regard to ORC deposit, the same is accounted on the basis of receipt of the same, as issuance of demand notice doesn't result in increase in receivable and depends whether the other party is agreeing to it.	The concerned matter (of GL Code 260040 & 260060) is covered under para 'Basis for Modified Opinion' in our Standalone Audit Report. Refer Para 2.21 of the said report.
Equity & Liablity **Equity** **Other Equity (Note 13): Rs. 2091.98 crore** **Special Reserve Fund: Rs. 139.39 crore**			
5	**This includes Rs.76.58 crore appropriated from profits during 2013-14 and 2014-15 as per the provision of MERC Regulations, 2005. Though the constitution of Special Reserve Fund (SRF)**	As per MERC Regulation 2005, out of the total amount of Efficiency gain/losses, 1/3rd was to be shared with the TSU, 1/3rd was to be retained as special reserve to be offset against the future losses due to controllable factors (if any) and the remaining 1/3rd is to be shared with MSETCL. Accordingly, MSETCL	We concur with the response of the management.

	was repealed by the MERC (MYT) Regulation, 2011 the Company continued the appropriation during 2013-14 and 2014-15 (even though the new regulations were applicable to the company during this period) resulting in unauthorised appropriation to SRFs and understatement of Retained Earning to the extent of Rs.76.58 crore.	has appropriated the 1/3rd amount of efficiency gain as Special Reserve in the respective years where the said regulation was applicable. Further, MSETCL had asked for deferment from MERC MYT Regulation 2011, which was applicable from FY 2011-12 to FY 2012-13. Thus, MERC Regulation 2005 was made applicable to FY 2011-12 and FY 2012-13 also.	
	Accumulated SRF of Rs.139.39 crore has also been lying since April 2015.	Vide the Tariff Order in Case No 207 of 2014 dated 26.06.2015 MERC directed that the 1/3rd of the Efficiency gain for FY 2012-13 be appropriated to the Special Reserve during the true up of FY 2012-13. Accordingly, the shortfall on the special reserve accounts was provided during FY 2014-15. Thus, there was no violation of regulation and the amount provided for during FY 2013-14 and FY 2014-15 were the shortfall pertaining to FY 2011-12 and FY 2012-13 respectively. Furthermore, as per Regulation 19.1.(b) the special reserve is to be offset against the future losses due to controllable factors (if any). The O&M Expenses claimed by MSETCL are below the normative and thus there has been no loss till the last true up order hence the special reserve could not be utilise by MSETCL in the past years. If any such Efficiency loss arises in future, then the special reserve will be utilised in future.	

<table>
<tr><td colspan="4">Non Current Liabilities
Other Non-current Financial Liabilities (Note 14.2): Rs.1875.25 crore
Other Deposits: Rs. 832.24 crore</td></tr>
<tr><td>6</td><td>This includes deposit of Rs.45.09 crore in respect of ORC works completed and commissioned during 2018-19. Non-adjustment of the deposits resulted in overstatement of deposits by Rs.45.09 crore and consequent overstatement of ORC work-in-progress under Capital Work-in-progress to that extent.</td><td>Three ORC works with capex expenditure amounting to Rs. 40.97 crore have been capitalized by knocking off the deposit in FY 2018-19. Five ORC works having capex expenditure amounting to Rs. 4.12 Cr. will be capitalized in FY 2020-21 after finalizing QV / Final bills.</td><td>The concerned matter (of GL Code 123100) is covered under para 'Basis for Modified Opinion' in our Standalone Audit Report. Refer Para 2.21 of the said report.</td></tr>
<tr><td colspan="4">Other Current Liabilities (Note 19): Rs.21.37 crore</td></tr>
<tr><td>7</td><td>Goods and Service Tax (GST) is applicable to deposits received as consideration for the supply of goods or rendering services in terms of Section 2(31) of the CGST Act,2017. The Company has not collected and deposited GST on ORC deposits resulting in short assessment and collection of GST by Rs. 43.13 crore (*) with consequent understatement of other current liabilities and other current assets to that extent.

*Rs.377.78 crore x 18/118 minus GST of Rs.14.50 crore on</td><td>In case of ORC works, MSETCL collects deposits from Outright Consumers before executing the works and treats as ORC Deposits in the books of accounts of MSETCL. It is shown in the liability side of the balance sheet of the MSETCL. This amount is finally set off against the actual cost of the construction /works at the time of completion of all activities of the works. Till the constructions stage, the expenditure incurred on these works is shown as Capital WIP and finally on the completion of the works this deposit amount is set-off against the total works cost. The Asset is capitalized in the books of MSETCL at Re. 1. The Operation & Maintenance (O&M) of asset is carried out by MSETCL. As Asset does not transferred to the ORC Consumers, there was an ambiguity whether it is supply service or otherwise.
MSETCL has submitted Application for Advance Ruling vide ARN AD270419019782S dated</td><td>The concerned matter (of GL Code 123100) is covered under para 'Basis for Modified Opinion' in our Standalone Audit Report. Refer Para 2.21 of the said report.</td></tr>
</table>

	supervision charges already shown in the books of accounts.	25.04.2019 to Authority of Advance Ruling (AAR), GST Department regarding Applicability of GST on Deposit for Dedicated Distribution Facility (DDF)/ Dedicated Transmission System (DTS) /Out-right Contracts (ORC). The same is "Pending for Order" till date. However, as a conservative measure, MSETCL has issued Circular in May-19 for charging GST on the estimated cost of the ORC Works including supervision charges and same is paid to GST Authority. The decision regarding collection of GST on ORC deposit for the period from July'17 to March'19 shall be acted upon Order/Ruling from AAR in this regard. Order / Ruling from AAR is still awaited, meanwhile MSETCL has initiated the correspondence with AAR vide letter no.- 446 dated: 17.01.2020 & no.2650 dated 31/07/2020	
Appendix II-(b):- Items contained in the inspection report of CAG Prior to FY 2018-19 and remaining open			
A. Comment on Profitability **Ind AS Compliant Statement of Profit & Loss**			
1.	**Income - Other Income (Note 23): - Rs. 1033.31 crores. (Total of the Items remaining open – Rs. 4.35 crores)**		
1(a)	**This includes Rs.3.81 crore, being the supervision charges deposited by third parties in three circles for Outright Consumers works for which the works are not taken up/completed. This resulted in overstatement of Other Income and profit and understatement of Other Non-current Liabilities by Rs.3.81 crore.**	As per Para 35 of Ind AS 115, an entity transfers control of a good or service over time and, therefore, satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met: (a) the customer simultaneously receives and consumes the benefits provided by entity's performance as the entity performs (b) the entity's performance creates or enhances an asset (for example, work in progress) that the customer controls as the asset is created or enhanced, or (c) the entity's performance does not	The Concerned item is covered by qualification/disclaimer please refer to our 'Basis of Modified opinion' under para 2.16 of audit report for FY 2019-20

		create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date. MSETCL does not fulfil any of the above criteria and hence recognizes revenue on the basis of receipts in its books of Accounts.	
1(b)	**This does not include interest of Rs 54.19 Lakhs on outstanding mobilisation advance pending recovery from M/s G.K Power and M/s Rounak Industries .This has resulted in under statement of Other Income and Trade Receivable with over statement of Loss for the year to the extent of Rs. 54.19 Lakhs.**	Entire Interest of Rs. 30.90 lakhs is adjusted from retention money lying with company against M/s Rounak vide document No. 100201850 & 100222248 in FY 2017-18. Interest of Rs. 14.09 lakhs is recovered from bills outstanding of M/s G K Power from O&M circle.	Remaining Interest of Rs. 9.20 Lakhs has not been accounted in FY 2019-20
	B. Comments on Financial Position Balance Sheet Assets Property, Plant and Equipment (Note 4.1): Rs.16,222.78 crores (Total of the Items remaining open – Rs. 10.75 crores)		
2	**This does not include Rs.10.75 crore being the value of various assets commissioned in 2017-18 but not capitalised. This resulted in under statement of Non-current Assets with consequent overstatement of work in Progress by Rs.10.75 crore. The impact on the depreciation for the year due to understatement of Non Current Assets could not be quantified.**	Out of Rs. 10.75 crores, Rs. 22.88 lakhs is pending to be capitalised due to non-approval of final QV proposal. PC-5700 Rs. 70.84 lakhs: The final QV Proposal for obtaining approval from Corporate Office Mumbai is submitted by SE[C] EHV CCCM Circle Nasik vide L No. SEC/EHV/CCCMC/NSK/ 0012 Dt. 03-01-2020 to SE EHV Project Circle Nasik. The approval & PO Edit work thereof is yet to be obtained. Thereafter the Final PO punching work & SEs can be taken by DO Jalgaon. The amount of Rs. 28,16,619.80 for 1st RA Bill is capitalized in 06 Nov-2019. The remaining amount can be capitalized after final PO punching	The Concerned item is covered by qualification/disclaimer please refer to our 'Basis of Modified opinion' under para 2.5 and 2.21 of audit report for FY 2019-20

		in system & also there is saving to tune of 27.94 % in this work. Thus Final PO amount Rs. 51.05 - Less earlier Rs. 28.16 = Rs.22.88 Lakhs can be capitalized after necessary approval.	
3.	**Capital Work-in –progress (Note 4.2): Rs. 2,68,633.64 Lakhs (Total of the Items remaining open – Rs. 6.46 crores)**		
3a)	**This includes Rs.2.70 crore being deposits taken from parties for construction of bays which had been allotted during the year. However, the amount was not adjusted from deposits. This resulted in overstatement of Other Non-current Financial Liabilities (Other deposits) and overstatement of other non-current assets by Rs.2.70 crore.**	The reconciliation is in process and the deposit will be knock off against the assets in FY 2020-21.	The Concerned item is covered by qualification/disclaimer please refer to our 'Basis of Modified opinion' under para 2.19 and 2.21 of audit report for FY 2019-20
3b)	**This includes Rs 217.00 Lakhs incurred by the Company towards the security charges at work site which was recoverable from the Contractors. This has resulted in overstatement of Capital Work-in-progress and understatement of Other Receivables to the extent of Rs.217.00 Lakhs.**	MSETCL had awarded the work of 220KV Nandgaon Peth S/Stn and 220KV Anjangaon S/Stn along with its associated lines in Amravati District and 220 KV Malegaon S/St and 132 KV JalgaonJamod S/Stn along with their associated lines in Buldhana District to M/s ECI - Shanghai JV. However, due to non-performance of M/s ECI-Shanghai JV, MSETCL had terminated their EPC contract vide letter MSETCL/ED(P)/EPC/6243 dated 08/05/12. In order to safeguard the materials and assets w.r.t. the above mentioned projects lying at the above mentioned sites and to avoid the possibility of theft, the competent authority decided to	Status quo remains. The matter is informed to be still sub-judised

		provide MSETCL's security at those sites. Thus, the expenditure so incurred on providing services of security guards during the period 2011-12 to March 2017 was accounted for under Capital Work in Progress. Which will be treated as receivable and reduced will be accounted for in the F.Y. 2017-18. MSETCL, in turn has awarded the contract on 'risk and cost basis' to other contractors for completion of above mentioned schemes of M/s ECI Shanghai. The company will certainly initiate recovery of such excess charges incurred from the erring contractor i.e. M/s ECI Shanghai. There are no future claims expected from M/s ECI, so option of encashment of BG is being explored. However, the matter is subjudised. The decision will be taken subject to final decision of the Court.	
3c)	**This also includes Rs 159.42 lakh being ineligible price variation paid to the contractors on the tax element included in the price of the materials which resulted in overstatement of Capital Work-in-progress and understatement of Other Receivables by Rs 159.42 lakh.**	Recovery of excess PV amounting to Rs. 1.70 crore was recovered from the following contractors: **Name of agency** — **Excess PV Recovery** M/s ECI — 23,52,505 M/s KPTL — 44,90,358 M/s KEC — 7708861 M/s JSL — 8,90,003 M/s GE (Alstom) — 15,31,617 Total — 1,69,73,344/- Para no.11:- Excess payment of price variation of Rs.31.20 Lakhs due to incorrect basis price. Reply to para no.11 :- Recovery of Rs.31.20 Lakhs is still pending due to non availability of bills in r/o M/s ABB Ltd.	Rs. 31.20 Lakhs pending to be recovered
	Equity & Liabilities Other Equity (Note no B) Rs. 1095.88 crores Reserves and Surplus: Rs 380.98 crores (Total of the Items remaining open – Rs. 4.49 crores)		
4.	**This includes Rs 449.00 lakh being the cost of**	Statutory Auditor's vide their Audit Report para IV 2(xiv) have qualified	ORC deposit has not been reconciled in the FY 2019-20

	ORC works treated as Income during 2014-15. The Company assured to make necessary adjustment during 2016-17. The non-compliance of the assurance resulted in continuance of the overstatement of Reserves and Surplus and Fixed Assets to the extent of Rs 449.00 lakh with consequent effect on the depreciation and loss for the year.	the said account related to ORC deposits as unreconciled. The Company had already initiated the necessary reconciliation drive in the field offices since previous years and the reconciliation process is in progress. After reconciliation of the same, the ORC deposit will be adjusted against concerned assets.	
5.	**Other Non-Current Financial Liabilities (Note: 14.2): - Rs. 1,467.89 crore (Total of the Items remaining open – Rs. 123.03 crores)**		
5a)	**This does not include Rs.0.87 crore being balance amount due to the contractor for work of capacitor banks at Pune which was completed during the year.** **Non provision has resulted in understatement of Other Non-current Liabilities and Non-current Assets by Rs.0.87 crore.**	Capacitor banks were commissioned on 28.03.2018, but as the final quantity / measurement was to be reviewed and the same has been done in FY 2019-20 and total due to contractor comes to Rs.81.41 lakhs, out of which Rs.67.32 lakhs is the saving and Rs.6.06 lakhs has been paid by Civil office. Balance Rs.8.03 lakhs will be paid in F.Y.2020-21 as the final bill is received from agency and is under process	The Concerned item is covered by qualification/disclaimer please refer to our 'Basis of Modified opinion' under para 2.21 of audit report for FY 2019-20.
5b)	**This includes Rs.2790.00 lakh deposited by M/s MEGPTCL towards capital works which have already been completed. As per the practise being followed by the Company, such deposits are adjusted against the cost of**	In the above context, it is to submit that M/S MEGPTCL has deposited Rs. 2790 Lakhs (excluding supervision charges) towards MSETCL for construction of 2X765kV End bays at 765kV Ektuni s/s for 765kV Akola-Aurangabad line Ckt-I & II. Cost estimate of 2X765kV End bays consist of electrical part & civil part of works required for construction of bays. 2X765kV End bays were	ORC deposit has not been reconciled in the FY 2019-20.

	assets. Non adjustment of deposits for completed capital works resulted in overstatement of Other Non-current liabilities with corresponding overstatement of Fixed Assets to the extent of Rs 2790.00 lakh.	commissioned on 27.05.2016. Amount incurred for construction of 765kV End bays was capitalized in SAP system and deposit of Rs. 2790 Lakhs (excluding supervision charges) is being adjusted against the asset in FY 2017-18 excluding the taxes. Actual cost for civil part of works & electrical part of works is derived on prorate basis for some of the items as common facilities for total substation works. Civil expenses details are under scrutiny and will be clubbed with electrical works expenses to submit revised demand note to M/S MEGPTCL. It is hereby submitted that the amount of Rs. 2790 Lakhs (excluding supervision charges) will be settled in year 2017-18 from the ORC deposits head with reference to the work completion at site & appropriate entry will be passed in SAP. It is further stated that Statutory Auditors in their Audit Report relating to F.Y. 2016-17, vide para IV-2(xiv) had duly qualified that Account GL Code 123100- ORC Deposit are unreconciled.	
5c)	**This includes Rs 400.00 lakh being deposit for construction of bays under ORC works against which the existing bays were allotted to the parties. As such, the deposits of Rs 400 lakh should have been set off by transferring the same to Other Income. This has resulted in understatement of Other Income and Overstatement of Non-**	In order to execute ORC works, deposits are taken from the parties for whom company performs/executes such ORC works. Aurangabad EHV O&M Circle has executed 7 ORC works with Rs 221 Lakhs including supervision charges and Nagpur O&M Circle had completed 8 ORC works worth Rs.237.00 Lakhs. Work Completion Report (WCR) against all the ORC works executed were received in the month of November 2017. Necessary accounting entry will be passed in FY 2017-18 as per the assets identified in Fixed Asset	Rs 400 lakh has not been accounted as "Other Income" in the FY 2019-20. The Concerned item is covered by the qualification/disclaimer please refer to our 'Basis of Modified opinion' under para 2.19 and 2.21 of audit report for FY 2019-20

	current liabilities and loss to the extent of Rs 400.00 lakh.	Register in accordance with the guidelines issued in context to Ind AS Policy. MSETCL is in the process of carrying out physical verification of Fixed assets, on completion of the same, the identification of proper assets and its value for adjustment against the ORC deposit amount would be done.	
5d)	**In response to the Audit Comments for the year 2015-16, the Company assured to adjust the deposits pertaining to the completed ORC works amounting to Rs 9,026.00 lakh during 2016-17 against Fixed Assets. The non-compliance of the assurance resulted in continuance of overstatement of Non-current Liabilities and Fixed Assets to the extent of Rs 9,026.00 lakh with consequent effect on the depreciation and the Loss for the year.**	Statutory Auditor's vide their Audit Report para IV 2(xiv) have qualified the said account related to ORC deposits as unreconciled. The Company had already initiated the necessary reconciliation drive in the field offices since previous years and the reconciliation process is in progress. After reconciliation of the same, the ORC deposit will be adjusted against concerned assets.	ORC deposits have not been reconciled in the FY 2019-20. The Concerned item is covered by qualification/disclaimer please refer to our 'Basis of Modified opinion' under para 2.19 and 2.21 of audit report for FY 2019-20.
Other Current Liabilities (Note No.19): Rs.5.86 crore (Total of the Items remaining open – Rs. 13.06 crores)			
6.	**This does not include Rs.13.06 crore being non-assessment and non-recovery of the labour cess for the period July 2010 to March 2018 (Nashik Project Circle).** **This resulted in understatement of Other Receivables and**	The labour cess is recovered and paid to the concerned authority in time. The balance amount would be recovered from the upcoming bills of the Vendors and the payment would be made immediately. Amount of Rs. 7.75 Crs has been recovered till date. The statement of the same is enclosed herewith. Further it is stated that Labour Cess of Rs.0.97 Crs could not be recovered	The Concerned item is covered by qualification/disclaimer please refer to our 'Basis of Modified opinion' under para 2 of audit report for FY 2019-20. The balances and recoveries from the vendors could not be properly verified in course of our audit in absence of requisite data/details sought from the Company.

	Other Current Liabilities by Rs.13.06 crore.	on the Work Orders issued to M/s Areva T&D India Ltd as per Ltr No. MSETCL/CO/F&A/9156 dtd 03.12.2019 which is also enclosed herewith.	
Other Comments **Notes to Standalone Financial Statements**			
7.	**The company stated in Note no.2.19 that it recognized Expected Credit Loss (ECL) on Trade receivables and other financial assets (Ind AS 109). Further, it stated that the loss allowances on trade receivables are as per the ECL model. However, the company has not followed the ECL model. This fact was disclosed in Note no.33 only in respect of one of its receivables - MSEDCL but not disclosed in respect of the other receivables. The Note no.33 is inadequate to that extent.**	The necessary disclosures has been done in note no-33 to financial statement of FY 2019-2020.	The balances and details of Trade receivables could not be properly verified in course of our audit in absence of requisite data/details sought from the Company. Please refer para 2 of audit report for FY 2019-20

Annexure 3 to the Independent Auditors' Report to the Members of Maharashtra State Electricity Transmission Company Limited

[referred to in paragraph 7 titled 'Report on Other Legal and Regulatory Requirements']

	Auditor's Comment	MSETCL's Reply
I.		
a)	The complete quantitative details and situation of fixed assets is not available with either in SAP or in erstwhile AR01 register.	MSETCL has implemented SAP/ERP and an exercise was carried out to update the Fixed Assets Registers by incorporating the quantative details.
b)	The management has not undertaken physical verification of the Company's fixed assets during the year. In the absence of such record and verification we are unable to state whether there are any material discrepancies and same have been properly dealt with in the books of accounts.	Instructions have been issued to carry out the physical verification of Fixed Assets profit centerwise.
c)	The records relating to immovable properties as reflected in the Standalone Ind AS financial statements (i.e. Land Title, Lease Deed, 7/12 extract etc.) are not maintained properly or updated and the same are not reconciled with the Standalone Ind AS financial statements as at March 31, 2020. In absence of complete records, we are unable to state whether all such immovable properties are in the name of the Company.	Compilation of ready made for the documentation of Land/Leasehold lands is in progress, however, it would take time since the same has to be collected from respective land authorities from various Zones.
ii.		
a)	The Company had planned an annual stock verification program for the F.Y. 2019-2020. The inspection/valuation of stocks lying with Company was not fully carried out by the Company during the year as per the said program due to outbreak of pandemic Covid19. And Inventory Physical verification report has not been shared with us hence consequential impact if any cannot be commented.	Factual
b)	In our opinion, the procedure of physical verification of inventory followed by the management is adequate in relation to size of the Company and the nature of its business, except for our observation in (a) above	Factual
c)	On the basis of our examination of records of inventory, in our opinion, the company has maintained proper records of inventory. The discrepancies noticed on such physical verification of inventories such as Direct Debit to Work (DDW) and the slow / non-moving inventories with ageing could not be satisfactorily explained, we are unable to comment whether discrepancies have been properly dealt with	Factual
iii.	According to the information and explanation given to us by the Company, the Company has not granted any loans	Factual

<table>
<tr><td></td><td colspan="4">to companies, firms, LLPs or other parties listed in the register maintained under section 189 of the Companies Act, 2013. Hence reporting under the clause (III) - (a) to (c) of the Order is not applicable to the Company.</td><td></td></tr>
<tr><td>iv.</td><td colspan="4">In our opinion and according to the information and explanation given to us, the Company has complied with the provision of section 185 and section 186 of the Act except following</td><td>Factual</td></tr>
<tr><td></td><td colspan="4">Non-compliance of Section 186
(Amt in lakhs)</td><td></td></tr>
<tr><td>Particulars</td><td>Name of Company/ Party</td><td>Amount Involved</td><td>Balance as at</td><td>Remarks, if any</td><td rowspan="2">Vide BR 64/07 dated 30.06.2011 Board of Directors of MSETCL has given approval for Rs. 22 crores investment in JV for OPGW network and same was mentioned in RfP also, Rs. 623.27 crores was only disbursement of funds and for that it was considered Hon'CMD approval was sufficient.</td></tr>
<tr><td>Investment made in Associate Company</td><td>Maharashtra Transmission Communication Infrastructure Limited</td><td>623.72</td><td>1760.91</td><td>Resolution sanctioning the amount involved of Rs.623.72 lakhs in meeting of the Board with the consent of all the directors present at the meeting could not be produced for our verification.</td></tr>
<tr><td>v.</td><td colspan="4">In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public during the year in terms of the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the rules framed there under. Accordingly, paragraph 3(v) of the Order is not applicable to the Company.</td><td>Factual</td></tr>
<tr><td>vi.</td><td colspan="4">We have broadly reviewed the books of account maintained by the Company as specified under Section 148(1) of the Act and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.</td><td>Factual</td></tr>
<tr><td>vii.</td><td colspan="4">In respect of statutory dues:</td><td></td></tr>
<tr><td>a)</td><td colspan="4">According to the information and explanations given to us and on the basis of our examination of records of the Company, in respect of amounts deducted / accrued in the books of account, the Company has generally been regular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax,</td><td>Factual</td></tr>
</table>

<table>
<tr><td rowspan="3"></td><td colspan="5">Sales Tax, Goods & Service tax, Service Tax, Value Added Tax, Cess and any other statutory dues, as applicable to the Company, during the year with the appropriate authorities. As informed, the duty of Customs and duty of Excise is not applicable to the Company during the year under report. There are no undisputed statutory dues payable in respect to above statues, outstanding as at March 31, 2020 for a period of more than six months from the date they became payable, except following:</td><td rowspan="3"></td></tr>
<tr><td>Name of the Statute</td><td>Nature of the Dues</td><td>Amount (Rs. In Lakhs)</td><td>Period to which the amount relates</td><td>Date of Payment</td></tr>
<tr><td>Finane Act,1994 (Service Tax)</td><td>Interest on Service Tax for previous year on the supervision charges collected from ORC vendors</td><td>267.34</td><td>FY 2014-15</td><td>Not Paid</td></tr>
<tr><td>b)</td><td colspan="5">According to information and explanations given to us and on the basis of our examination of the records of the Company, there is no disputed Income tax, Sales-tax, Service Tax, Goods & Service Tax and Value Added Tax as on 31st March, 2020 which have not been deposited except the following disputed dues which have not been deposited since the matters are pending with the relevant forum:</td><td>Factual</td></tr>
</table>

Name of Statue	Nature of the Dues	Period (A.Y) to which the amount relates	Forum where matter is pending	Amount (Rs. In Lacs)	
Income Tax Act, 1961	Fringe Benefit tax	2006-07	The Assistant Commissioner of Income-tax, Circle 14(2)(1) - Mumbai	17.58	As per the departmental records as on 05 December 2017, a demand of the Rs.49,23,180/- was payable by the Company. It was pointed out vide a rectification application that the said demand is erroneous since the Company had correctly made all the tax payments, however, under the wrong challan. Though the processing/corrections of the challan is under process by the tax department, this amount has been erroneously adjusted against the refund for the Assessment Year 2014-15.

Income Tax Act, 1961	Fringe Benefit tax	2007-08	The Deputy Commissioner of Income-tax, Circle 14(2)(1) - Mumbai	73.32	05 December 2017, a demand of Rs. 73,32,362/- was payable by the Company. It was pointed out vide a rectification application that the said demand is erroneous since the Company had correctly made all the tax payments, however, under the wrong challan. Though the processing/corrections of the challan is under process by the tax department, this amount has been erroneously adjusted against the refund for the Assessment Year 2014-15.
Income Tax Act, 1961	Income Tax	2008-09	The Income-tax Appellate Tribunal (Departmental Appeal)	328.41	A demand of Rs.3,28,40,877/-. In terms of Order giving effect dated 22 September 2011 an amount of Rs. 3,28,40,877/- is payable. Rectification Letter dated 01 February 2012 filed with the ACIT-10(1) against the same pointing out the errors apparent on record - Non granting of relief vis-à-vis the excess disallownace of depreciation to the tune of 28,11,46,639/-. After rectifying the errors amount refundable is Rs. 20,93,15,025/-. However the same has not been acted upon. No sum payable. However, the demand of Rs.3,28,41,000 has been erroneously adjusted against the refund determined for the Assessment Year 2010-11.
Income Tax Act, 1961	Fringe Benefit tax	2008-09	The Deputy Commissioner of Income-tax, Circle 14(2)(1) - Mumbai	24.46	As per the departmental records as on 05 December 2017, a demand of Rs. 24,45,709/- was payable by the Company. It was pointed out vide a rectification application that the said demand is erroneous since the Company had correctly made all the tax payments, however, under the wrong challan. Though the processing/corrections of the challan is under process by the tax department, this amount has been erroneously adjusted against the refund for the Assessment Year 2014-15.

Income Tax Act, 1961	Fringe Benefit tax	2009-10	The Deputy Commissioner of Income-tax, Circle 14(2)(1) - Mumbai	25.75	As per the departmental records as on 05 December 2017, a demand of Rs. 25,74,948/- was payable by the Company. It was pointed out vide a rectification application that the said demand is erroneous since the Company had correctly made all the tax payments, however, under the wrong challan. Though the processing/corrections of the challan is under process by the tax department, this amount has been erroneously adjusted against the refund for the Assessment Year 2014-15.
Income Tax Act, 1961	Income Tax	2009-10	The Commissioner of Income-tax (Appeals) - 22, Mumbai	19000.84	A demand of Rs. 1,90,00,83,669/- raised in terms of the Order dated 30 March 2011 passed u/s. 144 r.w.s. 147 of the Income-tax Act, 1961. Stay has been filed, the matter was partially heard by the CIT(A). The demand for this year is suo moto adjusted by Income Tax Department against the refund of AY 2019-20 on 23.07.2020.
Income Tax Act, 1961	Income Tax	2010-11	Commissioner of Income-tax(Appeals) - 22 - Mumbai	310.35	A demand of Rs. 3,10,34,590/- has been determined as payable in terms of an Order dated 21 December 2017 passed u/s. 143(3) r.w.s. 147 of the Income-tax Act, 1961. The matter is yet to be heard by the CIT(A). However, the said demand has been fully adjusted against the refund for the Assessment Year 2014-15 on 21 February 2018.
Income Tax Act, 1961	Income Tax	2011-12	The Commissioner of Income-tax (Appeals) - 22, Mumbai	1853.1	Amount of Rs. 18,53,09,560/- determined as refundable as per Assessment Order and adjusted against the demand for the AY 2010-11.
Income Tax Act, 1961	Income Tax	2012-13	The Assistant Commissioner of Income-tax, Circle 14(2)(1) - Mumbai	4.48	A demand of Rs. 3,11,05,282/- payable in terms of Order dated 31 March 2015 passed u/s. 143(3) of the Income-tax Act, 1961. The Commissioner of Income-tax (Appeals) - 22, Mumbai has fully allowed the appeal filed by the Company. Order giving effect to the CIT(A)'s Order is awaited and a request for same has

					already been made on 30 March 2017. Also in terms of an Order dated 04 December 2017 a sum of Rs. 4,48,120/- has been determined as refundable to the Company.
Income Tax Act, 1961	Income Tax	2012-13	The Commissioner of Income-tax (Appeals) - 22, Mumbai	9.71	A demand of Rs. 9,36,86,930/- has been determined as payable in terms of Order dated 27 February 2017 passed u/s. 154 of the Income-tax Act, 1961 - appeal has been filed with the CIT(A) which appeal is pending adjudication. Appeal pending with CIT(A). However, as per Order dated 21 December 2017 passed under section 143(3) r.w.s. 147 of the Income-tax Act, 1961, Rs. 9,70,568/- has been deter mined as refundable to the Company.
Income Tax Act, 1961	Income Tax	2012-13	The Income-tax Appellate Tribunal (Departmental Appeal)	311.05	CIT (Appeals) - 22, Mumbai has passed an Order u/s.250 of Income Tax Act, 1961 on 07.02.2017 giving relief of Rs.34.24 Crore to the Company by allowing deduction of prior period expenditure. The DCIT 14(2)(1), Mumbai has filed an appeal before Income Tax Appeallate Tribunal challenging the aforesaid Order of CIT (Appeals) - 22, Mumbai.
Income Tax Act, 1961	Income Tax	2013-14	The Commissioner of Income-tax (Appeals) - 22, Mumbai	936.87	A demand of Rs. 9,36,86,930/- has been determined as payable in terms of Order dated 27 February 2017 passed u/s. 154 of the Income-tax Act, 1961 - appeal has been filed with the CIT(A) which appeal is pending adjudication. Appeal pending with CIT(A).
Income Tax Act, 1961	Income Tax	2014-15	The Commissioner of Income-tax (Appeals) - 22, Mumbai	4056.58	A demand of Rs. 1,75,24,46,620/- has been determined as payable in terms of Assessment Order dated 30 December 2016 passed u/s. 143(3) of the Income-tax Act, 1961. The said Order has not been accepted as correct and binding and an appeal against the same has been filed to the CIT(A) - the said appeal is pending adjudication. However, in terms of the Order dated 04 December 2017 passed u/s. 154 of the Income-tax Act, 1961 a sum of Rs. 40,56,58,030/- has been determined as refundable to the Company. The appeal filed with the

					CIT(A) is pending adjudication. Out of total amount of Rs. 40,56,58,030/- an amount of Rs. 34,02,59,851/- has been refunded to the Company in terms of the refund order dated 11 May 2018 and balance refund amount of Rs. 6,53,98,179/- has been adjusted against the outstanding demand for AY 2006-07 to 2010-11 and AY 2015-16.
Income Tax Act, 1961	Income Tax	2015-16	The Commissioner of Income-tax (Appeals) - 22, Mumbai	166.76	The demand of Rs. 1,66,75,630/- has been determined as payable in terms of an Order dated 20 December 2017 passed under section 143(3) of the Income-tax Act, 1961. No sum payable - rectification application is pending. However, the said demand has been fully adjusted against the refund for the Assessment Year 2014-15 on 21 February 2018.
Income Tax Act, 1961	Wealth Tax	2015-16	The Commissioner of Income-tax (Appeals) - 22, Mumbai	3.12	The demand of Rs. 3,11,755/- has been determined in terms of an Intimation dated 14 November 2016 under section 35 of the Wealth-tax Act, 1957. A rectification letter/challan rectification letter has been filed - however, the same has not been given effect to. No sum payable - however, the Assessing Officer has to carry out the rectification. Meanwhile, the said demand has been fully adjusted against the refund for the Assessment Year 2014-15 on 21 February 2018.
Income Tax Act, 1961	Income Tax	2016-17	The Commissioner of Income-tax (Appeals) - 22, Mumbai	7107.68	Demand of Rs. 71,07,67,729/- has been determined as payable as per assess ment Order dated 28 December 2019. However, the Company has filed an appeal before CIT (Appeals), 22, Mumbai on 22.01.2020 against the said assessment order, the hearing for which is yet to be fixed.
Income Tax Act, 1961	Income Tax	2017-18	The Commissioner of Income-tax (Appeals) - 22,	4037.2	Refund of Rs. 40,37,19,825/- has been determined as per assessment Order dated 26 December 2019. However, the Company has filed an appeal before CIT

<table>
<tr><td></td><td></td><td></td><td>Mumbai</td><td></td><td>(Appeals), 22, Mumbai on 22.01.2020 against the said assessment order, the hearing for which is yet to be fixed.</td></tr>
<tr><td colspan="6">Note:
Please refer statutory audit report of even date on the Stand Alone Ind AS Financial Statements of the Company, particularly para 2.20.</td></tr>
<tr><td>viii.</td><td colspan="4">Based on our audit procedures and as per the information and explanations given by the management, the Company has not defaulted in repayment of loans or borrowings to banks, financial institutions or government during the year. The Company has not issued any debentures.</td><td>Factual</td></tr>
<tr><td>ix.</td><td colspan="4">During the year the Company did not raise any money by way of initial public offer or further public offer (including debt instruments). According to the information and explanation given to us, the term loans have been prima facie applied by the Company during the year for the purpose for which it was obtained.</td><td>Factual</td></tr>
<tr><td>x.</td><td colspan="4">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 neither come across any instance of fraud by the Company or any fraud on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such instance by the management.

However, during the course of our examination of the books of account and records of the Company and according to information and explanation given to us, we have noticed the incidence of fraud on the Company by its officers or employees. While checking the leave encashments it was noticed that Several employees have claimed and received leave encashment far in excess of what is permitted under the Company's laid down policy. It is also observed that such leave encashment is claimed seven to nine times in a block of two years by some employees, which doesn't seem to be an error. The 'Service Book' which records the leave encashment of such employees was observed to be blank during our checking, yet the excessive claims of employees got approved and paid. Such tendency of excess claiming of leave encashment was considered questionable and estimated amount involved in the said fraud is above Rs.1 Crore. This matter has been reported to Central Government by the Auditors during the year in terms of section 143 (12) of the Act.</td><td>Factual</td></tr>
</table>

xi.	As informed to us, the provisions of Section 197 are not applicable to the company, being Government Company, as per the notification of MCA dated 5th June 2015.	Factual
Xii	The Company is not a Nidhi Company. Therefore, the provisions of clause (xii) of paragraph 3 of the Order are not applicable to the Company.	Factual
Xiii	In our opinion and according to the information and explanations given to us, the Company is in compliance with the applicable provisions of Section 177 and 188 of the Act for all transactions with the related parties and the details of related party transactions have been disclosed in the Standalone Ind AS financial statements as required by the applicable accounting standard.	Factual
Xiv	According to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Therefore, the provisions of clause (xiv) of paragraph 3 of the Order are not applicable to the Company.	Factual
Xv	In our opinion and according to the information and explanations given to us, during the year, the Company has not entered into any non-cash transactions with directors or persons connected with them. Therefore, the provisions of clause (xv) of paragraph 3 of the Order are not applicable to the Company.	Factual
Xvi	In our opinion, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.	Factual

Annexure 4 to the Independent Auditors' Report to the Members of Maharashtra State Electricity Transmission Company Limited
[Referred to in paragraph 8(f) titled "Report on other legal and regulatory requirements"]

REPORT ON THE INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING UNDER CLAUSE (i) OF SUB-SECTION 3 OF SECTION 143 OF THE COMPANIES ACT, 2013 ('THE ACT')

Sr	Auditor's report	MSETCL'S Reply
	We have audited the internal financial controls over financial reporting of Maharashtra State Electricity Transmission Limited ("the Company") as at March 31, 2020 in conjunction with our audit of the Standalone Ind AS Financial Statements of the Company for the year ended on that date.	Factual
	In our opinion, the Company's internal financial controls system over financial reporting and design thereof needs to be improved to eliminate control lapses and make it comprehensive. Based on selective verification of process controls matrixes made available to us which require to be updated for some identified processes and risks, in our opinion and considering the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note, the operating effectiveness of such process controls and appropriate documentation thereof needs to be strengthened to make the same commensurate with the size of the Company and nature of its business.	MSETCL has appointed an Expert Professional to guide the Company for the development of internal control processes, which would exhibit the adequecy commensurating with the size of the Company and the nature of its business.
	MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.	Factual

	AUDITORS' RESPONSIBILITY Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.	Factual
	Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Standalone Ind AS financial statements, whether due to fraud or error.	Factual
	We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.	Factual
	MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that: a) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; b) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted	Factual

	accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and c) Provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the standalone Ind AS financial statements.	
	INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.	Factual

REPLIES TO THE STATUTORY AUDITOR QUALIFICATION ON AUDIT REPORT FOR THE CONSOLIDATED FINANCIALS YEAR 2019-20

REPORT ON THE AUDIT OF THE CONSOLIDATED Ind AS FINANCIAL STATEMENTS

OPINION

Sr. No.	STATUTORY AUDITOR'S REPORT	MSETCL's Reply
1.	We have audited the accompanying Consolidated Ind AS Financial Statements of Maharashtra State Electricity Transmission Company Limited ('the Company'), and its two Associates, which comprise the Consolidated Balance Sheet as at March 31, 2020, Consolidated Profit and Loss Account (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the Consolidated Ind AS Financial Statements " or "CFS").	Factual
	In our opinion and to the best of our information and according to the explanations given, subject to the deficiencies noted in internal controls pertaining to preparation and presentation of Consolidated Ind AS financial statements, coupled with non-compliances and audit observations noted in "Basis for modified opinion" paragraph below, the aggregate impact whereof is not quantified / ascertained, the Consolidated Ind AS financial statements read with the notes thereto, in our opinion, give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the financial position of the Company as at March 31, 2020 and its profit (including other comprehensive income), changes in equity and cashflows for the year ended on that date. We have not been able to obtain sufficient and appropriate audit evidences to ascertain the combined impact of the items noted in "Basis for modified opinion" paragraph, hence unable to comment thereon.	Factual
	Basis for Modified Opinion	
2	The following items form the basis for our modified opinion:	
2.1	Attention is invited to note no. 44 of Consolidated Ind AS Financial Statement giving details about accumulated Delayed Payment Charges ('DPC') as at 31st March 2020 amounting to Rs. 85,499 Lakhs (with reference to 8	The fact has been disclosed in the Financial Statements vide Note No 44. STU raises the Monthly Tarrif Charges Invoice to Distribution Licencees

	distribution licensees) relating to Financial Year 2015-16 under the head 'Other Income'. The Company had then taken reference of the order No. 31 of 2016 of Maharashtra Electricity Regulatory Commission ('MERC'), wherein MERC had reduced the Aggregate Revenue Requirement ("ARR") of the Company for F.Y. 2015-16 by the said amount, and classifying it as 'Non-Tariff Income'. Data/ details pertaining to the certainty over the realizability of such income (i.e. Trade Receivable) are not available with the Company. The accounting of such DPC as 'Other Income' in FY 2015-16 is in contravention to the applicable Accounting Standard as also Company's Accounting Policy, which in note No. 2.15 states that "Other Income is recognized on accrual basis except when ultimate realization of such income is uncertain". Had the Company not recognized such income of Rs. 85,499 Lakhs in the said earlier year, its balance of the retained earnings in the Statement of Profit & Loss and balance of Trade Receivable Account would have been lesser to that extent.	including the accumulated amount of DPC.
2.2	In terms of Provisions of section 143(12) of the Act, reporting of fraudulent practice noted in course of our audit, was made to the Central Government (CG), Secretary, Ministry of Corporate Affairs on April 24, 2020 pertaining to excessive claims getting reimbursed towards leave encashment of several employees being in non-compliance of Company's laid down policy. The controls pertaining to processing and payment of such claims were not observed to be appropriate, including the records like 'Service Book' of employee remaining blank for years, the estimated impact of such excessive claims being in addition to Rupees One Crore, reporting to CG was made. Impact for reversal, writeback of such excess paid/ provided is not yet ascertained.	1. On the basis of extract submitted by auditor, 717 employees' have received excess leave encashment. However, on investigation, it is revealed that there were only 74 instances of multiple leave encashment. 2. Majority of the multiple entries that are seen in the ERP system are due to the payment of DA arrears, Higher Grade Benefits and also due to the wage revision done in the year 2014. 3. However, irrespective of considering quantum of misconduct, HR. Dept. has taken this matter very seriously and directed to field offices and CO to ensure 100% recovery. 4. As such, a total amount of Rs. 43,12,879 was recovered on account of multiple leave encashment and the said fraud was not tuned to Rs 100 Lakhs as what statutory auditor pointed. 5. Action Taken: a. An independent vigilance enquiry has been initiated vide letter no. 2137 dated 15.04.2020 and report thereof is awaited. b. In order to prevent such misuse of the

		system and full proofing of the system, ERP system has been re-designed and re-configured. Now, system will not allow multiple entry of leave encashment. c. Disciplinary action is already started against the identified maker and checker responsible for the multiple leave encashment vide letter No. 2217 dated 03.06.2020. d. It is directed to maintain Leave Register for each block period and shall be post audited through the F&A personnel by the method of cross checking with the General Ledger Account of Leave Encashment in SAP system.
2.3	The Company's system/ processes to ascertain provision towards leave encashment, based on actuarial valuation needs to be strengthened, as the data of leaves and gratuity generated from the system and furnished to the actuary for valuation, was observed to be inaccurate. Accordingly, we are unable to comment upon the adequacy or otherwise of the actuarial valuation made in respect of leave encashment and gratuity valuations in the books of accounts, amount whereof has not been ascertained.	It was directed to all the offices to prepare data of fresh leave quota on the basis of on Service Book. Based on their data submitted to ERP Core Team, the ERP Core Team have uploaded the same in the system. Now, while submitting the data for actuarial data to Actuary, it is found that some of the data of leave quota was mis-match which is on later date rectified the error and sent finally to Actuary for valuation. Now, it is assured that next time more caution will be taken and 100% accuracy will be sent for valuation.
2.4	Party- wise break up of trade receivables with ageing is not readily available from the system. The details of ageing of Trade receivables prepared manually contained several inaccuracies. Hence, it could not be fully verified during the course of audit; accordingly, we are unable to comment upon adequacy of provision based on simplified version of Expected Credit Loss ("ECL") Method.	Since, the generation of invoices and auto posting thereof in SAP system is under development, the details regarding ageing of trade receivables were provided in excel utility. The Company appropriates the monies received from Distribution Utilities towards the clearance of old dues first, the outstanding dues pertaines against latest invoices. Accordingly ageing analysis were provided during the course of audit.
2.4.1	Further, details/ breakup/ confirmations of Trade receivables aggregating to Rs.2,73,028.22 Lakhs, sought for, were not made available for verification during the course of audit. Consequential impact of ascertainment	Though details of trade receivable have been provided, the balance confirmation from all the debtors have not received. As per the Company's

	of the realizability from these Trade Receivable and resultant provision, if any, for bad and doubtful debts on the Consolidated Ind AS financial statements has not been ascertained. Based on selective checking of available data/ information from the system and from State Transmission Utility ("STU") invoicing cell, it was noticed that trade receivables from several parties totalling Rs13,954.33 Lakhs are considered doubtful of recovery but not provided for.	assessment the provision for bad and doubful debt is sufficient. Out of Rs 13954 lakhs Rs.11613 lakhs has already been provided.
2.4.2	Further, differences were noted amounting to Rs.12,823.08 Lakhs in trade receivables as per SAP System and as per statement furnished by the STU of the invoices raised. In absence of complete data/ details, explanations of such differences, the combined impact thereof could not be ascertained.	STU has already submitted detail reconciliation for differences. The differences was mostly because of entris done by SLDC and field offices entries which was not in invoice of STU.
2.5	In terms of the provisions of Ind AS 101, "First Time Adoption of Indian Accounting Standards", the Company had availed option of Cost model of accounting for its Property, Plants and Equipment's ('PPE'). Accordingly, the carrying values of PPE on the transition date were taken as deemed cost and depreciation is calculated thereon manually on electronic spreadsheets considering the balance useful lives of items of PPE but without considering the residual value limits laid down by MERC regulations. As a result, several instances of charging excess depreciation on assets were noted. Further, in several cases the deprecation is manually calculated and provided at Head office for the assets located in Zone or Region for the reason of mismatches in dates of capitalization, critical spare items capitalization, etc. In absence of complete data/ details of such instances out of numerous line items of PPE, the combined impact of such erroneous depreciation is not ascertained.	The Company has appropriately done adjustment of deemed cost for PPE as on 01.04.2015.The consideration of net block as deemed cost is done as per guidance note on Ind AS Sch II by ICAI read with Ind AS 101 and appropriate disclosures have been made in the financial statements. Depreciation as per Ind AS on amount as per orginal cost method or as per carrying cost method comes to the same figure, as in SAP-ERP depreciation will be calculated on the original amount, also the residual value of 10% as per MERC regulations has been considered in the SAP-ERP for each assets. It is only for disclosure purpose in the financial statements. Company cannot change its present fixed assets register and fixed assets schedule in the system. In respect to depreciation for assets whose date of commissioning is prior to April 2019, the same needs to be manually calculated and entered in SAP/ERP System. This is due to late receipt of Work Completion Report (WCR) .However, procedures are being deviced for the generation of WCR through SAP/ERP itself, which would elimate the manual depreciation entry in future.

2.5.1	Moreover, deferred tax liability amounting to Rs.7,549.17 Lakhs under the head PPE recognized, could not be satisfactorily explained in course of audit	The Company has provided for the impact due to treatment of Inventory (Standby Equipments) as Property, Plant and Equipments as per Ind AS 16 in the Financials. However, the same is done manually as configuration of this treatment in SAP/ERP is under process. This impact accrues DTA/DTL based on the data available. The said working is being reverified through the services of Ind AS Consultant for proper confirmation.
2.5.2	The Company has not maintained adequate details pertaining to items/ components giving rise to deferred tax assets/ Liability (DTA/ DTL). In absence whereof the recognition and disclosure of the DTA/ DTL not being complete and correct, the impact thereof on Statement of Profit & Loss for the year is not ascertained.	
2.5.3	Without prejudicial the generality above, based on the scrutiny of available details of Asset register (ar01) during the course of our audit, the following discrepancies were also noticed:	
	a. Several items of fixed assets whose useful life has fully exhausted totalling Rs.28,768.64 Lakhs (Gross Book Value), Rs.21,027.95 Lakhs (Accumulated Depreciation) and having net book value of Rs.7,740.68 Lakhs, are part of said register, resulting in overstatement of the value of PPE to that extent.	MSETCL uses the Assets , if in working condition, even if the useful life of the asset as per technical norms is exhausted. However, necessary policy would be devised to create an new asset class for such old but in use assets.
	b. Depreciation is being charged on assets whose useful life is fully exhausted having estimated impact of Rs.2,672.00 Lakhs on Statement of Profit & Loss.	Necessary check points are initiated in the SAP/ERP System for controlling occurrence of such instances.
2.6	Based on the scrutiny of available details of free hold land, it was noticed that in the past, several items of leased land have been clubbed under this head; as a result, the amortization of such leasehold land is not carried out. In absence of complete data/ details of such instances, the impact thereof on Consolidated Ind AS financial statements is not ascertained.	Considering the numerous number of agreements that too from MSEB period, the task of identifying leasehold land clubbed under freehold land is difficult, however, the process of identifying the same has been initiated in the Field Units
2.7	It is noticed during the course of audit that 66KV substations/ transmission lines having Gross Book Value amounting to Rs.17,846.08 Lakhs and accumulated depreciation Rs.12,260.47 Lakhs as at 31st March 2020 are not in use for the operations of the Company. Pending testing for impairment of the same, we are unable to comment upon the carrying value of such assets in the books of accounts.	The 66KV lines and S/S are in operation, however, for ease, the operation and maintenance of these assets have been entrusted on MSEDCL by handing over the said assets. However, the modality for determining consideration for such transfer is under consideration.
2.8	It is observed from the SAP generated report (4.4 - Capex report) by the Company, Negative capital expenditure is	Field Units has adjusted the ORC deposit received against the CWIP incurred.

	charged to (reduce from) some schemes amounting to Rs.6,391.00 Lakhs for which no plausible explanation could be provided. To that extent Asset Under Construction (AUC)/ Capital Work in Progress (CWIP) in the Balance Sheet is understated. Further, there is no movement in some AUC line items since last more than two years, indications of impairment if any have not been tested by the Company for making appropriate provisions, impact thereof on the Consolidated Ind AS financial statements cannot be commented upon.	However, the adjustment is done in current year for previous years too, hence the capex during the year shows negative amounts. If the adjustmentis done from the Opening Capex amounts, the during the year capex would show NIL or Positive Amounts
2.9	From April 1, 2019, the new accounting standard i.e. Ind AS 116 "Leases" became effective. The Company has adopted the new standard with modified approach and recognized asset in the form of 'Right to Use' (representing its right to use the leased asset over the lease term) and also liability towards present value of the balance of future lease payments for the leases. However, due to non-availability of lease documents and other records relating to several properties taken under lease, the Company is not able to identify and recognise the Right to use of said leases, hence no treatment was given in terms of provisions of Ind AS 116 for such leased assets. Impact thereof on the Consolidated Ind AS financial statements has not been ascertained.	As discussed with the Ind AS Consultant, the leasehold land which is taken from GoM/CIDCO/MIDC are to be shown as Right Of Use Assets. However no lease liability is to be created as discussed in the ITFG, as there is no lease liability accruing on such assets.
2.10	The policy about inventory valuation of the Company (Note No 2.14) states that inventories are valued at lower of cost or net realizable value ('NRV') but in course of our audit it is noticed that the Company does not have any data or details about the NRV. As such, the inventories are valued at cost. The impact of such practice on Consolidated Ind AS financial statements is not ascertained.	The Core business of MSETCL is construction and maintenance of substation and lines. The inventory procured is of specific nature and is not for sale in the market. Moreover, the uniqueness of the business process of MSETCL makes the derival of NRV difficult. However, MSETCL would initiate a drive to capture data which would help to derive the NRV during the valuation process.
2.11	No inventory or data/ details/ description could be furnished for verification for the "Assets not in use - held for sale" (GL code 222010) amounting to Rs.3,615.43 Lakhs; moreover, such assets are held at their carrying value instead of "lower of carrying value or net realizable value". The impact, if any, thereof on Consolidated Ind AS financial statements has not been ascertained.	MSETCL has initiated steps to take a drive wherein the physical verification of assets is to be carried out to update the Fixed Asset Register. This activity would also cover the verification/reconciliation of Asset Not in use component. Necessary accounting entry would be passed after completion of the assignment.
2.12	The government Grants received by the Company amounting to Rs.23,850 Lakhs in Financial Year 2006-07 towards capital assets for specific projects out of which	The Government Grant is received for the construction of Sub-Stations and Lines in the Rural Areas as per the GoM

	Rs.16,256.10 Lakhs are deferred for recognition as revenue as at March 31, 2020. The details of these grants with specific assets there against and conditions to be satisfied for the same are not made available for our verification. Hence, correctness thereof pertaining to accounting in terms of provisions of Ind AS 20, "Accounting for Government Grants and Disclosure of Government Assistance "cannot be commented upon.	Policy. The Assets wise list was submitted to the GoM for grant requirement. The grant for these assets is given by GoM on lumpsum basis and not asset wise. MSETCL bifurcated the grant based on the cost of the assets.
2.13	The Company does not collate, maintain and present the details of dues to its vendors registered under Micro, Small and Medium Enterprises ('MSME') Development Act, 2006. Hence, correctness of provision for interest, if any, on outstanding dues to MSME could not be verified.	The fact has been disclosed in the Financial Statements at Note no 41
2.14	The prior period items of Income and expenses have been disclosed by the Company in Note No.48 but the same have not been restated/ recasted in the respective previous years as mandatorily required under Ind AS 8," Accounting Policies, Changes in Accounting Estimates and Errors".	The fact has been disclosed in the Financial Statements at Note no 48
2.15	Pursuant to Central Electricity Regulatory Commission ('CERC') order dated 19th December 2017 pertaining to FY 2014-15, the company has recognised an amount of Rs.599 Lakhs as income during the year as against receipt of Rs.10,789.41 lakhs, which until previous financial year was accrued fully as income. Impact of the said order for earlier period remains to be given in the accounts, as a result of which, Surplus in Statement of Profit and Loss would be lower, and Advance from Customer would be higher by amount which has not been ascertained.	As per CERC order in Petition No. 256/TT/2013 dated 18.05.2015 in which tariff for FY 2013-14 was Rs. 77.10 Crs (per year) which is revised by CERC order in Petition No. 173/TT/2016 dated 19.12.2017 for FY 2014-15 Rs. 5.99 Crs (per year). However even after revised order by CERC payment made by PGCIL was on the basis of earlier order till Sept 2019. After that there was no receipt by PGCIL.
2.16	The deposits from customers towards Outright Contracts ('ORC') amounted to Rs.1,13,432.38 Lakhs as at 31st March 2020. The company recognises its supervision charges upfront as income on receipt of deposits and not as and when supervision services are provided, which is contrary to the provisions of Ind AS 115 "Revenue from Contracts with Customers".	As per Para 35 of Ind AS 115 An entity transfers control of a goods or service over time and, therefore, satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met: (a) the customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs (b) the entity's performance creates or enhances an asset (for example, work in progress) that the customer controls as the asset is created or enhanced, or (c) the entity's performance does not create an asset with an alternative use to the entity and the entity has an

				enforceable right to payment for performance completed to date. MSETCL does not fulfil any of the above criteria and hence recognizes revenue on the basis of receipts in its books of Accounts.
2.17	The basis, quantum and completeness cannot be ascertained in the absence of required data/ details relating to the following income recognised during the year.			
	S N	**Nature of Transaction**	**Amount Involved (Rs. In Lakhs)**	
	1	Partial Open Access	7,615.94	The Distribution Linensees are paying the partial Open Access charges to MSETCL as per DOA Regulation 2016 Clause 14.5. This is main basis for recognising income. The same has been considered in the MERC Order in case no. 302 of 2019 at Clause 4.16.4 (Page no. 96-Copy Enclosed). As per this clause, the revenue from Partial Open Access is a Non tariff Income. Being non tariff income, It was not bifurcated among other transmission licensees.
	2	Long-Term Open Access	1,522.92	Tariff approved by MERC to CR vide MERC tariff order no. 91 of 2016 dated 22.07.2016. Subsequently additional LTOA was issued to CR for allocation of 120WM power from BRBCL vide STU letter No. 8089 dated 19.07.2017 for this monthly bill to CR was issued. MERC tariff order No. 265 of 2018 issued on dated 18.09.2018. In this order MERC approved tariff of CR considering additional LTOA issued to CR being part of CR. In view of the above combined billing to CR was started and stopped seperate billing for additional 120 MW to CR.
	3	Open access/ NOC Application processing fees	143.7	As per MAHARASHTRA ELECTRICITY REGULATORY COMMISSION (TRANSMISSION OPEN ACCESS) REGULATIONS, 2016 clause No. 5.2. The application for Connectivity shall be accompanied by a Demand Draft or proof of payment by electronic mode of a non-refundable fee of the following

				amount, for all except Renewable Energy based Generators is Rupees Two Lakh and for Renewable Energy based Generators is Rupees One Lakh. Which was duly paid by the consumers and accounted in during the year on account of Open access/NOC Application processing fee.
	4	Additional Transmission Charges	4,635.44	1. These charges are applicable only in case of conditions defined in MYT Regulation 2016 Clause No. (65). In other cases they are not applicable. Considering lacuna in billing process on account of difficulties previously observed on implementing these clause the billing was not done before November for add Tr. and Regulatory Charges. STU after taking approval of management stared billing on November and filed petition with MERC for removal of difficulties in MYT Regulation 2016 Clauses. 2. Add Tr. And Regulatory charges are charged as per conditions defined in MYT Regulation 2016 Clause No. (65). 3. The base TCR is allocated in transmission tariff order bu Hon'Ble MERC to all the TSUs. Hence these clauses become applicable to TSUs considered in the relevent transmission tariff order and billing is done accordingly. 4. The applicability of charges to a particular TSU is verified as per Clause 65 of MYT Regulation 2016 based on data/information from SLDC. Charges were included in monthly billing of transmission charges. 5. This amount being collected in STU pool Account is disbursed as per tariff order. 6. All Add. Tr. And regulatory charge were distributed to all Transmission Licencies as per there respective ratio mention in tariff order. And amount is not withold by MSETCL.

	5	Short-Term Open Access Charges	1,287.81	STOA Consumers deposits the charges in the bank account of SLDC and the same is repatriated to HO. The reconciliation takes place at a later date after receipt of details from STOA
2.18	During the year Company has revised its Pay scale to employees w.e.f. April 01, 2018, and same was approved by the Board of Directors of the Company post facto and it was decided to pay in 3 instalments out of which first instalment was paid and remaining two instalments were pending to be paid as at March 31, 2020. Hence provision for the same was made amounting to Rs.12,899.69 Lakhs for which details were not made available for verification. In the absence of required data/ details thereof, the basis, quantum and completeness of such provision made during the year could not be verified nor commented upon.			The details of arears to be provisioned was computed sent by HR Core Team. Based on this data, the provision of Rs. 12,899,69 Lakhs was made in the in the books of accounts.
2.19	Attention is invited to accounting Policy note no. 2.19 (C) of Consolidated Ind AS Financial Statement on "Accounting of Contributions received from Consumers against Outright Right Works (ORC Schemes)". As informed during the course of audit, there is specific policy on ORC assets/ Liabilities and income thereon, but the same was not observed to have been followed by the Company, impact of which could not be ascertained in absence of relevant data/ details.			MSETCL has specific policy on the treatment of amounts received against ORC schemes refered vide Note No 2.19 (C). However, several clarificatory issues are faced in Field Units , which needs that the policy be reframed with proper guidelines. The necessary upgradation of the policy would be done with the approval of the Competent Authority by Trans O&M Section.
2.20	Attention is invited to note no. 38 of Consolidated Ind AS Financial Statement giving details about "Contingent Liabilities and Contingent assets", full details as required under the statute are not accurately maintained. Hence, it could not be fully verified during the course of audit; accordingly, we are unable to comment upon adequacy of provision based on details available with the Company.			Necessary template has been developed in SAP/ERP System, wherein all the details would be made available for verification.
2.21	The amounts remaining and recognized in the following GL heads/ codes are subject to confirmation and reconciliation. The necessary data/ details pertaining to following were not made available during the course of audit for verification:			Replies to the same are updated in the Standalone file
GL Code	**Name of Account heads**		**2019-2020 Rs. In Lakhs Asset/Exp, (-Liability/Income)**	
100050	Grants towards cost of Capital Assets		-16,256.10	
123030	Security Deposits		-6,024.71	
123040	Security deposits of jobs/works		-11,253.61	

123050	Earnest Money	-820.66
123060	Retention money of Vendor	-71,869.36
123061	Risk & Cost Adjust	-3287.72
123070	Misc. Deposits – Vend	-16.62
123090	Advances from Customer	-7,107.41
123100	Other Deposits from Consumers- O. R. C. Deposits	-1,13,432.38
123110	Retention GL for liquidity charges from vendor	-13,682.93
130010	GR / IR Clearing Account	-6,950.50
130020	EMD Dummy entry	-417.60
131010	Sundry Creditors Payable Domestic (other than SME)	-26,402.75
132010	Sundry Creditors FI Vendor	-12.10
133010	Sundry Creditors - Inter Company	-3,528.44
134010	Sundry Creditors Employees	-57.40
140030	Liability for Medical expenses	-0.33
140060	Misc. deposits from Employee	-40.91
140110	Regular CPF Recovery from Employee	-0.04
140250	Medi-claim Top up Premium	-30.26
140251	Medi-Claim Compulsary Premium through Salary	442.05
140252	Employee Accident Insurance	1.02
141040	MSEB CPF-Shortfall in fair value of Planned Assets	-3,593.92
144010	State Sales Tax Payble	0.06
146010	Deduction of Labour Cess Amt	-236.15
150010	Provision for Capital Works	-12,310.78
150020	Provision for O&M works	-23.81
150030	Provision for Expenses - Others	-3,375.12
150040	Provision for Expenses – Employees	-3,980.12
150050	Provision for Pay Revision	-12,899.69
150060	Provision for Interest - Contractors Deposits	-0.09
150070	Provision for loss pending investigation	-711.02
150110	Provision for Corporate Social Responsibility	-7,483.15
150130	Provision for Int on Late Payment of Service	-264.43
150140	Provision for Tree/Crop/Land Comp	-677.79
160010	Liability towards staff welfare Fund with Boar	-528.34
160020	Board of Trustees P.F. & Final Settlement	-1,780.76
165010	Stale Cheques	-302.72
219701	ACC Dep not in use	-10,437.48
222010	Assets Not in Use	14,053.31
223010	Loss to Fixed Assets pending Investigation	-0.40
223030	Expen. on Survey/FStudy for Not sanctioned	433.07
223040	Pre-Op Exps for land acq. on Unsanctioned Scheme	153.88
230040	AUC Cost of Land Devp.onLeaseholdLand -Volt.F100KV	36.71
230050	AUC Cost of Land Dev.onLeaseholdLand -Volt.G132KV	479.36
230060	AUC Cost of Land Dev.onLeaseholdLand -Volt.H220KV	591.36

232010	AUC Other Bldgs-Office, QRTS, Training center	999.08
237010	AUC Others	18,093.88
237020	AUC LE	3,511.20
237030	AUC ORC	5,573.90
237040	AUC Software Development	34.35
237060	CWIP (Govt Grant Impact)	2,318.87
237061	CWIP (Inventory Impact)	998.75
255010	Material pending investigation	1.11
255020	Loss due to Material pending investigation	200.11
255040	MASA Stock (Physical Verification of Inventory)	-114.44
256010	Obsolete materials stock (including scrap)	509.80
260010	STU Sundry debtors for Trans. Charges	3.51
260011	Sund. Drs -Trans Chgs	1,71,614.68
260030	STU Sundry Debtors for STOA / SLDC Charges	-1.08
260031	STU Sundry Debtors for STOA / SLDC Charges	1,031.71
260040	Sundry Debtors – Others	83,897.16
260060	Sundry Debtors - Inter Unit Account	2,100.52
290010	Advances to Contractors /Suppliers - O&M	1,059.25
290020	Capital Advance for Projects	541.29
292050	Loans & Advances to Staff -- Computer Advance	138.10
292120	Advance against Gratuity to Staff	4.82
293050	Miscellaneous Loans & Advances	207.27
294030	Income Accrued but not Due on Staff Loans	36.75
295010	Amount Recoverable from Employee	4.02
295020	Amount Recoverable from EX-Employee	0.75
295030	TR Fee Pd To ITI To Be Recov from Dep of Deceased	-2.56
296030	Misc. Amt recefrom SEB Govt. Depts. Local & Pvt Bodies	2,379.40
296050	Exp recov from Suppliers	91.75
296060	Exp. recov from Contractors	170.31
296061	Current Amortised Transaction Cost	11,613.59
297020	Other Deposits	3,626.59
297050	FDR as Security Deposit	5.87
310010	Interest from Staff loans and advances	-10.29
380040	Other Miscellaneous Receipts (GST taxable)	-3,848.82
380041	Other Miscellaneous Receipts (Non GST)	-1,805.32
380120	Government Grant Income	-966.31
400050	Material Consumption - Project	-7,015.57
424010	MSETCL's Contribution to Employees Provident Fund	7,370.31
430100	IT & Communication related Exp	714.78
453010	Intangible assets Written-off	120.89
470030	Interest on Public Bond	-0.03
500022	CPF Section Account	-0.07

	The effect of the adjustments arising from reconciliation and settlement of old outstanding balances remaining in the above accounts and possible gain/loss that may arise on account of non-recovery or partial recovery or write-back thereof is not ascertained. Further, in absence of necessary data/details, the bifurcation of items of assets/liabilities under 'Current' or 'Non-current' head could not be accurately verified.	
	We conducted our audit in accordance with the Standards on Auditing ('SAs') specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Ind AS Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the Consolidated Ind AS Financial Statements under the provisions of the Act and the Rules thereunder; and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the Consolidated Ind AS Financial Statements.	Factual
	EMPHASIS OF MATTER	
3.	Statutory Auditor of an Associate Company namely, Maharashtra Transmission Communication Infrastructure Limited (MTCIL) have reported Emphasis of Matter in their statutory audit report as under:	
	We draw attention to note 35 of the of the accompanying Ind AS financial statements which more fully describes the management's evaluation of impact of uncertainties related to Covid-19 and its consequential effects on the carrying value of its assets as at March 31,2020 and the operations of the Company. In view of the highly uncertain economic environment, a definitive assessment of the impact on the subsequent periods is highly dependent upon circumstances as they evolve. Our opinion is not modified in respect of this matter.	Factual
	INFORMATION OTHER THAN THE CONSOLIDATED Ind AS FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON	

4.	The Company's Management and Board of Directors is responsible for the preparation of the other information, comprising of the information included in the report of Board of Directors including Annexures thereto and such other disclosures related Information, excluding the Consolidated Ind AS financial statements and auditors report thereon ('Other Information'). The other information is expected to be made available to us after the date of this auditors' report. Our opinion on the Consolidated Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.	Factual
	In connection with our audit of the Consolidated Ind AS financial statements, our responsibility is to read the other information when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the Consolidated Ind AS financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. When we read the other Information and if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance as required under SA 720 'The Auditor's responsibilities Relating to other Information'	Factual
	RESPONSIBILITY OF MANAGEMENT FOR THE CONSOLIDATED Ind AS FINANCIAL STATEMENTS	
5	The Company's Management and Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these CFS that give a true and fair view of the financial position, financial performance, including other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are the reasonable and prudent; design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and	Factual

	presentation of the Consolidated Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error. In preparing the Consolidated Ind AS financial statements , respective management of the company and associates are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. The respective Board of Directors of company and its associates are also responsible for overseeing the company's financial reporting process.	
	AUDITOR'S RESPONSIBILITY FOR THE AUDIT OF THE CONSOLIDATED Ind AS FINANCIAL STATEMENTS	
6	Our objectives are to obtain reasonable assurance about whether the CFS, as a whole, are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these CFS. Our audit process in accordance with the SAs is narrated in detail in **Annexure 1** to this report.	Factual
	OTHER MATTERS	
7	We did not audit the financial statements of Jaigad Power Transco Limited (JPTL) and Maharashtra Transmission Communication Infrastructure Limited (MTCIL), Associates located in India whose financial statements reflect total net profit after tax of Rs. 501.82 lakhs for the year ended on that date, as considered in the Consolidated Ind AS Financial Statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the Consolidated Ind AS Financial Statements, relating to the amounts and disclosures included in respect of these entities and our report in terms of provisions of Section 143 of the Act, in so far as it relates to the aforesaid entities, is based solely on the reports of such other auditors	Factual

7.1	Attention is invited to Note 2.2 "Basis of preparation and presentation" of Consolidated Ind AS Financial Statements where Company did not Consolidated its Wholly Owned Subsidiary Company named Kharghar Vikhroli Transmission Pvt Ltd (KVTPL) and our opinion is not modified in respect of this matter.	Factual
7.2	Due to complete lockdown imposed by the Central Government to restrict the spread of COVID19, the audit finalization process, for the year under report, was carried out from remote locations i.e. other than the Office of the Company, to the extent data / details available / feasible based on financial information/ records remitted by the management through digital medium.	Factual
	REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS	
8	As required by section 143(3) of the Act, based on our audit and on the consideration of the report of the other auditors on separate Ind AS financial statements, and the other financial information of two Associates, incorporated in India, as noted in the 'Other Matters' paragraph, we report to the extent :	Factual
a.	We have sought and obtained, except as noted in para 2 above, all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid Consolidated Ind AS financial statements.	Factual
b.	In our opinion, except as noted in para 2 above, proper books of account as required by law relating to preparation of the aforesaid Consolidated Ind AS financial statements have been kept so far as it appears from our examination of those books.	Factual
c.	The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including Other Comprehensive Income, the Consolidated Statement of Changes in Equity and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the books of account.	Factual
d.	Except as noted in para 2 above, in our opinion, the Consolidated Ind AS financial statements comply with the applicable Indian Accounting Standards notified under Section 133 of the Act, read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015.	Factual
e.	In View of exemption given vide notification no.463(E) dated June 5, 2015, issued by the Ministry of Corporate Affairs, provisions of section 164(2) of the Act regarding disqualification of Directors, are not applicable to the	Factual

	Company; Further, on the basis of the reports of the auditors of two Associates incorporated in India, none of the directors of the Associates incorporated in India is disqualified as on 31 Mar 2020 from being appointed as a director in terms of section 164(2) of the Act.	
f.	With respect to the adequacy of the internal financial controls over financial reporting with reference to Consolidated Ind AS Financial Statements of the Company and its Associate Companies Incorporated in India and the operating effectiveness of such controls, refer to our separate Report in **Annexure 2.**	Factual
g.	In terms of provisions of Section 197(16) of the Act, we report as under: The Company being a Government Company within the meaning of Section 2(45) of the Act the provisions of Section 197 of the Act, pertaining to managerial remuneration, are not applicable to it vide MCA Notification dated 5th June 2015. However, based on the reports of the Statutory Auditors of 2 associate companies, the said section is not applicable to MTCIL and in case of JPTL the Company has not paid any remuneration to its directors, except for sitting fees.	Factual
h.	With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:	
(i)	Except as noted in para 2.20 above, the Company has disclosed the impact of pending litigations on the financials position in its Consolidated Ind AS financial statements. Refer Note 38 to the Consolidated Ind AS financial statements.	Factual
(ii)	The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.	Factual
(iii)	As regards obligation for interest accrued but not due on "Private Bonds (GL- 121020) amounting to Rs.1,488.25 Lakhs, the Company has reversed the said liability as it belong to the period prior to trifurcation of Maharashtra State Electricity Board (MSEB), as such the said amount is considered as not payable or to be transferred to Investor Education and Protection Fund (IEPF).	Factual

	Annexure 1 to the Independent Auditors' Report	
	(referred to in para 6 titled as "Auditor's Responsibilities for the Audit of the Consolidated Ind AS Financial Statements")	
	As part of our audit in accordance with SAs we exercise professional judgment and maintain professional scepticism throughout the audit. We also:	
	• Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, to design and perform audit procedures responsive to those risks and obtain audit evidence for material items that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.	Factual
	• Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(I) of the Act, we are also responsible for expressing our opinion on whether the Consolidated Ind AS financial Statements has adequate internal financial controls system in place and the operating effectiveness of such controls.	Factual
	• Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.	Factual
	• Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company and its associates ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the CFS or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and its associates to cease to continue as a going concern.	Factual

	• Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.	Factual
	• Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company and its associates to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated Ind AS financial statements of which we are the independent auditors. For the other entities included in the consolidated Ind AS financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.	Factual
	• Review of the audited financial statements of Associates, not audited by us, and communicating with the respective statutory auditors of such subsidiaries as per the framework of provisions of SA 600, "Using the Work of Another Auditor".	Factual
	• Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding the independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.	Factual

Annexure 2 to the Independent Auditors' Report to the Members of Maharashtra State Electricity Transmission Company Limited [Referred to in paragraph 8(f) titled "Report on other legal and regulatory requirements"] Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Act		
	Opinion	
	In conjunction with our audit of the Consolidated Ind AS financial statements of the Company as of and for the year ended March 31, 2020, we have audited the internal financial controls over financial reporting of Maharashtra State Electricity Transmission Company Limited ("hereinafter referred to as "the Company") and its Associates, incorporated in India, as of that date	Factual
	In our opinion, the Company's internal financial controls system over financial reporting and design thereof needs to be improved to eliminate control lapses and make it comprehensive. Based on selective verification of process controls matrixes made available to us which require to be updated for some identified processes and risks, in our opinion and considering the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note, the operating effectiveness of such process controls and appropriate documentation thereof needs to be strengthened to make the same commensurate with the size of the Company and nature of its business.	Factual
	Based on considerations of reporting of the other auditors of Associates as mentioned in the other matter paragraph, which are companies incorporated in India, have in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2020, based on the internal control over financial reporting criteria established by the Associates considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.	Factual
	Management's Responsibility for Internal Financial Controls	
	The Company's management and its Associates, incorporated in India, is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered	Factual

	Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.	Factual
	Auditors' Responsibility	
	Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.	Factual
	Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Consolidated Ind AS financial statements, whether due to fraud or error.	Factual
	We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph above, is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.	Factual

	Meaning of Internal Financial Controls Over Financial Reporting	
	A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that:	
a)	pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;	Factual
b)	provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and	Factual
c)	provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the Consolidated Ind AS financial statements.	Factual
	Inherent Limitations of Internal Financial Controls Over Financial Reporting	
	Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.	Factual
	Other Matters	
	Our aforesaid reports under section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting in so far as it relates to two Associate companies which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India.	Factual

Annexure-IV

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) READ WITH SECTION 129(4) OF THE COMPANIES ACT, 2013 ON THE CONSOLIDATED FINANCIAL STATEMENTS OF MAHARASHTRA STATE ELECTRICITY TRANSMISSION COMPANY LIMITED, MUMBAI FOR THE YEAR ENDED 31 MARCH 2020.

The preparation of consolidated financial statements of Maharashtra State Electricity Transmission Company Limited, Mumbai for the year ended 31 March 2020 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 is the responsibility of the management of the company. The statutory auditors appointed by the Comptroller and Auditor General of India under Section 139(5) read with section 129(4) of the Act are responsible for expressing opinion on the financial statements under section 143 read with section 129(4) of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 09 October 2020.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the consolidated financial statements of Maharashtra State Electricity Transmission Company Limited, Mumbai for the year ended 31 March 2020 under section 143(6) (a) read with the section 129 (4) of the Act. We conducted a supplementary audit of the financial statements of Maharashtra State Electricity Transmission Company Limited and of Kharghar Vikhroli Transmission Private Limited but did not conduct supplementary audit of the financial statements of Jaigad Power Transco Limited and Maharashtra Transmission Communication Infrastructure Limited for the year ended on that date. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and
is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records.

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

For and on behalf of
Comptroller and Auditor General of India

Sd/-
(Hema Munivenkatappa)
Accountant General
(Audit)-II

Place: Nagpur
Date: 11/12/2020

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENT OF MAHARASHTRA STATE ELECTRICITY TRANSMISSION COMPANY LIMITED, MUMBAI FOR THE YEAR ENDED 31 MARCH 2020.

The preparation of financial statements of Maharashtra State Electricity Transmission Company Limited for the year ended 31 March 2020 in accordance with the financial reporting framework prescribed under the Companies Act,2013 is the responsibility of the management of the company. The statutory auditors appointed by the Comptroller and Auditor General of India under section 139 (5) of the Act are responsible for expressing opinion on the financial statements under section 143 of the Act based on independent audit
in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 09 October2020.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the financial statements of Maharashtra State Electricity Transmission Company Limited for the year ended 31 March 2020 under section 143(6)(a) of the Act. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records.

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

A. Comments on Profitability
Statement of Profit & Loss
Revenue
Revenue from Operations (Note 21): Rs. 3722.55 crore
Additional Transmission Charges and Regulatory Charges: Rs. 46.35 crore

1. This represented additional transmission charges (ATC) on the transmission system users (TSUs) for the period from December 2019 to March 2020. Though MERC (MYT) Regulations, 2015 came to effect from December 2015, the Company started recognizing ATC in December 2019 without ensuring the realisability and discontinued from September 2020. The Company approached MERC in January 2020 for clarifications and guidelines for collecting ATC but was directed (October 2020) to refund the ATC already collected from TSUs.

Recognition of ATC without ensuring the realisability resulted in overstatement of revenue, Profit and Trade Receivables by Rs. 46.35 crore.

Expenses
Other Expenses (Note 26) :Rs. 361.90 crore
Security Expenses: Rs. 83.50 crore

2. This does not include Rs. 6.39 crore being applicable GST on security expenses for the year. Non provision for GST resulted in understatement of expenses and overstatement of profits by Rs. 6.39 crore and understatement of Other Current Financial Liabilities to the extent of Rs. 14.08 crore (includins Rs. 7 .69 crore GST liability for the previous years).

B. Comments on Financial Position

Assets

Non-current Assets

Property, Plant and Equipment (Note 4.1)

Lines Cables and Networks : Rs.6,324.99 crore

3. As per the Accounting policies of the company, property, plant and equipment (PPE) are initially measured at the cost of acquisition and subsequent expenditure is capitalized when future economic benefits associated with the expenditure will flow to the Company.

However, additional capital expenditure of Rs.14.90 crore sanctioned towards quantity variation on already commissioned assets was not provided for resulting in:

i. Understatement of gross block of PPE to the extent of Rs. 14.90 crore and consequent understatement of other Current Financial Liabilities to the same extent.
ii. Understatement of depreciation to the extent of Rs. 1.43 crore with consequent overstatement of profits to the extent of Rs. 1.43 crore and understatement of carrying cost of PPE by Rs. 13.47 crore.

Other Equity (Note 13)

Reserves and Surplus

Retained Earnings : Rs. 1432.97 crore

4. Central Electricity Regulatory commission (CERC) restricted (December 2017) yearly inter-state transmission charges of nine transmission assets at Rs. 5.99 crore. Though the company recognised the decreed transmission charges of Rs. 5.99 crore each* during 20l8-19 and 2019-20, the excess transmission charges already recognised during 2014-15 to 2017-l8 amounting to Rs. 251.11 crore was not derecognized. This has resulted in overstatement of retained earnings to the extent of Rs. 25.11 crore with corresponding understatement of advance from customers under current Liabilities to the same extent.

Interest on Rs. 439.07 crore (Rs. 251.11 crore for 2014-17 and Rs.187.96 crore for 2018-20) was also not provided resulting in overstatement of retained earnings and understatement of advances from customers. Interest payable is not ascertainable for want of details from the Company.

Other current Financial Liabilities (Note: 18.3): Rs.182.55 crore

5. This did not include Rs. 11.24 crore being insurance premium charges recoverable from contractors and payable to Government of Maharashtra. Non-recovery of the same from the contractors has resulted in understatement of other current Financial Liabilities to the extent of Rs. 11.24 crore with corresponding understatement of other current Assets to the same extent.

C. Other Comments

Note 4.1 - Plant and Equipment : Rs. 8,538.85 crore

6(a) The Company did not derecognise equipment costing Rs. 8.32 crore from PPE which was removed and sold by repair agency and full cost of which was to be recovered from the agency. Further, the impairment loss was not accounted for nor were the facts disclosed in the Notes to Account. Impact on the profits for the year could not be ascertained for want of details.

Significant Accounting Policies (1 to 3)

6(b) The Company executes deposit works under outright consumer (ORC) scheme. The cost of the works is recovered and on completion the possession and ownership of these assets vest with the Company. During the years 2017-18 and 2019-20 alone, the Company created assets costing Rs. 65.08 crore and each asset was recognised in the financial statements at Rupee one.

Treatment of ORC assets at nominal value of Rupee one and not at its fair value was not appropriately disclosed in the Accounting Policy.

Basic and diluted earnings per share

6(C) All the figures in the Profit and Loss Account were given in lakh rupees. As such the basic and diluted EPS for the year and previous year were in lakh i.e.Rs. 0.24lakh and Rs. 0.58 lakh respectively; as against the actual EPS of 24 paisa and 58 paisa for the year 2019-20 and 2018-19 respectively.

*Transmission charges received were Rs.187.96 crore against which Rs.11.98 crore was recognised in P&L Account.

6(d) As against the Corporate Social Responsibility (CSR) provision of Rs. 95.20 crore during the years 2014-15 to 2016-17 and in2019-20, the Company could spent only Rs. 20.37 crore during the period from 2016-17 to 2019-20 on CSR projects and Rs. 74.83 crore (78.60 per cent) remained unspent as of March 2020. However, the reasons for the non-utilisation was not specified by the Board in its report for the year 2018- 19 made under clause (o) of sub-section (3) of section 134 of the Companies Act, 2013.

Kharghar Vikroli Transmission Pvt. Ltd: Rs. 0.05 crore

6(e) Kharghar vikroli Transmission Pvt. Limited (KVTPL), a subsidiary company, was incorporated on 13-05-2019 as a special purpose vehicle for creation of additional transmission network. The Company received (29-05-2020) Rs. 151.75 crore from M/s Adani Transmission Limited (ATL) on behalf of KVTPL was transferred to M/s Tata Power Company. Subsequently, KVTPL was transferred to ATL in June 2020 and the former became the wholly owned subsidiary of ATL. This fact should have been appropriately disclosed in the financial statements as required under Ind AS 10.

For and on behalf of
Comptroller and Auditor General of India

Sd/-
(Hema Munivenkatappa)
Accountant General
(Audit)-II

Place: Nagpur
Date: 17/12/2020

COMMENTS OF COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON ACCOUNTS OF MAHARASHTRA STATE ELECTRICITY TRANSMISSION COMPANY LIMITED, MUMBAI FOR THE YEAR ENDED 31 MARCH 2020 and MSETCL'S RESPONSE THEREUPON

Sr. No.	CAG's COMMENTS	MSETCL's Reply
	The preparation of financial statements of Maharashtra State Electricity Transmission Company Limited for the year ended 31st March 2020 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 is the responsibility of the management of the company. The statutory auditors appointed by the Comptroller and Auditor General of India under section 139 (5) of the Act are responsible for expressing opinion on the financial statements under section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 09 October 2020.	Factual
	I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the financial statements of Maharashtra State Electricity Transmission Company Limited for the year ended 31 March 2020 under section 143(6)(a) of the Act. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records. Based on my supplementary audit, I would like to highlight the following significant matters under section 143(6)(b) of the Act, which have come to my attention and which in my view are necessary for enabling a better understanding of the financial statements and the related audit report.	Factual
A 1.	**Comments on Profitability** **Statement of Profit & Loss** **Revenue** **Revenue from Operations (Note 21): Rs.3722.55 crore** **Additional Transmission Charges and Regulatory Charges: Rs.46.35 crore** This represented additional transmission charges (ATC) on the transmission system users (TSUs) for the period from December 2019 to March 2020. Though MERC (MYT) Regulations, 2015 came to effect from December 2015, the Company started recognizing ATC in December 2019 without ensuring the	As per MYT Regulation 2015, Additional Transmission Charges shall be applicable to Distribution Licensees if the recorded maximum demand exceeds the Base TCR allotted to them. Also as per Open Access Regulation additional regulatory charges are to be charged for use of transmission system in excess of TCR. However, the same was not implemented earlier. Hence, in view of

	realisability and discontinued from September 2020. The Company approached MERC in January 2020 for clarifications and guidelines for collecting ATC but was directed (October 2020) to refund the ATC already collected from TSUs. Recognition of ATC without ensuring the realisability resulted in overstatement of revenue, Profit and Trade Receivables by Rs.46.35 crore.	implementation Regulation, STU started billing ATC from Dec 2019 based on maximum demand data received from SLDC. In view of other issues involved in the process like declaration of Contracted Capacity, amendment of BPTA etc and as per decision of MERC, it is directed to apply ATC w.r.t. 15 minutes time block data from April 2020 onwards. Accordingly as per directives of MERC, information of recorded maximum demand for 15 minutes time block is sought from SLDC, after receipt of the same ATC applicable if any will be charged to concerned Distribution Licensees. As per the directives received from MERC the amount received against ATC is already adjusted in regular MTC billing of TSU's who had paid the ATC. Those who had not paid ATC necessary reversal of income has been done in FY 2020-21.
2.	**Expenses** **Other Expenses (Note 26) : Rs.361.90 crore** **Security Expenses : Rs.83.50 crore** This does not include Rs.6.39 crore being applicable GST on security expenses for the year. Non provision for GST resulted in understatement of expenses and overstatement of profits by Rs.6.39 crore and understatement of Other Current Financial Liabilities to the extent of Rs. 14.08 crore (including Rs.7.69 crore GST liability for the previous years).	As per Circular No. 89/7/2006- ST Dated: 18th December, 2006, sovereign/public authorities (i.e. an agency constituted/set up by government) perform certain functions/ duties, which are statutory in nature. These functions are performed in terms of specific responsibility assigned to them under the law in force. The activities performed by the sovereign/public authorities under the provision of law are in the nature of statutory obligations which are to be fulfilled in accordance with law. Such activity is purely in public interest and it is undertaken as mandatory and statutory function. These are not in

		the nature of service to any particular individual for any consideration. Therefore, such an activity performed by a sovereign/ public authority under provisions of law does not constitute provision of taxable service to a person and, therefore, no service tax is leviable on such activities. Considering the above facts security expenses being charged by SGB to MSETCL is exclusive of GST
B	**Comments on Financial Position** **Assets - Non Current Assets** **Property, Plant and Equipment (Note 4.1)** **Lines Cables and Networks : RS.6,324.99 crore**	
3.	As per the Accounting policies of the company, property, plant and equipment (PPE) are initially measured at the cost of acquisition and subsequent expenditure is capitalized when future economic benefits associated with the expenditure will flow to the Company. However, additional capital expenditure of Rs.14.90 crore sanctioned towards quantity variation on already commissioned assets was not provided for resulting in: i. Understatement of Gross Block of PPE to the extent of Rs.14.90 crore and consequent understatement of other Current Financial Liabilities to the same extent. ii. Understatement of depreciation to the extent of Rs.1.43 crore with consequent overstatement of profits to the extent of Rs.1.43 crore and understatement of carrying cost of PPE by Rs.13.47 crore.	Necessary entries pertaining to PPE and depreciation thereupon due to quantity variation would be passed in the F.Y. 2020-21 after the due verification of the same.
	Equity and Liabilities **Other Equity (Note13)** **Reserves and Surplus** **Retained Earnings : Rs.1432.97 crore**	
4.	Central Electricity Regulatory commission (CERC) restricted (December 2017) yearly inter-state transmission charges of nine transmission assets at Rs.5.99 crore. Though the company recognised the decreed transmission charges of Rs.5.99 crore each one during 2018-19 and 2019-20, the excess transmission charges already recognised during 2014-15 to 2017-18 amounting to Rs.251.11 crore was not derecognized. This has resulted in overstatement of retained earnings to the extent of	As per CERC order in Petition No. 256/TT/2013 dated 18.05.2015 in which tariff for FY 2013-14 was Rs. 77.10 Crs (per year) which is revised by CERC order in Petition No. 173/TT/2016 dated 19.12.2017 for FY 2014-15 Rs. 5.99 Crs (per year). However even after revised order

	Rs.251.11 crore with corresponding understatement of advance from customers under current Liabilities to the same extent. Interest on Rs.439.07 crore (Rs.251.11 crore for 2014-17 and Rs.187.96 crore for 2018-20) was also not provided resulting in overstatement of retained earnings and understatement of advances from customers. Interest payable is not ascertainable for want of details from the Company.	by CERC payment made by PGCIL was on the basis of earlier order till Sept 2019. After that there was no receipt by PGCIL. MSETCL is initiating the necessary reconciliation with PGCIL and necessary action will be done in FY 2020-21. MSETCL is filing a petition to CERC for the methodology to be adopted for the adjustment of excess Transmission Charges received.
	Other current Financial Liabilities (Note: 18.3): Rs.182.55 crore	
5.	This did not include Rs.11.24 crore being insurance premium charges recoverable from contractors and payable to Government of Maharashtra. Non-recovery of the same from the contractors has resulted in understatement of other current Financial Liabilities to the extent of Rs.11.24 crore with corresponding understatement of other current Assets to the same extent.	Necessary instructions are being issued to field Units to issue demand notes to the concerned Vendors for recovery of Insurance Charges.The same would also be adjusted against any amount of retentions withheld by MSETCL duirng the processing of RA Bills.
C.	**Other Comments**	
	Note 4.1 - Plant and Equipments : Rs. 8,538.85 crore	
6(a)	The Company did not derecognise equipment costing Rs.8.32 crore from PPE which was removed and sold by repair agency and full cost of which was to be recovered from the agency. Further, the impairment loss was not accounted for nor were the facts disclosed in the Notes to Account. Impact on the profits for the year could not be ascertained for want of details.	With regard to the 17 transmission equipment as entrusted to M/s Aditya Vidyut Appliances Limited (AVAL), necessary derecognition of these assets will be done after reconciliation in current financial year in consultation with Technical Team.
	Significant Accounting Policies (1 to 3)	
6(b)	The Company executes deposit works under outright consumer (ORC) scheme. The cost of the works is recovered and on completion the possession and ownership of these assets vest with the Company. During the years 2017-18 and 2019-20 alone, the Company created assets costing Rs.65.08 crore and each asset was recognised in the financial statements at Rupee one. Treatment of ORC assets at nominal value of Rupee one and not at its fair value was not appropriately disclosed in the Accounting Policy.	As per para 2.19 (C) of Annual Accounts for the F.Y. 2019-20 which clarifies the accounting of the contributions received from the Consumers against Outright Right Works (ORC Schemes) as a part of accounting policy as follows : 1) If advance is received for expenditures still to be incurred on creation of Fixed Assets, same is treated as Non Current Liabilities till the completion of that Fixed Assets. 2) If contribution is received on

		account of Supervision Charges only, the same is recognised as Other Income in the year of receipt. 3) If contribution is received on account of already created assets, the same is reduced against that asset in the year of receipt. Further the above policy is in line with the Generally Accepted Accounting Principles (GAAP) , however, the company will specifically disclose the amount of ORC assets as a footnote to Note "4.1 : Property, Plant & Equipment" from F.Y. 2020-21.
	Basic and diluted earnings per share	
6(c)	All the figures in the Profit and Loss Account were given in lakh rupees. As such the basic and diluted EPS for the year and previous year were in lakh i.e. Rs.0.24 lakh and Rs.0.58 lakh respectively; as against the actual EPS of 24 paisa and 58 paisa for the year 2019-20 and 2018-19 respectively.	It is to be stated here that necessary disclosure will be made in Financial Statement as "Basic and diluted earnings per share (EPS amount in Rupees) (Face Value Rs.10/-)" from F.Y. 2020-21.
6(d)	As against the Corporate Social Responsibility (CSR) provision of Rs. 95.20 crore during the years 2014-15 to 2016-17 and in 2019-20, the Company could spent only Rs.20.37 crore during the period from 2016-17 to 2019-20 on CSR projects and Rs.74.83 crore (78.60 per cent) remained unspent as of March 2020. However, the reasons for the non-utilisation was not specified by the Board in its report for the year 2018- 19 made under clause (o) of sub-section (3) of section 134 of the Companies Act, 2013.	So far total fund of Rs.95.19 crores is earmarked for CSR activities. Total 97 CSR proposals across all sectors are received , so far to the company and out of them 39 are got approved. These 39 projects are completed / under process. Total approved / expected cost of these 39 projects is Rs.51.23 crores. As such, this commitment is to be fulfilled in near future as and when the projects are completed and demand for release of fund is received. It is also to submit here that out of remaining 58 proposals, 9 are rejected and remaining 49 proposals are under scrutiny as per CSR policy of company and are likely to be finalized in near future. It is also to mention here that, the unspent CSR fund of company is being added in CSR fund provision for the next financial year. The total CSR fund is then taken into account

		while deciding sector-wise CSR fund allocation for the year. In view of the above, it can be said that as on 31.10.2020 the amount of CSR fund utilized/approved is Rs.51.23 crores and the fund available is Rs.43.96 crores.
	Kharghar Vikroli Transmission Pvt. Ltd: Rs.0.05 crore	
6(e)	Kharghar Vikhroli Transmission Pvt. Limited (KVTPL), a subsidiary company, was incorporated on 13-05-2019 as a special purpose vehicle for creation of additional transmission network. The Company received (29-05-2020) Rs.151.75 crore from M/s Adani Transmission Limited (ATL) on behalf of KVTPL was transferred to M/s Tata power company. Subsequently, KVTPL was transferred to ATL in June 2020 and the former became the wholly owned subsidiary of ATL. This fact should have been appropriately disclosed in the financial statements as required under Ind AS 10.	The facts will be disclosed in the Notes for FY 2020-21

For and on behalf of the Board of Directors

Sd/-
Dinesh T. Waghmare
Chairman & Managing Director

Place: Mumbai
Date:29.12.2020

Annexure-V

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2020

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

To,
The Members,
MAHARASHTRA STATE ELECTRICITY TRANSMISSION COMPANY LIMITED
Prakashganga Plot No C-19
E-Block Bandra Kurla Complex
Bandra (East) Mumbai-400051.

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

Based on my verification of the company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2020 ('Audit Period') complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

The verification/ examination of documents, books, papers, minute books, forms, returns is on the basis of documents/ information/ declarations given in e-mail as physical verification was not possible due to situation arising out of COVID 19 pandemic.

As sent in email, I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2020 according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the Companies Act, 1956 (to the extent applicable) and the rules made thereunder;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder; (not applicable as the Company is Public Unlisted Company);

(iii) The Depositories Act, 1996 and the Regulations and by - laws framed thereunder; (not applicable as Company's shares are in physical form);

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings; (not applicable to the Company during the audit period);

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') were not applicable during the audit period as the Company is Unlisted Public Company: -

(a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

(b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

(c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;

(d) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;

(e) The Securities and Exchange Board of India [Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999] which is now The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 & The Securities and Exchange Board of India Securities and Exchange Board of India (Share Based Employee Benefits) (Amendment) Regulations, 2015;

(f) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

(g) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

(h) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and

(i) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998

(vi) In respect of other laws specifically applicable to the Company, the below-mentioned other law is specifically applicable to the Company:

Electricity Act, 2003

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

(i) Secretarial Standards issued by The Institute of Company Secretaries of India (applicable with effect **from 1st July, 2015 and 1st October, 2017).**

(ii) The Listing Agreements entered into by the Company with BSE Limited and National Stock Exchange of India Limited (not applicable to the Company during Audit Period, being Public Unlisted Company).

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

Under Companies Act, 2013:

I have relied on information / records produced by the Company during the course of my audit and the reporting is limited to that extent.

I further report that -

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views, if any, are captured and recorded as part of the minutes.

I further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that, during the audit period there were no instances of:

i) Public / Preferential issue of shares / debentures / sweat equity, etc.
ii) Redemption / buy-back of securities;
iii) Merger / amalgamation / reconstruction, etc.
iv) Foreign technical collaborations.

For A. Y. Sathe & Co.
Company Secretaries

Sd/-
CS Ajit Sathe
Proprietor
FCS No.2899 COP No. 738
UDIN : F002899B001574876

Place: Mumbai
Date : 21.12.2020

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

Annexure - I

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

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

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

For A. Y. Sathe & Co.
Company Secretaries

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

UDIN : F002899B001574876

Place: Mumbai
Date : 21.12.2020

For and on behalf of the Board of Directors

Sd/-
Dinesh T. Waghmare
Chairman & Managing Director

Place: Mumbai
Date:29.12.2020

Annexure VI

FORM NO. MGT 9
EXTRACT OF ANNUAL RETURN

As on financial year ended on 31.03.2020

Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management & Administration) Rules, 2014.

I. REGISTRATION & OTHER DETAILS:

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

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

SN	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1	Transmission of Power	351-Electric Power Generation, Transmission and Distribution	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

Sl. No	Name	Address of the Company	CIN / GLN	Holding / Subsidiary/ Associate	% of shares held	Applicable Section
1.	MSEB Holding Company Limited	MSEB Holding Company Hongkong bank Bldg 3rd & 4th Floor Mahatma Gandhi Road Fort, Mumbai- 400001	U40100MH2005SGC153649	Holding	100%	Section 2(46)
2.	Maharashtra Transmission Communication Infrastructure Limited	Prakashganga, Plot No. C-19, "E" Block, Bandra-Kurla Complex, Bandra (E), Mumbai-400 051.	U64201MH2012PLC234316	Associate	49%	Section 2(6)

Sl. No	Name	Address of the Company	CIN / GLN	Holding / Subsidiary/ Associate	% of shares held	Applicable Section
3.	Jaigad Power Transco Limited	JSW Centre Bandra-Kurla Complex, Bandra (E), Mumbai-400 051.	U40102MH2008PLC181433	Associate	26%	Section 2(6)
4.	Kharghar Vikhroli Transmission Private Limited	Prakashganga, Plot No. C-19, "E" Block, Bandra-Kurla Complex, Bandra (E), Mumbai-400 051.	U40106MH2019SGC325347.	Subsidiary	100%	Section 2(87)

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

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

Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year[As on 31-March-2019]				No. of Shares held at the end of the year [As on 31-March-2020]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian	-	-	-	-	-	-	-	-	-
a) Individual/ HUF	-	-	-	-	-	-	-	-	-
b) Central Govt	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) State Govt(s)	N.A.	8984974673	8984974673	99.99	N.A.	8984974673	8984974673	99.99	-
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any other	N.A.	60	60	0.11	N.A.	60	60	0.11	-
Total shareholding of Promoter (A)	**N.A.**	**8984974673**	**8984974673**	**100%**	**N.A.**	**8984974733**	**8984974733**	**100%**	**NIL**

B. Public Shareholding									
1. Institutions	-	-	-	-	-	-	-		
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks / FI	-	-	-	-	-	-	-	-	-
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B)(1):-	-	-	-	-	-	-	-	-	-
2. Non-Institutions									
a) Bodies Corp.	-	-	-	-	-	-	-	-	-
I) Indian	-	-	-	-	-	-	-	-	-
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals	-	-	-	-	-	-	-	-	-
i) Individual shareholders holding nominal share capital up to Rs. 1 lakh	-	-	-	-	-	-	-	-	-
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	-	-	-	-	-	-	-	-	-
c) Others (specify)	-	-	-	-	-	-	-	-	-
Non Resident Indians	-	-	-	-	-	-	-	-	-
Overseas Corporate Bodies	-	-	-	-	-	-	-	-	-
Foreign Nationals	-	-	-	-	-	-	-	-	-
Clearing Members	-	-	-	-	-	-	-	-	-

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

B) Shareholding of Promoter-

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

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

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

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

E) Shareholding of Directors and Key Managerial Personnel:

1. Shri Parrag Jaiin Nainutia, Chairman & Managing Director

SN	Shareholding of each Directors and each Key Managerial Personnel	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year –	10	Negligible	10	Negligible
	Date wise Increase / Decrease in Promoters No change	00	00	00	00
	At the end of the year –	10	Negligible	10	Negligible

2. Shri Arvind Singh, Nominee Director

SN	Shareholding of each Directors and each Key Managerial Personnel	Shareholding at the beginning of the year		Cumulative Shareholding during the Year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year –	10	Negligible	10	Negligible
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.): Shri Singh ceased to be Nominee Director w.e.f. 05.11.2020 and shares were transferred to Shri Sanjeev Kumar on 12.12.2020	10	Negligible	10	Negligible

3. Shri Sanjeev Kumar, Nominee Director

SN	Shareholding of each Directors and each Key Managerial Personnel	Shareholding at the beginning of the year		Cumulative Shareholding during the Year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year –	00	00	00	00
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.): Shri Singh ceased to be Nominee Director w.e.f. 05.11.2020 and share were transferred to Shri Sanjeev Kumar on 12.12.2020	10	Negligible	10	Negligible
	At the end of the year –	10	Negligible	10	Negligible

4. Shri R.D. Chavan, Whole-Time Director (Projects)

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

5. Shri Vinayak Sathe , Whole-Time Director (Finance)

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

6. Shri G.T. Munde, Whole-Time Director (Operations)

SN	Shareholding of each Directors and each Key Managerial Personnel	Shareholding at the beginning of the year		Cumulative Shareholding during the Year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year –	10	Negligible	10	Negligible
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.): Shri Munde ceased to be Director w.e.f. 01.04.2019 and shares were transferred to Shri Sanjay Taksande)	10	0	10	0
	At the end of the year –	0	0	0	0

7. Shri Sanjay Taksande, Whole-Time Director (Operations)

SN	Shareholding of each Directors and each Key Managerial Personnel	Shareholding at the beginning of the year		Cumulative Shareholding during the Year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year –	0	Negligible	0	Negligible
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.): Shri Munde ceased to be Director w.e.f. 01.04.2019 and shares were transferred to Shri Sanjay Taksande)	10	0	10	0
	At the end of the year –	10	Negligible	10	Negligible

1. Ms. Vineeta Shriwani, Company Secretary

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

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

(Rs. in lakhs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	604488	9000	0	613488
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	6857	0	0	6857
Total (i+ii+iii)	611345	9000	0	620345
Change in Indebtedness during the financial year				
* Addition	82873	82050	0	164923
* Reduction	102426	77650	0	180076
Net Change	-19553	4400	0	-15153
Indebtedness at the end of the financial year				
i) Principal Amount	586728.44	13400	0	600128.44
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	5063	0	0	5063
Total (i+ii+iii)	591792	13400	0	605192

Note : Figures includes IndAS adjustment

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL-

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

(Amount in Rs.)

SN	Particulars of Remuneration	Chairman and Managing Director		Whole Time Director (01.04.2018-31.03.2019)			Total Amount
		Shri Parrag Jaiin Nainutia (01.04.2019 to 22.01.2020)	Shri Dinesh Waghmare (23.01.2020 to 31.03.2020)	Shri R.D. Chavan Dir(P)	Shri Vinanyak Sathe Dir(F) & CFO (01.04.2019 to 31.01.2020)	Shri Sanjay Taksande Dir(Op)	
1	**Gross salary**						
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	2694415	257601	4478645	2587984	2489576	**12508221**
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	315487	32800	256995	321770	256995	**1184047**
	(c) Profits in lieu of salary under section 17(3)	-	-	-	-	-	
	Income-tax Act, 1961						
2	**Stock Option**	-	-	-	-	-	-
3	**Sweat Equity**	-	-	-	-	-	-
4	**Commission**	-	-	-	-	-	-
	- as % of profit	-	-	-	-	-	-
	Others, specify…						
5	**Others, please specify Reimbursements- Book/Orderly/Ent.allow/Prof.Pursuit**						
	Total(A)	**3009902**	**290401**	**4735640**	**2909754**	**2746571**	**13692268**

B. Remuneration to other directors

(Amount in Rs.)

SN.	Particulars of Remuneration	Name of Directors				Total Amount
1	Independent Directors:					
	Fee for attending board and committee meetings – Rs.5000/- per Meeting	**Smt. Pushpa Chavan** 35000 **Shri Vishwas Pathak** 75000				1,10,000
	Commission	-	-	-	-	-
	Others, please specify	-	-	-	-	-
	Total (1)					
2	Other Non-Executive Directors Fee for attending board	- -	- -	- -	- -	- -
	committee meetings					
	Commission	-	-	-	-	-
	Others, please specify	-	-	-	-	-
	Total (2)	-	-	-	-	-
	Total (B)=(1+2)					1,10,000
	Total Managerial Remuneration					**13,802,268**

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

(Amount in Rs.)

SN	Particulars of Remuneration	Key Managerial Personnel			
		CEO	CS Ms. Vineeta Shriwani (01.04.2019 to 31.03.2020	CFO	Total
1	Gross salary	NA		NA	
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	2214783		
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	233245		
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961		0		**0**
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission	-	-	-	-
	- as % of profit	-	-	-	-
	others, specify…	-	-	-	-
5	Others, please specify	-			
	Total		2448028		

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

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

For and on behalf of the Board of Directors

Sd/-
Dinesh T. Waghmare
Chairman & Managing Director

Place: Mumbai
Date: 29.12.2020

Annexure VII

Annual Report on Corporate Social Responsibility

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

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

The aims & objectives of this Policy are as under -

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

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

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

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

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

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

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

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

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

1.10 Promote Socio-economic development through community development initiatives;

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

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

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

Funding of CSR activities:

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

The composition of the CSR Committee.

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

Details of CSR Fund for the F.Y. 2019-20:

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

Average Net Profit of the company for last three financial years (Rs. In Crores)	(Rs. In Crores)						CSR Funds Sanctioned/ Spent during the F.Y. 2019-20 (In Rs.)	Amount unspent, if any	Reason for not spending
	F.Y. 14-15	F.Y. 15-16	F.Y. 16-17	F.Y. 17-18	F.Y.1 8-19	F.Y. 19-20			
(541.69)	33	44.5	6.84	0	0	10.83	21,32,25,718.00	Rs.43,96,28,451/-	Process of identifyin g new CSR Projects is in progress.

For and on behalf of the Board of Directors

Sd/-
Dinesh T. Waghmare
Chairman & Managing Director

Place: Mumbai
Date: 29.12.2020

INDEPENDENT AUDITOR'S REPORT

To
The Members of
Maharashtra State Electricity Transmission Company Limited

Report on the Audit of the Standalone Ind AS Financial Statements

Opinion

1. We have audited the accompanying Standalone Ind AS financial statements of **Maharashtra State Electricity Transmission Company Limited**('the Company'), which comprise the Balance Sheet as at 31st March 2020, the Statement of Profit and Loss (including Other Comprehensive Income),the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.
   In our opinion and to the best of our information and according to the explanations given, subject to the deficiencies noted in internal controls pertaining to preparation and presentation of standalone Ind AS financial statements, coupled with non-compliances and audit observations noted in "Basis for modified opinion" paragraph below, the aggregate impact whereof is not quantified/ascertained, the stand alone Ind AS financial statements read with the notes thereto, in our opinion, give the information required by the Act in the manner so required and give a true fair view in conformity with the accounting principles generally accepted in India of the financial position of the Company as at 31st March 2020 and its profit (including other comprehensive income), changes in equity and cashflows for the year ended on that date.
   We have not been able to obtain sufficient and appropriate audit evidences to ascertain the combined impact of the items noted in "Basis for modified opinion" paragraph, hence unable to comment thereon.

Basis for Modified Opinion

2. The following items form the basis for our modified opinion:

2.1 Attention is invited to note no. 44 of Standalone Ind AS Financial Statement giving details about accumulated Delayed Payment Charges ('DPC') as at 31st March 2020 amounting to Rs. 85,499 Lakhs (with reference to 8 distribution licensees) relating to Financial Year 2015-16 under the head '**Other Income**'. The Company had then taken reference of the order No. 31 of 2016 of Maharashtra Electricity Regulatory Commission ('MERC'), wherein MERC had reduced the Aggregate Revenue Requirement ("ARR") of the Company for F.Y. 2015-16 by the said amount, and classifying it as 'Non-Tariff Income'. Data/ details pertaining to the certainty over the realizability of such income (i.e. Trade Receivable) are not available with the Company. The accounting of such DPC as 'Other Income' in FY 2015-16 is in contravention to the applicable Accounting Standard as also Company's Accounting Policy, which in note No. 2.15 states that *"Other Income is recognized on accrual basis except when ultimate realization of such income is uncertain"*. Had the Company not recognized such income of Rs. 85,499 Lakhs in the said earlier year, its balance of the retained earnings in the Statement of Profit & Loss and balance of Trade Receivable Account would have been lesser to that extent.

2.2 In terms of provisions of section 143(12) of Act, reporting of Practulent practice noted in course of our audit, was made to the Central Government (CG), Secretary, ministry of corporate affairs on April 24, 2020 pertaining to excessive claims getting reimbursed towards leave encashment of several employees being in non-compliance of Company's laid down policy. The controls pertaining to processing and payment of such claims were not observed to be appropriate, including the records like 'Service Book' of employee remaining blank for years, the estimated impact of such excessive claims being in addition to Rupees One

Crore, reporting to CG was made. Impact for reversal, write back of such excess paid/ provided is not yet ascertained.

2.3 The Company's system/processes to ascertain provision towards leave encashment, based on actuarial valuation needs to be strengthened, as the data of leaves and gratuity generated from the system and furnished to the actuary for valuation, was observed to be inaccurate. Accordingly, we are unable to comment upon the adequacy or otherwise of the actuarial valuation made in respect of leave encashment and gratuity valuations in the books of accounts, amount whereof has not been ascertained.

2.4 Party- wise break up of trade receivables with ageing is not readily available from the system. The details of ageing of Trade receivables prepared manually contained several inaccuracies. Hence, it could not be fully verified during the course of audit; accordingly, we are unable to comment upon adequacy of provision based on simplified version of Expected Credit Loss ("ECL") Method.

2.4.1 Further, details/breakup/confirmations of Trade receivables aggregating to Rs.2,73,028.22 Lakhs, sought for, were not made available for verification during the course of audit. Consequential impact of ascertainment of the realizability from these Trade Receivable and resultant provision, if any, for bad and doubtful debts on the Standalone Ind AS financial statements has not been ascertained. Based on selective checking of available data/information from the system and from State Transmission Utility ("STU") invoicing cell, it was noticed that trade receivables from several parties totalling Rs13,954.33 Lakhs are considered doubtful of recovery but not provided for.

2.4.2 Further, differences were noted amounting to Rs.12,823.08 Lakhs in trade receivables as per SAP System and as per statement furnished by the STU of the invoices raised. In absence of complete data/details,explanations of such differences, the combined impact thereof could not be ascertained.

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

2.5.1 Moreover, deferred tax liability amounting to Rs.7,549.17 Lakhs under the head PPE recognized, could not be satisfactorily explained in course of audit

2.5.2 The Company has not maintained adequate details pertaining to items/ components giving rise to deferred tax assets/ Liability (DTA/DTL). In absence whereof the recognition and disclosure of the DTA/DTL not being complete and correct, the impact thereof on Statement of Profit & Loss for the year is not ascertained.

2.5.3 Without prejudicial the generality above, based on the scrutiny of available details of Asset register (ar01)during the course of our audit, the following discrepancies were also noticed:

a. Several items of fixed assets whose useful life has fully exhausted totalling Rs.28,768.64 Lakhs (Gross Book Value), Rs.21,027.95 Lakhs (Accumulated Depreciation) and having net book value of Rs.7,740.68 Lakhs, are part of said register, resulting in overstatement of the value of PPE to that extent.

b. Depreciation is being charged on assets whose useful life is fully exhausted having estimated impact of Rs.2,672.00 Lakhs on Statement of Profit &Loss.

2.6 Based on the scrutiny of available details of free hold land, it was noticed that in the past, several items of leased land have been clubbed under this head; as a result, the amortization of such leasehold land is not carried out. In absence of complete data/details of such instances, the impact thereof on Standalone Ind AS financial statements is not ascertained.

2.7 It is noticed during the course of audit that 66KV substations/transmission lines having Gross Book Value amounting to Rs.17,846.08 Lakhs and accumulated depreciation Rs.12,260.47 Lakhs as at 31st March 2020 are not in use for the operations of the Company. Pending testing for impairment of the same, we are unable to comment upon the carrying value of such assets in the books of accounts.

2.8 It is observed from the SAP generated report (4.4 - Capex report) by the Company, Negative capital expenditure is charged to (reduce from) some schemes amounting to Rs.6,391.00 Lakhs for which no plausible explanation could be provided. To that extent Asset Under Construction (AUC)/ Capital Work in Progress (CWIP) in the Balance Sheet is understated. Further, there is no movement in some AUC line items since last more than two years, indications of impairment if any have not been tested by the Company for making appropriate provisions, impact thereof on the Standalone Ind AS financial statements cannot be commented upon.

2.9 From April 1, 2019, the new accounting standard i.e. Ind AS 116 "Leases" became effective. The Company has adopted the new standard with modified approach and recognized asset in the form of 'Right to Use' (representing its right to use the leased asset over the lease term) and also liability towards present value of the balance of future lease payments for the leases. However, due to non-availability of lease documents and other records relating to several properties taken under lease, the Company is not able to identify and recognise the Right to use of said leases, hence no treatment was given in terms of provisions of Ind AS 116 for such leased assets. Impact thereof on the Standalone Ind AS financial statements has not been ascertained.

2.10 The policy about inventory valuation of the Company (Note No 2.14) states that inventories are valued at lower of cost or net realizable value ('NRV') but in course of our audit it is noticed that the Company does not have any data or details about the NRV. As such, the inventories are valued at cost. The impact of such practice on Standalone Ind AS financial statements is not ascertained.

2.11 No inventory or data/details/description could be furnished for verification for the "Assets not in use – held for sale" (GL code 222010) amounting to Rs. 3,615.43 Lakhs; moreover, such assets are held at their carrying value instead of "lower of carrying value or net realizable value". The impact, if any, thereof on Standalone Ind AS financial statements has not been ascertained.

2.12 The government Grants received by the Company amounting to Rs.23,850 Lakhs in Financial Year 2006-07 towards capital assets for specific projects out of which Rs. 16,256.10 Lakhs are deferred for recognition as revenue as at March 31, 2020. The details of these grants with specific assets there against and conditions to be satisfied for the same are not made available for our verification. Hence, correctness thereof pertaining to accounting in terms of provisions of Ind AS 20, "Accounting for Government Grants and Disclosure of Government Assistance "cannot be commented upon.

2.13 The Company does not collate, maintain and present the details of dues to its vendors registered under Micro, Small and Medium Enterprises ('MSME') Development Act, 2006. Hence, correctness of provision for interest, if any, on outstanding dues to MSME could not be verified.

2.14 The prior period items of Income and expenses have been disclosed by the Company in Note No.48 but the same have not been restated/recasted in the respective previous years as mandatorily required under Ind AS 8, "Accounting Policies, Changes in Accounting Estimates and Errors".

2.15 Pursuant to Central Electricity Regulatory Commission ('CERC') order dated 19th December 2017 pertaining to FY 2014-15, the company has recognised an amount of Rs.599 Lakhs as income during the year as against receipt of Rs. 10,789.41 lakhs, which until previous financial year was accrued fully as income. Impact of the said order for earlier period remains to be given in the accounts, as a result of which, Surplus in Statement of Profit and Loss would be lower, and Advance from Customer would be higher by amount which has not been ascertained.

2.16 The deposits from customers towards Outright Contracts ('ORC') amounted to Rs. 1,13,432.38 Lakhs as at 31st March 2020. The company recognises its supervision charges upfront as income on receipt of deposits and not as and when supervision services are provided, which is contrary to the provisions of Ind AS 115 "Revenue from Contracts with Customers".

2.17 The basis, quantum and completeness cannot be ascertained in the absence of required data/details relating to the following income recognised during the year.

Sr No	Nature of Transaction	Amount Involved (Rs. In Lakhs)
1	Partial Open Access	7,615.94
2	Long-Term Open Access	1,522.92
3	Open access/NOC Application processing fees	143.70
4	Additional Transmission Charges	4,635.44
5	Short-Term Open Access Charges	1,287.81

2.18 During the year Company has revised its Pay scale to employees w.e.f. April 01,2018, and same was approved by the Board of Directors of the Company post facto and it was decided to pay in 3 instalments out of which first instalment was paid and remaining two instalments were pending to be paid as at March 31, 2020. Hence provision for the same was made amounting to Rs.12,899.69 Lakhs for which details were not made available for verification. In the absence of required data/details thereof, the basis, quantum and completeness of such provision made during the year could not be verified nor commented upon.

2.19 Attention is invited to accounting Policy note no. 2.19 (C) of Standalone Ind AS Financial Statement on "Accounting of Contributions received from Consumers against Outright Right Works (ORC Schemes)". As informed during the course of audit, there is specific policy on ORC assets/ Liabilities and income thereon, but the same was not observed to have been followed by the Company, impact of which could not be ascertained in absence of relevant data/ details.

2.20 Attention is invited to note no. 38 of Standalone Ind AS Financial Statement giving details about "Contingent Liabilities and Contingent assets", full details as required under the statute are not accurately maintained. Hence, it could not be fully verified during the course of audit; accordingly, we are unable to comment upon adequacy of provision based on details available with the Company.

2.21 The amounts remaining and recognized in the following GL heads/codes are subject to confirmation and reconciliation. The necessary data/details pertaining to following were not made available during the course of audit for verification:

GL Code	Name of Account heads	2019-2020 Rs. In Lakhs Asset/Exp, (-Liability/-income)
100050	Grants towards cost of Capital Assets	-16,256.10
123030	Security Deposits	-6,024.71
123040	Security deposits of jobs/works	-11,253.61
123050	Earnest Money	-820.66
123060	Retention money of Vendor	-71,869.36
123061	Risk & Cost Adjust	-3287.72
123070	Misc. Deposits – Vend	-16.62
123090	Advances from Customer	-7,107.41
123100	Other Deposits from Consumers- O. R. C. Deposits	-1,13,432.38
123110	Retention GL for liquidity charges from vendor	-13,682.93
130010	GR / IR Clearing Account	-6,950.50
130020	EMD Dummy entry	-417.60
131010	Sundry Creditors Payable Domestic (other than SME)	-26,402.75
132010	Sundry Creditors FI Vendor	-12.10
133010	Sundry Creditors - Inter Company	-3,528.44
134010	Sundry Creditors Employees	-57.40
140030	Liability for Medical expenses	-0.33
140060	Misc. deposits from Employee	-40.91
140110	Regular CPF Recovery from Employee	-0.04
140250	Medi-claim Top up Premium	-30.26
140251	Medi-Claim Compulsary Premium through Salary	442.05
140252	Employee Accident Insurance	1.02
141040	MSEB CPF-Shortfall in fair value of Planned Assets	-3,593.92
144010	State Sales Tax Payble	0.06
146010	Deduction of Labour Cess Amt	-236.15
150010	Provision for Capital Works	-12,310.78
150020	Provision for O&M works	-23.81
150030	Provision for Expenses - Others	-3,375.12
150040	Provision for Expenses – Employees	-3,980.12
150050	Provision for Pay Revision	-12,899.69
150060	Provision for Interest - Contractors Deposits	-0.09
150070	Provision for loss pending investigation	-711.02
150110	Provision for Corporate Social Responsibility	-7,483.15

150130	Provision for Int on Late Payment of Service	-264.43
150140	Provision for Tree/Crop/Land Comp	-677.79
160010	Liability towards staff welfare Fund with Boar	-528.34
160020	Board of Trustees P.F. & Final Settlement	-1,780.76
165010	Stale Cheques	-302.72
219701	ACC Dep not in use	-10,437.48
222010	Assets Not in Use	14,053.31
223010	Loss to Fixed Assets pending Investigation	-0.40
223030	Expen. on Survey/FStudy for Not sanctioned	433.07
223040	Pre-Op Exps for land acq. on Unsanctioned Scheme	153.88
230040	AUC Cost of Land Devp.onLeaseholdLand -Volt.F100KV	36.71
230050	AUC Cost of Land Dev.onLeaseholdLand -Volt.G132KV	479.36
230060	AUC Cost of Land Dev.onLeaseholdLand -Volt.H220KV	591.36
232010	AUC Other Bldgs-Office, QRTS, Training center	999.08
237010	AUC Others	18,093.88
237020	AUC LE	3,511.20
237030	AUC ORC	5,573.90
237040	AUC Software Development	34.35
237060	CWIP (Govt Grant Impact)	2,318.87
237061	CWIP (Inventory Impact)	998.75
255010	Material pending investigation	1.11
255020	Loss due to Material pending investigation	200.11
255040	MASA Stock (Physical Verification of Inventory)	-114.44
256010	Obsolete materials stock (including scrap)	509.80
260010	STU Sundry debtors for Trans. Charges	3.51
260011	Sund. Drs -Trans Chgs	1,71,614.68
260030	STU Sundry Debtors for STOA / SLDC Charges	-1.08
260031	STU Sundry Debtors for STOA / SLDC Charges	1,031.71
260040	Sundry Debtors – Others	83,897.16
260060	Sundry Debtors - Inter Unit Account	2,100.52
290010	Advances to Contractors /Suppliers - O&M	1,059.25
290020	Capital Advance for Projects	541.29
292050	Loans & Advances to Staff -- Computer Advance	138.10
292120	Advance against Gratuity to Staff	4.82
293050	Miscellaneous Loans & Advances	207.27
294030	Income Accrued but not Due on Staff Loans	36.75
295010	Amount Recoverable from Employee	4.02
295020	Amount Recoverable from EX-Employee	0.75
295030	TR Fee Pd To ITI To Be Recov from Dep of Deceased	-2.56
296030	Misc. Amt recefrom SEB Govt. Depts. Local & Pvt Bodies	2,379.40
296050	Exp recov from Suppliers	91.75
296060	Exp. recov from Contractors	170.31
296061	Current Amortised Transaction Cost	11,613.59
297020	Other Deposits	3,626.59
297050	FDR as Security Deposit	5.87
310010	Interest from Staff loans and advances	-10.29
380040	Other Miscellaneous Receipts (GST taxable)	-3,848.82

380041	Other Miscellaneous Receipts (Non GST)	-1,805.32
380120	Government Grant Income	-966.31
400050	Material Consumption - Project	-7,015.57
424010	MSETCL's Contribution to Employees Provident Fund	7,370.31
430100	IT & Communication related Exp	714.78
453010	Intangible assets Written-off	120.89
470030	Interest on Public Bond	-0.03
500022	CPF Section Account	-0.07

The effect of adjustments arising from reconciliation and settlement of old outstanding balances remaining in the above accounts and possible gain/loss that may arise on account of non-recovery or partial recovery or write-back thereof is not ascertained. Further, in absence of necessary data/details, the bifurcation of items of assets/liabilities under 'Current' or 'Non-current' head could not be accurately verified.

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

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

3. The Company's Board of Directors is responsible for the preparation of the other information, comprising of the information included in the report of Board of Directors including Annexures thereto and such other disclosures related Information, excluding the Standalone Ind AS financial statements and auditors report thereon ('Other Information'). The other information is expected to be made available to us after the date of this auditors' report. Our opinion on the standalone Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

   In connection with our audit of the Standalone Ind AS Financial Statements, our responsibility is to read the other information when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the Standalone Ind AS Financial Statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

   When we read the other Information and if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charges with governance as required under SA 720 'The Auditor's responsibilities Relating to other Information

Responsibility of Management for Standalone Ind AS Financial Statements

4. The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance, including other comprehensive income, changes in

equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error. In preparing the standalone Ind AS financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. The Board of Directors are also responsible for overseeing the company's financial reporting process.

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

5. Our objectives are to obtain reasonable assurance about whether the standalone Ind AS financial statements, as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone Ind AS financial statements. Our audit process in accordance with the SAs is narrated in **Annexure1** to this report.

Report on Other Legal and Regulatory Requirements

6. As required by the 'Directions and sub directions' issued by office of the Principal Accountant General-III, Maharashtra in terms of Section 143(5) of the Act, we give in the **Annexure 2**- statement on the directions and sub-directions.

7. As required by the Companies (Auditor's Report) Order, 2016 ('the Order'), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the **Annexure 3**, a statement on the matters specified in paragraphs 3 and 4 of the Order.

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

   a. We have sought and obtained, except as noted in para 2 above, all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
   b. In our opinion, except as noted in para 2 above, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
   c. The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
   d. Except as noted in para 2 above, in our opinion, the Standalone Ind AS financial statements comply with the applicable Indian Accounting Standards notified under Section 133 of the Act, read with

Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015.

e. In View of exemption given vide notification no.463(E) dated June 5, 2015, issued by the Ministry of Corporate Affairs, provisions of section 164(2) of the Act regarding disqualification of Directors, are not applicable to the Company;

f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in **Annexure** 4.

g. In terms of provisions of Section 197(16) of the Act, we report as under:
The Company being a Government Company within the meaning of Section 2(45) of the Act the provisions of Section 197 of the Act, pertaining to managerial remuneration, are not applicable to it vide MCA Notification dated 5th June 2015.

h. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
   (i) Except as noted in para 2.20 above, the Company has disclosed the impact of pending litigations on the financials position in its Standalone Ind AS financial statements. Refer Note 38 to the Standalone Ind AS financial statements.
   (ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
   (iii) As regards obligation for interest accrued but not due on "Private Bonds (GL- 121020) amounting to Rs.1,488.25 Lakhs, the Company has reversed the said liability as it belong to the period prior to trifurcation of Maharashtra State Electricity Board (MSEB), as such the said amount is considered as not payable or to be transferred to Investor Education and Protection Fund (IEPF).

Other Matters

Due to complete lockdown imposed by the Central Government to restrict the spread of COVID19, the audit finalization process, for the year under report, was carried out from remote locations i.e. other than the Office of the Company, to the extent data / details available / feasible based on financial information / records remitted by the management through digital medium.

For Khimji Kunverji & Co LLP
Chartered Accountants
Firm Registration Number - 105146W/W100621

Sd/-
Hasmukh B Dedhia
Partner - 033494
UDIN: 20033494AAAAKX9332
Place: Mumbai
Date: October 09, 2020

Annexure 1 to the Independent Auditors' Report to the Members of Maharashtra State Electricity Transmission Company Limited for the year ended March 31,2020.

(referred to in paragraph 5 titled “Auditor's Responsibilities for the Audit of the Standalone Ind AS Financial Statements”)

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

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

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

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

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

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

- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Annexure 2 to Independent Auditors' Report

(Referred to in paragraph 6 under the heading "Report on Other Legal and Regulatory Requirements" of our report of even date)

"Directions and sub –directions "issued by the office of the Principal Accountant General-III, Maharashtra vide their 'Letter' of even date in terms of section 143(5) of the Act for the year ended March 31,2020.

<table>
<tr><th>Sr. No.</th><th>Directions / Sub directions</th><th>Auditor's Comment</th></tr>
<tr><td colspan="3">Directions under sub-section (5) of section 143 of the Companies Act, 2013
Our report/findings on directions and sub-direction of CAG should be read in conjunction with our statutory audit report of even date on the Stand Alone Ind AS Financial Statements of the Company for the year ended 31st March 2020, more particularly paragraph 1 and 2 thereof</td></tr>
<tr><td>1</td><td>To report whether there are any cases of waiver/ write off of debts / loans / interest etc. if yes, the reasons thereof, and the amount involved.</td><td>Based on verification of the books of accounts, during the year, the company has written off the following amounts as doubtful or bad:<table><tr><th>Particulars</th><th>Amount (Rs. In Lakhs)</th></tr><tr><td>Sundry Debit Balances#</td><td>2,070.17</td></tr></table>#Old balances considered doubtful hence written off</td></tr>
<tr><td>2</td><td>Whether proper records are maintained for inventories lying with third parties & assets received as gift from Government or other authorities.</td><td>As per information and explanations given to us, there were no inventories or items of stores/ spares lying with third parties during the year under audit. Further, no assets have been received as gift from Government or other agencies by the Company during the year under audit.</td></tr>
<tr><td>3</td><td>A report on age-wise analysis of pending legal/arbitration cases, including the reasons of pendency and existence /effectiveness of a monitoring mechanism for expenditure on all legal cases (foreign and local) may be given.</td><td>Details of the pending litigation/arbitration cases have been disclosed in Notes to Accounts under the head "Contingent Liability" in Note No. 38 of Standalone Ind AS Financial Statements for the year ended March 31, 2020. The age-wise analysis of these litigation/arbitration cases were not made available to us for verification (Refer Para 2.20 above).
Legal expenses as and when incurred are accounted for on mercantile basis and are separately shown as "Legal and Professional Fees" under the head 'Other Expenses' in Note No. 26 of Statement of Profit & Loss. The total legal expenses incurred during the year amounted to Rs. 533.62 Lakhs (F.Y. 2018-19 Rs 293.08 Lakhs).
The legal expenses were observed to have been authorized and accrued as and when incurred in routine manner as in the case of other administrative expenses

Please refer statutory audit report of even date on the Stand Alone Ind AS Financial Statements of the Company, particularly para 2.21.</td></tr>
<tr><td>4</td><td>If the Company has been selected for disinvestment, a complete status report in terms of valuation of Assets (including</td><td>The company has not been selected for 'Disinvestment' purpose. Hence, the information sought under this clause is Not Applicable.</td></tr>
</table>

<table>
<tr><td></td><td>intangible assets and land) and Liabilities (including Committed & General Reserve) may be examined, including the mode and present stage of disinvestment process.</td><td></td></tr>
<tr><td colspan="3">Sub-directions under sub-section (5) of section 143 of the Companies Act, 2013</td></tr>
<tr><td>(I)</td><td>Whether there is appropriate classification of Inventory with value such as Scrap, Obsolete Material etc.</td><td>Inventory has been classified under different GL Codes as under:
<table>
<tr><th>GL Codes</th><th>Description of Inventory</th><th>O/s Balance as at March 31, 2020 (Amt in Rs. Lakhs)</th></tr>
<tr><td>250010</td><td>Steel</td><td>959.17</td></tr>
<tr><td>250030</td><td>Transformers</td><td>5,878.94</td></tr>
<tr><td>250040</td><td>Metering Equipment & substation Equipment</td><td>8,407.13</td></tr>
<tr><td>250050</td><td>Cables & Conductors</td><td>7,463.14</td></tr>
<tr><td>250080</td><td>Spares</td><td>1,064.73</td></tr>
<tr><td>280090</td><td>Others</td><td>1971.55</td></tr>
<tr><td>255010</td><td>Material Pending Investigation</td><td>1.11</td></tr>
<tr><td>255020</td><td>Loss due to Material pending investigation</td><td>200.11</td></tr>
<tr><td>255040</td><td>MASA Stock rectification</td><td>-114.44</td></tr>
<tr><td>256010</td><td>Obsolete Material Stock (including scrap)</td><td>509.80</td></tr>
</table>
As regards carrying value of the items of inventories, please refer statutory audit report of even date on the Stand Alone Ind AS Financial Statements of the Company, particularly para 2.10 and 2.21.</td></tr>
<tr><td>(II)</td><td>Negative balances under “Advances to Contract” may be analyzed & commented with the reasons & impact on financial statements</td><td>Negative balances under “Advance to Contractor” has been observed and list of such vendor code along with its balance as on March 31, 2020 is enclosed herewith in Appendix- I.
As regards its impact on financial statement we are unable to comment on the same. Please refer to our 'Basis of Modified opinion' under para 2.21 of the statutory audit report of even date on the Stand Alone Ind AS Financial Statements of the Company.</td></tr>
<tr><td>(III)</td><td>Whether Profit / Loss mentioned in the Audit Report is as per Profit & Loss Accounts of the Company?</td><td>Yes, except impact, if any, arising out of matters stated under para 2 of statutory audit report of even date on the Stand Alone Ind AS Financial Statements</td></tr>
<tr><td>(IV)</td><td>Is the system of evacuation of power co-mmensurate with the power available for transmission with the generating company? If not, loss, if any, claimed by</td><td>We have not carried out technical verification of the information required under this clause. Based on the information, explanation and representation received from the management the transmission network of the company is given in the table below:</td></tr>
</table>

	the generating company may be commented.	(table below)

Voltage Level	EHV Substation	Transformation Capacity (MVA)	EHV Lines (CKTKM.)
765 KV	1	3,000.00	-
500KV HVDC	2	3,582.00	1,504.000
400KV	31	31,045.00	8,415.497
220KV	233	56,535.00	18,453.383
132KV	332	29,553.00	16,884.9968
110KV	37	2,330.00	1,763.965
100KV	38	2,798.00	701.403
66KV	7	127.00	594.800
Total	**681**	**1,28,970.00**	**48318.0448**

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

HVAC System (MERC Benchmark 98%)		
Year	2018-19	2019-20
Avail	99.58%	99.59%
HVDC System (MERC Benchmark 95%)		
Year	2018-19	2019-20
Avail	95.89%	97.64%

(V)	How much transmission loss in excess of prescribed norms has been incurred during the year and whether the same been properly accounted for in the books of accounts?	We have not carried out technical verification of the information required under this clause. Based on the information, explanation and representation received from the management the information in this regard is furnished as under. The benchmark set by MERC for Transmission Losses is 4.85% and the Transmission Losses incurred by MSETCL during the F.Y. 2019-20 as computed by Maharashtra State Load Dispatch Center (MSLDC) are tabulated below:

Intra State Transmission System (In. STS) Grid Loss for F.Y. 19-20	Energy Input Intra STS	Energy Output Intra STS	Transmission on Loss
Month	(In Million Units)	(In Million Units)	(in % age)
Apr-19	14,309.81	13,829.20	3.36%
May-19	14,899.70	14,412.00	3.27%
Jun-19	13,294.38	12,847.35	3.36%
Jul-19	12,079.63	11,692.80	3.20%
Aug-19	11,792.77	11,428.28	3.09%
Sep-19	11,356.63	11,026.58	2.91%
Oct-19	11,783.82	11,445.26	2.87%
Nov-19	11,998.41	11,622.67	3.13%
Dec-19	13,422.23	12,983.14	3.27%
Jan-20	13,393.16	12,964.18	3.20%
Feb-20	13,503.54	13,083.34	3.11%
Mar-20	13,339.93	12,926.21	3.10%
Total	**1,55,174.005**	**1,50,261.007**	**3.17%**

From perusal of the table above, it is evident that Transmission Loss incurred by MSETCL was 3.17% which is below the MERC's benchmark. The said loss in accounting parlance is to be termed as “Normal Loss” not requiring any separate accounting in the books of accounts.

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

Based on the information, explanation and representations received from the management of the Company, the details in this regard are as under:
As informed to us in course of our audit, the Company has divided its field operations amongst seven different zones in the state of Maharashtra. The major activity of the company is 'transmission of power'. Company also undertakes construction of small sub-stations, towers, plants etc., for the supply of power to other agencies on 'order specific basis'. Such works are identified in the company as 'ORC works'. The company charges 'Supervision Fees' over and above the expenditure incurred for executing such “ORC Work” which gets recognized as company's revenue.
The details of ORC works across its different zones, as provided by the management, are given in the table below: -

Sr. No.	Zones	ORC works as at 01.04.19 (Nos)	ORC works added during the year (Nos)	ORC works completed during the year (Nos)	Balance ORC works remaining as at 31.03.20 (Nos)
1	Amravati	9	12	13	**8**
2	Aurangabad	6	4	2	**8**
3	Karad*	4	4	1	**7**
4	Nagpur	24	5	4	**25**
5	Nasik	22	2	10	**14**
6	Pune	109	15	0	**124**
7	Vashi	77	8	13	**72**
	Total	**251**	**50**	**45**	**290**

In course of execution of the ORC works, deposits are taken from parties for whom the company performs/ executes such ORC works. Such ORC deposits are accounted for under GL Code 123100 which has an outstanding balance of Rs. 1,13,432.38 Lakhs (Previous Year Rs. 80,304.65 Lakhs as at 31.03.19). It was observed that old unreconciled balances are appearing in the said ledger for which details were readily not available with the respective profit centre within said seven zones of the Company.
However, it is to be noted that the ultimate ownership of such assets is with the Company only. The Assets are not handed over to the Other Agencies. The deposits collected from them is adjusted against the Assets constructed and a nominal value of Re. 1 is kept in the Asset Master for identification.

Company also executes projects for evacuation of power in case of generation of energy from non-conventional sources. As per accounting policy 2.19(B), 50% of the cost of such power evacuation project is borne by Company and balance 50% is to be reimbursed by Maharashtra Energy

		Development Agency (MEDA) to the respective private developer. In such cases also, there is no hand over of the assets to the other agencies. Execution of MEDA project is done in two ways. (i) wherein the vendor gives the entire amount beforehand for execution of the project to the Company as ORC deposit and the Company after the execution of project reimburses 50% to the vendor and creates the asset of the same value and the remaining 50% is paid by MEDA to the vendor. (ii) wherein the vendor itself executes the project and the Company subsequently pays 50% of the cost of project to the vendor and MEDA reimburses the remaining 50% to vendor. The amount payable by Company to the vendor/ private developer is accounted for under GL code 131010. It has been observed that both such GL codes (123100 & 131010) remain unreconciled as at the year end. Complete details of such projects falling under MEDA grant are not readily available with the Company. As a result, whether Asset Capitalization of such MEDA projects is accurate or not cannot be commented upon. "Substantial amount of employee, admin and other costs are not being loaded to ORC works and for the appropriate calculations at the time of estimations." Please refer statutory audit report of even date on the Stand Alone Ind AS Financial Statements of the Company, particularly para 2.16, 2.19 and 2.21 (GL Code-237030). *Opening Balance is not as per the closing balance of the last year due to non-reporting of 2 ORC works which was accepted during 2018-19.
VII	Items contained in the inspection report of CAG in previous year & remaining open till the date of Balance Sheet under report	Please refer **Appendix II-(a)** and **Appendix II-(b)** to this report for the list of such items
VIII	Other Matters	1. Based on the selective examination, double payment amounting to Rs. 1.02 Lakhs has been made to 1 employee during the year and same was recovered from employee once the error got noticed. 2. Scope of internal audit needs to be enhanced to make the same commensurate with the size of the Company and its nature of the business 3. Employee Master maintained in SAP system; several employees have similar Permanent Account Numbers for which no satisfactory explanation provided. 4. The data given by the Company for actuarial valuation is found to be erroneous and corrected in course of our audit to the extent errors noticed and acted upon. This process needs to be strengthened to make it accurate.

		5. In course of our audit the data/details pertaining to Central Provident Fund (CPF) contributions and interest thereon are not made available for verification ; as a result the shortfall ,if any, on account of contributions/interest could not be accurately ascertained. The Company needs to ensure year wise reconciling the numbers of contributions, shortfall of interest, funds transferred to CPF

For Khimji Kunverji & Co LLP
Chartered Accountants
Firm Registration Number - 105146W/W-100621

Sd/-
Hasmukh B Dedhia
Partner - 033494
UDIN: 20033494AAAAKX9332
Place: Mumbai
Date: October 09,2020

Appendix- I: -**Vendor Code having negative balances**

Vendor Code	Balance as at March 31, 2020 (Amount Rs.in Lakhs)	Vendor Code	Balance as at March 31, 2020 (Amount Rs.in Lakhs)	Vendor Code	Balance as at March 31, 2020 (Amount Rs.in Lakhs)
4000000276	(226.92)	4000000730	(0.04)	4000001006	(0.22)
4000000111	(24.96)	4000004972	(0.58)	4000000969	(3.06)
4000000086	(26.85)	4000000154	(5.33)	4000001033	(0.01)
4000000377	(0.06)	4000000361	(0.20)	4000000164	(0.42)
4000000064	(2,517.96)	4000000228	(9.50)	4000001552	(5.44)
4000000010	(449.45)	4000000916	(5.74)	4000005605	(0.10)
4000000425	(179.78)	4000001067	(114.77)	4000000152	(22.71)
4000000093	(241.14)	4000000354	(3.69)	4000000441	(2.77)
4000000123	(0.00)	4000000922	(18.49)	4000009661	(0.08)
4000000403	(17.71)	4000000351	(2.09)	4000008012	(0.19)
4000000296	(71.45)	4000000934	(23.49)	4000001301	(0.01)
4000000391	(1.13)	4000000161	(0.00)	4000006894	(0.05)
4000000389	(5.72)	4000000014	(6.11)	4000007463	(0.42)
4000000330	(8.64)	4000000424	(149.41)	4000000799	(0.23)
4000000216	(67.14)	4000000217	(40.30)	4000001338	(0.25)
4000000115	(128.24)	4000000052	(51.18)	4000005377	(0.25)
4000000417	(36.43)	4000000938	(57.99)	4000006164	(3.97)
4000000277	(4.49)	4000000890	(0.00)	4000002720	(0.37)
4000000066	(238.46)	4000000133	(218.10)	4000004214	(9.31)
4000000476	(24.96)	4000000165	(4.33)	4000000442	(3.52)
4000000400	(0.61)	4000000359	(32.59)	4000000043	(95.40)
4000000119	(0.61)	4000000893	(71.58)	4000015817	(0.01)
4000003697	(17.01)	4000000175	(14.44)	4000000068	(0.80)
4000000011	(307.82)	4000000254	(0.00)	4000003592	(0.00)
4000000140	(46.20)	4000000875	(97.66)		
4000003173	(0.01)	4000001031	(2.40)		

Appendix II(a):- Items contained in the inspection report of CAG in previous year (i.e. 2018-19) and remaining open

Sr. No.	CAG's COMMENTS	MSETCL's REPLY	Status as at end of FY 2019-20 and Auditor's Remarks
	A. Comments on Profitability		
	Ind AS Compliant Statement of Profit & Loss		
	Revenue **Other Income (Note 22): Rs. 292.85 crore** **Other Miscellaneous Income: Rs. 182.07 crore**		
1	**This does not include Rs.30.46 crore being interest recoverable on mobilisation advances which should have been recognised. Non recognition is not in conformity with the accounting policy adopted by the Company. This resulted in understatement of other miscellaneous income and profit for the year by Rs.30.46 crore and understatement of Trade Receivables to that extent.**	As per Accounting policy of the company disclosed under Note no 2.15 to the notes to account for the financial year 2019-20, interest income is accounted on accrual basis considering the certainty of the revenue. Further, the purpose of retention amount and the bank guarantees with the Company is to secure performance of the contract and not to recover interest which is yet to be accepted by the agencies. With regard to the mobilization advance given to contractors, the company will account the same in books of accounts upon its ultimate realization.	The concerned matter (of GL Code 123060 & 290020) is covered under para 'Basis for Modified Opinion' please refer to 2.21 above
	Expenses **Other Expenses (Note 26): Rs. 309.45 crore** **Miscellaneous Losses and provisions: Rs. 0.36 crore**		
2	**This does not include provision on disputed transmission charges of Rs.49.68 crore already recognised but pending before the Appellate Tribunal for Electricity. The transmission licensee (M/s Sai Wardha Power Generation Ltd.) is also under the Corporate Insolvency Resolution Process. Non-Provision on the disputed claim is not in conformity with Ind AS 18 - Revenue resulting in understatement of other**	There is a valid Bulk Power Transmission Agreement (BPTA) with M/s SWPL in pursuance of which invoices has been raised for transmission charges for the allocated capacity of 130/135 MW coupled with favourable decision of Hon'ble MERC in the instant matter. Though the matter is further pending with APTEL for its final decision, NCLT has initiated corporate insolvency proceeding against M/s SWPL under Insolvency and Bankruptcy Code 2016 (IBC), wherein IRP has been appointed and admitted a claim of Rs. 34.00 crore against the total claim lodged by the Company of Rs. 119.51 crore keeping the balance amount of claim as	The Concerned item is covered by para 'Basis for Modified opinion' in our Standalone Audit Report. Refer Para 2.4 of the said report.

	expenses and over statement of trade receivables with consequent overstatement of profit for the year by Rs.49.68 crore.	contingent claim. It is noteworthy that the IRP has not rejected any amount of claim made by the company. Recently, NCLT has issued an order dated 17/10/2019 in the matter of IBC proceedings against M/s SWPL approving the Resolution plan submitted by the Resolution applicant wherein the admitted and contingent claim of operational creditors has been proposed to be paid in the phased manner within a period of 24 months as per the Resolution plan incorporated in the said order. In view of above, the provision for doubtful debts (Rs.8851.41 Lakhs) made in the books of accounts for the said receivable amount seems to be sufficient and hence no further provision has been made in the F.Y. 2019-20. MSETCL received Rs. 15 lakhs vide NCLT order no. 275/7/HDB/2019 dated 17/10/2019 as against the company claim of Rs. 119.51 crore. Further, MSETCL filed for appeal in NCLAT. NCLAT dismissed the appeal in Order No. 1401/2019 dated 03/02/2020. MSETCL filed for appeal in SC to challenge NCLAT order. Due to COVID period submission is awaited.	
	Rates and Taxes: Rs. 10.20 crore		
3	**This does not include Rs.31.15 crore being property tax on leasehold land resulting in under-statement of rates and taxes with consequent overstatement of profits for the year by Rs.31.15 crore and understatement of Other Current Liabilities to that extent.**	Provision for property tax has been passed vide document number 100145636 dated 11/12/2019. No provision is made for interest due to late payment of property tax. MSETCL has approached Energy Department for waiver of property tax or levy the tax considering the purchase value of the property as against the capital value of the property used by the Navi Mumbai Municipal Corporation for the computation of property tax.	The Company does not have accurate bifurcation of leasehold / freehold properties. Refer Para 2.6 and 2.21 of 'Basis for Modified Amounting' (GL Code no. 230040, 230050, 230060) of our standalone audit report. Considering observation of CAG, company is advised to make the provision for interest on late payment of property tax.

	B. Comments on Financial Position		
	Balance Sheet		
	Assets		
	Current Assets		
	Trade Receivables (Note 10.2): Rs. 2320.67 crore		
4	**This does not include the differential amount of Outright Contribution (ORC) receivable from Maharashtra Eastern Grid Power Transmission Company Limited (MEGPTCL), resulting in understatement of trade receivables and overstatement of ORC work-in-progress by Rs.18.68 crore.**	As far as the matter of accounting based on demand notice is concern towards interest income of Rs. 12.63 crore, the company does not recognize any income on the basis of issuance of demand notice as is evidenced from the accounting policy adopted by the company as per Note No. 2.15 to the financial statement of FY 2019-20. The issue of demand notice doesn't entail into accrual of income. As also with regard to ORC deposit, the same is accounted on the basis of receipt of the same, as issuance of demand notice doesn't result in increase in receivable and depends whether the other party is agreeing to it.	The concerned matter (of GL Code no. 260040 & 260060) is covered under para 'Basis for Modified Opinion' in our Stand-alone Audit Report. Refer Para 2.21 of the said report.
	Equity and Liabilities		
	Equity		
	Other Equity (Note 13): Rs. 2091.98 crore		
	Special Reserve Fund: Rs. 139.39 crore		
5	**This includes Rs.76.58 crore appropriated from profits during 2013-14 and 2014-15 as per the provision of MERC Regulations, 2005. Though the constitution of Special Reserve Fund (SRF) was repealed by the MERC (MYT) Regulation, 2011 the Company continued the appropriation during 2013-14 and 2014-15 (even though the new regulations were applicable to the company during this period) resulting in unauthorised appropriation to SRFs and understatement of Retained**	As per MERC Regulation 2005, out of the total amount of Efficiency gain/losses, 1/3rd was to be shared with the TSU, 1/3rd was to be retained as special reserve to be offset against the future losses due to controllable factors (if any) and the remaining 1/3rd is to be shared with MSETCL. Accordingly, MSETCL has appropriated the 1/3rd amount of efficiency gain as Special Reserve in the respective years where the said regulation was applicable. Further, MSETCL had asked for deferment from MERC MYT Regulation 2011, which was applicable from FY 2011-12 to FY 2012-13. Thus, MERC Regulation 2005 was made applicable to FY 2011-12 and FY 2012-13 also. Vide the Tariff Order in Case No 207 of	We concur with the response of the management.

	Earning to the extent of Rs.76.58 crore. Accumulated SRF of Rs.139.39 crore has also been lying since April 2015.	2014 dated 26.06.2015 MERC directed that the 1/3rd of the Efficiency gain for FY 2012-13 be appropriated to the Special Reserve during the true up of FY 2012-13. Accordingly, the shortfall on the special reserve accounts was provided during FY 2014-15. Thus, there was no violation of regulation and the amount provided for during FY 2013-14 and FY 2014-15 were the shortfall pertaining to FY 2011-12 and FY 2012-13 respectively. Furthermore, as per Regulation 19.1.(b) the special reserve is to be offset against the future losses due to controllable factors (if any). The O&M Expenses claimed by MSETCL are below the normative and thus there has been no loss till the last true up order hence the special reserve could not be utilise by MSETCL in the past years. If any such Efficiency loss arises in future, then the special reserve will be utilised in future.	
	Liability **Non Current Liabilities** **Other Non-current Financial Liabilities (Note 14.2): Rs.1875.25 crore** **Other Deposits: Rs. 832.24 crore**		
6	**This includes deposit of Rs.45.09 crore in respect of ORC works completed and commissioned during 2018-19. Non-adjustment of the deposits resulted in overstatement of deposits by Rs.45.09 crore and consequent overstatement of ORC work-in-progress under Capital Work-in-progress to that extent.**	Three ORC works with capex expenditure amounting to Rs. 40.97 crore have been capitalized by knocking off the deposit in FY 2018-19. Five ORC works having capex expenditure amounting to Rs. 4.12 Cr. will be capitalized in FY 2020-21 after finalizing QV / Final bills.	The concerned matter (of GL Code 123100) is covered under para 'Basis for Modified Opinion' in our Standalone Audit Report. Refer Para 2.21 of the said report.
	Current Liabilities **Other Current Liabilities (Note 19): Rs.21.37 crore**		
7	**Goods and Service Tax (GST) is applicable to deposits received as consideration for the supply of goods or rendering services in terms of Section 2(31) of the CGST**	In case of ORC works, MSETCL collects deposits from Outright Consumers before executing the works and treats as ORC Deposits in the books of accounts of MSETCL. It is shown in the liability side of the balance sheet of the MSETCL.	The concerned matter (of GL Code 123100) is covered under para 'Basis for Modified Opinion' in our Standalone Audit Report. Refer Para 2.21 of the said report.

	Act,2017. The Company has not collected and deposited GST on ORC deposits resulting in short assessment and collection of GST by Rs. 43.13 crore (*) with consequent understatement of other current liabilities and other current assets to that extent. ** Rs.377.78 crore x 18/118 minus GST of Rs.14.50 crore on supervision charges already shown in the books of accounts.*	This amount is finally set off against the actual cost of the construction / works at the time of completion of all activities of the works. Till the constructions stage, the expenditure incurred on these works is shown as Capital WIP and finally on completion of the works this deposit amount is set-off against the total works cost. The Asset is capitalized in the books of MSETCL at Re. 1. The Operation & Maintenance (O&M) of asset is carried out by MSETCL. As Asset does not transferred to the ORC Consumers, there was an ambiguity whether it is supply service or otherwise. MSETCL has submitted Application for Advance Ruling vide ARN AD270419019782S dated 25.04.2019 to Authority of Advance Ruling (AAR), GST Department regarding Applicability of GST on Deposit for Dedicated Distribution Facility (DDF)/ Dedicated Transmission System (DTS) /Out-right Contracts (ORC). The same is “Pending for Order” till date. However, as a conservative measure, MSETCL has issued Circular in May-19 for charging GST on the estimated cost of the ORC Works including supervision charges and same is paid to GST Authority. The decision regarding collection of GST on ORC deposit for the period from July'17 to March'19 shall be acted upon Order/Ruling from AAR in this regard. Order / Ruling from AAR is still awaited, meanwhile MSETCL has initiated the correspondence with AAR vide letter no.- 446 dated: 17.01.2020 & no.2650 dated 31/07/2020.	

Appendix II-(b):- Items contained in the inspection report of CAG Prior to FY 2018-19 and remaining open

Sr. No.	CAG's COMMENTS	MSETCL's REPLY	Status as at end of FY 2019-20 and Auditor's Remarks
	A. Comments on Profitability		
	Ind AS Compliant Statement of Profit & Loss		
1	**Income - Other Income (Note 23): - Rs. 1033.31 crores. (Total of the Items remaining open – Rs. 4.35 crores)**		
1(a)	**This includes Rs.3.81 crore, being the supervision charges deposited by third parties in three circles for Outright Consumers works for which the works are not taken up/completed. This resulted in overstatement of Other Income and profit and understatement of Other Non-current Liabilities by Rs.3.81 crore.**	As per Para 35 of Ind AS 115, an entity transfers control of a good or service over time and, therefore, satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met: (a) the customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs (b) the entity's performance creates or enhances an asset (for example, the work in progress) that the customer controls as the asset is created or enhanced, or (c) the entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for the performance completed to date. MSETCL does not fulfil any of the above criteria and hence recognizes revenue on the basis of receipts in its books of Accounts.	The Concerned item is covered by qualification / disclaimer please refer to our 'Basis of Modified opinion' under para 2.16 of audit report for FY 2019-20
1(b)	**This does not include interest of Rs 54.19 Lakhs on the outstanding of mobilisation advance pending recovery from M/s G.K Power and M/s Rounak Industries .This has resulted in under-statement of Other Income and Trade Receivable with the**	Entire Interest of Rs. 30.90 lakhs is adjusted from retention money lying with company against M/s Rounak vide document No. 100201850 & 100222248 in FY 2017-18. Interest of Rs. 14.09 lakhs is recovered from bills outstanding of M/s G K Power from O&M circle.	Remaining Interest of Rs. 9.20 Lakhs has not been accounted in FY 2019-20

	overstatement of Loss for the year to the extent of Rs. 54.19 Lakhs.		
B.	**Comments on Financial Position** **Balance Sheet** **Assets**		
2	**Property, Plant and Equipment (Note 4.1): Rs.16,222.78 crores (Total of the Items remaining open – Rs. 10.75 crores)**		
2	**This does not include Rs.10.75 crore being the value of various assets commissioned in 2017-18 but not capitalised. This resulted in the understatement of Non-current Assets with consequent overstatement of work in Progress by Rs.10.75 crore. The impact on the depreciation for the year due to the under-statement of Non Current Assets could not be quantified.**	Out of Rs. 10.75 crores, Rs. 22.88 lakhs is pending to be capitalised due to non-approval of final QV proposal. PC-5700 Rs. 70.84 lakhs: The final QV Proposal for obtaining approval from Corporate Office Mumbai is submitted by SE[C] EHV CCCM Circle Nasik vide L No. SEC/EHV/CCCMC/NSK/0012 Dt. 03-01-2020 to SE EHV Project Circle Nasik. The approval & PO Edit work thereof is yet to be obtained. Thereafter the Final PO punching work & SEs can be taken by DO Jalgaon. The amount of Rs. 28,16,619.80 for 1st RA Bill is capitalized in 06 Nov-2019. The remaining amount can be capitalized after final PO punching in system & also there is saving to tune of 27.94 % in this work. Thus Final PO amount Rs. 51.05 - Less earlier Rs. 28.16 = Rs.22.88 Lakhs can be capitalized after necessary approval.	The Concerned item is covered by qualification / disclaimer please refer to our 'Basis of Modified opinion' under para 2.5 and 2.21 of audit report for FY 2019-20
3	**Capital Work-in –progress (Note 4.2): Rs. 2,68,633.64 Lakhs (Total of the Items remaining open – Rs. 6.46 crores)**		
3(a)	**This includes Rs.2.70 crore being deposits taken from parties for construction of bays which had been allotted during the year. However, the amount was not adjusted from deposits. This resulted in overstatement of Other Non-current Financial Liabilities (Other deposits) and overstatement of other non-current assets by Rs.2.70**	The reconciliation is in process and the deposit will be knock off against the assets in FY 2020-21.	The Concerned item is covered by qualification/ disclaimer please refer to our 'Basis of Modified opinion' under para 2.19 and 2.21 of audit report for FY 2019-20

3(b)	**This includes Rs 217.00 Lakhs incurred by the Company towards the security charges at work site which was recoverable from the Contractors. This has resulted in overstatement of Capital Work-in-progress and understatement of Other Receivables to the extent of Rs.217.00 Lakhs.**	MSETCL had awarded the work of 220KV Nandgaon Peth S/Stn and 220KV Anjangaon S/Stn along with its associated lines in Amravati District and 220 KV Malegaon S/St and 132 KV JalgaonJamod S/Stn along with their associated lines in Buldhana District to M/s ECI -Shanghai JV. However, due to non-performance of M/s ECI-Shanghai JV, MSETCL had terminated their EPC contract vide letter MSETCL/ED(P)/EPC/6243 dated 08/05/12. In order to safeguard the materials and assets w.r.t. the above mentioned projects lying at the above mentioned sites and to avoid the possibility of theft, the competent authority decided to provide MSETCL's security at those sites. Thus, the expenditure so incurred on providing services of security guards during the period 2011-12 to March 2017 was accounted for under Capital Work in Progress. Which will be treated as receivable and reduced will be accounted for in the F.Y. 2017-18. MSETCL, in turn has awarded the contract on 'risk and cost basis' to other contractors for completion of above mentioned schemes of M/s ECI Shanghai. The company will certainly initiate recovery of such excess charges incurred from the erring contractor i.e. M/s ECI Shanghai. There are no future claims expected from M/s ECI, so option of encashment of BG is being explored. However, the matter is subjudised. The decision will be taken subject to final decision of the Court.	Status quo remains. The matter is informed to be still sub-judised
3(C)	**This also includes Rs 159.42 lakh being ineligible price variation paid to the contractors on the tax element included in the price of the materials which resulted in overstatement of**	Recovery of excess PV amounting to Rs. 1.70 crore was recovered from the following contractors:	Rs. 31.20 Lakhs pending to be recovered

<table>
<tr><td></td><td>Capital Work-in-progress and understatement of Other Receivables by Rs 159.42 lakh.</td><td colspan="2">
<table>
<tr><td>Name of agency</td><td>Excess PV Recovery</td></tr>
<tr><td>M/s ECI</td><td>23,52,505</td></tr>
<tr><td>M/s KPTL</td><td>44,90,358</td></tr>
<tr><td>M/s KEC</td><td>77,08,861</td></tr>
<tr><td>M/s JSL</td><td>8,90,003</td></tr>
<tr><td>M/s GE (Alstom)</td><td>15,31,617</td></tr>
<tr><td>Total</td><td>1,69,73,344</td></tr>
</table>
Para no.11:- Excess payment of price variation of Rs.31.20 Lakhs due to incorrect basis price.
Reply to para no.11 :- Recovery of Rs.31.20 Lakhs is still pending due to non availability of bills in r/o M/s ABB Ltd.</td><td></td></tr>
<tr><td></td><td colspan="4">Equity and Liabilities</td></tr>
<tr><td></td><td colspan="4">Other Equity (Note no 13) Rs 1095.88 crores</td></tr>
<tr><td></td><td colspan="4">Reserves and Surplus: Rs 380.98 crores (Total of the Items remaining open – Rs. 4.49 crores)</td></tr>
<tr><td>4</td><td>This includes Rs 449.00 lakh being the cost of ORC works treated as Income during 2014-15. The Company assured to make necessary adjustment during 2016-17. The non-compliance of the assurance resulted in continuance of the overstatement of Reserves and Surplus and Fixed Assets to the extent of Rs 449.00 lakh with consequent effect on the depreciation and loss for the year.</td><td colspan="2">Statutory Auditor's vide their Audit Report para IV 2(xiv) have qualified the said account related to ORC deposits as unreconciled.
The Company had already initiated the necessary reconciliation drive in the field offices since previous years and the reconciliation process is in progress. After reconciliation of the same, the ORC deposit will be adjusted against concerned assets.</td><td>ORC deposit has not been reconciled in the FY 2019-20</td></tr>
<tr><td>5</td><td colspan="4">Other Non-Current Financial Liabilities (Note: 14.2): - Rs. 1,467.89 crore (Total of the Items remaining open – Rs. 123.03 crores)</td></tr>
<tr><td>5(a)</td><td>This does not include Rs.0.87 crore being balance amount due to the contractor for work of capacitor banks at Pune which was completed during the year.

Non provision has resulted in understatement of Other Non-current Liabilities and Non-current Assets by Rs.0.87 crore.</td><td colspan="2">The capacitor banks commissioned on 28.03.2018, but as the final quantity / measurement was to be reviewed and the same has been done in FY 2019-20 and total due to contractor comes to Rs.81.41 lakhs, out of which Rs.67.32 lakhs is the saving and Rs.6.06 lakhs has been paid by Civil office. Balance Rs.8.03 lakhs will be paid in F.Y.2020-21 as the final bill is received from agency and is under process.</td><td>The Concerned item is covered by qualification /disclaimer please refer to our 'Basis of Modified opinion' under para 2.21 of audit report for FY 2019-20.</td></tr>
</table>

5(b)	**This includes Rs.2790.00 lakh deposited by M/s MEGPTCL towards capital works which have already been completed. As per the practise being followed by the Company, such deposits are adjusted against the cost of assets. Non adjustment of deposits for completed capital works resulted in overstatement of Other Non-current liabilities with corresponding overstatement of Fixed Assets to the extent of Rs 2790.00 lakh.**	In the above context, it is to submit that M/S MEGPTCL has deposited Rs. 2790 Lakhs (excluding supervision charges) towards MSETCL for construction of 2X765kV End bays at 765kV Ektuni s/s for 765kV Akola-Aurangabad line Ckt-I & II. Cost estimate of 2X765kV End bays consist of electrical part & civil part of works required for construction of bays. 2X765kV End bays were commissioned on 27.05.2016. Amount incurred for construction of 765kV End bays was capitalized in SAP system and deposit of Rs. 2790 Lakhs (excluding supervision charges) is being adjusted against the asset in FY 2017-18 excluding the taxes. Actual cost for civil part of works & electrical part of works is derived on prorate basis for some of the items as common facilities for total substation works. Civil expenses details are under scrutiny and will be clubbed with electrical works expenses to submit revised demand note to M/S MEGPTCL. It is hereby submitted that the amount of Rs. 2790 Lakhs (excluding supervision charges) will be settled in year 2017-18 from the ORC deposits head with reference to the work completion at site & appro-priate entry will be passed in SAP. It is further stated that Statutory Auditors in their Audit Report relating to F.Y. 2016-17, vide para IV-2(xiv) had duly qualified that Account GL Code 123100-ORC Deposit are unreconciled.	ORC deposit has not been reconciled in the FY 2019-20.
5(c)	**This includes Rs 400.00 lakh being deposit for construction of bays under ORC works against which the existing bays were allotted to the parties. As such, the deposits of Rs 400 lakh should have been set off by transferring the same to Other Income. This has**	In order to execute ORC works, deposits are taken from the parties for whom company performs/ executes such ORC works. Aurangabad EHV O&M Circle has executed 7 ORC works with Rs 221 Lakhs including supervision charges and Nagpur O&M Circle had completed 8 ORC works worth Rs.237.00 Lakhs. Work Completion Report (WCR) against all the	Rs 400 lakh has not been accounted as "Other Income" in the FY 2019-20. The Concerned item is covered by qualification / disclaimer please refer to our 'Basis of Modified opinion' under para 2.19 and 2.21 of audit report for FY 2019-20

	resulted in understatement of Other Income and Overstatement of Non-current liabilities and loss to the extent of Rs 400.00 lakh.	ORC works executed were received in the month of November 2017. Necessary accounting entry will be passed in FY 2017-18 as per the assets identified in Fixed Asset Register in accordance with the guidelines issued in context to Ind AS Policy. MSETCL is in the process of carrying out physical verification of Fixed assets, on completion of the same, the identification of proper assets and its value for adjustment against the ORC deposit amount would be done.	
5(d)	**In response to the Audit Comments for the year 2015-16, the Company assured to adjust the deposits pertaining to the completed ORC works amounting to Rs 9,026.00 lakh during 2016-17 against Fixed Assets. The non-compliance of the assurance resulted in continuance of overstatement of Non-current Liabilities and Fixed Assets to the extent of Rs 9,026.00 lakh with consequent effect on the depreciation and the Loss for the year.**	Statutory Auditor's vide their Audit Report para IV 2(xiv) have qualified the said account related to ORC deposits as unreconciled.The Company had already initiated the necessary reconciliation drive in the field offices since previous years and the reconciliation process is in progress. After reconciliation of the same, the ORC deposit will be adjusted against concerned assets.	ORC deposits have not been reconciled in the FY 2019-20. The Concerned item is covered by the qualification / disclaimer please refer to our 'Basis of Modified opinion' under para 2.19 and 2.21 of audit report for FY 2019-20.
	Current Liabilities		
	Other Current Liabilities (Note No.19): Rs.5.86 crore (Total of the Items remaining open – Rs. 13.06 crores)		
6	**This does not include Rs.13.06 crore being non-assessment and non-recovery of the labour cess for the period July 2010 to March 2018 (Nashik Project Circle).** **This resulted in understatement of Other Receivables and Other Current Liabilities by Rs.13.06 crore.**	The labour cess is recovered and paid to the concerned authority in time. The balance amount would recovered from the upcoming bills of the Vendors and the payment would be made immediately. Amount of Rs. 7.75 Crs has been recovered till date. The statement of the same is enclosed herewith. Further it is stated that Labour Cess of Rs.0.97 Crs could not be recovered on the Work	The Concerned item is covered by qualification/ disclaimer please refer to our 'Basis of Modified opinion' under para 2 of audit report for FY 2019-20. The balances and recoveries from the vendors could not be properly verified in course of our audit in absence of requisite data/details sought from the Company.

		Orders issued to M/s Areva T&D India Ltd as per Ltr No. MSETCL/CO/ F&A/9156 dated 03.12.2019 which is also enclosed herewith.	
	Other Comments **Notes to Standalone Financial Statements**		
7	**The company stated in Note no.2.19 that it recognized Expected Credit Loss (ECL) on Trade receivables and other financial assets (Ind AS 109). Further, it stated that the loss allowances on trade receivables are as per the ECL model. However, the company has not followed the ECL model. This fact was disclosed in Note no.33 only in respect of one of its receivables - MSEDCL but not disclosed in respect of the other receivables. The Note no.33 is inadequate to that extent.**	The necessary disclosures has been done in note no-33 to financial statement of FY 2019-2020.	The balances and details of Trade receivables could not be properly verified in course of our audit in absence of requisite data/details sought from the company. Please refer para 2 of audit report for FY 2019-20.

Annexure 3 to the Independent Auditors' Report to the Members of Maharashtra State Electricity Transmission Company Limited

[referred to in paragraph 7 titled 'Report on Other Legal and Regulatory Requirements']

i.

a) The complete quantitative details and situation of fixed assets is not available with either in SAP or in erstwhile AR01 register.

b) The management has not undertaken physical verification of the Company's fixed assets during the year. In the absence of such record and verification we are unable to state whether there are any material discrepancies and whether the same have been properly dealt with in the books of accounts.

c) The records relating to immovable properties as reflected in the Standalone Ind AS financial statements (i.e. Land Title, Lease Deed, 7/12 extract etc.) are not maintained properly or updated and the same are not reconciled with the Standalone Ind AS financial statements as at March 31, 2020. In absence of complete records, we are unable to state whether all such immovable properties are in the name of the Company.

ii.

a) The Company had planned an annual stock verification program for the F.Y. 2019-2020. Theinspection /valuation of stocks lying with Company was notfully carried out by the Company during the year as per the said program due to outbreak of pandemic Covid19. And Inventory Physical verification report has not been shared with us hence consequential impact if any cannot be commented.

b) In our opinion, the procedure of physical verification of inventory followed by the management is adequate in relation to size of the Company and the nature of its business, except for our observation in (a) above

c) On the basis of our examination of records of inventory, in our opinion, the company has maintained proper records of inventory. The discrepancies noticed on such physical verification of inventories such as Direct Debit to Work (DDW) and the slow / non-moving inventories with ageing could not be satisfactorily explained, we are unable to comment whether discrepancies have been properly dealt with

iii. According to the information and explanation given to us by the Company, the Company has not granted any loans to companies, firms, LLPs or other parties listed in the register maintained under section 189 of the Companies Act, 2013. Hence reporting under the clause (III) - (a) to (c) of the Order is not applicable to the Company.

iv. In our opinion and according to the information and explanation given to us, the Company has complied with the provision of section 185 and section 186 of the Act except following

Non-compliance of Section 186					
Sr. No	Particulars	Name of Company/ Party	Amount Involved (Rs. In Lakhs)	Balance as at Balance Sheet Date (Rs. In Lakhs)	Remarks, if any
1	Investment made in Associate Company	Maharashtra Transmission Communication Infrastructure Limited	623.72	1760.91	Resolution sanctioning the amount involved of Rs.623.72 lakhs in meeting of the Board with the consent of all the directors present at the meeting could not be produced for our verification.

v. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public during the year in terms of the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the rules framed there under. Accordingly, paragraph 3(v) of the Order is not applicable to the Company.

vi. We have broadly reviewed the books of account maintained by the Company as specified under Section 148(1) of the Act and we are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

vii. In respect of statutory dues:

a) According to the information and explanations given to us and on the basis of our examination of records of the Company, in respect of amounts deducted / accrued in the books of account, the Company has generally been regular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Goods & Service tax, Service Tax, Value Added Tax, Cess and any other statutory dues, as applicable to the Company, during the year with the appropriate authorities. As informed, the duty of Customs and duty of Excise is not applicable to the Company during the year under report. There are no undisputed statutory dues payable in respect to above statues, outstanding as at March 31, 2020 for a period of more than six months from the date they became payable, except following:

Name of the Statute	Nature of the Dues	Amount (Rs. In Lakhs)	Period to which the amount relates	Date of Payment
Finance Act,1994 (Service Tax)	Interest on Service Tax for previous year on the supervision charges collected from ORC vendors	267.34	FY 2014-15	Not Paid

b) According to information and explanations given to us and on the basis of our examination of the records of the Company, there is no disputed Income tax, Sales-tax, Service Tax, Goods & Service Tax and Value Added Tax as on 31st March, 2020 which have not been deposited except the following disputed dues which have not been deposited since the matters are pending with the relevant forum:

Name of Statue	Nature of the Dues	Period (A. Y.) to which the amount relates	Forum where matter is pending	Amount (Rs. In Lakh)
Income Tax Act, 1961	Fringe Benefit tax	2006-07	The Assistant Commissioner of Income-tax, Circle 14(2)(1) – Mumbai	17.58
Income Tax Act, 1961	Fringe Benefit tax	2007-08	The Deputy Commissioner of Income-tax, Circle 14(2)(1) – Mumbai	73.32

Income Tax Act, 1961	Income Tax	2008-09	The Income-tax Appellate Tribunal (Departmental Appeal)	328.41
Income Tax Act, 1961	Fringe Benefit tax	2008-09	The Deputy Commissioner of Income-tax, Circle 14(2)(1) – Mumbai	24.46
Income Tax Act, 1961	Fringe Benefit tax	2009-10	The Deputy Commissioner of Income-tax, Circle 14(2)(1) – Mumbai	25.75
Income Tax Act, 1961	Income Tax	2009-10	The Commissioner of Income-tax (Appeals) - 22, Mumbai	19000.84
Income Tax Act, 1961	Income Tax	2010-11	Commissioner of Income-tax (Appeals) - 22 – Mumbai	310.35
Income Tax Act, 1961	Income Tax	2011-12	The Commissioner of Income-tax (Appeals) - 22, Mumbai	1853.10
Income Tax Act, 1961	Income Tax	2012-13	The Assistant Commissioner of Income-tax, Circle 14(2)(1) – Mumbai	4.48
Income Tax Act, 1961	Income Tax	2012-13	The Commissioner of Income-tax (Appeals) - 22, Mumbai	9.71
Income Tax Act, 1961	Income Tax	2012-13	The Income-tax Appellate Tribunal (Departmental Appeal)	311.05
Income Tax Act, 1961	Income Tax	2013-14	The Commissioner of Income-tax (Appeals) - 22, Mumbai	936.87
Income Tax Act, 1961	Income Tax	2014-15	The Commissioner of Income-tax (Appeals) - 22, Mumbai	4056.58
Income Tax Act, 1961	Income Tax	2015-16	The Commissioner of Income-tax (Appeals) - 22, Mumbai	166.76
Income Tax Act, 1961	Wealth Tax	2015-16	The Commissioner of Income-tax (Appeals) - 22, Mumbai	3.12
Income Tax Act, 1961	Income Tax	2016-17	The Commissioner of Income-tax (Appeals) - 22, Mumbai	7107.68
Income Tax Act, 1961	Income Tax	2017-18	The Commissioner of Income-tax (Appeals) - 22, Mumbai	4037.20

Note : Please refer statutory audit report of even date on the Stand Alone Ind AS Financial Statements of the Company, particularly para 2.20.

viii. Based on our audit procedures and as per the information and explanations given by the management, the Company has not defaulted in repayment of loans or borrowings to banks, financial institutions or government during the year. The Company has not issued any debentures.

ix. During the year the Company did not raise any money by way of initial public offer or further public offer (including debt instruments). According to the information and explanation given to us, the term loans have been prima facie applied by the Company during the year for the purpose for which it was obtained.

x. 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 neither come across any instance of fraud by the Company or any fraud on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such instance by the management.
However, during the course of our examination of the books of account and records of the Company and according to information and explanation given to us, we have noticed the incidence of fraud on the Company by its officers or employees. While checking the leave encashments it was noticed that Several employees have claimed and received leave encashment far in excess of what is permitted under the Company's laid down policy. It is also observed that such leave encashment is claimed seven to nine times in a block of two years by some employees, which doesn't seem to be an error. The 'Service Book' which records the leave encashment of such employees was observed to be blank during our checking, yet the excessive claims of employees got approved and paid. Such tendency of excess claiming of leave encashment was considered questionable and estimated amount involved in the said fraud is above Rs.1 Crore. This matter has been reported to Central Government by the Auditors during the year in terms of section 143 (12) of the Act.

xi. As informed to us, the provisions of Section 197 are not applicable to the company, being Government Company, as per the notification of MCA dated 5th June 2015.

xii. The Company is not a Nidhi Company. Therefore, the provisions of clause (xii) of paragraph 3 of the Order are not applicable to the Company.

xiii. In our opinion and according to the information and explanations given to us, the Company is in compliance with the applicable provisions of Section 177 and 188 of the Act for all transactions with the related parties and the details of related party transactions have been disclosed in the Standalone Ind AS financial statements as required by the applicable accounting standard.

xiv. According to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Therefore, the provisions of clause (xiv) of paragraph 3 of the Order are not applicable to the Company.

xv. In our opinion and according to the information and explanations given to us, during the year, the Company has not entered into any non-cash transactions with directors or persons connected with them. Therefore, the provisions of clause (xv) of paragraph 3 of the Order are not applicable to the Company.

xvi. In our opinion, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For Khimji Kunverji & Co LLP
Chartered Accountants
Firm Registration Number - 105146W/W-100621

Sd/-
Hasmukh B Dedhia
Partner - 033494
UDIN: 20033494AAAAKX9332
Place: Mumbai
Date: October 09, 2020

Annexure 4 to the Independent Auditors' Report to the Members of Maharashtra State Electricity Transmission Company Limited

[Referred to in paragraph 8(f) titled "Report on other legal and regulatory requirements"]

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

Opinion

We have audited the internal financial controls over financial reporting of **Maharashtra State Electricity Transmission Limited** ("the Company") as at March 31, 2020 in conjunction with our audit of the Standalone Ind AS financial statements of the Company for the year ended on that date.

In our opinion, the Company's internal financial controls system over financial reporting and design thereof needs to be improved to eliminate control lapses and make it comprehensive. Based on selective verification of process controls matrixes made available to us which require to be updated for some identified processes and risks, in our opinion and considering the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note, the operating effectiveness of such process controls and appropriate documentation thereof needs to be strengthened to make the same commensurate with the size of the Company and nature of its business.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that:

a) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;

b) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and

c) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the standalone Ind AS financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

For Khimji Kunverji & Co LLP
Chartered Accountants
Firm Registration Number - 105146W/W-100621

Sd/-
Hasmukh B Dedhia
Partner - 033494
UDIN: 20033494AAAAKX9332
Place: Mumbai
Date: October 09.2020

STANDALONE FINANCIAL STATEMENTS

Maharashtra State Electricity Transmission Company Limited
Standalone Balance Sheet as at 31st March 2020

(Rs in lakhs)

	Particulars	Note No	As at 31.03.2020	As at 31.03.2019
I	**ASSETS**			
(1)	**Non-Current Assets**			
	(a) Property, Plant and Equipment	4.1	16,39,998.32	16,67,611.01
	(b) Capital work-in-progress	4.2	2,80,656.26	2,40,703.88
	(c) Other Intangible Assets	4.3	292.67	410.10
	(d) Right of Use Assets	4.4	17,184.58	-
	(e) Investments in Subsidiaries, Associates and Joint Ventures	5	5,217.20	4,712.19
	(f) Financial Assets			
	(i) Investments	6.1	85,752.49	75,870.26
	(ii) Loans	6.2	153.55	226.77
	(iii) Other Non-Current Financial Assets		-	-
	(g) Income Tax Assets (net)	7	41,261.39	40,515.85
	(h) Other Non-Current Assets	8	7,610.39	11,120.88
(2)	**Current assets**			
	(a) Inventories	9	21,741.75	18,334.43
	(b) Financial Assets			
	(i) Investments	10.1	42,829.87	13,022.91
	(ii) Trade Receivables	10.2	2,59,901.94	2,32,067.00
	(iii) Cash and Cash Equivalent	10.3	5,363.46	11,518.38
	(iv) Loans	10.4	309.41	264.68
	(v) Other Current Financial Assets	10.5	6,238.58	2,859.96
	(c) Other Current Assets	11	1,527.45	1,156.56
	(d) Assets Classified as Held for Sale		3,615.43	3,599.17
	TOTAL ASSETS		**24,19,654.74**	**23,23,994.03**
II	**EQUITY AND LIABILITIES**			
(1)	**Equity**			
	(a)Equity Share capital	12	8,98,497.47	8,98,497.47
	(b)Other Equity	13	2,25,304.49	2,13,251.35
(2)	**Liabilities**			
	Non-Current Liabilities			
	(a) Financial Liabilities			
	(i) Borrowings	14.1	4,70,392.74	5,00,359.20
	(ii) Other Non-Current Financial Liabilities	14.2	2,23,326.08	1,81,320.14
	(b) Provisions	15	90,591.89	70,984.41
	(c) Deferred tax liabilities (Net)	16	2,47,118.27	2,34,091.01
	(d) Other Non-Current Liabilities	17	29,184.17	32,215.97
	Current liabilities			
	(a) Financial Liabilities			
	(i) Borrowings	18.1	1,29,735.70	1,13,128.47
	(ii) Trade Payables	18.2	33,365.35	31,211.20
	(iii) Other Current Financial Liabilities	18.3	18,254.97	18,183.23
	(b) Other Current Liabilities	19	12,141.03	2,115.98
	(c) Provisions	20	41,742.58	28,635.60
	TOTAL EQUITY AND LIABILITIES		**24,19,654.74**	**23,23,994.03**
	Significant Accounting Policies	1 to 3		

The accompaning notes are an integral part of these financial statements
As per our attached report of even date

For Khimji Kunverji & Co LLP
Chartered Accountants
Firm Registration No. 105146W/ W100621

Sd/-
Hasmukh B Dedhia
Partner
Membership No. 33494
Date: 09.10.2020
Place : Mumbai

For Maharashtra State Electricity Transmission Company Limited

Sd/-
Anil N Kalekar
Chief General Manager(F&A)

Sd/-
Ashok Phalnikar
Director (Finance)
[DIN: 08908820]

Sd/-
Dinesh Waghmare
Chairman & Managing Director
[DIN : 01843097]

Sd/-
Vineeta Shriwani
Company Secretary
[Membership No. A21814]

Maharashtra State Electricity Transmission Company Limited
Standalone Statement of Profit and Loss for the year ended 31st March, 2020

(Rs in lakhs)

	Particulars	Note No.	2019-20	2018-19
	Revenue			
I	Revenue from operations	21	3,72,255.46	3,59,032.52
II	Other Income	22	39,144.51	29,284.76
III	**Total Revenue (I+II)**		**4,11,399.97**	**3,88,317.28**
IV	**Expenses**			
	Repair & Maintenance Expenses	23	24,532.71	19,362.00
	Employee benefits expense	24	1,28,290.57	95,539.05
	Finance costs	25	53,658.55	54,133.03
	Depreciation and amortization expense		1,19,437.05	1,13,794.66
	Other expenses	26	36,189.56	30,945.48
	Total expenses (IV)		**3,62,108.44**	**3,13,774.22**
V	**Profit/(loss) before tax (III - IV)**		49,291.53	74,543.06
VI	**Tax expense:**			
	(1) Current tax		(10,409.82)	(16,083.00)
	(2) Current tax- Previous years			
	(3) Deferred tax		(17,479.69)	(5,953.60)
VII	**Profit/(Loss) for the year (V - VI)**		**21,402.02**	**52,506.46**
VIII	**Other Comprehensive Income**			
	(i) Items that will not be reclassified to profit or loss			
	- Remeasurement of defined benefit plans		(12,743.19)	(413.07)
	(ii) Income tax relating to items that will not be reclassified to profit or loss		4,452.47	144.34
IX	**Total Comprehensive Income for the period (VII + VIII)**		**13,111.30**	**52,237.73**
X	Basic and diluted earnings per share [in Rs.]		0.24	0.58
	(Face Value Rs 10/-)			
	Significant Accounting Policies	1 to 3		

The accompaning notes are an integral part of these financial statements
As per our attached report of even date

For Khimji Kunverji & Co LLP
Chartered Accountants
Firm Registration No. 105146W/ W100621

Sd/-
Hasmukh B Dedhia
Partner
Membership No. 33494
Date: 09.10.2020
Place : Mumbai

For Maharashtra State Electricity Transmission Company Limited

Sd/-
Anil N Kalekar
Chief General Manager(F&A)

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

Sd/-
Dinesh Waghmare
Chairman & Managing Director
[DIN : 01843097]

Sd/-
Vineeta Shriwani
Company Secretary
[Membership No. A21814]

Maharashtra State Electricity Transmission Company Limited
Standalone Cash Flow Statement For The Year Ended March 31, 2020

(Rs in lakhs)

	Particulars	For Year Ended March 31, 2020	For Year Ended March 31, 2019
A.	**CASH FLOW FROM OPERATING ACTIVITIES**	**49,291.53**	**74,543.06**
	Net Profit Before Tax and Extra - Ordinary Items (Excluding Minority Interest)		
	Adjustment for :		
	Depreciation	1,19,437.05	1,13,794.66
	Gain on disposal of property, plant and equipment	(154.96)	(516.79)
	Proceeds from sale of scrap Assets	(54.58)	11.23
	Dividends received	-	(357.50)
	Interest received	(9,729.95)	(8,618.65)
	Finance costs	61,297.55	62,647.83
	Loss due to Foreign Exchange Rate Variation	2,409.59	360.76
	Sundry Balances W/Off	2,070.17	1.23
	Operating Profit Before Working Capital Changes	**2,24,566.40**	**2,41,865.83**
	Movements in Working Capital		
	(Increase)/Decrease in WIP / Inventory	(3,407.32)	2,799.86
	(Increase) / Decrease in Trade Receivable	(29,905.10)	(6,421.19)
	(Increase) / Decrease in Short Term Loan and Advance	(44.73)	525.10
	(Increase) / Decrease in Other Current Assets	(1,716.58)	812.13
	Increase/(Decrease) in Long Term Provisions	19,607.48	12,887.18
	Increase/(Decrease) in Provisions	13,106.98	(1,555.25)
	Increase/(Decrease) in Trade Payables	2,154.15	8,421.47
	Increase/(Decrease) in Other Current Liabilities	(10,868.04)	(10,064.26)
	Cash generated from operations	**2,13,493.24**	**2,49,270.86**
	Direct Taxes (paid) / Refund	(2,933.68)	(7,694.83)
	NET CASH FROM/(USED IN) OPERATING ACTIVITIES	**2,10,559.56**	**2,41,576.03**
B.	**CASH FLOW FROM INVESTING ACTIVITIES**		
	Purchase of Fixed Assets including CWIP and Capital advance	(1,48,650.62)	(1,38,701.85)
	Receipts of government grants	(3,031.80)	4,184.48
	Long term loans and advances	73.22	9,270.07
	Other non-current assets	3,510.49	(10,235.26)
	Investment in Subsidiary and Joint Ventures	(505.01)	-
	(Purchase)/Sale in Investment	(39,689.19)	(20,692.05)
	Dividends received	-	357.50
	Interest received	7,697.02	8,618.65
	NET CASH FROM/(USED IN) INVESTING ACTIVITIES	**(1,80,595.88)**	**(1,47,198.46)**

Maharashtra State Electricity Transmission Company Limited
Standalone Cash Flow Statement For The Year Ended March 31, 2020

(Rs in lakhs)

Particulars	For Year Ended March 31, 2020	For Year Ended March 31, 2019
C. CASH FLOW FROM FINANCING ACTIVITIES		
Other non current financial liabilities	40,947.76	10,410.21
Proceeds/(Repayment) from Short Term Borrowings	16,607.23	10,341.29
Proceeds/(Repayment) from Long Term Borrowings	(32,376.05)	(44,423.21)
Interest paid / Finance costs	(61,297.55)	(62,647.83)
NET CASH FROM /(USED IN) FINANCING ACTIVITIES	**(36,118.61)**	**(86,319.54)**
Net Increase/(Decrease) in Cash & Cash Equivalent (A+B+C)	**(6,154.91)**	**8,058.03**
Opening Balance of Cash & Cash Equivalents	11,518.38	3,460.35
Closing Balance of Cash & Cash Equivalents	**5,363.46**	**11,518.38**
Components of Cash & Cash Equivalents at	**31-03-2020**	**31-03-2019**
Balances with Banks		
In Current Accounts	1,608.42	6,281.91
In Fixed Deposit Accounts (with original maturity of less than 3 months)	3,738.70	5,221.49
Cash and Stamps on Hand	16.34	14.98
Cash & Cash Equivalents at the end of the year	**5,363.46**	**11,518.38**

The statement of cash flow has been prepared under the "Indirect Method" as set out in the Indian accounting standard 7-Statement of cash flows.
As per our attached report of even date

For Khimji Kunverji & Co LLP
Chartered Accountants
Firm Registration No. 105146W/ W100621

Sd/-
Hasmukh B Dedhia
Partner
Membership No. 33494
Date: 09.10.2020
Place : Mumbai

For Maharashtra State Electricity Transmission Company Limited

Sd/-
Anil N Kalekar
Chief General Manager(F&A)

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

Sd/-
Dinesh Waghmare
Chairman & Managing Director
[DIN : 01843097]

Sd/-
Vineeta Shriwani
Company Secretary
[Membership No. A21814]

Maharashtra State Electricity Transmission Company Limited
Standalone Statement of changes in equity for the year ended 31st March 2020

A Equity share capital

(Rs in lakhs)

	Notes	Amount
As at 1st April , 2018		**8,98,497.47**
Changes in equity share capital	12	-
As at 31st March , 2019		**8,98,497.47**
Changes in equity share capital	12	-
As at 31st March , 2020		**8,98,497.47**

B Other equity

(Rs in lakhs)

Particulars	As at 31.03.2020	As at 31.03.2019
Reserves & Surplus		
Contingency Reserve Fund		
Opening Balance	56,206.00	49,525.00
Transferred from retained earnings	6,597.00	6,681.00
	62,803.00	**56,206.00**
Special Reserve Fund		
Opening Balance	13,939.00	13,939.00
Add : Addition During the Year	-	-
	13,939.00	**13,939.00**
Load Despatch Center Empowerment Reserve (LDCD) Fund		
Opening Balance	4,053.00	-
Add : Addition During the Year	2,270.33	4,053.00
Less : Utilisation for capex (allowed by MERC)	(1,058.18)	-
	5,265.15	**4,053.00**
Retained Earnings		
Opening Balance	1,39,053.35	97,549.62
Appropriation of LDCD Fund amount from Retained Earnings	(2,270.33)	(4,053.00)
Profit for the year	21,402.02	52,506.46
Other comprehensive income for the year	(8,290.72)	(268.73)
Total comprehensive income for the year	13,111.30	52,237.74
Transfered to Contingency Reserve	(6,597.00)	(6,681.00)
Transfered to Special Reserve Fund	-	-
	1,43,297.34	**1,39,053.35**
Total	**2,25,304.49**	**2,13,251.35**

As per our attached report of even date
For Khimji Kunverji & Co LLP
Chartered Accountants
Firm Registration No. 105146W/ W100621

Sd/-
Hasmukh B Dedhia
Partner
Membership No. 33494
Date: 09.10.2020
Place : Mumbai

For Maharashtra State Electricity Transmission Company Limited

Sd/-
Anil N Kalekar
Chief General Manager(F&A)

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

Sd/-
Dinesh Waghmare
Chairman & Managing Director
[DIN : 01843097]

Sd/-
Vineeta Shriwani
Company Secretary
[Membership No. A21814]

Notes to Standalone Financial Statements for the year ended 31st March,2020

1 Corporate and General Information

Maharashtra State Electricity Transmission Company Limited (MSETCL) was incorporated under the Companies Act, 1956 on 31st May, 2005. The Certificate of Commencement of Business was received on 15th September, 2005 from the Registrar of Companies. The Company was incorporated as per provisions of the notification of Maharashtra State Electricity Reforms Transfer Scheme, 2005 (hereinafter referred to as the Transfer Scheme) which was issued on 4th June, 2005. As per the aforesaid notification, assets and liabilities forming part of the Transmission Undertaking of erstwhile Maharashtra State Electricity Board as set out in `Schedule A' of the said Notification were transferred and vested to the company with effect from 6th June, 2005. The Transfer Scheme was approved by Government of Maharashtra (GoM) on 31.03.2016. The transfer of Assets and Liabilities under the above Transfer Scheme was made by the GoM. As decided the consideration for the transfer of undertaking being excess of assets over liabilities is discharged by issue of Equity Shares of Rs. 898,497.47 lakh to MSEB Holding Company Limited(the Holding Company).

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

The Company is notified as the State Transmission Utility (STU) under The Electricity Act, 2003. It is principally engaged in planning, implementation, operation and maintenance of Intra-State Transmission System (InSTS),

2 Statement of significant Accounting Policies

2.1 Statement of Compliance

The financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act), Companies (Indian Accounting Standards) Rules, 2015 and the relevant provisions of the Companies Act, 2013, and the provisions of the Electricity Act, 2003 to the extent applicable and as amended thereafter.

The financial statements upto year ended 31 March, 2016 were prepared in accordance with Generally Accepted Accounting Principles in India, the relevant provisions of the Companies Act, 2013, including Accounting Standards notified there under and the provisions of the Electricity Act, 2003 to the extent applicable.

2.2 Basis of preperation and presentation.

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

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

2.3 Current non-current classification

The Company presents assets and liabilities in the balance sheet based on current / non-current classification. An asset is treated as current when it is:

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

All other assets are classified as non-current.

A liability is current when:

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

The Company classifies all other liabilities as non-current.

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

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

The Company has identified twelve months as its operating cycle.

2.4 Rounding of amounts

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

2.5 Use of estimates and judgments

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

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

- Estimates of useful lives, residual value and impairment of Property, Plant and Equipments and Intangible Assets;

Valuation of Inventories;

- Measurement of Defined Benefit Obligations and actuarial assumptions;
- Provisions;
- Evaluation of recoverability of deferred tax assets; and
- Contingencies.

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

2.6 Property, Plant and Equipment (Ind AS 16)

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

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

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

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

The cost of land includes payments/liabilities towards compensationand other expenses wherever possession of land is taken.
Expenditure on leveling, clearing and grading of land is capitalized as cost of Land Development.

Spare parts whose cost is Rs.10,00,000/- and above, standby equipment and servicing equipment which meets the recognition criteria of Property, Plant and Equipment are capitalized. In other cases, the spare part is inventorised on procurement and charged to Statement of Profit and Loss on consumption.

An item of Property, Plant and Equipment is derecognized when no future economic benefits are expected from their use or upon disposal.
The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in the Statement of Profit and Loss on the date of disposal or retirement.

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

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

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

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

Costs incurred on identification, survey and feasibility studies of a project under sanctioned scheme are shown as a distinct item under capital work in progress till the period of its rejection or three years, whichever is earlier. In case of rejection, the expenses are charged to Statement of Profit and Loss in the year of rejection.

2.8 Intangible Assets (Ind AS 38)

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

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

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

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

2.9 Depreciation/Amortization (Ind AS 16)

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

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

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

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

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

Depreciation on spares parts, standby equipment and servicing equipment which are capitalized, is provided on straight line method from the date they are available for use over the remaining useful life of the related assets of transmission business, following the rates and methodology notified by the MERC.

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

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

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

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

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

2.10 Borrowing costs (Ind AS 23)

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

Interest during construction **(IDC)** and expenditure (net) allocated to construction as per policy refered at 2.4 above are kept as a separate item under CWIP and apportioned to the assets being capitalized in proportion to the closing balance of CWIP. Actual IDC is calculated for schemes where it is possible. In case of remaining scheme, debt equity ratio of 70:30 is considered for calculating of IDC for opening capex as well as capex incurred during the year. FIFO method is followed while considering the capitalization i e first capitalization of asset will be taken place from opening balance of capex. The weighted average rate of interest of each financial institution and banks is applied for calculating IDC.

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

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

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

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

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

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

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

2.12 Leases (Ind AS 116)

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

Company as a leasee

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

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

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

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

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

Company as a lessor

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

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

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

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

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

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

2.14 Inventories (Ind AS 2)

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

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

Spares which do not meet the recognition criteria as Property, Plant and Equipment are recorded as inventories.

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

2.15 Revenue Recognition (Ind AS 115)

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

Transmission Income

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

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

Dividend Income

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

Interest Income

Interest income is accounted on accrual basis.

Sale of Scrap

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

Supervision charges

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

Other Income

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

2.16 Employee Benefits (Ind AS 19)

Short Term Employee Benefits:

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

Other long-term employee benefit obligations

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

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

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

Post- employment benefits:

The Company operates the following post-employment schemes:

(i) Defined Benefit Plans such as gratuity; and

(ii) Defined contribution plans such as provident fund.

Defined Benefit Plan

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

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

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

Defined Contribution Plan

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

2.17 Foreign Currency Transactions (Ind AS 21)

(i) Functional and presentation currency

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

(ii) Transactions and balances

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

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

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

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

2.19 A) Government Grants (Ind AS 20)

Grants from the government are recognized at their fair value where there is reasonable assurance that the grant will be received and the Company will comply with all attached conditions.

When the grant relates to an expense item, it is recognized in Statement of Profit and Loss on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to Profit and Loss on a straight - line basis over the expected life of related assets and presented within other income.

B) Accounting of Maharashtra Energy Development Agency (MEDA) Projects

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

C) Accounting of Contributions received from Consumers against Outright Right Works (ORC Schemes)

Outright Consumer Contributions received is being treated as follows

1) If advance is received for expenditures still to be incurred on creation of Fixed Assets , same is treated as Non Current Liabilities till the completion of that Fixed Assets.

2) If contribution is received on account of Supervision Charges only, the same is recognised as Other Income in the year of receipt.

3) If contribution is received on account of already created assets, the same is reduced against that asset in the year of receipt.

2.20 Provisions and Contingent Liabilities (Ind AS 37)

a) Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are discounted. Unwinding of the discount is recognized in the Statement of Profit and Loss as a finance cost. Provisions are reviewed at each Balance Sheet date and are adjusted to reflect the current best estimate.

b) Contingencies

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made. Information on contingent liability is disclosed in the Notes to the Financial Statements. Contingent assets are not recognized. These are reviewed at each Balance Sheet date and are adjusted to refelect the current management estimates.

2.21 Fair Value Measurement (Ind AS 113)

The Company measures certain financial instruments at fair value at each reporting date.

Certain accounting policies and disclosures require the measurement of fair values, for both financial and non financial assets and liabilities.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability also reflects its non-performance risk.

The best estimate of the fair value of a financial instrument on initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Company determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique that uses only data from observable markets, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price.

Subsequently that difference is recognized in Statement of Profit and Loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

While measuring the fair value of an asset or liability, the Company uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation technique as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the assets or Liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the assets or liability that are not based on observable market data (unobservable inputs).

When quoted price in active market for an instrument is available, the Company measures the fair value of the instrument using that price. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. If there is no quoted price in an active market, then the Company uses a valuation technique that maximises the use of relevant observable inputs and minimises the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The Company regularly reviews significant unobservable inputs and valuation adjustments. If the third party information, such as broker quotes or pricing services, is used to measure fair values, then the Company assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of Ind AS, including the level in the fair value hierarchy in which the valuations should be classified.

2.22 Financial Assets (Ind AS 32)

Initial recognition and measurement

Trade Receivables and debt securities issued are initially recognised when they are originated. All other financial assets are initially recognised when the Company becomes a party to the contractual provisions of the instrument. All financial assets other than those measured subsequently at fair value through profit and loss, are recognised initially at fair value plus transaction costs that are attributable to the acquisition of the financial asset.

Subsequent measurement

Subsequent measurement is determined with reference to the classification of the respective financial assets. Based on the business model for managing the financial assets and the contractual cashflow characteristics of the financial asset, the Company classifies financial assets as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit and loss.

Debt instruments at amortized cost

A 'debt instrument' is measured at the amortized cost if both the following conditions are met:

The asset is held within a business model whose objective is:

- To hold assets for collecting contractual cash flows, and
- Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method. Amortized cost is calculated by taking into account any discount or premium and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the Statement of Profit and Loss. The losses arising from impairment are recognized in the Statement of Profit and Loss.

Debt instruments at Fair Value through Other Comprehensive Income (FVOCI)

A 'debt instrument' is measured at the fair value through Other Comprehensive Income if both the following conditions are met:

The asset is held within a business model whose objective is achieved by both:

- collecting contractual cash flows and selling financial assets and
- contractual terms of the asset give rise on specified dates to cash flows that are SPPI on the principal amount outstanding.

After initial measurement, these assets are subsequently measured at fair value. Interest income under effective interest method, foreign exchange gains and losses and impairment losses are recognized in the Statement of Profit and Loss. Other net gains and losses are recognized in other comprehensive Income.

Debt instruments at Fair Value through Profit or Loss (FVTPL)

Fair Value through Profit or Loss is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization at amortized cost or as FVOCI, is classified as FVTPL.

After initial measurement, any fair value changes including any interest income, foreign exchange gain and losses, impairment losses and other net gains and losses are recognized in the Statement of Profit and Loss.

Equity investments

All equity investments within the scope of Ind AS 109 are measured at fair value. Such equity instruments which are held for trading are classified as FVTPL. For all other such equity instruments, the Company decides to classify the same either as FVOCI or FVTPL. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable. For equity instruments classified as FVOCI, all fair value changes on the instrument, excluding dividends, are recognized in Other Comprehensive Income. Dividends on such equity instruments are recognized in the Statement of Profit or Loss. Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of Profit and Loss.

De-recognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e. removed from the Company's Balance Sheet) when-

The rights to receive cash flows from the asset have expired, or

The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass through' arrangement; and either:

The Company has transferred substantially all the risks and rewards of the asset, or

The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

On de-recognition, any gains or losses on all debt instruments (other than debt instruments measured at FVOCI) and equity instruments (measured at FVTPL) are recognised in the Statement of Profit and Loss. Gains and losses in respect of debt instruments measured at FVOCI and that are accumulated in OCI are reclassified to profit or loss on de-recognition. Gains or losses on equity instruments measured at FVOCI that are recognised and accumulated in OCI are not reclassified to profit or loss on de-recognition.

Impairment of financial assets

In accordance with Ind AS 109, the Company applies Expected Credit Loss ("ECL") model for measurement and recognition of impairment loss on the financial assets measured at amortized cost and debt instruments measured at FVOCI.

Loss allowances on trade receivables are measured following the 'simplified approach' at an amount equal to the lifetime ECL at each reporting date. In respect of other financial assets such as debt securities and bank balances, the loss allowance is measured at 12 month ECL only if there is no significant deterioration in the credit risk since initial recognition of the asset or assets is determined to have a low credit risk at the reporting date.

The Company had recognized Expected Credit Loss (ECL) on Trade receivables and other financial assets. The ECL primarily comprises of two main factors, viz. Time loss (money value) and Credit loss. Time loss is computed considering an appropriate discount rate. The management believes that the rate used in determining the actuarial valuation of employment benefits is reflective of the loss it suffers due to delays in collection. This rate is reviewed once a year. The Credit loss is calculated on the basis of the credit spread of Corporate Bonds having tenure of 10 years as at the date of the balance sheet.

Trade receivables were categorized into three groups for computing ECL viz.

1) Distribution Licensees (Group Companies and Others),
2) Open Access Consumers (Long term and Short term) and
3) Regular (Other) Consumers. Time loss for all categories was considered as same, whereas Credit loss was provided on the basis of credit spread for Corporate Bonds (published by FIMMDA). The management has estimated an appropriate credit rating for each of the above three groups.

The ECL on other receivables from Group companies is provided to the extent of Time loss only.

2.23 Financial Liabilities (Ind AS 32)

Initial recognition and measurement

Financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument.
Financial liability is initially measured at fair value plus, for an item not at fair value through profit and loss, transaction costs that are directly attributable to its acquisition or issue.

Subsequent measurement

Subsequent measurement is determined with reference to the classification of the respective financial liabilities.

Financial Liabilities at Fair Value through Profit or Loss (FVTPL)

A financial liability is classified as at Fair Value through Profit or Loss (FVTPL) if it is classified as held for-trading or is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and changes therein, including any interest expense, are recognized in Statement of Profit and Loss.

Financial Liabilities at amortized cost

After initial recognition, financial liabilities other than those which are classified as FVTPL are subsequently measured at amortized cost using the effective interest rate method.

Amortized cost is calculated by taking into account any discount or premium and fees or costs that are an integral part of the EIR. The amortization done using the EIR method is included as finance costs in the Statement of Profit and Loss.

De-recognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the Balance Sheet, if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

2.24 Taxes on Income (Ind AS 12)

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company and its subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation.

It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method on temporary differences arising between the tax bases of assets and liabilities and their carrying amount in the financial statement. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are excepted to apply when the related deferred income tax assets is realized or the deferred income tax liability is settled.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are off set where the company has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Current and deferred tax is recognised in the Statement of Profit and Loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively

Minimum Alternate Tax credit is recognised as deferred tax asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. Such asset is reviewed at each Balance Sheet date and the carrying amount of the MAT credit asset is written down to the extent there is no longer a convincing evidence to the effect that the company will pay normal income tax during the specified period.

2.25 Prior Period Items (Ind AS 8)

Material prior period errors are corrected retrospectively by restating the comparative amounts for prior period presented in which the error occurred or if the error occurred before the earliest period presented, by restating the opening statement of financial position.

2.26 Earnings per Share (Ind AS 33)

Basic earnings per share are computed using the net profit or loss for the year attributable to the shareholders and weighted average number of shares outstanding during the year.

Diluted earnings per share is computed using the net profit or loss for the year attributable to the shareholders and weighted average number of equity and potential equity shares outstanding during the year, except where the result would be anti-dilutive.

2.27 Cash and Cash Equivalent (Ind AS 7)

Cash and cash equivalents in the Balance Sheet include cash at bank, cash, cheque, draft on hand and demand deposits with an original maturity of less than three months, which are subject to an insignificant risk of changes in value.

For the purpose of Statement of Cash Flows, Cash and cash equivalents include cash at bank, cash, cheque and draft on hand. The Company considers all highly liquid investments with a remaining maturity at the date of purchase of three months or less and that are readily convertible to known amounts of cash to be cash equivalents.

2.28 Cash Flow Statement (Ind AS 7)

Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows.

The cash flows from operating, investing and financing activities are segregated.

3 Changes in Accounting Policies and Disclosures

3.1 New and Amended Standards

Ministry of Corporate Affairs (MCA) notifies new standard or amendments to the existing standards. There is no such notification which has been applicable from April 1, 2020.

Maharashtra State Electricity Transmission Company Limited
Notes to Standalone Financial Statements for the year ended 31st March,2020
Note 4.1: Property, Plant & Equipment

(Rs. In Lakhs)

Particulars	Freehold Land	Leasehold Land	Buildings	Plant & Equipments	Line & Cable Networks	Hydraulic Works	Other Civil Works	Furniture & Fixtures	Vehicles	Office Equipment (Including computer)	Total
Gross Carrying amount											
Balance as at 1st April, 2018	**25,518.32**	**9,840.37**	**26,935.06**	**10,21,561.96**	**7,68,395.32**	**2,209.62**	**1,07,562.09**	**1,748.51**	**705.79**	**3,750.39**	**19,68,227.44**
Additions	865.52	2,182.69	2,705.82	71,742.06	40,068.27	25.18	6,719.66	202.19	60.48	930.94	1,25,502.81
Disposals	-	-	-	(75.57)	-	-	-	(1.58)	-	(6.95)	(84.11)
Adjustments	(138.54)	53.92	-	(686.98)	(382.05)	-	(60.95)	2.50	-	(6.86)	(1,218.96)
Balance as at 31st March , 2019	**26,245.30**	**12,076.98**	**29,640.88**	**10,92,541.47**	**8,08,081.54**	**2,234.81**	**1,14,220.80**	**1,951.62**	**766.26**	**4,667.52**	**20,92,427.17**
Additions	164.85		339.62	58,795.35	41,965.53	488.21	5,320.93	120.99	335.88	392.89	1,07,924.24
Disposals	-		-	(135.74)	(0.40)	-	-	(2.81)	(3.63)	(6.46)	(149.03)
Adjustments	(105.75)		83.23	(11,927.79)	7,919.44	-	0.21	(10.67)	(1.03)	(728.08)	(4,770.43)
Balance as at 31st March , 2020	**26,304.39**		**30,063.72**	**11,39,273.29**	**8,57,966.12**	**2,723.02**	**1,19,541.94**	**2,059.13**	**1,097.48**	**4,325.88**	**21,83,354.97**
Accumulated depreciation											
Balance as at 1st April, 2018		**1.16**	**6,706.45**	**1,59,496.36**	**1,31,636.80**	**396.99**	**11,540.43**	**344.83**	**94.37**	**1,183.76**	**3,11,401.15**
Additions			1,042.06	63,316.03	44,467.74	128.22	4,245.05	133.88	56.87	421.00	1,13,810.84
Disposals			-	(14.10)	-	-	-	(1.42)	-	(6.03)	(21.56)
Adjustments			-	(189.80)	(180.50)	-	(0.02)	0.11	-	(4.05)	(374.26)
Balance as at 31st March , 2019	-	**1.16**	**7,748.52**	**2,22,608.48**	**1,75,924.03**	**525.21**	**15,785.46**	**477.39**	**151.24**	**1,594.67**	**4,24,816.17**
Additions			1,066.24	67,041.03	46,853.41	138.29	4,447.51	142.06	72.16	367.48	1,20,128.17
Disposals			-	(107.23)	(0.36)	-	-	(2.53)	(3.27)	(5.92)	(119.30)
Adjustments			(2.49)	(4,153.62)	2,690.29	-	0.03	-	(0.80)	(0.47)	(1,467.06)
Balance as at 31st March , 2020	-		**8,812.27**	**2,85,388.66**	**2,25,467.38**	**663.50**	**20,233.00**	**616.93**	**219.32**	**1,955.76**	**5,43,356.82**
Net Carrying amount											
Balance as at 31st March , 2020	**26,304.39**	-	**21,251.46**	**8,53,884.63**	**6,32,498.73**	**2,059.52**	**99,308.94**	**1,442.21**	**878.16**	**2,370.12**	**16,39,998.15**
Balance as at 31st March , 2019	**26,245.30**	**12,075.81**	**21,892.37**	**8,69,932.99**	**6,32,157.50**	**1,709.60**	**98,435.34**	**1,474.23**	**615.02**	**3,072.85**	**16,67,611.01**

Please refer Note 35: Assets hypothecated / pledged as security

Maharashtra State Electricity Transmission Company Limited
Notes to Standalone Financial Statements for the year ended 31st March,2020

Note 4.2: Capital work-in-progress (CWIP)

(Rs in Lakhs)

Particulars	As at 01.04.2018	Capex during the year	Adjustment during the year	As at 31.03.2019	Capex during the year	Adjustment during the year	As at 31.03.2020
Capital work-in-progress	2,26,432.11	1,38,823.27	(1,24,551.50)	2,40,703.88	1,49,882.44	(1,09,930.06)	2,80,656.26

Note 4.3: Intangible Assets

(Rs in Lakhs)

Particulars	As at 01.04.2018	Addition during the year	Disposal dring the year	As at 31.03.2019	Addition during the year	Disposal during the year	As at 31.03.2020
Gross Block	862.46	409.69	-	1,272.15	0.00	-	1,272.15
Accumulated Amortisation	712.70	149.35	-	862.05	10.26	107.17	979.48
Total	149.76	260.34	-	410.10	(10.26)	(107.17)	292.67

Note 4.4 Right of Use Assets

(Rs in Lakhs)

Particulars	As at 01.04.2018	Addition during the year	Adjustment during the year	As at 31.03.2019	Addition during the year	Adjustment during the year	As at 31.03.2020
Leasehold Land							
Gross Block				12,076.98	1.92	105.45	12,184.34
Accumulated Amortisation				1.16	-	-	1.16
Total	-	-	-	12,075.81	1.92	105.45	12,183.18
Building on Lease							
Gross Block				-	6,690.62		6,690.62
Accumulated Amortisation				-	1,689.22		1,689.22
Total	-	-	-	-	-		5,001.40
Balance at the end of the year				12,075.81	5,001.40		17,184.58

Please refer Note 27

Maharashtra State Electricity Transmission Company Limited
Notes to Standalone Financial Statements for the year ended 31st March,2020

5 Investments in Subsidiaries , Associates and Joint Ventures

(Rs in Lakhs)

Particulars	Face Value (in Rs)	No. of Shares		Amount	
		As at 31.03.2020	As at 31.03.2019	As at 31.03.2020	As at 31.03.2019
A) Equity Instruments of Subsidiary					
Unquoted - At Cost					
Kharghar Vikroli Transmission Pvt Ltd (SPV) Refer Note No 34(B)	10	50,000	-	5.00	-
B) Equity Instruments of Associates/Joint Ventures					
Unquoted - At Cost					
Jaigad Power Transco Limited (JPTL)	10	3,57,50,000	3,57,50,000	3,575.00	3,575.00
Maharashtra Transmission Communication Infrastructure Limited (MTCIL)	10	86,48,222	61,48,222	864.83	614.82
Bonus shares 21,72,242 (Nos) issued during the FY 2018-19.		21,72,233	21,72,242	-	-
C) 15% Non Cumulative, Participating, Redeemable Preference Shares					
Maharashtra Transmission Communication Infrastructure Limited (MTCIL)	10	77,23,726	52,23,726	772.37	522.37
TOTAL		5,43,44,181	4,92,94,190	5,217.20	4,712.19
Aggregate amount of unquoted securities				5,217.20	4,712.19
Aggregate amount of quoted securities				-	-
Market value of quoted securities					
Aggregate amount of impairment in the value of investments					

6.1 Non - current Investments

(Rs in Lakhs)

Particulars	As at 31.03.2020	As at 31.03.2019
Quoted		
At amortised Cost		
Investments in Government Securities*	54,776.67	28,349.27
Investments in Bonds*	25,586.96	43,467.99
Un-Quoted		
Investment in Equity Shares of MTCIL #	15.63	-
Investment in Preference Shares of MTCIL #	108.08	-
Term Deposit	5,265.15	4,053.00
Total	**85,752.49**	**75,870.26**

* Earmarked against Contingency Reserve and Exchange Fluctuation on account of Borrowings from Japan International Cooperation Agency

During the year, Investment in Equity Shares (Rs 15.63 lakhs) and Preference Shares (Rs 108.09 lakhs) of MTCIL has been made, which have been subsequently alloted on 23 April 2020.

Aggregate amount of unquoted securities	5,388.86	4,053.00
Aggregate amount of quoted securities	80,363.63	71,817.26
Market value of quoted securities	81,063.14	72,694.55
Aggregate amount of impairment in the value of investments	-	-

6.2 Non-Current Loans

(Rs in lakhs)

Particulars	As at 31.03.2020	As at 31.03.2019
Unsecured, considered good unless stated		
Loans & Advances to Employees	153.55	226.77
Total	**153.55**	**226.77**

7 Non-Current Tax Assets (Net)

(Rs in lakhs)

Particulars	As at 31.03.2020	As at 31.03.2019
Advance payment of Income Tax (net of Provision for Tax Rs.267,226.39 lakhs(Previous Year Rs. 256,816.16 lakhs)	41,261.39	40,515.85
Total	**41,261.39**	**40,515.85**

8 Other Non - Current Assets

(Rs in lakhs)

Particulars	As at 31.03.2020	As at 31.03.2019
Unsecured , considered good unless stated otherwise		
Capital Advances	541.29	493.87
Unamortised transaction cost	56.66	82.31
Balances with group companies	2,100.52	2,100.52
Security Deposits	3,646.14	7,018.56
Advances to Suppliers	1,059.25	1,218.35
Advances and Recoverables	206.53	207.27
Total	**7,610.39**	**11,120.88**

9 Inventories (At lower of cost or net realisable value)

(Rs in lakhs)

Particulars	As at 31.03.2020	As at 31.03.2019
Stores & Spares	22,452.77	18,801.67
- Provision for Material Losses Pending Investigation & Obsolete Materials	(711.02)	(467.23)
Total	**21,741.75**	**18,334.43**

10.1 Current Investments

(Rs in lakhs)

Particulars	As at 31.03.2020	As at 31.03.2019
Quoted		
At amortised Cost		
Investments in Bonds*	1,506.38	2,457.37
Un-Quoted		
Term Deposits	41,323.49	10,565.54
Total	**42,829.87**	**13,022.91**

* Earmarked against Contingency Reserve and Exchange Fluctuation on account of Borrowings from Japan International Cooperation Agency.

Aggregate amount of unquoted securities	41,323.49	10,565.54
Aggregate amount of quoted securities	1,506.38	2,457.37
Market value of quoted securities	1,569.94	2,464.49
Aggregate amount of impairment in the value of investments		

10.2 Trade Receivables

(Rs in lakhs)

Particulars	As at 31.03.2020	As at 31.03.2019
Unsecured unless stated otherwise		
Considered Good	2,59,901.94	2,32,067.00
- Allowance as per Expected Credit Loss Model		
Considered Doubtful	11,613.59	12,470.78
- Allowance for Doubtful	(11,613.59)	(12,470.78)
Total	**2,59,901.94**	**2,32,067.00**

10.3 Cash and Cash Equivalents

(Rs in lakhs)

Particulars	As at 31.03.2020	As at 31.03.2019
Balances with Banks		
In Current Accounts	1,608.42	6,281.91
In Fixed Deposit Accounts (with original maturity of less than 3 months)#	3,738.70	5,221.49
Cash and Stamps on Hand	16.34	14.98
Total	**5,363.46**	**11,518.38**

Under Pledge Refer Note no-35

10.4 Current Loans

(Rs in lakhs)

Particulars	As at 31.03.2020	As at 31.03.2019
Unsecured, considered good		
Loans & Advances to Employees	309.41	264.68
Total	**309.41**	**264.68**

10.5 Other Current Financial Assets

(Rs in lakhs)

Particulars	As at 31.03.2020	As at 31.03.2019
Unsecured , considered good unless stated otherwise		
Security Deposit*	5.87	6.88
Interest Receivable	3853.31	2,853.08
Other Receivable	2379.40	-
Total	**6,238.58**	**2,859.96**

*Security Deposit are held in the name of Contractor

11 Other Current Assets

(Rs in lakhs)

Particulars	As at 31.03.2020	As at 31.03.2019
Unsecured, Considered Good		
Prepaid Expenses	1,401.68	1,054.53
Interest on refund from Income Tax	-	1.85
Unamortised transaction cost	12.82	-
Other Recoverable		
Considered good	112.95	100.18
Considered doubtful	149.11	149.11
Less - Provision for Doubtful Debts	(149.11)	(149.11)
Total	**1,527.45**	**1,156.56**

12 Equity Share Capital

(Rs in lakhs)

	Particulars	As at 31.03.2020	As at 31.03.2019
a)	**Authorised**		
	1500,00,00,000 Equity Shares of Rs.10/- each (Previous year 31st March, 2019 : 1500,00,00,000)	15,00,000.00	15,00,000.00
b)	**Issued, Subscribed and Paid up**		
	898,49,74,733 Equity Shares of Rs.10/- each (Previous year 31st March, 2019 : 898,49,74,733)	8,98,497.47	8,98,497.47
	Total	**8,98,497.47**	**8,98,497.47**

c) **Terms & Rights attached to equity shares**

The company has one class of equity shares having a par value of Rs. 10 each. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

d) **Reconciliation of the Equity shares outstanding at the beginning and at the end of the reporting period**

Equity Shares	As at 31.03.2020		As at 31.03.2019	
	Numbers	Rs. in Lakhs	Numbers	Rs. in Lakhs
Shares outstanding at the beginning of the year	8,98,49,74,733	8,98,497.47	8,98,49,74,733	8,98,497.47
Add: Shares Issue during the year				
Shares outstanding at the end of the year	**8,98,49,74,733**	**8,98,497.47**	**8,98,49,74,733**	**8,98,497.47**

e) **Shares held by shareholders each holding more than 5% of the shares**

Particulars	As at 31.03.2020		As at 31.03.2019	
	Numbers	%	Numbers	%
Equity Shares				
MSEB Holding Company Limited	8,98,49,74,673	99.99%	8,98,49,74,673	99.99%

f) **Aggregate number of shares issued for consideration other than cash during the period of five years immediately preceding the reporting date**

	2019-2020		2018-19	
	No. of Shares	Rs. in Lakhs	No. of Shares	Rs. in Lakhs
Equity Shares of Rs.10 each issued in the financial year 2015-16 as fully paid up to the shareholders of MSEB Holding Company limited, pursuant to the Maharashtra State Electricity Reforms Transfer Scheme, 2005 approved by Governement of Maharashtra on 31.03.2016.	8,98,49,74,733	8,98,497.47	8,98,49,74,733	8,98,497.47

g) There were no shares alloted as fully paid up by way of Bonus shares and Buy back during the period of five years immediately preceding the reporting date

13 Other Equity

(Rs in lakhs)

Particulars	As at 31.03.2020	As at 31.03.2019
Reserves & Surplus		
a) Contingency Reserve Fund (Refer note (a) below)		
Opening Balance	56,206.00	49,525.00
Transferred from retained earnings	6,597.00	6,681.00
	62,803.00	**56,206.00**
b) Special Reserve Fund (Refer note (b) below)		
Opening Balance	13,939.00	13,939.00
Add : Addition During the Year	-	-
	13,939.00	**13,939.00**
c) Load Despatch Center Empowerment Reserve (LDCD) Fund (Refer note (c) below)		
Opening Balance	4,053.00	-
Add : Addition During the Year	2,270.33	4,053.00
Less : Utilisation for capex (allowed by MERC)	(1,058.18)	-
	5,265.15	**4,053.00**
d) Retained Earnings		
Opening Balance	1,39,053.35	97,549.62
Appropriation of Load Despatch Center Empowerment Reserve (LDCD) Fund amount from Retained Earnings	(2,270.33)	(4,053.00)
Profit for the year	21,402.02	52,506.46
Other comprehensive income for the year	(8,290.72)	(268.73)
Total comprehensive income for the year	**13,111.32**	**52,237.73**
Transfered to Contingency Reserve	(6,597.00)	(6,681.00)
Transfered to Special Reserve Fund	-	-
	1,43,297.34	**1,39,053.35**
Total	**2,25,304.49**	**2,13,251.35**

The Description of the nature and purpose of each reserves in other equity is as follows:

a) Contingency Reserve Fund-

A contribution towards Contingency Reserves has to be made in accordance with Regulation 36 of MERC(MYT) Regulations, 2015 and which is within the prescribed limits of Regulation(not less than 0.25% and not more than 0.5% of the original cost of fixed assets annually) and is to be invested in the approved class of securities authorised under the Indian Trust Act, 1882.

b) Special Reserve Fund-

A contribution towards Special Reserve has to be made in accordance to the mechanism for sharing of gains or losses on account of controllable factors as per MERC Regulation, 2005. As per the regulation 19.1(b) one third of the amount of such gain is to be retained in a special reserve for the purpose of absorbing the impact of any future losses on account of controllable factors.

c) Load Despatch Center Empowerment Reserve (LDCD)-

A contribution towards Load Despatch Center Development Fund has been made in accordance with Regulation 12 of the CERC (Fees and Charges of RLDC and Other related matters) 2015. The said fund is to be utilised for administrating capital expenditure.The charges on account of return on equity, interest on loan, depreciation of the Regional Load Despatch Centres and National Load Despatch Centre including the registration fee, shall be deposited into the LDCD Fund after meeting the statutory tax requirements.

14.1 Non-Current Borrowings

(Rs in lakhs)

Particulars	As at 31.03.2020	As at 31.03.2019
Secured		
Term Loans from Banks (Note 14.1.a)	23,767.50	19,113.92
Term Loans from Other Parties (Note 14.1.b)	4,46,625.24	4,81,245.28
Total	**4,70,392.74**	**5,00,359.20**

(Refer Note 35 & 37.2 for details regarding terms of borrowings, nature of security, repayment terms etc.)

14.1.a Term Loans from Banks

(Rs in lakhs)

Name of the Bank	As at 31.03.2020	As at 31.03.2019
Union Bank of India	-	1,194.14
Bank Of Baroda	-	1,879.24
Oriental Bank of Commerce	-	591.84
Canara Bank	14,877.12	6,237.10
Bank of India	8,890.38	9,211.60
Total	**23,767.50**	**19,113.92**

14.1.b Term Loans from Other Parties

(Rs in lakhs)

Name of the Financial Institutes	As at 31.03.2020	As at 31.03.2019
Rural Electrification Corporation Limited	2,91,393.84	3,02,360.62
Japan International Cooperation Agency	10,303.70	15,560.73
Power Finance Corporation Limited	1,42,472.21	1,63,323.93
KFW Bank #	2,455.49	-
Total	4,46,625.24	4,81,245.28

Refer Note 46

14.2 Other Non-Current Financial Liabilities

(Rs in lakhs)

Particulars	As at 31.03.2020	As at 31.03.2019
Retention Money	88,840.01	82,879.47
Security Deposits *	17,278.32	17,368.54
Other deposits	1,13,550.37	81,072.13
Lease Liability for Right of Use Assets	3,657.38	-
Total	**2,23,326.08**	**1,81,320.14**

* Security / Other Deposits from Vendors/Contractors/Customer, not being considered as Financial Liability on the basis of guidence in Ind AS 113 issued by Institute of Chartered Accountants of India (ICAI) is not fair valued.

15 Non - Current Provisions

(Rs in lakhs)

Particulars	As at 31.03.2020	As at 31.03.2019
Provision for Employement Benefits		
Provision for Gratuity	38,388.37	28,815.65
Provision for Leave Encashment	39,892.74	29,904.08
Creditors for Capital Expenditures	12,310.78	12,264.68
Total	**90,591.89**	**70,984.41**

16 Deferred tax liabilities (Net)

(Rs in lakhs)

Particulars	As at 31.03.2020	As at 31.03.2019
Deferred tax liabilities		
Property, plant and equipment (includes intangible assets, critical spares and revaluation impact)	2,87,898.56	2,66,675.47
DTL	**2,87,898.56**	**2,66,675.47**
Deferred tax assets		
Right of Use Assets and its Lease Liabilities	84.09	-
Loans and borrowings	824.25	(714.87)
Government grant	221.16	558.83
Employee Benefits	26,133.97	19,245.08
Others	7,778.41	7,778.41
Impairment on trade receivables	963.09	963.09
Amortisation of investment in govt securities	1,275.50	1,254.10
DTA	**37,280.47**	**29,084.64**
Reversal of opening DTL	3,499.92	3,499.92
Net (DTA)/DTL	**2,47,118.27**	**2,34,090.92**

17 Other Non-Current Liabilities

(Rs in lakhs)

Particulars	As at 31.03.2020	As at 31.03.2019
Grant : Power System Development Fund	2,885.39	2,184.29
Grant: Deferred Government Grants	16,256.10	17,051.61
Grant : Green Energy Corridor for Projects	8,085.15	11,015.51
Grant: Tribal Sub Plan Area (TSP)	1,957.53	1,964.56
Total	**29,184.17**	**32,215.97**

(Refer Note No 30)

18.1 Current Borrowings

(Rs in lakhs)

Particulars	As at 31.03.2020	As at 31.03.2019
Loan Repayable on Demand		
Secured		
Current Maturities of Term Loans from Banks	6,425.42	5,153.08
Current Maturities of Term Loans from Other Parties	96,807.88	94,475.76
Unsecured		
Working capital loans from banks	26,502.40	13,499.63
Total	**1,29,735.70**	**1,13,128.47**

(Refer Note 35 & 37.2 for details regarding terms of borrowings, nature of security, repayment terms etc.)

18.2 Trade payables

(Rs in lakhs)

Particulars	As at 31.03.2020	As at 31.03.2019
Dues to Micro,Small and Medium Enterprises (Refer note 41)	-	-
Due to others	33,365.35	31,211.20
Total	**33,365.35**	**31,211.20**

18.3 Other current financial liabilities

(Rs in lakhs)

Particulars	As at 31.03.2020	As at 31.03.2019
Interest accrued but not due on borrowings	5,063.16	6,857.07
Payable to MSEB CPF Trust	1,780.70	1,485.50
Employee related payables	4,756.93	4,526.55
Payable to group companies	3,528.44	2,863.68
Current Lease Liabilties	1,584.67	-
Other payables	1,541.07	2,450.43
Total	**18,254.97**	**18,183.23**

19 Other current liabilities

(Rs in lakhs)

Particulars	As at 31.03.2020	As at 31.03.2019
Duties & taxes payable	2,975.79	1,980.81
Advances from customers	9,165.24	135.17
Total	**12,141.03**	**2,115.98**

20 Short term provisions

(Rs in lakhs)

Particulars	As at 31.03.2020	As at 31.03.2019
Provision for gratuity	6,654.81	6,993.78
Provision for leave encashment	8,804.35	8,309.64
Provision for CSR Expenditure	7,483.15	7,310.33
Provision for late interest payment on Service Tax	264.43	267.24
Provision for Tree/Land Compensation	677.79	666.12
Provision for Pay Revision	12,899.69	-
Provision for Interest Shortfall on PF Liability	3,593.92	3,593.92
Other Provisions	1,364.44	1,494.57
Total	**41,742.58**	**28,635.60**

21 Revenue from operations

(Rs in lakhs)

Particulars	For year ended 31.03.2020	For year ended 31.03.2019
Transmission charges (STU)	3,52,141.25	3,41,456.46
Transmission charges (Others)	11,207.59	14,419.40
Open Access Charges	814.13	1,051.20
SLDC Charges	2,902.08	1,788.50
Additional Transmission and Regulatory Charges	4,635.44	-
Rescheduling Charges	554.97	316.96
Total	**3,72,255.46**	**3,59,032.52**

22 Other Income

(Rs in lakhs)

Particulars	For year ended 31.03.2020	For year ended 31.03.2019
Interest income	9,729.95	8,618.65
Rent	656.70	493.09
Profit on sale of Property , Plant and Equipment	154.96	516.79
Sale of tender forms	120.23	151.54
Income from sale of scrap	711.18	375.95
Government Grant	966.31	922.19
Other Miscellaneous Income #	26,805.18	18,206.55
Total	**39,144.51**	**29,284.76**

includes the rectification entry passed for Rs 1,488.25 lakhs in FY 2019-20 (P.Y. Nil) on account of erreneous booking of accrued interest on private bond appearing through Opening Balance Sheet of MSETCL.

23 Repair & Maintenance Expenses

(Rs in lakhs)

Particulars	For year ended 31.03.2020	For year ended 31.03.2019
Property , Plant and Equipment	24,716.55	19,494.14
Repairs and maintenance expenses capitalised	(183.84)	(132.14)
Total	**24,532.71**	**19,362.00**

24 Employee Benefits Expense

(Rs in lakhs)

Particulars	For year ended 31.03.2020	For year ended 31.03.2019
Salaries, allowances, Bonus etc.	1,02,067.69	75,866.29
Staff welfare expenses	3,723.55	2,924.95
Other staff costs	527.79	645.19
Leave encashment	17,302.41	9,990.74
Gratuity	4,708.32	4,862.26
Contribution to Provident & Other Funds	7,387.01	7,633.28
Employee costs capitalised	(7,426.20)	(6,383.65)
Total	**1,28,290.57**	**95,539.06**

25 Finance Costs

(Rs in lakhs)

Particulars	For year ended 31.03.2020	For year ended 31.03.2019
Interest Expense		
- Banks	3,041.96	1,182.92
- Others	57,410.29	61,222.81
Transaction Costs	112.15	117.39
Other Finance Costs		
Miscellaneous Costs	54.81	26.43
Amortisation of borrowings	73.62	98.28
Interest on Lease Liabilties	604.72	0.00
Interest and Finance Charges Capitalised	(7,639.00)	(8,514.79)
Total	**53,658.55**	**54,133.04**

26 Other expenses

(Rs in lakhs)

Particulars	For year ended 31.03.2020	For year ended 31.03.2019
Advertisement Expenses	109.86	88.94
Advertisement of tenders / notices and other purchase related advertisement	529.29	1,416.81
Auditor's Remuneration		
Statutory Audit Fees	22.00	22.00
For Reimbursement of Expenses	9.00	9.00
For Reimbursement of GST on Audit Fee	5.58	5.58
Electricity Charges	5,768.57	5,289.74
Freight Charges	2.80	3.17
Government Inspection Fees	-	2.00
Insurance	282.18	379.41
Legal & Professional Fees	533.62	293.08
Membership & Subscription	330.35	651.63
Miscellaneous Expenses #	7,420.82	7,501.04
Balances Written off/ written back (Net)	1,429.72	35.79
Postage Telephone & Telex	383.68	415.13
Printing & Stationery	297.09	303.77
Rent	42.53	2,101.17
Rates & Taxes	3,164.32	1,019.55
Security Expenses	8,350.28	6,893.50
Travelling & Conveyance	774.82	901.40
Upkeep of office	1,139.25	1,091.92
Vehicle Running & Maintenance Expenses	371.75	448.88
Water charges	626.83	558.90
Expenditure on Hire	2,571.01	2,424.00
Foreign Exchange Loss	2,409.59	360.76
Corporate Social Responsibilty Expenses	1,083.37	-
- Expenses capitalised	(1,468.75)	(1,271.76)
Total	**36,189.56**	**30,945.41**

"Miscellaneous Expenses" include Rs 6,276.40 lakhs as Payment made to Contracted Personnel (P.Y. Rs.4021.79 lakhs)

Note 27 : Lease Disclosures

A] Ind AS 116 Transition

Ministry of Corporate Affairs ("MCA") has notified Ind AS 116 Leases which replaces the existing lease standard, Ind AS 17 leases,and other interpretations. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. Ind AS 116 requires lessee to recognise assets and liabilities for all the leases which conveys the right to use an asset for a period of time in exchange for consideration. Under Ind AS 17, lease arrangements where risk and rewards incidental to ownership of assets substantially vest to lessors were indentified as operating leases. Ind AS 116 requires to recognise depreciation and interest cost instead of rent expenses as hitherto done under Ind AS 17.

The Company has adopted Ind AS 116 "Leases" with effect from April 1, 2019, with a modified retrospective approach. The cumulative effect of initial application of Ind AS 116, has been adjusted in opening retained earnings on the date of application i.e. April 1, 2019, as permitted by standard. Similar impact on the results of the year ended March 31, 2020 is also not material. The Company has elected to account for short-term leases using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss. Company uses borrowing rate of 10.04% as considered by MERC during the approval of Interest Expenses on Normative Loans in its ARR Orders.

I) Leases as Lessee

Finance Lease

The company has taken land on lease from Government of Maharashtra , CIDCO , MIDC , etc for construction of substation and lines for 99 years and more by payment of upfront premium. Such lease arrangements have been considered as finance lease.

As at 31.03.2020 (Rs in lakhs)

Particulars	Land
Gross carrying amount	18,874.96
Accumulated amortisation	-
Amortisation recognised in statement of P&L	90.66

As at 31.03.2019 (Rs in lakhs)

Particulars	Land
Gross carrying amount	12,076.98
Accumulated amortisation	1.16
Amortisation recognised in statement of P&L	82.11

Reconciliaton of lease commitment under Ind AS 17 and lease liability recognised as at the date of transition i.e. 1st April 2019.

A. Impact on Revenue Account

Particulars	(Rs in lakhs.)
Lease Rent	2,053.29
Total as per Ind AS-17	**2,053.29**
Depreciation on ROU Asset	1,689.22
Interest on Leased Liability	604.72
Total as per Ind AS-116	**2,293.94**
Total	**240.65**

B. Impact on Balancesheet

Particulars	(Rs in lakhs.)
Recognition of ROU Asset as on 01.04.2019	6,690.62
Depreciation during FY 2019-20	(1,689.22)
Carrying value of ROU Asset as on 31.03.2020	**5,001.40**
Recognition of Lease liability as on 01.04.2019	(6,690.62)
Interest on Leased Liability for FY 2019-20	(604.72)
Lease Rent during FY 2019-20	2,053.29
Lease Liability as on 31.03.2020	**(5,242.05)**

The Company's significant leasing/ licensing arrangements are mainly in respect of office premises. Leases generally have a lease term ranging for 60 months. Most of the leases are renewable by mutual consent on mutually agreeable terms.

Finance costs includes interest expense amounting to Rs 604.72 Lakhs for the year ended 31st March 2020 on lease liablity accounted in accordance with Ind AS 116 "Leases".

Lease liabilities (Rs in lakhs)

Particulars	As at 31st March 2020
Maturity analysis - Undiscounted cash flows	
Less than one year	2,038.81
More than one year	4,052.68
Total undiscounted lease liabilities	6,091.49
Lease liabilities included in financial position	
Current	1,584.67
Non current	3,657.38

II) Leases as lessor

The Company has given land to Maharashtra Eastern Grid Power Transmission Company Limited for 20 years for construction of 765/400 KV sub-station. All the land cost have been received from MEGPTL. Hence assets is adjusted and kept at Re 1.

Note 28 : Employee Benefits

a) Defined Contribution Plans

The Company's contribution to the Provident Fund is remitted to separate trusts established for this purpose based on a fixed percentage of the eligible employee's salary and charged to Statement of Profit and Loss. Shortfall, if any, in the fund assets, based on the Government specified minimum rate of return, will be made good by the Company and charged to Statement of Profit and Loss. According to the Management, the Actuary has opined that actuarial valuation can not be applied to reliably measure provident fund liabilities in absence of guidance from the Actuary Society of India. The investment value is excess by Rs. 3,653.33 Lakhs (P.Y. Rs. 3,593.92 Lakhs shortage) than subscription value, hence provision is made accordingly. The Company recognised Rs. 7,369.79 lakhs (previous year Rs. 7,626.36 lakhs) for Provident Fund contribution in the Statement of Profit and Loss.The contributions payable to these plans by the Company are at rates specified in the rules of the schemes.

Provident Fund

i) The amount recognized in balance sheet in respect of Company's share of assets and liabilities of the fund managed by the CPF Trust are as under:

(Rs in lakhs)

Particulars	As at 31.03.2020	As at 31.03.2019
Liability for subscriptions and interest payable to employees at the end of the year	1,48,275.97	1,35,693.92
Fair value of plan assets at the end of the year	1,51,929.30	1,32,100.00
Net Liability	**(3,653.33)**	**3,593.92**

ii) Description of plan assets

(Rs in lakhs)

Particulars	As at 31.03.2020	As at 31.03.2019
Government Securities (GOI)	8.19%	8.37%
State Development Loan (SDL)	28.98%	27.90%
Other Security Gaurantee by Central/State Govt	6.99%	4.81%
Debt's and Other Related Instrument	27.64%	30.37%
Others	2.12%	1.90%
Exchange Traded Fund (ETF) SBI & UTI	2.37%	1.66%
Special Deposit Schemes(SDS)	23.70%	24.99%

b) Defined Benefit Plan : Gratuity

Liability towards long term defined employee benefits - leave encashment, gratuity are determined on actuarial valuation by independent actuaries at the year-end by using Projected Unit Credit method. Liability so determined is unfunded in the case of leave encashment and gratuity.

Gratuity (Unfunded)
Movement in net defined benefit (asset)/ liability

i) Reconciliation of opening and closing balances of Gratuity obligation

(Rs in lakhs)

Particulars	As at 31.03.2020	As at 31.03.2019
Defined benefit obligation at the beginning of the year	35,809.42	38,401.32
Current service cost	1,921.80	1,948.24
Past Service Cost	-	-
Interest cost	2,789.55	2,968.42
Actuarial (gain)/loss	12,743.20	413.07
Benefits paid	(8,220.80)	(7,921.63)
Defined benefit obligation at the end of the year	**45,043.17**	**35,809.42**

ii) Reconciliation of opening and closing balances of fair value of plan assets

(Rs in lakhs)

Particulars	As at 31.03.2020	As at 31.03.2019
Fair value of plan assets at the beginning of the year	-	-
Expected return on plan assets	-	-
Actuarial (gain)/loss	-	-
Employer contribution	-	-
Benefits paid	-	-
Fair value of plan assets as at the end of the year	-	-

iii) Reconciliation of fair value of assets and obligations:

(Rs in lakhs)

Particulars	As at 31.03.2020	As at 31.03.2019
Fair value of plan assets as at the end of the year	-	-
Present value of obligations as at the end of the year	(45,043.17)	(35,809.42)
Unfunded (Liability)/asset recognized in the Balance Sheet	(45,043.17)	(35,809.42)

iv) Amount recognized in the Statement of Profit and Loss :

(Rs in lakhs)

Particulars	As at 31.03.2020	As at 31.03.2019
Current service cost	1,921.80	1,948.24
Interest cost	2,789.55	2,968.42
Past Service Cost	-	-
Expected return on plan assets	-	-
Net Actuarial (gain)/loss	-	-
Total expenses recognized in the Statement of Profit and Loss account	4,711.35	4,916.66
Actual return on plan assets	-	-

v) Amount recognised in Other Comprehensive Income :

(Rs in lakhs)

Particulars	As at 31.03.2020	As at 31.03.2019
Actuarial (Gains)/ Losses		
- Changes in Demographic assumptions	-	-
- Changes in Financial arrangements	2,927.79	(140.82)
- Changes in the effect of limiting a net defined benefit asset ceiling, excluding amounts included in interest	-	-
- Experience adjustments	9,815.41	553.89
- Return on Plan assets excluding amounts net interest cost	-	-

vi) Major Actuarial Assumptions

(Rs in lakhs)

Particulars	As at 31.03.2020	As at 31.03.2019
Discount rate	6.89%	7.79%
Estimated return on plan assets	NA	NA
Salary increment	5%	5%
Employee turnover	2%	2%
Mortality rate during employment	Indian Assured Lives Mortality (2006-08) Ultimate	Indian Assured Lives Mortality (2006-08) Ultimate
Mortality rate after employment	NA	N.A

vii) The expected future cash flows as on :

(Rs in lakhs)

Particulars	As at 31.03.2020	As at 31.03.2019
Projected benefits payable in future years from the date of reporting		
1st following year	6,657.36	6,993.77
2nd following year	3,640.41	3,470.12
3rd following year	4,017.20	3,977.66
4th following year	3,904.92	3,084.09
5th following year	3,394.46	3,014.16
Sum of year 6 to 10	15,145.40	11,666.34
Sum of Year 11 and above	53,597.72	40,729.45

viii) Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

Particulars	As at 31.03.2020	As at 31.03.2019
(+) 1% change in rate of discounting	(3,229.48)	(2,176.11)
(-) 1% change in rate of discounting	3,762.82	2,519.40
(+) 1% change in rate of salary increase	3,796.41	2,564.22
(-) 1% change in rate of salary increase	(3,312.42)	(2,249.18)
(+) 1% change in rate of employee turnover	571.73	585.72
(-) 1% change in rate of employee turnover	(645.04)	(659.08)

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.
Based on the actuarial valuation obtained in this respect, the following table sets out the status of the gratuity plan and the amounts recognised in the Company's financial statements as at balance sheet date:

c) Long Term Benefits: Leave Encashment

i) The Projected Benefit Obligation towards this Accumulating paid absences (Earn Leave Valuation) is tabulated below:

(Rs in lakhs)

Particulars	As at 31.03.2020	As at 31.03.2019
Projected Benefit Obligation	34,284.94	25,942.38
Funding Status	Unfunded	Unfunded
Fund Balance	N.A	N.A

ii) Major Actuarial Assumptions (Earn Leave Valuation)

Particulars	As at 31.03.2020	As at 31.03.2019
Discount rate	6.89%	7.79%
Salary Escalation rate	5%	5%
Attrition rate	2%	2%
Mortality rate during employment	Indian Assured Lives Mortality (2006-08) Ultimate	Indian Assured Lives Mortality (2006-08) Ultimate
Retirement Age	58 & 60 years	58 , 60 & 65 years
While in service encashment rate	10% for the next year	10% for the next year

iii) The Projected Benefit Obligation towards this Accumulating paid absences (Half paid leave) is tabulated below:

(Rs in lakhs)

Particulars	As at 31.03.2020	As at 31.03.2019
Projected Benefit Obligation	14,412.15	12,271.35
Funding Status	Unfunded	Unfunded
Fund Balance	N.A	N.A

iv) Major Actuarial Assumptions (Half paid leave)

Particulars	As at 31.03.2020	As at 31.03.2019
Discount rate	6.89%	7.79%
Salary Escalation rate	5%	5%
Attrition rate	2%	2%
Mortality rate during employment	Indian Assured Lives Mortality (2006-08) Ultimate	Indian Assured Lives Mortality (2006-08) Ultimate
Retirement Age	58 & 60 years	58 , 60 & 65 years

Note 29: Related Party Transactions

1 **Names of related parties**

a) Subsidiary

Kharghar Vikhroli Transmission Private Limited

Associates

Jaigad Power Transco Limited

Maharashtra Transmission Communication Infrastructure Limited

b) Key Managerial Personnel

Key Management Personnel Name	Designation	With effect from
Shri. Dinesh T. Waghmare	Chairman & Managing Director	23.01.2020 onwards
Shri. Parrag Jaiin Nainutia	Chairman & Managing Director	03.05.2018 to 22.01.2020
Shri. Ravindra Dinkarrao Chavan	Director (Projects)	05.05.2015 to 04.05.2018
		18.05.2018 onwards
Shri. Sanjay Taksande	Director (Operations)	01.04.2019 onwards
Shri. Vinayak Sathe	Director Finance	02.04.2016 to 31.01.2020
Smt. Pushpa Ramcharan Chavan	Independent Director	26.06.2014 to 25.06.2019
Shri. Vishwas Pathak	Independent Director	24.08.2015 to 05.09.2019
Ms. Vineeta Shriwani	Company Secretary	22.06.2015 onwards

c) Remuneration paid to Key Managerial Personnel

(Rs. In Lakhs)

Key Managerial Personnel Name	2019-20	2018-19
Shri. Rajeevkumar Prembhushan Mital	-	4.69
Shri. Dinesh T. Waghmare	3.11	-
Shri. Parrag Jaiin Nainutia	31.76	21.90
Shri. Ravindra Dinkarrao Chavan	51.61	36.55
Shri. Sanjay Taksande	30.07	-
Shri. Vinayak Sathe	31.95	21.90
Shri. Ganpat T Munde	-	31.18
Ms. Vineeta Shriwani	26.74	18.91

d) Sitting Fees paid to Independent Directors

(Rs. In Lakhs)

Name of Independent Directors	2019-20	2018-19
Smt. Pushpa Ramcharan Chavan	0.35	0.55
Shri. Vishwas Pathak	0.75	0.85

e) Transactions during the year with Subsidiaries/Associates:

(Rs. In Lakhs)

Particulars	2019-20	2018-19
Subsidiary		
Kharghar Vikhroli Transmission Pvt Limited		
Investment in Equity Shares	**5.00**	**-**
A	**5.00**	**-**
Associates		
Jaigad Power Transco Limited		
Dividend income	-	357.50
Bay Maintenance income	40.59	36.80
B	**40.59**	**394.30**
Maharashtra Transmission Communication Infrastructure Limited		
Investment in Equity Shares	265.64	-
Investment in Preference Shares	358.08	-
C	**623.72**	**-**
Total (A+B+C)	**669.31**	**394.30**

f) Outstanding balances with Subsidiaries/Associates:

(Rs in lakhs)

Name of Associates	As at 31.03.2020	As at 31.03.2019
Investments in Equity Shares		
Jaigad Power Transco Limited	3,575.00	3,575.00
Maharashtra Transmission Communication Infrastructure Limited #	880.46	614.82
Kharghar Vikhroli Transmission Pvt Limited	5.00	-
Investments in Preference Shares		
Maharashtra Transmission Communication Infrastructure Limited #	**880.45**	**522.37**

This includes Pending Allotment of Equity shares Rs.15.63 Lakhs and Preference shares Rs.108.08 Lakhs.

2 Key Managerial Personnel are not entitled for post-employment benefits and other long term employee benefits recognised as per Ind AS 19 - 'Employee Benefits' in the financial statements.

3 The Company has not included disclosure in respect of following related parties which are Government related entities as per Ind AS 24:

Maharashtra State Power Generation Company Limited (MahaGenco)
Maharashtra State Electricity Distribution Company Limited (MahaVitaran)
MSEB Holding Company Limited (MSEB Holding Company Limtied)

Note 30 : Government Grants for capital assets

(Rs. In Lakhs)

Capital / Government grants	Amount
As at 1 April 2018	**28,031.49**
Received during FY 2018-2019	5,023.69
Interest received on GEC & PSDF Grants	82.98
Government Grant amortised during FY 2018-2019	(922.19)
As at 31.03.2019	**32,215.97**
Received during FY 2019-20	1,351.80
Interest received on GEC & PSDF Grants	82.71
Government Refunded during the year FY 2019-20	(3,500.00)
Government Grant amortised during FY 2019-20	(966.31)
As at 31.03.2020	**29,184.17**

	31.03.2020	31.03.2019
Current	795.43	921.72
Non-current	28,388.74	31,294.25
Total	**29,184.17**	**32,215.97**

MSETCL has received Government Grant for the purpose of strengthening of Transmission Network by constructing Substations and Lines in various Districts in Maharashtra.

F.Y	Grants Received (Rs in lakhs)	Purpose for which grant received	Reasons for unfulfilled conditions
2006-07	6,850.00	Construction of Substations and Lines for strentening of Transmission Network in 14 Districts	Total 29 Schemes out of which only 2 schemes are still ongoing
2007-08	8,000.00		Total 21 Schemes out of which only 4 schemes are still ongoing
2008-09	9,000.00		Total 79 Schemes out of which only 3 schemes are still ongoing.
2017-18	874.53	Power System Development Fund for System improvement	Work in progress
2018-19	1,284.90		
2019-20	740.60		
2017-18	7,500.00	Received as per the recommendation of 13th Finance Commission towards equity portion of MSETCL for Green Energy Corridor Project	Work in progress
2018-19	3,556.59		
2019-20	611.20		
2019-20 (Refunded)	(3,500.00)		
2017-18	1,809.38	The grant is received from State Government towards 50% construction cost of Jawahar substation in Thane district under Tribal Sub Plan Area (TSP)	Work in progress
2018-19	182.20		
Interest Eanred on GEC and PSDF Grant	165.80		
Total	37,075.20		

Note 31 : Earnings Per Share (EPS)

(Rs. In Lakhs)

Particulars	31.03.2020	31.03.2019
No. of Equity Shares at the begenning of the year	8,98,49,74,733	8,98,49,74,733
Shares issued during the year (Nos)	-	-
No. of Equity Shares at the end of the year	8,98,49,74,733	8,98,49,74,733
Weighted Average No of Equity Shares	8,98,49,74,733	8,98,49,74,733
Profit for calculation of EPS (Rs in lakhs)	21,402.02	52,506.46
Basic and Diluted Earnings Per Share (Rs)	0.24	0.58

Note 32: Tax expense

(a) Amounts recognised in statement of profit and loss (Rs in lakhs)

Particulars	For the year ended 31.03.2020	For the year ended 31.03.2019
Current year	(10,409.82)	(16,083.00)
Short/Excess provision for earlier years	-	-
Current tax expense (A)	**(10,409.82)**	**(16,083.00)**
Origination and reversal of temporary differences	(17,479.69)	(5,953.60)
Deferred tax expense (B)	**(17,479.69)**	**(5,953.60)**
Tax expense recognised in the current statement (A) + (B)	**(27,889.51)**	**(22,036.60)**

(b) Amounts recognised in Other Comprehensive Income

(Rs in lakhs)

Particulars	For the year ended 31.03.2020			For the year ended 31.03.2019		
	Before tax	Tax (expense) benefit	Net of tax	Before tax	Tax (expense) benefit	Net of tax
Items that will not be reclassified to profit or loss : Remeasurements of the defined benefit plans	(12,743.19)	4,452.47	(8,290.72)	(413.07)	144.34	(268.73)
Equity Instruments through Other Comprehensive Income				-	-	-
	(12,743.19)	**4,452.47**	**(8,290.72)**	**(413.07)**	**144.34**	**(268.73)**

(Rs. In Lakhs)

(c) Reconciliation of effective tax rate

Particulars	2019-20 %	2019-20 Rs. In lakhs	2018-19 %	2018-19 Rs. In lakhs
Profit before tax		49,291.53		74,543.06
Tax using the Company's domestic tax rate	34.94	17,224.43	34.94	26,048.33
Increase in tax rate				
	34.94	**17,224.43**	**34.94**	**26,048.33**

Note 32: Tax expense (continued)
(d) Movement in deferred tax balances

(Rs in lakhs)

Particulars	Net balance April 1, 2019	Recognised in profit or loss	Recognised in OCI	March 31, 2020			
				Recognised directly in equity	Net	Deferred tax asset	Deferred tax liability
Deferred tax Asset/(Liabilities)							
Property, plant and equipment (includes intangible assets, critical spares and revaluation impact)	(2,66,675.47)	(21,223.08)		-	(2,87,898.56)	-	(2,87,898.56)
Right of Use Assets and its lease liability		84.09			84.09	84.09	-
Loans and borrowings	(714.87)	1,539.11		-	824.25	824.25	-
Employee benefits	19,245.08	11,341.86	(4,452.98)	-	26,133.97	26,133.97	-
Provisions	963.09				963.09	963.09	-
Government grant	558.83	(337.67)		-	221.16	221.16	-
Investment in government security	1,254.10	21.39		-	1,275.50	1,275.50	-
Other items	7,778.41			-	7,778.41	7,778.41	-
Tax assets (Liabilities)	(2,37,590.83)	(8,574.29)	(4,452.98)	-	(2,50,618.09)	37,280.46	(2,87,898.56)
Reversal of Opening DTL	3,499.92			-	3,499.92	3,499.92	
Tax assets (Liabilities) (Net)	**(2,34,090.91)**	**(8,574.29)**	**(4,452.98)**	-	**(2,47,118.17)**	**40,780.38**	**(2,87,898.56)**

(e) Movement in deferred tax balances

(Rs in lakhs)

Particulars	Net balance April 1, 2018	Recognised in profit or loss	Recognised in OCI	March 31, 2019			
				Recognised directly in equity	Net	Deferred tax asset	Deferred tax liability
Deferred tax Asset/(Liabilities)							
Property, plant and equipment (includes intangible assets, critical spares and revaluation impact)	(2,62,056.59)	(4,618.88)		-	(2,66,675.47)	-	(2,66,675.47)
Right of Use Assets and its lease liability	-	-	-	-	-	-	-
Loans and borrowings	(706.66)	(8.21)		-	(714.87)	-	(714.87)
Employee benefits	20,425.57	(1,324.83)	144.34	-	19,245.08	19,245.08	-
Provisions	963.09			-	963.09	963.09	-
Government grant	236.58	322.25			558.83	558.83	-
Investment in government security	1,578.03	(323.93)		-	1,254.10	1,254.10	
Other items	7,778.41			-	7,778.41	7,778.41	
Tax assets (Liabilities)	(2,31,781.58)	(5,953.59)	144.34	-	(2,37,590.84)	29,799.50	(2,67,390.34)
Reversal of Opening DTL	3,499.92			-	3,499.92	3,499.92	
Tax assets (Liabilities) (Net)	**(2,28,281.66)**	**(5,953.59)**	**144.34**	-	**(2,34,090.92)**	**33,299.42**	**(2,67,390.34)**

The company offsets tax assets and liabilities if and only if it has a legally enforcable to offset current tax assets and current tax liabilties and deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority

Note No. 33

The following table shows the carrying amounts of Financial Assets and Financial Liabilities which are classified at Amortised Cost:

(Rs in lakhs)

	31.03.2020				31.03.2019			
Particulars	**FVTPL**	**FVTOCI**	**Amortised Cost**	**Fair Value of items carried at Amortised cost**	**FVTPL**	**FVTOCI**	**Amortised Cost**	**Fair Value of items carried at Amortised cost**
Non -current financial Assets								
Investments			85752.49				75,870.26	
Loans #			153.55				226.77	
Other non - current financial assets #			-				-	
Current Financial assets								
Investments			42,829.87				13,022.91	
Loans #			309.41				264.68	
Other Financial Assets #			6,238.58				2,859.96	
Total	-	-	**1,35,283.91**	-	-	-	**92,244.57**	-
Non - current Financial Liabilities								
Borrowings #			4,70,392.74				5,00,359.20	
Other non - current Financial Liabilities #			2,23,326.08				1,81,320.14	
Current Financial liabilities								
Borrowings #			1,29,735.70				1,13,128.47	
Trade Payables #			33,365.35				31,211.20	
Other Financial Liabilities #			18,254.97				18,183.23	
Total	-	-	**8,75,074.84**	-	-	-	**8,44,202.25**	-

The above amounts are considered at cost

MSETCL has identified financial risk and categorized them in three parts Viz. (i) Credit Risk, (ii) Liquidity Risk & (iii) Market Risk. Details regarding sources of risk in each such category are as below.

Credit Risk:

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from customers and investment securities. MSETCL establishes the policy for allowance for expected credit loss and impairment that represents its estimate of losses in respect of trade, other receivables and investments. The maximum exposure to credit risk in case of all the financial instruments covered below is restricted to their respective carrying amounts.

Trade receivables:

As per the accounting policy, MSETCL has determined the allowance of expected credit loss on trade receivables arising out of its business of primary electricity transmission utility in the state of Maharashtra and taking into consideration its base of customers comprising of distribution Licensees, Wheeling of power and receivables from other services including STU and allied servies which contains major amounts to be recovered from fellow subsidiairies or entities which are also public sector entities.

Major Trade receivables of MSETCL are of a short duration and do not carry any contractual rate of interest unless there is a default in payment. Even in such circumstances when a Transmission System User (TSU) consumer pays the arrears, the interest is the last element to be recovered. Accordingly, effective interest rate of trade receivables is considered to be negligible and discounting of expected cash shortfalls to reflect the time value of money are considered to measure the expected credit losses.

The Company works out the expected credit losses of trade receivables (which are presently considered good) using the Government Bond yield as discounting factor for the respective years to assess the time value risk associated with such trade receivables from services as described above.

MSETCL has after considering the behaviour pattern of the customers has not made the provision for expected credit loss, other than for the identified doubtful receivables.

The following table provides information about the exposure to credit risk and loss allowance (including expected credit loss provision) for trade receivables:

(Rs in lakhs)

Particulars	31.03.2020		31.03.2019	
	Gross carrying amount	Loss allowance	Gross carrying amount	Loss allowance
Past due 0-180 days	16,640.66		14,987.24	
Past due 180-365 days	8,677.13		7,814.97	
From 1 year to 2 years	36,112.09		32,523.99	
From 2 year to 3 years	9,282.07		8,359.81	
Above 3 years	2,00,803.58	11,613.59	1,80,851.77	12,470.78
TOTAL	**2,71,515.53**	**11,613.59**	**2,44,537.78**	**12,470.78**

Cash and cash equivalents:

(Rs in lakhs)

Particulars	As at 31.03.2020	As at 31.03.2019
Balances with Banks		
In Current Accounts	1,608.42	6,281.91
In Fixed Deposit Accounts (with original maturity of less than 3 months)	3,738.70	5,221.49
Cash and Stamps on Hand	16.34	14.98
TOTAL	**5,363.46**	**11,518.38**

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. Company has a strong focus on effective management of its liquidity to ensure that all business and financial commitments are met on time. The Company has adequate borrowing limits in place duly approved by its shareholders and board. Company sources of liquidity includes operating cash flows, cash and cash equivalents, fund and non-fund based lines from banks. Cash and fund flow management is monitored daily in order to have smooth and continuous business operations.

(i) Financing arrangements

The Company has an adequate fund and non-fund based limits from various banks. The Company has sufficient borrowing limits in place duly, approved by its shareholders and board. Domestic credit rating from reputed credit rating agencies enables access of funds from domestic market. It's diversified source of funds and strong operating cash flow enables it to maintain requisite capital structure discipline. MSETCL diversifies its capital structure with a mix of financing products across varying maturities and currencies. The financing products include, clean & secured domestic Term loans. These loans are taken from REC, PFC and banks.

(ii) Maturities of financial liabilities

The amounts disclosed in the table are the contractual undiscounted cash flows.

Particulars	Contractual cash flows					(Rs in lakhs)
	31.03.2020			31.03.2019		
	Upto 1 year	1-3 years	more than 3 years	Upto 1 year	1-3 years	more than 3 years
Non-derivative financial liabilities Borrowings	1,03,830	2,50,774	2,19,016	99,600	3,00,100	2,00,521
Total	**1,03,830**	**2,50,774**	**2,19,016**	**99,600**	**3,00,100**	**2,00,521**

Market Risk - Market Risk is further categorised in (i) Currecy risk , (ii) Interest rate risk & (iii) Commodity risk:

Currency risk:

Interest rate risk exposure:

Company's interest rate risk arises from borrowings. The interest rate profile of the Company's interest-bearing financial instruments as reported to the management of the Company is as follows.

(Rs in lakhs)

	Carrying amount	
	31.03.2020	31.03.2019
Fixed-rate instruments		
Financial assets	1,28,582.36	88,893.17
Financial liabilities	19,759.35	21,794.72
Variable-rate instruments		
Financial assets	-	-
Financial liabilities	5,80,369.09	5,78,333.72

Cash flow sensitivity analysis for variable-rate instruments

A reasonably possible change of 25 basis points in interest rates at the reporting date would have increased / (decreased) profit or loss by the amounts shown below. The indicative 25 basis point (0.25%) movement is directional and does not reflect management forecast on interest rate movement.
This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

Particulars	Profit or loss			(Rs. In Lakhs)
	25 bp increase	25 bp decrease	25 bp increase	25 bp decrease
	31.03.2020		31.03.2019	
Floating rate borrowings	1,450.92	(1,450.92)	1,445.83	(1,445.83)
Interest rate swaps (notional principal amount)	-	-	-	-
Cash flow sensitivity (net)	1,450.92	(1,450.92)	1,445.83	(1,445.83)

Note 34 A : Details of Associates

Name of Associate	Principal Activity	Place of Incorporation and Principal Place of Business	Proportion of Ownership Interest /Voting Rights held by the Group	
			As at 31.03.2020	As at 31.03.2019
Equity Shares				
Jaigad Power Transco Ltd (JPTL)	Transmission of electricity	Mumbai	26.00%	26.00%
Maharashtra Transmission Communication Infrastructure Limited (MTCIL)	Making available optical fibre capacity on lease	Mumbai	49.00%	38.14%
Preference Shares				
Maharashtra Transmission Communication Infrastructure Limited (MTCIL)	Making available optical fibre capacity on lease	Mumbai	100.00%	100.00%

Aggregate Summarised Financial Information of Associates that are not individually material

(Rs. In Lakhs)

Associates	JPTL		MTCIL	
Particulars	2019-20	2018-19	2019-20	2018-19
Carrying amount of Investment in Equity Shares	3,575.00	3,575.00	864.82	614.82
Carrying amount of Investment in Preference Shares			772.37	522.37
Company's Share of Profit or Loss from Continuing Operations	731.57	626.66	(385.97)	(294.36)
Company's share of post-tax profit or loss from discontinued operations	-	-	-	-
Company's share in other comprehensive income	0.41	(0.11)	(0.44)	(4.08)
Company's share in Total comprehensive income	**731.98**	**626.55**	**(386.41)**	**(298.44)**

(Rs. In Lakhs)

Particulars	As at 31.03.2020	As at 31.03.2019
Aggregate carrying amount of the Company's interest in these Associates	5,212.19	4,712.19
Carrying amount of the Company's interest in these Associates	5,212.19	4,712.19

Note 34 B : Details of Subsidiary

Name of Subsidiary	Principal Activity	Place of Incorporation and Principal Place of Business	Proportion of Ownership Interest / Voting Rights held by the Group	
			As at 31.03.2020	As at 31.03.2019
Equity Shares				
Kharghar Vikhroli Transmission Pvt Ltd (KVTPL)	Transmission of electricity	Mumbai	100%	NA

Note

Kharghar Vikhroli Transmission Private Limited (KVTPL) is an wholly Owned Subsidiary Company of Maharashtra State Electricity Transmission Company Ltd (MSETCL). MSETCL has invested Rs 5.00 Lakhs as Equity Contribution in it. Kharghar Vikhroli Transmission Private Limited is an unlisted private company. It was incorporated on 13 May, 2019 and is located in , Maharashtra. It is classified as a State Government Company.

KVTPL is formed as a Special Purpose Vehicle (SPV) for the purpose of 400 KV Vikhroli Sub-station project under the Tariff Based Competitive Bidding (TBCB) Route which is approved by Government of Maharashtra vide its GR dated 04 January, 2019 for construction of new Transmission projects in Maharashtra.

After completion of bidding process, the SPV is to be acquired by the Successful Bidder. Accordingly , MSETCL has initiated procedures to handover the said Company to Adani Transmission Ltd. Adani Transmission Ltd. has been given the Letter of Intent (LOI) from Maharashtra State Electricity Transmission Company (MSETCL) to build, own, operate and maintain a transmission project in the state of Maharashtra for a period of 35 years. This is the first ever 400 kV substation facility in the city of Mumbai. The project Kharghar Vikhroli Transmission comprises of approximately 34 km of 400 kV and 220 kV transmission lines along with 400kV GIS Substation at Vikhroli in Mumbai.

Note 35: Assets hypothecated / pledged as security

The carrying amount of assets hypothecated / mortgaged as security for current and non-current borrowings are:

(Rs in lakhs)

Particulars	As at 31.03.2020	As at 31.03.2019
Security created in respect of Non-current Borrowings		
Property, plant and equipment excluding leasehold land	19,02,346	19,56,902
Security created in respect of Current Borrowings		
i) Inventories ii) Fixed Deposit Receipt	49,000	80,000
Total assets as security	**19,51,346**	**20,36,902**

Note 36: Capital Management

The Company's objective is to maximize the shareholders' value by maintaining an optimum capital structure.Management monitors the return on capital as well as the debt equity ratio and makes necessary adjustments in the capital structure for the development of the business.

(Rs in lakhs)

Particulars	As at 31.03.2020	As at 31.03.2019
Debt *	6,00,128.44	6,13,487.67
Cash and Cash Equivalent	(5,363.46)	(11,518.38)
Net Debt	5,94,764.98	6,01,969.29
Equity share Capital	11,23,801.96	11,11,748.82
Net Debt to Equity Ratio	0.53	0.54

* Debt is defined as aggregate of long-term borrowings, short-term borrowings and current maturities of long term debt.

Note 37: Other Notes

37.1 Contingency Reserve, Special Reserve & Load Despatch Center Development (LDCD) Fund : As per directions of MERC vide Order No. 31 of 2016 dated 7th July, 2016, the company for FY 2019-20 has appropriated an amount of Rs. **6,597.00 Lakhs** (Previous Year Rs. 6,681.00 Lakhs) towards Contingency Reserve. An amount of Rs. NIL (Previous Year Rs. NIL) has been appropriated towards Special Reserve and an amount of Rs **2,270.33 Lakhs** (Previous Year Rs 4,053.04 Lakhs) has been appropriated towards Load Despatch Center Developement (LDCD) Fund.

37.2 Secured Loans:- (Rs. In Lakhs)

	Loan Secured By			
Name of the Institution	Guarantee from State Government	Hypothecation against future assets	Mortgage against existing assets	Total
Rural Electrification Corporation Limited (REC)	NIL	3,57,198.42	-	3,57,198.42
Power Finance Corporation Limited (PFC)	NIL	1,66,475.35	-	1,66,475.35
Union Bank of India		948.91	-	948.91
Bank of Baroda		1,879.24	-	1,879.24
Canara Bank		14,877.12	-	14,877.12
Bank of India (BOI)		11,890.38	-	11,890.38
Oriental Bank of Commerce (OBC)		591.56	-	591.56

Repayment Schedule of Long Term Loan Liabilities

Particulars	Rural Electrification Corporation	Power Finance Corporation	Union Bank of India	Bank of Baroda	Canara Bank	JICA	KFW	OBC	Bank of India
Nature of Loan	Term Loan	Term Loan	Term Loan	Term Loan	Term Loan	Term Loan	Term Loan	Term Loan	Term Loan
Loan Amount	Up to Borrowing Limit Rs.11,24,364 Lakhs	Up to Borrowing Limit Rs.6,10,338 Lakhs	Rs 33,570.00 Lakhs	Rs 26,400 Lakhs	Rs 500,000 Lakhs	Rs.61,849 Lakhs (16749 million Yen)	Rs 10,250 Lakhs (12 million Euro)	Rs 27,673 Lakhs	Rs 30,000 Lakhs
						(12070.58 MJPY)	(12 M EURO)		
Period (Term)	13 Years (3+10)	18 Years (3+15)	15 Years (2+13)	15 Years (2+13)	13 Years (3+10)	15 Years (5+10)	15 Years (5+10)	10 years	13 Years (3+10)
Moratorium Period	3 Years	3 Years	2 Years	2 Years	3 Years	5 Years	5 Years	-	3 Years
Repayment	Repayment is ongoining	Repayment is ongoining	Repayment is Started	Repayment is Started	No.start Repayment	Repayment is Started	Repayment is yet to start	Repayment is Started	No.start Repayment
Purpose of Use	Capex Funding	Capex Funding	Capex Funding	Capex Funding	Capex Funding	Capex Funding	Capex Funding	Debt Restructuring	Capex Funding
Rate of Interest (Floating) at year end	10.66%	10.66%	9.40% p.a.	09.30% p.a.	8.40%	0.75%	1.27%	8.85%	8.88%
			With annually reset	With annually reset	With annually reset			With annually reset	With annually reset
Terms of Payment	Yearly	Quarterly	156 monthly instalments	156 monthly instalments	40 quarterly instalment	Semi Annually	Semi Annually	Yearly	20 Half yearly
Upfront Fees	Upto 500 Cr - Nil Above 500 Cr - 0.01 % of loan amount	Upto 500 Cr - Nil Above 500 Cr - 0.01 % of loan amount	Nil	Nil	Nil	Nil	Nil	Nil	Nil

Commitment Charges	Upto 500 Cr - Nil Above 500 Cr - 0.25% P.A. on undrawn Amount of Quarter till the Date of Actual Drawal	Upto 500 Cr - Nil Above 500 Cr - 0.25% P.A. on undrawn Amount of the Previous Quarter from the first day of following Quarter till the Actual Date of Drawal	Nil	Nil	Nil	Nil	0.20% pa on undisbursed amount	Nil	Nil
Margin Money Requirement (Equity) From 01.04.2017	25.00%	25.00%	20.00%	20.00%	25.00%	VAT,CST/ ED Paid by MSETCL	GST Paid by MSETCL		25.00%

Foreign Currency Loan

Loan Secured by	JICA (Rs.) in Lakhs	JICA (¥) in Million
Guarantee from Central Government	**17,303.86**	**25,258.40**

¥ Japanese Yen

Loan Secured by	KFW (Rs.) in Lakhs	EURO in Million
Guarantee from Central Government	**2,455.49**	**2.97**

Note No 38 : Contingent Liabilities and Contingent assets

1. Claims against the Company not acknowledged as debts in respect of:

(i) Capital Works

Some of the contractors for supply and installation of equipments and execution of works at our projects have lodged claims on the company seeking enhancement of the contract price, revision of work schedule with price escalation, compensation for the extended period of work, idle charges, Interest for delayed payments made, under MSME Act, etc. These claims are being contested by the Company as being not admissible in terms of the provisions of the respective contracts.

The company is pursuing various options under the dispute resolution mechanism available in the contract for settlement of these claims. In such cases, contingent liability of Rs 17,122.00 Lakhs has been estimated.

(ii) Land/ Crop compensation & Enhancement in Compensation cases

In respect of land acquired for the projects, the land losers have claimed higher compensation before various authorities/courts which are yet to be settled. In such cases, contingent liability of Rs 13,614.00 lakhs has been estimated.

(iii) Other claims

In respect of claims made by various State/Central Government Departments/Authorities towards building permission fees, penalty on diversion of agriculture land to non-agriculture use, Nala tax, water royalty etc. and by others, contingent liability of Rs 196.00 Lakhs has been estimated.

(iv) Disputed Income Tax/Sales Tax/Excise/Municipal Tax Matters

Disputed Income Tax/Sales Tax/Excise/Municipal Tax Matters amounting to Rs 41,013.00 Lakhs are being contested before various Appellate Authorities. Many of these matters are disposed of in favour of the company but are disputed before higher authorities by the concerned departments.

(v) Financials Guaranttees

MSETCL has provided financial guarantees in the form of Bank Guarantee's amounting to Rs 1,166.79 lakhs to various Authorities for construction of Transmission Sub-stations and Transmission Lines.

(vi) Others

a) Other contingent liabilities pertaining to Employee claims amounts to Rs 177.00 Lakhs .

b) Some of the beneficiaries have filed appeals against the tariff orders of the MERC. The amount of contingent liability in this regard is not ascertainable.

Note 39: Capital commitments

Capital Expenditure contracted for at the end of reporting period but not recognised as liabilities is as follows:

(Rs. In Lakhs)

Particulars	31.03.2020	31.03.2019
Property, Plant and Equipment	2,42,607.48	2,03,721.13
Less: Capital Advances	-	-
Net Capital Commitments	**2,42,607.48**	**2,03,721.13**

Note 40:

Balances of Trade Receivables, Financial assets - Loans and advances are subject to confirmation and reconciliation. The Company is taking necessary steps for reconciliation and confirmation of the same.

Note 41:

The Company generally makes payment to its creditors within a period of 45 days as stipulated in the Micro, Small and Medium Enterprise Act 2006. The Company is in the process of identifying Micro, Small and Medium Enterprises as defined in above mentioned Act. Hence, relevant disclosure is not made. The Company has not provided any interest payable to Micro and Small Enterprise as required by the aforesaid Act in absence of the information.

Note 42:

The group Company's Receivables & Payables are subject to confirmation and reconciliation. These items interalia includes an adjustments. It's long pending inter-unit advise payable balances of Rs 22,697.26 lakhs (Receivables Rs 19,679.53 lakhs upto FY 2017-18 and Rs. 324.29 Lakhs upto FY 2019-20. Payables Rs 40,863.03 lakhs upto FY 2017-18 and Rs.1,838.05 Lakhs upto FY 2019-20 i.e Net payable Rs 22,697.26 lakhs) pertaining to MSEDCL through the Receivable against Transmission Charges from MSEDCL by Rs.21,183.50 in FY 2017-18 and Rs.1,513.76 Lakhs in FY 2019-20.

Note 43:

In accordance with Ind AS 36 - Impairment of assets, impairement analysis of assets of Transmission activity of the Company by evaluation of its Cash Generating Units, was carried out by outside agency in the year 2006-07 and since recoverable was more than the carrying amount thereof, no impairment loss was recognised. In the current year, there is no indication of impairment which requires re-estimating the recoverable amount of the assets.

Note 44:

MSETCL is consistently following its accounting policy regarding recognition of other income on 'accrual basis except when ultimate realization of such income is uncertain' as mentioned in Note no. 2.15 which is in commensurate with applicable accounting standard. As such Delayed Payment Charges (DPC) being part of other income is recognized only to the extent of realized amount. Thus by adopting this policy the accounts of each financial years have been finalized on the basis of which Truing-up (Provisional / Final) is done by MERC as mentioned in clause 11.3 of MYT Regulations 2011 (applicable upto FY 2015-16).

MERC has done truing-up for every financial year based on the accounts and not adjusted the amount of Delayed Payment Charges upto truing up of FY 2014-15 as the same was not accounted for in the accounts. However, MERC while carrying out provisional true-up for FY 2015-16 has reduced ARR by Rs.85,499.00 lakhs towards Delayed Payment Charges related to the earlier financial years including FY 2015-16 which have been not accounted for in accounts as per accounting policy. Apart from this adjustment, MSETCL is entitled for its legitimate ARR of Rs. 3,94,437.00 lakhs as is evident from MERC order dtd. 7th July 2016 in case no. 31 of 2016. To match with this entitled ARR accrued in FY 2016-17, MSETCL has accounted for Rs.85,499.00 lakhs as other income being shortfall in ARR which has resulted on account of adjustment towards DPC in FY 2016-17. Further, MSETCL has filed an appeal before APTEL against the order of MERC in case No 31 of 2016 vide Appeal No 67 of 2017.

Considering the above adjustment, an amount of DPC accumulated as on 31st March 2020 Rs. 82,641.00 lakhs have not been booked as per consistent accounting policy followed.

Note 45:

Company is required to make provision of Rs 1,083.37 lakhs u/s 135 (Corporate Social Responsibility) of Company's Act 2013 in Current year as Average Net Profit calculated as per section 198 .

(Rs. In Lakhs)

Particulars	2019-20	2018-19
Amount required to be spent as per Section 135 of the Companies Act, 2013	9519.51	8436.14
Amount spent till year end		
Education, Sports and Health	441.06	239.59
Social Sector, Contribution to relief fund & Agriculture	445.18	1.74
Infrastructure & Electrification	1150.13	884.47
Outstanding CSR Liability to be spent	**7483.15**	**7310.33**

Note 46:

In order to facilitate integration & evacuation of large scale renewable energy generation (Solar / Wind) envisaged to come up in renewable energy rich state MNRE & Government of India (GoI) has undertaken the Green Energy Corridor for seamless evacuation of Green Energy in 12th Five Year plan .Under the approved DPR 27 No of transmission elements (220 kV/132 kV transmission Lines with End Bays) are sanctioned under various zones. The original cost of scheme was Rs. 367.00 Cr.

The said scheme is proposed to be financed as -
MSETCL Equity - 20 % (same is being funded through Government of Maharashtra (GoM) as grant)
National Clean Energy Fund (Grant) - 40 %
KFW (German Development Bank) Loan- 40 % (12 Million EUROS)

Company has entered into an agreement for loan of EUR 12,000,000 from KFW ("Credit Institute for Reconstruction") German Bank In the year 2017 (from date 1-Dec-2017 to date 30-Dec-2022 disbursals).The said loan will be utilized for Green Energy Corridor (GEC) Intra State Transmission System in Maharashtra. As per the terms of loan agreement MSETCL has to make claim payment then the same shall be claimed from KFW. The disbursement of loan is depend upon the progress of work of project Upto 31-Mar-2020. Company has received loan amount of EUR 2,969,148 (Rs. 235,129,230) whereas as per agreement Company eligible for maximum amount of EUR 10,064,400

As per clause 3, of Loan Agreement Borrower has to pay non refundable Commitment Fee of 0.20% per annum on undisbursed Loan amount. MSETCL has lodged its first claim for disbursement of loan with Office of Controller of Aid, Accounts and Audit (CAAA) on 23rd April 20 which in turn lodge the same with KFW , Germany. The first disbursement was made by KFW on 8-May-2019 before which nothing has requested as no billing was made by vendors related to work allocated for KFW loan . Due to which KFW has charged the Commitment fee Rs.4,922,872 which is charged to Statement of Profit & Loss.

As per agreed procedure, the claimed approved by KFW was disbursed to GoI which is in turn transfer to

GoM. Subsequently, GoM on receipt of fund , transfer the claim amount to Company, if budget Provision exist. If budget provision does not exist then GoM can transfer it by including amount in supplementary budget. Vide GoM GR dated 19th March 2020, GoM has sanctioned an amount of Rs. 10.6892 Crs out of total loan of Rs. 23.51 Crs disbursed in F Y 2019-20 by KFW . This sanction of loan could not get distributed to MSETCL due to COVID-19 issue. Since then due to lockdown GoM has not distributed any amount to MSETCL and the same is lying with GoM.

As per term of agreement, all liabilities related to loan will be finally fall upon company, hence Company has paid interest amount to KFW and same has been capitalized to GEC and as on 31-Mar-2020 as project is in progress. Company showing in books this as loan from KFW and receivables from GoM.

Also forex loss on translations at the year end is also charged to P&L amounting to Rs.1.04 Cr as the exchange risk lies with Company.

As the cost of GEC project got reduced from Rs. 367 Crs to Rs. 168.72 Crs (awarded cost) , the amount of equity also got reduced. Accordingly Company had refunded grant amount of Rs. 35 Crs during the year received against equity from GoM for said project.

Note 47:

Due to outbreak of COVID-19 globally and in India, the Company has made initial assessment of likely adverse impact on economic environment in general and financial risks on account of COVID-19. The Company is in the business of transmission of electricity which is an essential service as emphasized by the Ministry of Power, Government of India. The availability of transmission of electricity as per the demand of the Distribution Licensees is important. Hence, the Company has ensured not only the availability for transmission of electricity but has also continued the same during the period of lockdown, considering essential service as declared by the Government of India.

On long term basis also, the Company does not anticipate any major challenge in meeting its financial obligations. Basis above, the management has estimated its future cash flows for the Company which indicates no major change in the financial performance as estimated prior to COVID-19 impact and hence, the Company believes that there is no impact on its ability to continue as a going concern and meeting its liabilities as and when they fall due.

Note 48:

Expenses identified pertaining to previous years to the tune of Rs 3,645.87 lakhs and Income relating to previous period of Rs.1,627.57 lakhs have been adjusted against the Provisions made in the previous years by Rs.2,018.30 lakhs (P.Y. Rs.1,270.50 lakhs)

Note 49:

Previous year's figures have been regrouped wherever necessary for appropriate presentation of Financial Statements to comply with the provisions of Schedule III as per the Companies Act, 2013.

INDEPENDENT AUDITOR'S REPORT

To
The Members of
Maharashtra State Electricity Transmission Company Limited
REPORT ON THE AUDIT OF THE CONSOLIDATED Ind AS FINANCIAL STATEMENTS
OPINION

1. We have audited the accompanying Consolidated Ind AS Financial Statements of **Maharashtra State Electricity Transmission Company Limited** ('the Company'), and its two Associates, which comprise the Consolidated Balance Sheet as at March 31, 2020, Consolidated Profit and Loss Account (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the Consolidated Ind AS Financial Statements " or "CFS").

In our opinion and to the best of our information and according to the explanations given, subject to the deficiencies noted in internal controls pertaining to preparation and presentation of Consolidated Ind AS financial statements, coupled with non-compliances and audit observations noted in "Basis for modified opinion" paragraph below, the aggregate impact whereof is not quantified/ascertained, the Consolidated Ind AS financial statements read with the notes thereto, in our opinion, give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the financial position of the Company as at March 31, 2020 and its profit (including other comprehensive income), changes in equity and cashflows for the year ended on that date.

We have not been able to obtain sufficient and appropriate audit evidences to ascertain the combined impact of the items noted in "Basis for modified opinion" paragraph, hence unable to comment thereon.

Basis for Modified Opinion

2. The following items form the basis for our modified opinion:

2.1 Attention is invited to note no. 44 of Consolidated Ind AS Financial Statement giving details about accumulated Delayed Payment Charges ('DPC') as at 31st March 2020 amounting to Rs. 85,499 Lakhs (with reference to 8 distribution licensees) relating to Financial Year 2015-16 under the head '**Other Income'**. The Company had then taken reference of the order No. 31 of 2016 of Maharashtra Electricity Regulatory Commission ('MERC'), wherein MERC had reduced the Aggregate Revenue Requirement ("ARR") of the Company for F.Y. 2015-16 by the said amount, and classifying it as 'Non-Tariff Income'. Data /details pertaining to the certainty over the realizability of such income (i.e. Trade Receivable) are not available with the Company. The accounting of such DPC as 'Other Income' in FY 2015-16 is in contravention to the applicable Accounting Standard as also Company's Accounting Policy, which in note No. 2.15 states that *"Other Income is recognized on accrual basis except when ultimate realization of such income is uncertain"*. Had the Company not recognized such income of Rs. 85,499 Lakhs in the said earlier year, its balance of the retained earnings in the Statement of Profit & Loss and balance of Trade Receivable Account would have been lesser to that extent.

2.2 In terms of Provisions of section 143(12) of the Act, reporting of fraudulent practice noted in course of our audit, was made to the Central Government (CG), Secretary, Ministry of Corporate Affairs on April

24, 2020 pertaining to excessive claims getting reimbursed towards leave encashment of several employees being in non-compliance of Company's laid down policy. The controls pertaining to processing and payment of such claims were not observed to be appropriate, including the records like 'Service Book' of employee remaining blank for years, the estimated impact of such excessive claims being in addition to Rupees One Crore, reporting to CG was made. Impact for reversal, writeback of such excess paid/ provided is not yet ascertained.

2.3 The Company's system/ processes to ascertain provision towards leave encashment, based on actuarial valuation needs to be strengthened, as the data of leaves and gratuity generated from the system and furnished to the actuary for valuation, was observed to be inaccurate. Accordingly, we are unable to comment upon the adequacy or otherwise of the actuarial valuation made in respect of leave encashment and gratuity valuations in the books of accounts, amount whereof has not been ascertained.

2.4 Party- wise break up of trade receivables with ageing is not readily available from the system. The details of ageing of Trade receivables prepared manually contained several inaccuracies. Hence, it could not be fully verified during the course of audit; accordingly, we are unable to comment upon adequacy of provision based on simplified version of Expected Credit Loss (“ECL”) Method.

2.4.1 Further, details/ breakup/ confirmations of Trade receivables aggregating to Rs.2,73,028.22 Lakhs, sought for, were not made available for verification during the course of audit. Consequential impact of ascertainment of the realizability from these Trade Receivable and resultant provision, if any, for bad and doubtful debts on the Consolidated Ind AS financial statements has not been ascertained. Based on selective checking of available data/ information from the system and from State Transmission Utility (“STU”) invoicing cell, it was noticed that trade receivables from several parties totalling Rs. 13,954.33 Lakhs are considered doubtful of recovery but not provided for.

2.4.2 Further, differences were noted amounting to Rs.12,823.08 Lakhs in trade receivables as per SAP System and as per statement furnished by the STU of the invoices raised. In absence of complete data/ details, explanations of such differences, the combined impact thereof could not be ascertained.

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

2.5.1 Moreover, deferred tax liability amounting to Rs.7,549.17 Lakhs under the head PPE recognized, could not be satisfactorily explained in course of audit

2.5.2 The Company has not maintained adequate details pertaining to items/ components giving rise to deferred tax assets/ Liability (DTA/ DTL). In absence whereof the recognition and disclosure of the DTA/ DTL not being complete and correct, the impact thereof on Statement of Profit & Loss for the year is not ascertained.

2.5.3 Without prejudicial the generality above, based on the scrutiny of available details of Asset register (ar01) during the course of our audit, the following discrepancies were also noticed:

a. Several items of fixed assets whose useful life has fully exhausted totalling Rs.28,768.64 Lakhs (Gross Book Value), Rs.21,027.95 Lakhs (Accumulated Depreciation) and having net book value of Rs.7,740.68 Lakhs, are part of said register, resulting in overstatement of the value of PPE to that extent.

b. Depreciation is being charged on assets whose useful life is fully exhausted having estimated impact of Rs.2,672.00 Lakhs on Statement of Profit & Loss.

2.6 Based on the scrutiny of available details of free hold land, it was noticed that in the past, several items of leased land have been clubbed under this head; as a result, the amortization of such leasehold land is not carried out. In absence of complete data/ details of such instances, the impact thereof on Consolidated Ind AS financial statements is not ascertained.

2.7 It is noticed during the course of audit that 66KV substations/ transmission lines having Gross Book Value amounting to Rs.17,846.08 Lakhs and accumulated depreciation Rs.12,260.47 Lakhs as at 31st March 2020 are not in use for the operations of the Company. Pending testing for impairment of the same, we are unable to comment upon the carrying value of such assets in the books of accounts.

2.8 It is observed from the SAP generated report (4.4 - Capex report) by the Company, Negative capital expenditure is charged to (reduce from) some schemes amounting to Rs.6,391.00 Lakhs for which no plausible explanation could be provided. To that extent Asset Under Construction (AUC)/ Capital Work in Progress (CWIP) in the Balance Sheet is understated. Further, there is no movement in some AUC line items since last more than two years, indications of impairment if any have not been tested by the Company for making appropriate provisions, impact thereof on the Consolidated Ind AS financial statements cannot be commented upon.

2.9 From April 1, 2019, the new accounting standard i.e. Ind AS 116 "Leases" became effective. The Company has adopted the new standard with modified approach and recognized asset in the form of 'Right to Use' (representing its right to use the leased asset over the lease term) and also liability towards present value of the balance of future lease payments for the leases. However, due to non-availability of lease documents and other records relating to several properties taken under lease, the Company is not able to identify and recognise the Right to use of said leases, hence no treatment was given in terms of provisions of Ind AS 116 for such leased assets. Impact thereof on the Consolidated Ind AS financial statements has not been ascertained.

2.10 The policy about inventory valuation of the Company (Note No 2.14) states that inventories are valued at lower of cost or net realizable value ('NRV') but in course of our audit it is noticed that the Company does not have any data or details about the NRV. As such, the inventories are valued at cost. The impact of such practice on Consolidated Ind AS financial statements is not ascertained.

2.11 No inventory or data/ details/ description could be furnished for verification for the “Assets not in use – held for sale” (GL code 222010) amounting to Rs.3,615.43 Lakhs; moreover, such assets are held at their carrying value instead of “lower of carrying value or net realizable value”. The impact, if any, thereof on Consolidated Ind AS financial statements has not been ascertained.

2.12 The government Grants received by the Company amounting to Rs.23,850 Lakhs in Financial Year 2006-07 towards capital assets for specific projects out of which Rs.16,256.10 Lakhs are deferred for recognition as revenue as at March 31, 2020. The details of these grants with specific assets there against and conditions to be satisfied for the same are not made available for our verification. Hence, correctness thereof pertaining to accounting in terms of provisions of Ind AS 20, "Accounting for Government Grants and Disclosure of Government Assistance "cannot be commented upon.

2.13 The Company does not collate, maintain and present the details of dues to its vendors registered under Micro, Small and Medium Enterprises ('MSME') Development Act, 2006. Hence, correctness of provision for interest, if any, on outstanding dues to MSME could not be verified.

2.14 The prior period items of Income and expenses have been disclosed by the Company in Note No.48 but the same have not been restated/ recasted in the respective previous years as mandatorily required under Ind AS 8, "Accounting Policies, Changes in Accounting Estimates and Errors".

2.15 Pursuant to Central Electricity Regulatory Commission ('CERC') order dated 19th December 2017 pertaining to FY 2014-15, the company has recognised an amount of Rs.599 Lakhs as income during the year as against receipt of Rs.10,789.41 lakhs, which until previous financial year was accrued fully as income. Impact of the said order for earlier period remains to be given in the accounts, as a result of which, Surplus in Statement of Profit and Loss would be lower, and Advance from Customer would be higher by amount which has not been ascertained.

2.16 The deposits from customers towards Outright Contracts ('ORC') amounted to Rs.1,13,432.38 Lakhs as at 31st March 2020. The company recognises its supervision charges upfront as income on receipt of deposits and not as and when supervision services are provided, which is contrary to the provisions of Ind AS 115 "Revenue from Contracts with Customers".

2.17 The basis, quantum and completeness cannot be ascertained in the absence of required data/ details relating to the following income recognised during the year.

Sr No	Nature of Transaction (S)	Amount Involved (Rs. In Lakhs)
1	Partial Open Access	7,615.94
2	Long-Term Open Access	1,522.92
3	Open access/ NOC Application processing fees	143.70
4	Additional Transmission Charges	4,635.44
5	Short-Term Open Access Charges	1,287.81

2.18 During the year Company has revised its Pay scale to employees w.e.f. April 01, 2018, and same was approved by the Board of Directors of the Company post facto and it was decided to pay in 3 instalments out of which first instalment was paid and remaining two instalments were pending to be paid as at March 31, 2020. Hence provision for the same was made amounting to Rs.12,899.69 Lakhs for which details were not made available for verification. In the absence of required data/ details thereof, the basis, quantum and completeness of such provision made during the year could not be verified nor commented upon.

2.19 Attention is invited to accounting Policy note no. 2.19 (C) of Consolidated Ind AS Financial Statement on "Accounting of Contributions received from Consumers against Outright Right Works (ORC Schemes)".

As informed during the course of audit, there is specific policy on ORC assets/ Liabilities and income thereon, but the same was not observed to have been followed by the Company, impact of which could not be ascertained in absence of relevant data/ details.

2.20 Attention is invited to note no. 38 of Consolidated Ind AS Financial Statement giving details about "Contingent Liabilities and Contingent assets", full details as required under the statute are not accurately maintained. Hence, it could not be fully verified during the course of audit; accordingly, we are unable to comment upon adequacy of provision based on details available with the Company.

2.21 The amounts remaining and recognized in the following GL heads/ codes are subject to confirmation and reconciliation. The necessary data/ details pertaining to following were not made available during the course of audit for verification:

GL Code	Name of Account heads	2019-2020 Rs. In Lakhs Asset/Exp, (-Liability/-income)
100050	Grants towards cost of Capital Assets	-16,256.10
123030	Security Deposits	-6,024.71
123040	Security deposits of jobs/works	-11,253.61
123050	Earnest Money	-820.66
123060	Rentention money of Vendor	-71,869.36
123060	Risk & Cost Adjust	-3287.72
123070	Misc. Deposits – Vendor	-16.62
123090	Advances from Customer	-7,107.41
123100	Other Deposits from Consumers- O. R. C. Deposits	-1,13,432.38
123110	Retentation GL for liquidity charges from vendor	-13,682.93
130010	GR / IR CLEARING Account	-6,950.50
130020	EMD Dummy entry	-417.60
131010	Sundry Creditors Payable Domestic (other than SME)	-26,402.75
132010	Sundry Creditors FI Vendor	-12.10
133010	Sundry Creditors - Inter Company	-3,528.44
134010	Sundry Creditors Employees	-57.40
140030	Liability for Medical expenses	-0.33
140060	Misc.deposits from Employee	-40.91
140110	Regular CPF Recovery from Employee	-0.04
140250	Medi-claim Top up Premium	-30.26
140251	Medi-Claim Compulsary Premium through Salary	442.05
140252	Employee ACCIDENT Insurance	1.02
141040	MSEB CPF-Shortfall in fair value of Planned Assets	-3,593.92
144010	STATE SALES TAX PAYABLE	0.06
146010	Deduction of Labour Cess Amt	-236.15
150010	Provision for Capital Works	-12,310.78
150020	Provision for O&M works	-23.81
150030	Provision for Expenses - Others	-3,375.12
150040	Provision for Expenses – Employees	-3,980.12
150050	Provision for Pay Revision	-12,899.69
150060	Provision for Interest - Contractors Deposits	-0.09

150070	Provision for loss pending investigation	-711.02
150110	Provision for Corporate Social Responsibility	-7,483.15
150130	Provision for Int on Late Payment of Service	-264.43
150140	Provision for Tree/Crop/Land Compensation	-677.79
160010	Liability towards staff welfare Fund withBoar	-528.34
160020	Board of Trustees P.F. & Final Settlement	-1,780.76
165010	Stale Cheques	-302.72
219701	ACC Dep not in use	-10,437.48
222010	Assets Not in Use	14,053.31
223010	Loss to Fixed Assets pending Investigation	-0.40
223030	Expen. on Survey/FStudy for Not sanctioned project	433.07
223040	Pre-Op Exps for land acq. on Unsanctioned Scheme	153.88
230040	AUC Cost of Land Devp.onLeaseholdLand -Volt.F100KV	36.71
230050	AUC Cost of Land Dev.onLeaseholdLand -Volt.G132KV	479.36
230060	AUC Cost of Land Dev.onLeaseholdLand -Volt.H220KV	591.36
232010	AUC OTHER BLDGS-OFFICE, QRTS, TRAINING CENTRE	999.08
237010	AUC Others	18,093.88
237020	AUC LE	3,511.20
237030	AUC ORC	5,573.90
237040	AUC SOFTWARE DEVELOPMENT	34.35
237060	CWIP (Govt Grant Impact)	2,318.87
237061	CWIP (Inventory Impact)	998.75
255010	Material pending investigation	1.11
255020	Loss due to Material pending investigation	200.11
255040	MASA Stock (Physical Verification of Inventory)	-114.44
256010	Obsolete materials stock (including scrap)	509.80
260010	STU Sundry debtors for Trans. Charges	3.51
260011	Sund.Drs -Trans Chgs	1,71,614.68
260030	STU Sundry Debtors for STOA / SLDC Charges	-1.08
260031	STU Sundry Debtors for STOA / SLDC Charges	1,031.71
260040	Sundry Debtors – Others	83,897.16
260060	Sundry Debtors - Inter Unit Account	2,100.52
290010	Advances to Contractors /Suppliers - O&M	1,059.25
290020	Capital Advance for Projects	541.29
292050	Loans & Advances to Staff -- Computer Advance	138.10
292120	Advance against Gratuity to Staff	4.82
293050	Miscellaneous Loans & Advances	207.27
294030	Income Accrued but not Due on Staff Loans &	36.75
295010	Amount Recoverable from Employee	4.02
295020	Amount Recoverable from EX-Employee	0.75
295030	TR Fee Pd To ITI To Be Recov from Dep of Deceased	-2.56
296030	Misc.Amtrecefrom SEB Govt.Depts.Local&PvtBodies	2,379.40
296050	Exprecov from Suppliers	91.75
296060	Exp.recovfromContractors	170.31
296061	Current Amortised Transaction Cost	11,613.59
297020	Other Deposits	3,626.59
297050	FDR as Security Deposit	5.87

310010	Interest from Staff loans and advances	-10.29
380040	Other Miscellaneous Receipts (GST taxable)	-3,848.82
380041	Other Miscellaneous Receipts (Non GST)	-1,805.32
380120	Government Grant Income	-966.31
400050	Material Consumption – Project	-7,015.57
424010	MSETCL's Contribution to Employees Provident fund	7,370.31
430100	IT & Communication related Exp	714.78
453010	Intangible assets Written-off	120.89
470030	Interest on Public Bond	-0.03
500022	CPF Section Account	-0.07

The effect of the adjustments arising from reconciliation and settlement of old outstanding balances remaining in the above accounts and possible gain/loss that may arise on account of non-recovery or partial recovery or write-back thereof is not ascertained. Further, in absence of necessary data/details, the bifurcation of items of assets/liabilities under 'Current' or 'Non-current' head could not be accurately verified.

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

EMPHASIS OF MATTER

3. Statutory Auditor of an Associate Company namely, Maharashtra Transmission Communication Infrastructure Limited (MTCIL)have reported Emphasis of Matter in their statutory audit report as under:
We draw attention to note 35 of the of the accompanying Ind AS financial statements which more fully describes the management's evaluation of impact of uncertainties related to Covid-19 and its consequential effects on the carrying value of its assets as at March 31,2020 and the operations of the Company. In view of the highly uncertain economic environment, a definitive assessment of the impact on the subsequent periods is highly dependent upon circumstances as they evolve. Our opinion is not modified in respect of this matter.

INFORMATION OTHER THAN THE CONSOLIDATED Ind AS FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

4. The Company's Management and Board of Directors is responsible for the preparation of the other information, comprising of the information included in the report of Board of Directors including Annexures thereto and such other disclosures related Information, excluding the Consolidated Ind AS financial statements and auditors report thereon ('Other Information'). The other information is expected to be made available to us after the date of this auditors' report. Our opinion on the Consolidated Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Consolidated Ind AS financial statements, our responsibility is to read the other information when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the Consolidated Ind AS financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. When we read the other Information and if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance as required under SA 720 'The Auditor's responsibilities Relating to other Information'

RESPONSIBILITY OF MANAGEMENT FOR THE CONSOLIDATED Ind AS FINANCIAL STATEMENTS

5. The Company's Management and Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these CFS that give a true and fair view of the financial position, financial performance, including other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Consolidated Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error. In preparing the Consolidated Ind AS financial statements , respective management of the company and associates are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of company and its associates are also responsible for overseeing the company's financial reporting process.

AUDITOR'S RESPONSIBILITY FOR THE AUDIT OF THE CONSOLIDATED Ind AS FINANCIAL STATEMENTS

6. Our objectives are to obtain reasonable assurance about whether the CFS, as a whole, are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these CFS. Our audit process in accordance with the SAs is narrated in detail in **Annexure 1** to this report.

OTHER MATTERS

7. We did not audit the financial statements of Jaigad Power Transco Limited (JPTL) and Maharashtra Transmission Communication Infrastructure Limited (MTCIL),Associates located in India whose financial statements reflect total net profit after tax of Rs. 501.82 lakhs for the year ended on that date, as considered in the Consolidated Ind AS Financial Statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the

Consolidated Ind AS Financial Statements, relating to the amounts and disclosures included in respect of these entities and our report in terms of provisions of Section 143 of the Act, in so far as it relates to the aforesaid entities, is based solely on the reports of such other auditors

7.1 Attention is invited to Note 2.2 “Basis of preparation and presentation” of Consolidated Ind AS Financial Statements where Company did not Consolidated its Wholly Owned Subsidiary Company named Kharghar Vikhroli Transmission Pvt Ltd (KVTPL) and our opinion is not modified in respect of this matter.

7.2 Due to complete lockdown imposed by the Central Government to restrict the spread of COVID19, the audit finalization process, for the year under report, was carried out from remote locations i.e. other than the Office of the Company, to the extent data / details available / feasible based on financial information/ records remitted by the management through digital medium.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

8. As required by section 143(3) of the Act, based on our audit and on the consideration of the report of the other auditors on separate Ind AS financial statements, and the other financial information of two Associates, incorporated in India, as noted in the 'Other Matters' paragraph, we report to the extent :

a. We have sought and obtained, except as noted in para 2 above, all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid Consolidated Ind AS financial statements.

b. In our opinion, except as noted in para 2 above,proper books of account as required by law relating to preparation of the aforesaid Consolidated Ind AS financial statements have been kept so far as it appears from our examination of those books.

c. The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including Other Comprehensive Income, the Consolidated Statement of Changes in Equity and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the books of account.

d. Except as noted in para 2 above, in our opinion, the Consolidated Ind AS financial statements comply with the applicable Indian Accounting Standards notified under Section 133 of the Act,read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015.

e. In View of exemption given vide notification no.463(E) dated June 5, 2015, issued by the Ministry of Corporate Affairs, provisions of section 164(2) of the Act regarding disqualification of Directors, are not applicable to the Company; Further, on the basis of the reports of the auditors of two Associates incorporated in India, none of the directors of the Associates incorporated in India is disqualified as on 31 Mar 2020 from being appointed as a director in terms of section 164(2) of the Act.

f. With respect to the adequacy of the internal financial controls over financial reporting with reference to Consolidated Ind AS Financial Statements of the Company and its Associate Companies Incorporated in India and the operating effectiveness of such controls, refer to our separate Report in **Annexure 2.**

g. In terms of provisions of Section 197(16) of the Act, we report as under:

The Company being a Government Company within the meaning of Section 2(45) of the Act the provisions of Section 197 of the Act, pertaining to managerial remuneration, are not applicable to it vide MCA Notification dated 5th June 2015. However, based on the reports of the Statutory Auditors of 2 associate companies, the said section is not applicable to MTCIL and in case of JPTL the Company has not paid any remuneration to its directors, except for sitting fees.

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

(i) Except as noted in para 2.20 above, the Company has disclosed the impact of pending litigations on the financials position in its Consolidated Ind AS financial statements. Refer Note 38 to the Consolidated Ind AS financial statements.

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

(iii) As regards obligation for interest accrued but not due on "Private Bonds (GL- 121020) amounting to Rs.1,488.25 Lakhs, the Company has reversed the said liability as it belong to the period prior to trifurcation of Maharashtra State Electricity Board (MSEB), as such the said amount is considered as not payable or to be transferred to Investor Education and Protection Fund (IEPF).

For Khimji Kunverji & Co LLP
Chartered Accountants
Firm Registration Number - 105146W/W-100621

Sd/-
Hasmukh B Dedhia
Partner - 033494
UDIN: 20033494AAAAKY4951
Place: Mumbai
Date: October 09, 2020.

Annexure 1 to the Independent Auditors' Report

(referred to in para **6** titled "Auditor's Responsibilities for the Audit of the Consolidated Ind AS Financial Statements")

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, to design and perform audit procedures responsive to those risks and obtain audit evidence for material items that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Consolidated Ind AS financial Statements has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company and its associates ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the CFS or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and its associates to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company and its associates to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated Ind AS financial statements of which we are the independent auditors. For the other entities included in the consolidated Ind AS financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.
- Review of the audited financial statements of the Associates, not audited by us, and communicating with the respective statutory auditors of such subsidiaries as per the framework of provisions of SA 600, "Using the Work of Another Auditor".
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Annexure 2 to the Independent Auditors' Report to the Members of Maharashtra State Electricity Transmission Company Limited

[Referred to in paragraph **8(f**) titled "Report on other legal and regulatory requirements"]

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

Opinion

In conjunction with our audit of the Consolidated Ind AS financial statements of the Company as of and for the year ended March 31, 2020, we have audited the internal financial controls over financial reporting of **Maharashtra State Electricity Transmission Company Limited** ("hereinafter referred to as "the Company") and its Associates, incorporated in India, as of that date

In our opinion, the Company's internal financial controls system over financial reporting and design thereof needs to be improved to eliminate control lapses and make it comprehensive. Based on selective verification of process controls matrixes made available to us which require to be updated for some identified processes and risks, in our opinion and considering the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note, the operating effectiveness of such process controls and appropriate documentation thereof needs to be strengthened to make the same commensurate with the size of the Company and nature of its business.

Based on considerations of reporting of the other auditors of Associates as mentioned in the other matter paragraph, which are companies incorporated in India, have in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2020, based on the internal control over financial reporting criteria established by the Associates considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

Management's Responsibility for Internal Financial Controls

The Company's management and its Associates, incorporated in India, is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

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

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

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph above, is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that:

a) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
b) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and
c) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the Consolidated Ind AS financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Other Matters

Our aforesaid reports under section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting in so far as it relates to two Associate companies which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India.

For Khimji Kunverji & Co LLP
Chartered Accountants
Firm Registration Number - 105146W/W-100621

Sd/-
Hasmukh B. Dedhia
033494AAAAKY4951
Place: Mumbai
Date: October 09,2020

CONSOLIDATED FINANCIAL STATEMENTS

Maharashtra State Electricity Transmission Company Limited
Consolidated Balance Sheet as at 31st March 2020

(Rs in lakhs)

	Particulars	Note No	As at 31.03.2020	As at 31.03.2019
I	**ASSETS**			
(1)	**Non-Current Assets**			
	(a) Property, Plant and Equipment	4.1	16,39,998.15	16,67,611.03
	(b) Capital work-in-progress	4.2	2,80,656.26	2,40,703.87
	(c) Other Intangible Assets	4.3	292.67	410.10
	(d) Right of Use Assets	4.4	17,184.58	-
	(e) Investments in Subsidiaries, Associates and Joint Ventures	5	4,690.12	3,823.96
	(f) Financial Assets			
	(i) Investments	6.1	85,736.86	75,870.26
	(ii) Loans	6.2	153.55	226.77
	(iii) Other Non-Current Financial Assets		-	-
	(g) Income Tax Assets (net)	7	41,261.39	40,515.85
	(h) Other Non-Current Assets	8	7,610.39	11,120.88
(2)	**Current assets**			
	(a) Inventories	9	21,741.75	18,334.43
	(b) Financial Assets			
	(i) Investments	10.1	42,829.87	13,022.91
	(ii) Trade Receivables	10.2	2,59,901.94	2,32,066.99
	(iii) Cash and Cash Equivalent	10.3	5,363.46	11,518.38
	(iv) Loans	10.4	309.41	264.67
	(v) Other Current Financial Assets	10.5	6,238.58	2,859.96
	(c) Other Current Assets	11	1,527.45	1,156.56
	(d) Assets Classified as Held for Sale		3,615.43	3,599.18
	TOTAL ASSETS		**24,19,111.86**	**23,23,105.81**
II	**EQUITY AND LIABILITIES**			
(1)	**Equity**			
	(a)Equity Share capital	12	8,98,497.47	8,98,497.47
	(b)Other Equity	13	2,24,761.83	2,12,363.13
(2)	**Liabilities**			
	Non-Current Liabilities			
	(a) Financial Liabilities			
	(i) Borrowings	14.1	4,70,392.74	5,00,359.29
	(ii) Other Non-Current Financial Liabilities	14.2	2,23,326.08	1,81,320.14
	(b) Provisions	15	90,591.89	70,984.41
	(c) Deferred tax liabilities (Net)	16	2,47,118.17	2,34,090.92
	(d) Other Non-Current Liabilities	17	29,184.17	32,215.97
	Current liabilities			
	(a) Financial Liabilities			
	(i) Borrowings	18.1	1,29,735.79	1,13,128.48
	(ii) Trade Payables	18.2	33,365.32	31,211.20
	(iii) Other Current Financial Liabilities	18.3	18,254.79	18,183.23
	(b) Other Current Liabilities	19	12,141.03	2,115.98
	(c) Provisions	20	41,742.58	28,635.60
	TOTAL EQUITY AND LIABILITIES		**24,19,111.86**	**23,23,105.81**
	Significant Accounting Policies	1 to 3		

The accompaning notes are an integral part of these financial statements

As per our attached report of even date
For Khimji Kunverji & Co LLP
Chartered Accountants
Firm Registration No. 105146W/ W100621

Sd/-
Hasmukh B Dedhia
Partner
Membership No. 33494
Date: 09.10.2020
Place : Mumbai

For Maharashtra State Electricity Transmission Company Limited

Sd/-
Anil N Kalekar
Chief General Manager(F&A)

Sd/-
Ashok Phalnikar
Director (Finance)
[DIN: 08908820]

Sd/-
Dinesh Waghmare
Chairman & Managing Director
[DIN : 01843097]

Sd/-
Vineeta Shriwani
Company Secretary
[Membership No. A21814]

Maharashtra State Electricity Transmission Company Limited
Consolidated Statement of Profit and Loss for the year ended 31st March, 2020

(Rs in lakhs)

	Particulars	Note No.	2019-20	2018-19
	Revenue			
I	Revenue from operations	21	3,72,255.46	3,59,032.51
II	Other Income	22	39,144.51	28,927.26
III	**Total Revenue (I+II)**		**4,11,399.97**	**3,87,959.77**
	Expenses			
	Repair & Maintenance Expenses	23	24,532.71	19,362.00
	Employee benefits expense	24	1,28,290.57	95,539.05
	Finance costs	25	53,658.55	54,133.03
	Depreciation and amortization expense		1,19,437.05	1,13,794.66
	Other expenses	26	36,189.56	30,945.48
	Total expenses (IV)		**3,62,108.44**	**3,13,774.22**
	Profit before share of net profits of investments accounted for using equity method and tax		**49,291.53**	**74,185.55**
	Add: Share of net profits of Associate/Joint Venture accounted for using equity method		**501.82**	**506.16**
V	**Profit/(loss) before tax (III - IV)**		49,793.35	74,691.71
VI	**Tax expense:**			
	(1) Current tax		(10,566.04)	(16,256.86)
	(2) Current tax- Previous years			
	(3) Deferred tax		(17,479.69)	(5,953.60)
	Total tax expense		**(28,045.73)**	**(22,210.45)**
VII	**Profit/(Loss) for the year (V - VI)**		**21,747.62**	**52,481.26**
VIII	**Other Comprehensive Income**			
	(i) Items that will not be reclassified to profit or loss - Remeasurement of defined benefit plans		(12,743.19)	(413.07)
	(ii) Income tax relating to items that will not be reclassified to profit or loss		4,452.47	144.34
	Share of net profits of Associates/Joint Venture accounted in OCI for using equity method		(0.03)	(4.19)
	Other comprehensive income for the year, net of income tax		**(8,290.75)**	**(272.92)**
IX	**Total Comprehensive Income for the period (VII + VIII)**		**13,456.87**	**52,208.33**
X	Basic and diluted earnings per share [in Rs.] (Face Value Rs 10/-)		0.24	0.58
	Significant Accounting Policies	1 to 3		

The accompaning notes are an integral part of these financial statements

As per our attached report of even date
For Khimji Kunverji & Co LLP
Chartered Accountants
Firm Registration No. 105146W/ W100621

Sd/-
Hasmukh B Dedhia
Partner
Membership No. 33494
Date: 09.10.2020
Place : Mumbai

For Maharashtra State Electricity Transmission Company Limited

Sd/-
Anil N Kalekar
Chief General Manager(F&A)

Sd/-
Ashok Phalnikar
Director (Finance)
[DIN: 08908820]

Sd/-
Dinesh Waghmare
Chairman & Managing Director
[DIN : 01843097]

Sd/-
Vineeta Shriwani
Company Secretary
[Membership No. A21814]

Maharashtra State Electricity Transmission Company Limited
Consolidated Cash Flow Statement For The Year Ended March 31, 2020

(Rs in lakhs)

Particulars	For Year Ended March 31, 2020	For Year Ended March 31, 2019
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit Before Tax and Extra - Ordinary Items (Excluding Minority Interest)	**49,793.35**	**74,691.71**
Adjustment for :		
Depreciation	1,19,437.05	1,13,794.66
Amortisation of government grants	-	-
Gain on disposal of property, plant and equipment	(154.96)	(516.79)
Gain on sale of investments	-	-
Proceeds from sale of properly plant & equipment	(54.58)	11.23
Dividends received	-	
Interest received	(9,729.95)	(8,618.65)
Finance costs	61,297.55	62,647.82
Loss due to Foreign Exchange Rate Variation	2,409.59	360.76
Sundry Balances W/Off	2,070.17	1.23
Operating Profit Before Working Capital Changes	**2,25,068.23**	**2,42,371.97**
Movements in Working Capital		
(Increase)/Decrease in WIP / Inventory	(3,407.32)	2,799.85
(Increase) / Decrease in Trade Receivable	(29,905.12)	(6,272.06)
(Increase) / Decrease in Short Term Loan and Advance	(44.74)	(54.22)
(Increase) / Decrease in Other Current Assets	(1,716.58)	663.02
Increase/(Decrease) in Long Term Provisions	19,607.48	12,887.19
Increase/(Decrease) in Provisions	13,106.98	3,659.18
Increase/(Decrease) in Trade Payables	2,154.12	6,648.65
Increase/(Decrease) in Other Current Liabilities	(11,024.45)	(23,438.01)
Cash generated from operations	**2,13,838.59**	**2,39,265.58**
Direct Taxes (paid) / Refund	(2,933.68)	(7,694.83)
NET CASH FROM/(USED IN) OPERATING ACTIVITIES	**2,10,904.92**	**2,31,570.75**
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets including CWIP and Capital advance	(1,48,650.43)	(1,38,701.81)
Amortisation of government grants	-	-
Receipts of government grants	(3,031.80)	4,184.48
Long term loans and advances	73.22	9,270.07
Other non-current assets	3,510.49	(10,235.26)
Other non-current liabilities	-	-
Investment in Subsidiary and Joint Ventures	(866.15)	29.38
(Purchase)/Sale in Investment	(39,673.59)	(20,696.24)
Dividends received	-	-
Interest received	7,697.02	8,618.65
NET CASH FROM/(USED IN) INVESTING ACTIVITIES	**(1,80,941.23)**	**(1,47,530.73)**

Maharashtra State Electricity Transmission Company Limited
Consolidated Cash Flow Statement For The Year Ended March 31, 2020

(Rs in lakhs)

Particulars	For Year Ended March 31, 2020	For Year Ended March 31, 2019
C. CASH FLOW FROM FINANCING ACTIVITIES		
Other Equity		
Other non current financial liabilities	40,947.66	20,747.65
Proceeds/(Repayment) from Short Term Borrowings	16,607.31	10,341.30
Proceeds/(Repayment) from Long Term Borrowings	(32,376.14)	(44,423.14)
Interest paid / Finance costs	(61,297.55)	(62,647.82)
NET CASH FROM /(USED IN) FINANCING ACTIVITIES	**(36,118.72)**	**(75,982.01)**
Net Increase/(Decrease) in Cash & Cash Equivalent (A+B+C)	**(6,154.93)**	**8,058.03**
Opening Balance of Cash & Cash Equivalents	11,518.38	3,460.35
Closing Balance of Cash & Cash Equivalents	**5,363.46**	**11,518.38**
Components of Cash & Cash Equivalents at	**31-03-2020**	**31-03-2019**
Balances with Banks		
In Current Accounts	1,608.42	6,281.91
In Fixed Deposit Accounts (with original maturity of less than 3 months)	3,738.70	5,221.49
Cash and Stamps on Hand	16.34	14.98
Cash & Cash Equivalents at the end of the year	**5,363.46**	**11,518.38**

As per our attached report of even date
For Khimji Kunverji & Co LLP
Chartered Accountants
Firm Registration No. 105146W/ W100621

Sd/-
Hasmukh B Dedhia
Partner
Membership No. 33494
Date: 09.10.2020
Place : Mumbai

For Maharashtra State Electricity Transmission Company Limited

Sd/-
Anil N Kalekar
Chief General Manager(F&A)

Sd/-
Ashok Phalnikar
Director (Finance)
[DIN: 08908820]

Sd/-
Dinesh Waghmare
Chairman & Managing Director
[DIN : 01843097]

Sd/-
Vineeta Shriwani
Company Secretary
[Membership No. A21814]

Maharashtra State Electricity Transmission Company Limited
Consolidated Statement of changes in equity for the year ended 31st March 2020

A Equity share capital (Rs in lakhs)

	Notes	Amount
As at 1st April , 2018		**8,98,497.47**
Changes in equity share capital	12	-
As at 31st March , 2019		**8,98,497.47**
Changes in equity share capital	12	-
As at 31st March , 2020		**8,98,497.47**

B Other equity (Rs in lakhs)

Particulars	As at 31.03.2020	As at 31.03.2019
Reserves & Surplus		
Contingency Reserve Fund		
Opening Balance	56,206.00	49,525.00
Transferred from retained earnings	6,597.00	6,681.00
	62,803.00	**56,206.00**
Special Reserve Fund		
Opening Balance	13,939.00	13,939.00
Add : Addition During the Year	-	-
	13,939.00	**13,939.00**
Load Despatch Center Empowerment Reserve (LDCD) Fund		
Opening Balance	4,053.00	-
Add : Addition During the Year	2,270.33	4,053.00
Less : Utilisation for capex (allowed by MERC)	(1,058.18)	-
	5,265.15	**4,053.00**
Retained Earnings		
Opening Balance	1,38,165.13	96,690.83
Appropriation of LDCD Fund amount from Retained Earnings	(2,270.33)	(4,053.00)
Profit for the year	21,747.62	52,481.26
Other comprehensive income for the year	(8,290.75)	(272.95)
Total comprehensive income for the year	11,186.54	48,155.30
Transfered to Contingency Reserve	(6,597.00)	(6,681.00)
Transfered to Special Reserve Fund	-	-
	1,42,754.68	**1,38,165.13**
Total	**2,24,761.83**	**2,12,363.13**

The accompaning notes are an integral part of these financial statements
As per our attached report of even date

For Khimji Kunverji & Co LLP
Chartered Accountants
Firm Registration No. 105146W/ W100621

Sd/-
Hasmukh B Dedhia
Partner
Membership No. 33494
Date: 09.10.2020
Place : Mumbai

For Maharashtra State Electricity Transmission Company Limited

Sd/-
Anil N Kalekar
Chief General Manager(F&A)

Sd/-
Ashok Phalnikar
Director (Finance)
[DIN: 08908820]

Sd/-
Dinesh Waghmare
Chairman & Managing Director
[DIN : 01843097]

Sd/-
Vineeta Shriwani
Company Secretary
[Membership No. A21814]

Notes to Consolidated Financial Statements for the year ended 31st March,2020

1 Corporate and General Information

The Consolidated Financial statements comprise Financial statements of the Maharashra State Electricity Transmission Company Limited (MSETCL/the Company) and its Associates (i.e Jaigad Power Transmission Ltd (JPTL) and Maharashtra Transmission Communication Infrastructure Limited (MTCIL)) for the year ended 31st March, 2020

.

MSETCL was incorporated under the Companies Act, 1956 on 31st May, 2005. The Certificate of Commencement of Business was received on 15th September, 2005 from the Registrar of Companies. The Company was incorporated as per provisions of the notification of Maharashtra State Electricity Reforms Transfer Scheme, 2005 (hereinafter referred to as the Transfer Scheme) which was issued on 4th June, 2005. As per the aforesaid notification, assets and liabilities forming part of the Transmission Undertaking of erstwhile Maharashtra State Electricity Board as set out in `Schedule A' of the said Notification were transferred and vested to the company with effect from 6th June, 2005. The Transfer Scheme was approved by Government of Maharashtra (GoM) on 31.03.2016. The transfer of Assets and Liabilities under the above Transfer Scheme was made by the GoM. As decided the consideration for the transfer of undertaking being excess of assets over liabilities is discharged by issue of Equity Shares of Rs. 8,98,497.47 Lakhs to MSEB Holding Company Limited(the Holding Company).

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

The Company is notified as the State Transmission Utility (STU) under The Electricity Act, 2003. It is principally engaged in planning, implementation, operation and maintenance of Inter-State Transmission System (ISTS). While the Associates Jaigad Power Transmission Ltd (JPTL) is engaged in the business of Transmission of Electricity and Maharashtra Transmission Communication Infrastructure Limited (MTCIL) is engaged in the business of making available optical fibre capacity on lease.

2 Statement of significant Accounting Policies

2.1 Statement of Compliance

The Consolidated financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act), Companies (Indian Accounting Standards) Rules, 2015 and the relevant provisions of the Companies Act, 2013, and the provisions of the Electricity Act, 2003 to the extent applicable and as amended thereafter.

2.2 Basis of preparation and presentation.

The Company has prepared Consolidated Financial Statements considering its holding in Associates namely:

Name of the Entity	Relationship	% of Holding
1) Jaigad Power Transco Limited	Associate	26
2) Maharashtra Transmission Communication Infrastructure Limited	Associate	49

The Consolidated Financial Statements incorporate the standalone financial statements of the Company and its investments in associates are accounted using equity method.

The financial statements of associates are drawn up to the same reporting date as of the Group for purpose of Consolidation. An associate is an entity over which the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over these policies.

The Associates have been consolidated in these financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is measured at lower of their carrying amount and fair value less cost to sell. Under the equity method, an investment in an associate is initially recognised in the consolidated balance sheet at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. Distributions received from an associate reduce the carrying amount of the investment.

After application of the equity method of accounting, the Group determines whether there is any evidence of impairment as a result of one or more event that occurred after the initial recognition of the net investment in an associate and that event (or events) has an impact on the estimated future cash flows from the net investment that can be reliably estimated. If there exists such an evidence of impairment, then the Group recognises impairment loss equal to the excess of its carrying amount over the recoverable amount of the respective asset. Recoverable amount is the fair value less cost to sell of the respective asset.

MSETCL has also been appointed as Bid Process Coordinator (BPC) for transmission schemes by Ministry of Power, GoI. Accordingly the Company has incorporated wholly owned subsidiaries as Special Purpose Vehicle in respect of Independent Transmission Projects. The Group also has a fully owned subsidiary company, namely Kharghar Vikhroli Transmission Private Limited (KVTPL), as on 31 March 2020 registered for Independent Transmission Projects formed as special purpose vehicle (SPV).

As per the objective of Ind AS 110 which establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities. To meet the above objective, Ind AS 110 requires an entity (the parent) that controls one or more other entities (subsidiaries) to present consolidated financial statements:

(a) defines the principle of control, and establishes control as the basis for consolidation;

(b) sets out how to apply the principle of control to identify whether an investor controls an investee and therefore must consolidate the investee;

(c) sets out the accounting requirements for the preparation of consolidated financial statements; and Educational Material on Ind AS 110.

(d) defines an investment entity and sets out an exception to consolidating particular subsidiaries of an investment entity.

As per the interpretation to guidelines as per Ind AS 110 , an investor, regardless of the nature of its involvement with an entity (the investee), shall determine whether it is a parent by assessing whether it controls the investee. An investor controls an investee when the investor is exposed, or has rights, to variable returns from its involvement with the investee; and has the ability to affect those returns through its power over the investee.

Hence, as per Para 4 of Ind AS 110 and Para 17 of Ind AS 28, MSETCL is not required to prepare/present Consolidated Financial Statements and Cash flow statement for its Subsidiary incorporated as SPV Company.

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

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

2.3 Current non-current classification

The Company presents assets and liabilities in the balance sheet based on current / non-current classification. An asset is treated as current when it is:
- expected to be realised or intended to be sold or consumed in normal operating cycle,
- held primarily for the purpose of trading,
- expected to be realised within twelve months after the reporting period, or
- cash or cash equivalent unless restricted from being exchanged or used to settle A liability for at least twelve months after the reporting period.

All other assets are classified as non-current.
A liability is current when:
- it is expected to be settled in normal operating cycle,
- it is held primarily for the purpose of trading,
- it is due to be settled within twelve months after the reporting period, or
- there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.
Deferred tax assets and liabilities are classified as non-current assets and liabilities.
The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents.
The Company has identified twelve months as its operating cycle.

2.4 Rounding of amounts

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

2.5 Use of estimates and judgments

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenue, expenses, assets, liabilities and the accompanying disclosures along with contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require material adjustments to the carrying amount of assets or liabilities affected in future periods. The Company continually evaluates these estimates and assumptions based on the most recently available information.
In particular, information about significant areas of estimates and judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are as below:
- Estimates of useful lives, residual value and impairment of Property, Plant and Equipments and Intangible Assets;
- Valuation of Inventories;
- Measurement of Defined Benefit Obligations and actuarial assumptions;

- Provisions;
- Evaluation of recoverability of deferred tax assets; and
- Contingencies.

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

2.6 Property, Plant and Equipment (Ind AS 16)

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

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

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

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

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

Spare parts whose cost is Rs.10,00,000/- and above, standby equipment and servicing equipment which meets the recognition criteria of Property, Plant and Equipment are capitalized. In other cases, the spare part is inventorised on procurement and charged to Statement of Profit and Loss on consumption.

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

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

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

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

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

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

Costs incurred on identification, survey and feasibility studies of a project under sanctioned scheme are shown as a distinct item under capital work in progress till the period of its rejection or three years, whichever is earlier. In case of rejection, the expenses are charged to Statement of Profit and Loss in the year of rejection.

2.8 Intangible Assets (Ind AS 38)

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

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

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

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

2.9 Depreciation/Amortization (Ind AS 16)

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

Cost of software capitalized as intangible asset is amortized over the period of legal right to use or 4 years, whichever is less with nil residual value.
Mobile Phones are charged off within 3 years from the date of Purchase.
Depreciation/ Amortization on additions to/deductions from property, plant and equipment during the year is charged on pro-rata basis from/up to the date on which the asset is available for use/disposed.

Where the cost of depreciable property, plant and equipment has undergone a change due to increase/decrease on account of price adjustment, change in duties or similar factors, the unamortized balance of such asset is depreciated retrospectively at the rates and methodology as specified by the MERC Tariff Regulations.
Depreciation on spares parts, standby equipment and servicing equipment which are capitalized, is provided on straight line method from the date they are available for use over the remaining useful life of the related assets of transmission business, following the rates and methodology notified by the MERC.

The residual values, useful lives and methods of depreciation for assets other than assets related to transmission business are reviewed at each financial year end and adjusted prospectively, wherever required.
Property, Plants & Equipments costing Rs. 5,000/- or less, are fully depreciated in the year of acquisition.
Leasehold land (Except Considered as ROU under Ind AS-116 as referred in para 2.12) is fully amortized over lease period in accordance with the rates and methodology specified in MERC Tariff Regulation.
Depreciation rates used for various classes of assets are as under:

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

2.10 Borrowing costs (Ind AS 23)

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

Interest during construction (IDC) and expenditure (net) allocated to construction as per policy refered at 2.4 above are kept as a separate item under CWIP and apportioned to the assets being capitalized in proportion to the closing balance of CWIP. Actual IDC is calculated for schemes where it is possible. In case of remaining scheme, debt equity ratio of 70:30 is considered for calculating of IDC for opening capex as well as capex incurred during the year. FIFO method is followed while considering the capitalization i e first capitalization of asset will be taken place from opening balance of capex. The weighted average rate of interest of each financial institution and banks is applied for calculating IDC.

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

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

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

The associates companies provide depreciation and amortisation on assets based on straight line method (SLM) as per provisions of Part B of schedule II of the Companies Act, 2013.

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

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

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

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

2.12 Leases (Ind AS 116)

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

Company as a leasee

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

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

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

The Company has elected not to apply the requirement of Ind AS 116 Leases to short-term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease payment associated with these leases are recognised as an expense on a straight line basis over the lease term.
On transition, the Company recognised a lease liability measured at the present value of the remaining lease payments. The right-of-use asset is recognised at its carrying amount as if the standard had been applied since the commencement of the lease, but discounted using the lessess's incremental borrowing rate as at April 1, 2019. The Company has leases that were classified as finance leases applying Ind AS 17. For such leases, the carrying amount of the right-of-use asset and the lease liability at the date of initial application of Ind AS 116 is the carrying amount of the lease asset and lease liability on the transition date as measured applying Ind AS

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

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

The Company has adopted Ind AS 116, effective annual reporting period beginning April 1, 2019 and applied the standard to its leases, modified retrospective approach. Accordingly, the Company has not restated comparative information. The lease contracts entered by the Company majorly pertains for Land and buildings taken on lease to conduct its business in the ordinary course. The Company does not have any lease restrictions and commitment towards variable rent as per the contract.
The Company is not required to make any adjustments on transition to Ind AS 116 for leases in which it acts as a lesser. The Company accounted for its leases in accordance with Ind AS 116 from the date of initial application.

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

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

2.14 Inventories (Ind AS 2)

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

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

Spares which do not meet the recognition criteria as Property, Plant and Equipment are recorded as inventories.
Obsolete, slow moving and unserviceable stocks are identified at the time of physical verification of stocks and where necessary, provision is made for such stocks.

2.15 Revenue Recognition (Ind AS 115)

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

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

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

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

Interest Income
Interest income is accounted on accrual basis.

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

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

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

2.16 Employee Benefits (Ind AS 19)

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

Other long-term employee benefit obligations
The liabilities for earned leave and sick leave that are not expected to be settled wholly within 12 months are measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method based on Actuarial Valuation.
The benefits are discounted using the yields of Corporate Bonds at the end of the reporting period that have terms approximating to the terms of the related obligation.
Re-measurements as a result of experience adjustments and changes in actuarial assumptions are recognised in the Statement of Profit and Loss.

Post- employment benefits:
The Company operates the following post-employment schemes:
(i) Defined Benefit Plans such as gratuity; and
(ii) Defined contribution plans such as provident fund.

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

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

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

Defined Contribution Plan

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

2.17 Foreign Currency Transactions (Ind AS 21)

(i) Functional and presentation currency

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

(ii) Transactions and balances

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

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

2.18 Principle of consolidation

Investment in Associates and Joint Ventures (Ind AS 27)

Equity Method

Under the equity method, on initial recognition the investment in an associate or a joint venture is recognised at cost, and the carrying amount is increased or decreased to recognise the company's share of the profit or loss of the investee after the date of acquisition. The company's share of the investee's profit or loss is recognised in the company's statement of profit or loss. Distributions received from an investee reduce the carrying amount of the investment. Adjustments to the carrying amount may also be necessary for changes in the company's proportionate interest in the investee arising from changes in the investee's other comprehensive income. The company's share of those changes is recognised in the company's other comprehensive income.

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

2.19 A) Government Grants (Ind AS 20)

Grants from the government are recognized at their fair value where there is reasonable assurance that the grant will be received and the Company will comply with all attached conditions.

When the grant relates to an expense item, it is recognized in Statement of Profit and Loss on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed.
Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to Profit and Loss on a straight - line basis over the expected life of related assets and presented within other income

B) Accounting of Maharashtra Energy Development Agency (MEDA) Projects

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

C) Accounting of Contributions received from Consumers against Outright Right Works (ORC Schemes)

Outright Consumer Contributions received is being treated as follows

1) If advance is received for expenditures still to be incurred on creation of Fixed Assets , same is treated as Non Current Liabilities till the completion of that Fixed Assets.

2) If contribution is received on account of Supervision Charges only, the same is recognised as Other Income in the year of receipt.

3) If contribution is received on account of already created assets, the same is reduced against that asset in the year of receipt.

2.20 Provisions and Contingent Liabilities (Ind AS 37)

a) Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are discounted. Unwinding of the discount is recognized in the Statement of Profit and Loss as a finance cost. Provisions are reviewed at each Balance Sheet date and are adjusted to reflect the current best estimate.

b) Contingencies

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made. Information on contingent liability is disclosed in the Notes to the Financial Statements. Contingent assets are not recognized. These are reviewed at each Balance Sheet date and are adjusted to refelect the current management estimates.

2.21 Fair Value Measurement (Ind AS 113)

The Company measures certain financial instruments at fair value at each reporting date.

Certain accounting policies and disclosures require the measurement of fair values, for both financial and non financial assets and liabilities.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability also reflects its non-performance risk.

The best estimate of the fair value of a financial instrument on initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Company determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique that uses only data from observable markets, then the financial instrument is initially measured at fair value,adjusted to defer the difference between the fair value on initial recognition and the transaction price.

Subsequently that difference is recognized in Statement of Profit and Loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

While measuring the fair value of an asset or liability, the Company uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation technique as follows:
Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2: inputs other than quoted prices included in Level 1 that are observable for the assets or Liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
Level 3: inputs for the assets or liability that are not based on observable market data (unobservable inputs).

When quoted price in active market for an instrument is available, the Company measures the fair value of the instrument using that price. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. If there is no quoted price in an active market, then the Company uses a valuation technique that maximises the use of relevant observable inputs and minimises the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The Company regularly reviews significant unobservable inputs and valuation adjustments. If the third party information, such as broker quotes or pricing services, is used to measure fair values, then the Company assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of Ind AS, including the level in the fair value hierarchy in which the valuations should be classified.

2.22 Financial Assets (Ind AS 32)

Initial recognition and measurement

Trade Receivables and debt securities issued are initially recognised when they are originated. All other financial assets are initially recognised when the Company becomes a party to the contractual provisions of the instrument. All financial assets other than those measured subsequently at fair value through profit and loss, are recognised initially at fair value plus transaction costs that are attributable to the acquisition of the financial asset.

Subsequent measurement

Subsequent measurement is determined with reference to the classification of the respective financial assets. Based on the business model for managing the financial assets and the contractual cashflow characteristics of the financial asset, the Company classifies financial assets as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit and loss.

Debt instruments at amortized cost

A 'debt instrument' is measured at the amortized cost if both the following conditions are met:
The asset is held within a business model whose objective is:
- To hold assets for collecting contractual cash flows, and
- Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method. Amortized cost is calculated by taking into account any discount or premium and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the Statement of Profit and Loss. The losses arising from impairment are recognized in the Statement of Profit and Loss.

Debt instruments at Fair Value through Other Comprehensive Income (FVOCI)

A 'debt instrument' is measured at the fair value through Other Comprehensive Income if both the following conditions are met:

The asset is held within a business model whose objective is achieved by both:

- collecting contractual cash flows and selling financial assets and
- contractual terms of the asset give rise on specified dates to cash flows that are SPPI on the principal amount outstanding.

After initial measurement, these assets are subsequently measured at fair value. Interest income under effective interest method, foreign exchange gains and losses and impairment losses are recognized in the Statement of Profit and Loss. Other net gains and losses are recognized in other comprehensive Income.

Debt instruments at Fair Value through Profit or Loss (FVTPL)

Fair Value through Profit or Loss is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization at amortized cost or as FVOCI, is classified as FVTPL.

After initial measurement, any fair value changes including any interest income, foreign exchange gain and losses, impairment losses and other net gains and losses are recognized in the Statement of Profit and Loss.

Equity investments

All equity investments within the scope of Ind AS 109 are measured at fair value. Such equity instruments which are held for trading are classified as FVTPL. For all other such equity instruments, the Company decides to classify the same either as FVOCI or FVTPL. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable. For equity instruments classified as FVOCI, all fair value changes on the instrument, excluding dividends, are recognized in Other Comprehensive Income. Dividends on such equity instruments are recognized in the Statement of Profit or Loss. Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of Profit and Loss.

De-recognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e. removed from the Company's Balance Sheet) when-

The rights to receive cash flows from the asset have expired, or

The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass through' arrangement; and either:

The Company has transferred substantially all the risks and rewards of the asset, or

The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

On de-recognition, any gains or losses on all debt instruments (other than debt instruments measured at FVOCI) and equity instruments (measured at FVTPL) are recognised in the Statement of Profit and Loss. Gains and losses in respect of debt instruments measured at FVOCI and that are accumulated in OCI are reclassified to profit or loss on de-recognition. Gains or losses on equity instruments measured at FVOCI that are recognised and accumulated in OCI are not reclassified to profit or loss on de-recognition.

Impairment of financial assets

In accordance with Ind AS 109, the Company applies Expected Credit Loss ("ECL") model for measurement and recognition of impairment loss on the financial assets measured at amortized cost and debt instruments measured at FVOCI.

Loss allowances on trade receivables are measured following the 'simplified approach' at an amount equal to the lifetime ECL at each reporting date. In respect of other financial assets such as debt securities and bank balances, the loss allowance is measured at 12 month ECL only if there is no significant deterioration in the credit risk since initial recognition of the asset or assets is determined to have a low credit risk at the reporting date.

The Company had recognized Expected Credit Loss (ECL) on Trade receivables and other financial assets. The ECL primarily comprises of two main factors, viz. Time loss (money value) and Credit loss. Time loss is computed considering an appropriate discount rate. The management believes that the rate used in determining the actuarial valuation of employment benefits is reflective of the loss it suffers due to delays in collection. This rate is reviewed once a year. The Credit loss is calculated on the basis of the credit spread of Corporate Bonds having tenure of 10 years as at the date of the balance sheet.

Trade receivables were categorized into three groups for computing ECL viz.

1) Distribution Licensees (Group Companies and Others),
2) Open Access Consumers (Long term and Short term) and
3) Regular (Other) Consumers. Time loss for all categories was considered as same, whereas Credit loss was provided on the basis of credit spread for Corporate Bonds (published by FIMMDA). The management has estimated an appropriate credit rating for each of the above three groups.

The ECL on other receivables from Group companies is provided to the extent of Time loss only.

2.23 Financial Liabilities (Ind AS 32)

Initial recognition and measurement

Financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument.

Financial liability is initially measured at fair value plus, for an item not at fair value through profit and loss, transaction costs that are directly attributable to its acquisition or issue.

Subsequent measurement

Subsequent measurement is determined with reference to the classification of the respective financial liabilities.

Financial Liabilities at Fair Value through Profit or Loss (FVTPL)

A financial liability is classified as at Fair Value through Profit or Loss (FVTPL) if it is classified as held for-trading or is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and changes therein, including any interest expense, are recognized in Statement of Profit and Loss.

Financial Liabilities at amortized cost

After initial recognition, financial liabilities other than those which are classified as FVTPL are subsequently measured at amortized cost using the effective interest rate method.

Amortized cost is calculated by taking into account any discount or premium and fees or costs that are an integral part of the EIR. The amortization done using the EIR method is included as finance costs in the Statement of Profit and Loss.

De-recognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the Balance Sheet, if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

2.24 Taxes on Income (Ind AS 12)

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company and its subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation.

It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method on temporary differences arising between the tax bases of assets and liabilities and their carrying amount in the financial statement. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are excepted to apply when the related deferred income tax assets is realized or the deferred income tax liability is settled.
Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are off set where the company has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Current and deferred tax is recognised in the Statement of Profit and Loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively

Minimum Alternate Tax credit is recognised as deferred tax asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. Such asset is reviewed at each Balance Sheet date and the carrying amount of the MAT credit asset is written down to the extent there is no longer a convincing evidence to the effect that the company will pay normal income tax during the specified period.

2.25 Prior Period Items (Ind AS 8)

Material prior period errors are corrected retrospectively by restating the comparative amounts for prior period presented in which the error occurred or if the error occurred before the earliest period presented, by restating the opening statement of financial position.

2.26 Earnings per Share (Ind AS 33)

Basic earnings per share are computed using the net profit or loss for the year attributable to the shareholders and weighted average number of shares outstanding during the year.

Diluted earnings per share is computed using the net profit or loss for the year attributable to the shareholders and weighted average number of equity and potential equity shares outstanding during the year, except where the result would be anti-dilutive.

2.27 Cash and Cash Equivalent (Ind AS 7)

Cash and cash equivalents in the Balance Sheet include cash at bank, cash, cheque, draft on hand and demand deposits with an original maturity of less than three months, which are subject to an insignificant risk of changes in value.

For the purpose of Statement of Cash Flows, Cash and cash equivalents include cash at bank, cash, cheque and draft on hand. The Company considers all highly liquid investments with a remaining maturity at the date of purchase of three months or less and that are readily convertible to known amounts of cash to be cash equivalents.

2.28 Cash Flow Statement (Ind AS 7)

Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows.

The cash flows from operating, investing and financing activities are segregated.

3 Changes in Accounting Policies and Disclosures

3.1 New and Amended Standards

Ministry of Corporate Affairs (MCA) notifies new standard or amendments to the existing standards. There is no such notification which has been applicable from April 1, 2020.

Maharashtra State Electricity Transmission Company Limited
Notes to Consolidated Financial Statements for the year ended 31st March,2020
Note 4.1: Property, Plant & Equipment

(Rs. In Lakhs)

Particulars	Freehold Land	Leasehold Land	Buildings	Plant & Equipments	Line & Cable Networks	Hydraulic Works	Other Civil Works	Furniture & Fixtures	Vehicles	Office Equipment (Including computer)	Total
Gross Carrying amount											
Balance as at 1st April, 2018	**25,518.32**	**9,840.37**	**26,935.06**	**10,21,561.96**	**7,68,395.32**	**2,209.62**	**1,07,562.09**	**1,748.51**	**705.79**	**3,750.39**	19,68,227.44
Additions	865.52	2,182.69	2,705.82	71,742.06	40,068.27	25.18	6,719.66	202.19	60.48	930.94	1,25,502.81
Disposals	-	-	-	(75.57)	-	-	-	(1.58)	-	(6.95)	(84.11)
Adjustments	(138.54)	53.92	-	(686.98)	(382.05)	-	(60.95)	2.50	-	(6.86)	(1,218.96)
Balance as at 31st March , 2019	**26,245.30**	**12,076.98**	**29,640.88**	**10,92,541.47**	**8,08,081.54**	**2,234.81**	**1,14,220.80**	**1,951.62**	**766.26**	**4,667.52**	**20,92,427.17**
Additions	164.85		339.62	58,795.35	41,965.53	488.21	5,320.93	120.99	335.88	392.89	1,07,924.24
Disposals	-		-	(135.74)	(0.40)	-	-	(2.81)	(3.63)	(6.46)	(149.03)
Adjustments	(105.75)		83.23	(11,927.79)	7,919.44	-	0.21	(10.67)	(1.03)	(728.08)	(4,770.43)
Balance as at 31st March , 2020	**26,304.39**	-	**30,063.72**	**11,39,273.29**	**8,57,966.12**	**2,723.02**	**1,19,541.94**	**2,059.13**	**1,097.48**	**4,325.88**	**21,83,354.97**
Accumulated depreciation											
Balance as at 1st April, 2018		**1.16**	**6,706.45**	**1,59,496.36**	**1,31,636.80**	**396.99**	**11,540.43**	**344.83**	**94.37**	**1,183.76**	3,11,401.15
Additions			1,042.06	63,316.03	44,467.74	128.22	4,245.05	133.88	56.87	421.00	1,13,810.84
Disposals			-	(14.10)	-	-	-	(1.42)	-	(6.03)	(21.56)
Adjustments		(180.50)	-	(189.80)	(80.50)	-	(0.02)	0.11	-	(4.05)	(374.26)
Balance as at 31st March , 2019	-	**1.16**	**7,748.52**	**2,22,608.48**	**1,75,924.03**	**525.21**	**15,785.46**	**477.39**	**151.24**	**1,594.67**	**4,24,816.17**
Additions			1,066.24	67,041.03	46,853.41	138.29	4,447.51	142.06	72.16	367.48	1,20,128.17
Disposals			-	(107.23)	(0.36)	-	-	(2.53)	(3.27)	(5.92)	(119.30)
Adjustments			-2.49	(4,153.62)	2,690.29	-	0.03	-	(0.80)	(0.47)	(1,467.06)
Balance as at 31st March , 2020	-		**8,812.27**	**2,85,388.66**	**2,25,467.38**	**663.50**	**20,233.00**	**616.93**	**219.32**	**1,955.76**	**5,43,356.82**
Net Carrying amount											
Balance as at 31st March , 2020	**26,304.39**	-	**21,251.46**	**8,53,884.63**	**6,32,498.73**	**2,059.52**	**99,308.94**	**1,442.21**	**878.16**	**2,370.12**	**16,39,998.15**
Balance as at 31st March , 2019	**26,245.30**	**12,075.81**	**21,892.37**	**8,69,932.99**	**6,32,157.50**	**1,709.60**	**98,435.34**	**1,474.23**	**615.02**	**3,072.85**	**16,67,611.01**

Please refer Note 35: Assets hypothecated / pledged as security

Note 4.2: Capital work-in-progress (CWIP)

(Rs in Lakhs)

Particulars	As at 01.04.2018	Capex during the year	Capitalisation during the year	As at 31.03.2019	Capex during the year	Capitalisation during the year	As at 31.03.2019
Capital work-in-progress	**2,26,432.11**	**1,38,823.27**	**(1,24,551.50)**	**2,40,703.88**	**1,49,882.44**	**(1,09,930.06)**	**2,80,656.26**

Note 4.3: Intangible Assets

(Rs in Lakhs)

Particulars	As at 01.04.2018	Addition during the year	Disposal dring the year	As at 31.03.2019	Addition during the year	Disposal dring the year	As at 31.03.2019
Gross Block	862.46	409.69	-	1,272.15	0.00	-	1,272.15
Accumulated Amortisation	712.70	149.35	-	862.05	10.26	107.17	979.48
Total	**149.76**	**260.34**	-	**410.10**	**-10.26**	**-107.17**	**292.67**

Note 4.4 Right of Use Assets

(Rs in Lakhs)

Particulars	As at 01.04.2018	Addition during the year	Adjustment during the year	As at 31.03.2019	Addition during the year	Adjustment during the year	As at 31.03.2019
Leasehold Land							
Gross Block				12,076.98	1.92	105.45	12,184.34
Accumulated Amortisation				1.16	-	-	1.16
Total	-	-	-	**12,075.81**	**1.92**	**105.45**	**12,183.18**
Building on Lease							
Gross Block				-	6,690.62		6,690.62
Accumulated Amortisation				-	1,689.22		1,689.22
Total	-	-	-	-	5,001.40	-	5,001.40
Balance at the end of the year				**12,075.81**			**17,184.58**

Please refer Note 27

Maharashtra State Electricity Transmission Company Limited

Notes to Consolidated Financial Statements for the year ended 31st March,2020

5 Investments in Subsidiaries , Associates and Joint Ventures (Accounted for using the equity method)

(Rs in lakhs)

Particulars	Face Value (in Rs)	No. of Shares As at 31.03.2020	No. of Shares As at 31.03.2019	Amount As at 31.03.2020	Amount As at 31.03.2019
A) Equity Instruments of Subsidiary					
Unquoted - At Cost					
Kharghar-Vikroli Transmission Private Ltd	10	50,000	-	5.00	-
Net Carrying Amount of Investment		**50,000**	**-**	**5.00**	-
Refer Note No 34(B)					
B) Equity Instruments of Associates/Joint Ventures					
Unquoted - At Cost					
Jaigad Power Transco Limited (JPTL)	10	3,57,50,000	3,57,50,000	3,304.62	3,035.60
Share of Profit & Loss of Associates accounted for using the equity method, net of tax in JPTL				731.57	626.66
Share of other comprehensive income of Associates accounted for using the equity method, net of tax in JPTL				0.41	(0.14)
Reduction in Carrying Investment due to Dividend Received					(357.50)
Net Carrying Amount of Investment		**3,57,50,000**	**3,57,50,000**	**4,036.60**	**3,304.62**
Maharashtra Transmission Communication Infrastructure Limited (MTCIL) #, *	10	86,48,222	61,48,222	(0.00)	295.38
Additional investment in equiy made during the year				250.00	-
Bonus shares 21,72,242 (Nos) issued during the FY 2018-19.	10	21,72,242	21,72,242	-	-
Share of Profit & Loss of Associates accounted for using the equity method, net of tax in MTCIL				(249.56)	(291.30)

Share of other comprehensive income of Associates accounted for using the equity method, net of tax in MTCIL				(0.44)	(4.08)
Net Carrying Amount of Investment in Equity Shares		**1,08,20,464**	**83,20,464**	**0.00**	**(0.00)**
C) 15% Non Cumulative, Particapating, Redeemable Preference Shares					
Maharashtra Transmission Communication Infrastructure Limited (MTCIL) #, *	10	77,23,726	52,23,726	519.31	522.37
Additional investment in Preference Shares made during the year				250.00	-
Share of Profit & Loss of Associates accounted for using the equity method, net of tax in MTCIL				(120.79)	(3.06)
Share of other comprehensive income of Associates accounted for using the equity method, net of tax in MTCIL				-	-
Net Carrying Amount of Investment in Preference Shares		**77,23,726**	**52,23,726**	**648.52**	**519.31**
Total		**5,43,44,190**	**4,92,94,190**	**4,690.12**	**3,823.92**
Aggregate amount of unquoted securities				4,690.12	3,823.92
Aggregate amount of quoted securities				-	-
Market value of quoted securities				=	-
Aggregate amount of impairment in the value of investments				-	-

@(Refer Note no 34)

#1. Company's share of losses in MTCIL for FY 2019-20 amounts to Rs. 386.41 lakhs. These losses exceed the investment value in equity in the consolidated books of the company. Hence the Company's share of losses for the FY 2019-20 is restricted to the carrying value of investment in equity (Rs. 265.63 lakhs) and the balance loss of Rs.120.79 lakhs remains are recognized against Investment in Preference Shares as at March 31, 2020 (Rs.769.31 lakhs)

*2. Company's share of losses in Associate are adjusted first against Investment in Equity and remaining losses are adjusted against Investment in Preferences Shares.

6.1 Non - Current Investments

(Rs in lakhs)

Particulars	As at 31.03.2020	As at 31.03.2019
Quoted		
At amortised Cost		
Investments in Government Securities*	54,776.67	28,349.27
Investments in Bonds*	25,586.96	43,467.99
Un-Quoted		
Investment in Equity Shares of MTCIL #	15.63	-
Share of Profit & Loss of Associates accounted for using the equity method, net of tax in MTCIL	(15.63)	-
Investment in Preference Shares of MTCIL #	108.08	-
Term Deposit	5,265.15	4,053.00
Total	**85,736.86**	**75,870.26**

* Earmarked against Contingency Reserve and Exchange Fluctuation on account of Borrowings from Japan International Cooperation Agency

During the year, Investment in Equity Shares (Rs 15.63 lakhs) and Preference Shares (Rs 108.09 lakhs) of MTCIL has been made, which have been subsequently alloted on 23 April 2020.

Aggregate amount of unquoted securities	5,373.23	4,053.00
Aggregate amount of quoted securities	80,363.63	71,817.26
Market value of quoted securities	81,063.14	72,694.55
Aggregate amount of impairment in the value of investments	-	-

6.2 Non-Current Loans

(Rs in lakhs)

Particulars	As at 31.03.2020	As at 31.03.2019
Unsecured , considered good unless stated otherwise		
Loans & Advances to Employees	153.55	226.77
Total	**153.55**	**226.77**

7 Non-Current Tax Assets (Net)

(Rs in lakhs)

Particulars	As at 31.03.2020	As at 31.03.2019
Advance payment of Income Tax (net of Provision for Tax Rs.2,67,226.39 lakhs (Previous Year Rs. 2,56,816.16 lakhs))	41,261.39	40,515.85
Total	**41,261.39**	**40,515.85**

8 Other Non - Current Assets

(Rs in lakhs)

Particulars	As at 31.03.2020	As at 31.03.2019
Unsecured , considered good unless stated otherwise		
Capital Advances	541.29	493.87
Unamortised transaction cost	56.66	82.31
Balances with group companies	2,100.52	2,100.52
Security Deposits	3,646.14	7,018.56
Advances to Suppliers	1,059.25	1,218.35
Advances and Recoverables	206.53	207.27
Total	**7,610.39**	**11,120.88**

9 Inventories (At lower of cost or net realisable value)

(Rs in lakhs)

Particulars	As at 31.03.2020	As at 31.03.2019
Stores & Spares	22,452.77	18,801.67
- Provision for Material Losses Pending Investigation & Obsolete Materials	(711.02)	(467.23)
Total	**21,741.75**	**18,334.43**

10.1 Current Investments

(Rs in lakhs)

Particulars	As at 31.03.2020	As at 31.03.2019
Quoted		
At amortised Cost		
Investments in Bonds*	1,506.38	2,457.37
Un-Quoted		
Term Deposits	41,323.49	10,565.54
Total	**42,829.87**	**13,022.91**

* Earmarked against Contingency Reserve and Exchange Fluctuation on account of Borrowings from Japan International Cooperation Agency

Aggregate amount of unquoted securities	41,323.49	10,565.54
Aggregate amount of quoted securities	1,506.38	2,457.37
Market value of quoted securities	1,569.94	2,464.49
Aggregate amount of impairment in the value of investments		

10.2 Trade Receivables

(Rs in lakhs)

Particulars	As at 31.03.2020	As at 31.03.2019
Unsecured unless stated otherwise		
Considered Good	2,59,901.94	2,32,067.00
- Allowance as per Expected Credit Loss Model		
Considered Doubtful	11,613.59	12,470.78
- Allowance for Doubtful	(11,613.59)	(12,470.78)
Total	**2,59,901.94**	**2,32,067.00**

10.3 Cash and Cash Equivalents

(Rs in lakhs)

Particulars	As at 31.03.2020	As at 31.03.2019
Balances with Banks		
In Current Accounts	1,608.42	6,281.91
In Fixed Deposit Accounts (with original maturity of less than 3 months)#	3,738.70	5,221.49
Cash and Stamps on Hand	16.34	14.98
Total	**5,363.46**	**11,518.38**

Under Pledge Refer Note no-35

10.4 Current Loans

(Rs in lakhs)

Particulars	As at 31.03.2020	As at 31.03.2019
Unsecured, considered good		
Loans & Advances to Employees	309.41	264.68
Total	**309.41**	**264.68**

10.5 Other Current Financial Assets

(Rs in lakhs)

Particulars	As at 31.03.2020	As at 31.03.2019
Unsecured , considered good unless stated otherwise		
Security Deposit*	5.87	6.88
Interest Receivable	3,853.31	2,853.08
Other Receivable	2,379.40	-
Total	**6,238.58**	**2,859.96**

*Security Deposit are held in the name of Contractor

11 Other Current Assets

(Rs in lakhs)

Particulars	As at 31.03.2020	As at 31.03.2019
Unsecured, Considered Good		
Prepaid Expenses	1,401.68	1,054.53
Interest on refund from Income Tax	-	1.85
Unamortised transaction cost	12.82	-
Other Recoverable		
Considered good	112.95	100.18
Considered doubtful	149.11	149.11
Less - Provision for Doubtful Debts	(149.11)	(149.11)
Total	**1,527.45**	**1,156.56**

12 Equity Share Capital

(Rs in lakhs)

Particulars	As at 31.03.2020	As at 31.03.2019
a) **Authorised**		
1500,00,00,000 Equity Shares of Rs.10/- each	15,00,000.00	15,00,000.00
(Previous year 31st March, 2019 : 1500,00,00,000)		
b) **Issued, Subscribed and Paid up**		
898,49,74,733 Equity Shares of Rs.10/- each	8,98,497.47	8,98,497.47
(Previous year 31st March, 2019 : 898,49,74,733)		
Total	**8,98,497.47**	**8,98,497.47**

c) **Terms & Rights attached to equity shares**

The company has one class of equity shares having a par value of Rs. 10 each. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

d) **Reconciliation of the Equity shares outstanding at the beginning and at the end of the reporting period**

Particulars	As at 31.03.2020		As at 31.03.2019	
	Numbers	Rs. in Lakhs	Numbers	Rs. in Lakhs
Opening Balance				
Shares issued	8,98,49,74,733	8,98,497.47	8,98,49,74,733	8,98,497.47
Closing Balance				
	8,98,49,74,733	**8,98,497.47**	**8,98,49,74,733**	**8,98,497.47**

e) **Shares held by shareholders each holding more than 5% of the shares**

Particulars	As at 31.03.2020		As at 31.03.2019	
	Numbers	Rs. in Lakhs	Numbers	Rs. in Lakhs
Equity Shares				
MSEB Holding Company Limited	8,98,49,74,673	99.99%	8,98,49,74,673	99.99%

f) **Aggregate number of shares issued for consideration other than cash during the period of five years immediately preceding the reporting date**

	2019-2020		2018-19	
	No. of Shares	Rs. in Lakhs	No. of Shares	Rs. in Lakhs
Equity Shares of Rs.10 each issued in the financial year 2015-16 as fully paid up to the shareholders of MSEB Holding Company limited, pursuant to the Maharashtra State Electricity Reforms Transfer Scheme, 2005 approved by Governement of Maharashtra on 31.03.2016.	8,98,49,74,733	8,98,497.47	8,98,49,74,733	8,98,497.47

g)There were no shares alloted as fully paid up by way of Bonus shares and Buy back during the period of five years immediately preceding the reporting date

13 Other Equity

(Rs in lakhs)

Particulars	As at 31.03.2020	As at 31.03.2019
Reserves & Surplus		
a) Contingency Reserve Fund (Refer note (a) below)		
Opening Balance	56,206.00	49,525.00
Transferred from retained earnings	6,597.00	6,681.00
b) Special Reserve Fund (Refer note (b) below)	**62,803.00**	**56,206.00**
Opening Balance	13,939.00	13,939.00
Add : Addition During the Year	-	-
c) Load Despatch Center Empowerment Reserve (LDCD) Fund (Refer note (c) below)	**13,939.00**	**13,939.00**
Opening Balance	4,053.00	-
Add : Addition During the Year	2,270.33	4,053.00
Less : Utilisation for capex (allowed by MERC)	(1,058.18)	-
d) Retained Earnings	**5,265.15**	**4,053.00**
Opening Balance	1,38,165.13	96,690.83
Appropriation of Load Despatch Center Empowerment Reserve (LDCD) Fund amount from Retained Earnings	(2,270.33)	(4,053.00)
Profit for the year	21,747.62	52,481.26
Other comprehensive income for the year	(8,290.72)	(268.73)
Share of Associate/Joint Venture - Share of other comprehensive income of Associates accounted for using the equity method, net of tax	(0.03)	(4.22)
Total comprehensive income for the year	11,186.55	48,155.30
Transfered to Contingency Reserve	(6,597.00)	(6,681.00)
Transfered to Special Reserve Fund	-	-
	1,42,754.68	**1,38,165.13**
Total	**2,24,761.83**	**2,12,363.13**

The Description of the nature and purpose of each reserves in other equity is as follows:

a) Contingency Reserve Fund-

A contribution towards Contingency Reserves has to be made in accordance with Regulation 36 of MERC(MYT) Regulations, 2011 and which is within the prescribed limits of Regulation(not less than 0.25% and not more than 0.5% of the original cost of fixed assets annually) and is to be invested in the approved class of securities authorised under the Indian Trust Act, 1882.

b) Special Reserve Fund-

A contribution towards Special Reserve has to be made in accordance to the mechanism for sharing of gains or losses on account of controllable factors as per MERC Regulation, 2005. As per the regulation 19.1(b) one third of the amount of such gain is to be retained in a special reserve for the purpose of absorbing the impact of any future losses on account of controllable factors

c) Load Despatch Center Empowerment Reserve (LDCD)-

A contribution towards Load Despatch Center Development Fund has been made in accordance with Regulation 12 of the CERC (Fees and Charges of RLDC and Other related matters) 2015. The said fund is to be utilised for administrating capital expenditure.The charges on account of return on equity, interest on loan, depreciation of the Regional Load Despatch Centres and National Load Despatch Centre including the registration fee, shall be deposited into the LDCD Fund after meeting the statutory tax requirements.

14.1 Non-Current Borrowings

(Rs in lakhs)

Particulars	As at 31.03.2020	As at 31.03.2019
Secured		
Term Loans from Banks (Note 14.1.a)	23,767.50	19,113.92
Term Loans from Other Parties (Note 14.1.b)	4,46,625.24	4,81,245.28
Total	**4,70,392.74**	**5,00,359.20**

(Refer Note 35 & 37.2 for details regarding terms of borrowings, nature of security, repayment terms etc.)

14.1.a Term Loans from Banks

(Rs in lakhs)

Name of the Bank	As at 31.03.2020	As at 31.03.2019
Union Bank of India	-	1,194.14
Bank Of Baroda	-	1,879.24
Oriental Bank of Commerce	-	591.84
Canara Bank	14,877.12	6,237.10
Bank of India	8,890.38	9,211.60
Total	**23,767.50**	**19,113.92**

14.1.b Term Loans from Other Parties

(Rs in lakhs)

Name of the Financial Institutes	As at 31.03.2020	As at 31.03.2019
Rural Electrification Corporation Limited	2,91,393.84	3,02,360.62
Japan International Cooperation Agency	10,303.70	15,560.73
Power Finance Corporation Limited	1,42,472.21	1,63,323.93
KFW Bank #	2,455.49	-
Total	**4,46,625.24**	**4,81,245.28**

Refer Note 46

14.2 Other Non-Current Financial Liabilities

(Rs in lakhs)

Particulars	As at 31.03.2020	As at 31.03.2019
Retention Money	88,840.01	82,879.47
Security Deposits *	17,278.32	17,368.54
Lease Liability for Right of Use Assets	3,657.38	-
Other deposits	1,13,550.37	81,072.13
Total	**2,23,326.08**	**1,81,320.14**

* Security / Other Deposits from Vendors/Contractors/Customer, not being considered as Financial Liability on the basis of guidence in Ind AS 113 issued by Institute of Chartered Accountants of India (ICAI) is not fair valued.

15 Non - Current Provisions

(Rs in lakhs)

Particulars	As at 31.03.2020	As at 31.03.2019
Provision for Employement Benefits		
Provision for Gratuity	38,388.37	28,815.65
Provision for Leave Encashment	39,892.74	29,904.08
Creditors for Capital Expenditures	12,310.78	12,264.68
Total	**90,591.89**	**70,984.41**

16 Deferred tax liabilities (Net)

(Rs in lakhs)

Particulars	As at 31.03.2020	As at 31.03.2019
Deferred tax liabilities		
Property, plant and equipment (includes intangible assets, critical spares and revaluation impact)	2,87,898.55	2,66,675.47
DTL	**2,87,898.55**	**2,66,675.47**
Deferred tax assets		
Right of Use Assets and its Lease Liabilities	84.09	-
Loans and borrowings	824.25	(714.87)
Government grant	221.16	558.83
Employee Benefits	26,133.97	19,245.08
Others	7,778.41	7,778.41
Impairment on trade receivables	963.09	963.09
Amortisation of investment in govt securities	1,275.50	1,254.10
DTA	**37,280.45**	**29,084.64**
Reversal of opening DTL	3,499.92	3,499.92
Net (DTA)/DTL	**2,47,118.17**	**2,34,090.92**

17 Other Non-Current Liabilities

(Rs in lakhs)

Particulars	As at 31.03.2020	As at 31.03.2019
Grant : Power System Development Fund	2,885.39	2,184.29
Grant: Deferred Government Grants	16,256.10	17,051.61
Grant : Green Energy Corridor for Projects	8,085.15	11,015.51
Grant: Tribal Sub Plan Area (TSP)	1,957.53	1,964.56
Total	**29,184.17**	**32,215.97**

(Refer Note No 30)

18.1 Current Borrowings

(Rs in lakhs)

Particulars	As at 31.03.2020	As at 31.03.2019
Loan Repayable on Demand		
Secured		
Current Maturities of Term Loans from Banks	6,425.42	5,153.08
Current Maturities of Term Loans from Other Parties	96,807.88	94,475.76
Unsecured		
Working capital loans from banks	26,502.40	13,499.63
Total	**1,29,735.70**	**1,13,128.47**

(Refer Note 35 & 37.2 for details regarding terms of borrowings, nature of security, repayment terms etc.)

18.2 Trade payables

(Rs in lakhs)

Particulars	As at 31.03.2020	As at 31.03.2019
Dues to Micro,Small and Medium Enterprises (Refer note 41)	-	-
Due to others	33,365.32	31,211.20
Total	**33,365.32**	**31,211.20**

18.3 Other current financial liabilities

(Rs in lakhs)

Particulars	As at 31.03.2020	As at 31.03.2019
Interest accrued but not due on borrowings	5,063.16	6,857.07
Payable to MSEB CPF Trust	1,780.70	1,485.50
Employee related payables	4,756.93	4,526.55
Payable to group companies	3,528.44	2,863.68
Current Lease Liabilties	1,584.67	-
Other payables	1,541.07	2,450.43
Total	**18,254.97**	**18,183.23**

19 Other current liabilities

(Rs in lakhs)

Particulars	As at 31.03.2020	As at 31.03.2019
Duties & taxes payable	2,975.79	1,980.81
Advances from customers	9,165.24	135.17
Total	**12,141.03**	**2,115.98**

20 Short term provisions

(Rs in lakhs)

Particulars	For year ended 31.03.2020	For year ended 31.03.2019
Provision for employee benefits		
Provision for gratuity	6,654.81	6,993.78
Provision for leave encashment	8,804.35	8,309.64
Provision for CSR Expenditure	7,483.15	7,310.33
Provision for late interest payment on Service Tax	264.43	267.24
Provision for Tree/Land Compensation	677.79	666.12
Provision for Pay Revision	12,899.69	-
Provision for Interest Shortfall on PF Liability	3,593.92	3,593.92
Other Provisions	1364.44	1494.57
Total	**41,742.58**	**28,635.60**

21 Revenue from operations

(Rs in lakhs)

Particulars	For year ended 31.03.2020	For year ended 31.03.2019
Transmission charges (STU)	3,52,141.25	3,41,456.46
Transmission charges (Others)	11,207.59	14,419.39
Open Access Charges	814.13	1,051.20
SLDC Charges	2,902.08	1,788.50
Additional Transmission and Regulatory Charges	4,635.44	-
Rescheduling Charges	554.97	316.96
Total	**3,72,255.46**	**3,59,032.51**

22 Other Income

(Rs in lakhs)

Particulars	For year ended 31.03.2020	For year ended 31.03.2019
Interest income	9,729.95	8,618.65
Rent	656.70	493.09
Profit on sale of Property , Plant and Equipment	154.96	516.79
Sale of tender forms	120.23	151.54
Income from sale of scrap	711.18	375.95
Government Grant	966.31	922.19
Other Miscellaneous Income #	26,805.18	17,849.05
Total	**39,144.51**	**28,927.26**

includes the rectification entry passed for Rs 1,488.25 lakhs in FY 2019-20 (P.Y. Nil) on account of erreneous booking of accrued interest on private bond appearing through Opening Balance Sheet of MSETCL.

23 Repair & Maintenance Expenses

(Rs in lakhs)

Particulars	For year ended 31.03.2020	For year ended 31.03.2019
Property , Plant and Equipment	24,716.55	19,494.14
Repairs and maintenance expenses capitalised	(183.84)	(132.14)
Total	**24,532.71**	**19,362.00**

24 Employee Benefits Expense

(Rs in lakhs)

Particulars	For year ended 31.03.2020	For year ended 31.03.2019
Salaries, allowances, Bonus etc.	1,02,067.69	75,866.29
Staff welfare expenses	3,723.55	2,924.95
Other staff costs	527.79	645.19
Leave encashment	17,302.41	9,990.74
Gratuity	4,708.32	4,862.26
Contribution to Provident & Other Funds	7,387.01	7,633.27
Employee costs capitalised	(7,426.20)	(6,383.65)
Total	**1,28,290.57**	**95,539.05**

25 Finance Costs

(Rs in lakhs)

Particulars	For year ended 31.03.2020	For year ended 31.03.2019
Interest Expense		
- Banks	3,041.96	1,182.91
- Others	57,410.29	61,222.81
Transaction Costs	112.15	117.39
Other Finance Costs		
Miscellaneous Costs	54.81	26.43
Amortisation of borrowings	73.62	98.28
Interest on Lease Liabilties	604.72	-
Interest and Finance Charges Capitalised	(7,639.00)	(8,514.79)
Total	**53,658.55**	**54,133.03**

26 Other expenses

(Rs in lakhs)

Particulars	For year ended 31.03.2020	For year ended 31.03.2019
Advertisement Expenses	109.86	88.94
Advertisement of tenders / notices and other purchase related advertisement	529.29	1,416.81
Auditor's Remuneration		
Statutory Audit Fees	22.00	22.00
For Reimbursement of Expenses	9.00	9.00
For Reimbursement of GST on Audit Fee	5.58	5.58
Bad debts written off		
Electricity Charges	5,768.57	5,289.74
Freight Charges	2.80	3.17
Government Inspection Fees	-	2.00
Insurance	282.18	379.41
Legal & Professional Fees	533.62	293.08
Membership & Subscription	330.35	651.63
Miscellaneous Expenses #	7,420.82	7,499.15
Balances Written off/ written back (Net)	1,429.72	37.68
Postage Telephone & Telex	383.68	415.13
Printing & Stationery	297.09	303.77
Rent	42.53	2,101.17
Rates & Taxes	3,164.32	1,019.55
Security Expenses	8,350.28	6,893.50
Travelling & Conveyance	774.82	901.40
Upkeep of office	1,139.25	1,091.92
Vehicle Running & Maintenance Expenses	371.75	448.88
Water charges	626.83	558.90
Expenditure on Hire	2,571.01	2,424.00
Foreign Exchange Loss	2,409.59	360.76
Corporate Social Responsibilty Expenses	1,083.37	-
- Expenses capitalised	(1,468.75)	(1,271.76)
Total	**36,189.56**	**30,945.41**

"Miscellaneous Expenses" include Rs 6,276.40 lakhs as Payment made to Contracted Personnel (P.Y. Rs.4,021.79 lakhs)

Note 27 Lease Disclosures

A] Ind AS 116 Transition

Ministry of Corporate Affairs ("MCA") has notified Ind AS 116 Leases which replaces the existing lease standard, Ind AS 17 leases, and other interpretations. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. Ind AS 116 requires lessee to recognise assets and liabilities for all the leases which conveys the right to use an asset for a period of time in exchange for consideration. Under Ind AS 17, lease arrangements where risk and rewards incidental to ownership of assets substantially vest to lessors were identified as operating leases. Ind AS 116 requires to recognise depreciation and interest cost instead of rent expenses as hitherto done under Ind AS 17.

The Company has adopted Ind AS 116 "Leases" with effect from April 1, 2019, with a modified retrospective approach. The cumulative effect of initial application of Ind AS 116, has been adjusted in opening retained earnings on the date of application i.e. April 1, 2019, as permitted by standard. Similar impact on the results of the year ended March 31, 2020 is also not material. The Company has elected to account for short-term leases using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss. Company uses borrowing rate of 10.04% as considered by MERC during the approval of Interest Expenses on Normative Loans in its ARR Orders.

I) **Leases as Lessee**

Finance Lease

The company has taken land on lease from Government of Maharashtra , CIDCO , MIDC , etc for construction of substation and lines for 99 years and more by payment of upfront premium. Such lease arrangements have been considered as finance lease.

As at 31.03.2020

(Rs in lakhs)

Particulars	Land
Gross carrying amount	18,874.96
Accumulated amortisation	-
Amortisation recognised in statement of P&L	90.66

As at 31.03.2019

(Rs in lakhs)

Particulars	Land
Gross carrying amount	12,076.98
Accumulated amortisation	1.16
Amortisation recognised in statement of P&L	82.11

Reconciliaton of lease commitment under Ind AS 17 and lease liability recognised as at the date of transition i.e. 1st April 2019.

A. Impact on Revenue Account

Particulars	Rs in lakhs.
Lease Rent	2,016.05
Total as per Ind AS-17	**2,016.05**
Depreciation on ROU Asset	1,689.22
Interest on Leased Liability	604.72
Total as per Ind AS-116	**2,293.94**
Total	**277.89**

B. Impact on Balancesheet

Particulars	Rs in lakhs.
Recognition of ROU Asset as on 01.04.2019	6,690.62
Depreciation during FY 2019-20	(1,689.22)
Carrying value of ROU Asset as on 31.03.2020	**5,001.40**
Recognition of Lease liability as on 01.04.2019	(6,690.62)
Interest on Leased Liability for FY 2019-20	(604.72)
Lease Rent during FY 2019-20	2,016.05
Lease Liability as on 31.03.2020	**(5,279.29)**

The Company's significant leasing/ licensing arrangements are mainly in respect of office premises. Leases generally have a lease term ranging for 60 months. Most of the leases are renewable by mutual consent on mutually agreeable terms.

Finance costs includes interest expense amounting to Rs 604.72 Lakhs for the year ended 31st March 2020 on lease liablity accounted in accordance with Ind AS 116 "Leases".

Lease liabilities (Rs in lakhs)

Particulars	As at 31st March 2020
Maturity analysis - Undiscounted cash flows	
Less than one year	2,016.05
More than one year	4,032.11
Total undiscounted lease liabilities	6,048.16
Lease liabilities included in financial position	
Current	1,584.67
Non current	3,657.38

II)**Leases as lessor**

The Company has given land to Maharashtra Eastern Grid Power Transmission Company Limited for 20 years for construction of 765/400 sub-station. All the land cost have been received from MEGPTL. Hence assets is adjusted and kept at Re 1.

Note 28 Employee Benefits

a) **Defined Contribution Plans**

The Company's contribution to the Provident Fund is remitted to separate trusts established for this purpose based on a fixed percentage of the eligible employee's salary and charged to Statement of Profit and Loss. Shortfall, if any, in the fund assets, based on the Government specified minimum rate of return, will be made good by the Company and charged to Statement of Profit and Loss. According to the Management, the Actuary has opined that actuarial valuation can not be applied to reliably measure provident fund liabilities in absence of guidance from the Actuary Society of India. The investment value is **excess by Rs. 3,653.33 Lakhs** (P.Y. Rs. 3,593.92 Lakhs shortage) than subscription value, hence provision is made accordingly. The Company recognised **Rs. 7,369.79** lakhs (previous year Rs. 7,626.36 lakhs) for Provident Fund contribution in the Statement of Profit and Loss.The contributions payable to these plans by the Company are at rates specified in the rules of the schemes.

Provident Fund

i) The amount recognized in balance sheet in respect of Company's share of assets and liabilities of the fund managed by the CPF Trust are as under:

(Rs in lakhs)

Particulars	As at 31.03.2020	As at 31.03.2019
Liability for subscriptions and interest payable to employees at the end of the year	1,48,275.97	1,35,693.92
Fair value of plan assets at the end of the year	1,51,929.30	1,32,100.00
Net Liability	**(3,653.33)**	**3,593.92**

ii) Description of plan assets

(Rs in lakhs)

Particulars	As at 31.03.2020	As at 31.03.2019
Government Securities (GOI)	8.19%	8.37%
State Development Loan (SDL)	28.98%	27.90%
Other Security Gaurantee by Central/State Govt	6.99%	4.81%
Debt's and Other Related Instrument	27.64%	30.37%
Others	2.12%	1.90%
Exchange Traded Fund (ETF) SBI & UTI	2.37%	1.66%
Special Deposit Schemes(SDS)	23.70%	24.99%

b) Defined Benefit Plan : Gratuity

Liability towards long term defined employee benefits - leave encashment, gratuity are determined on actuarial valuation by independent actuaries at the year-end by using Projected Unit Credit method. Liability so determined is unfunded in the case of leave encashment and gratuity.

Gratuity (Unfunded)

Movement in net defined benefit (asset)/ liability

i) Reconciliation of opening and closing balances of Gratuity obligation

(Rs in lakhs)

Particulars	As at 31.03.2020	As at 31.03.2019
Defined benefit obligation at the beginning of the year	35,809.42	38,401.32
Current service cost	1,921.80	1,948.24
Past Service Cost		-
Interest cost	2,789.55	2,968.42
Actuarial (gain)/loss	12,743.20	413.07
Benefits paid	(8,220.80)	(7,921.63)
Defined benefit obligation at the end of the year	**45,043.17**	**35,809.42**

ii) Reconciliation of opening and closing balances of fair value of plan assets

(Rs in lakhs)

Particulars	As at 31.03.2020	As at 31.03.2019
Fair value of plan assets at the beginning of the year	-	-
Expected return on plan assets	-	-
Actuarial (gain)/loss	-	-
Employer contribution	-	-
Benefits paid	-	-
Fair value of plan assets as at the end of the year	-	-

iii) Reconciliation of fair value of assets and obligations:

(Rs in lakhs)

Particulars	As at 31.03.2020	As at 31.03.2019
Fair value of plan assets as at the end of the year	-	-
Present value of obligations as at the end of the year	(45,043.17)	(35,809.42)
Unfunded (Liability)/asset recognized in the Balance Sheet	(45,043.17)	(35,809.42)

iv) Amount recognized in the Statement of Profit and Loss :

(Rs in lakhs)

Particulars	As at 31.03.2020	As at 31.03.2019
Current service cost	1,921.80	1,948.24
Interest cost	2,789.55	2,968.42
Past Service Cost	-	-
Expected return on plan assets	-	-
Net Actuarial (gain)/loss	-	-
Total expenses recognized in the Statement of Profit and Loss account	4,711.35	4,916.66
Actual return on plan assets	-	-

(Rs in lakhs)

Particulars	As at 31.03.2020	As at 31.03.2019
Actuarial (Gains)/ Losses		
- Changes in Demographic assumptions	-	-
- Changes in Financial arrangements	2,927.79	(140.82)
- Changes in the effect of limiting a net defined benefit asset ceiling, excluding amounts included in interest	-	-
- Experience adjustments	9,815.41	553.89
- Return on Plan assets excluding amounts net interest cost	-	-

vi) Major Actuarial Assumptions

(Rs in lakhs)

Particulars	As at 31.03.2020	As at 31.03.2019
Discount rate	6.89%	7.79%
Estimated return on plan assets	NA	NA
Salary increment	5%	5%
Employee turnover	2%	2%
Mortality rate during employment	Indian Assured Lives Mortality (2006-08) Ultimate	Indian Assured Lives Mortality (2006-08) Ultimate
Mortality rate after employment	NA	N.A

vii) The expected future cash flows as on :

(Rs in lakhs)

Particulars	As at 31.03.2020	As at 31.03.2019
Projected benefits payable in future years from the date of reporting		
1st following year	6,657.36	6,993.77
2nd following year	3,640.41	3,470.12
3rd following year	4,017.20	3,977.66
4th following year	3,904.92	3,084.09
5th following year	3,394.46	3,014.16
Sum of year 6 to 10	15,145.40	11,666.34
Sum of Year 11 and above	53,597.72	40,729.45

viii) Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

Particulars	As at 31.03.2020	As at 31.03.2019
(+) 1% change in rate of discounting	(3,229.48)	(2,176.11)
(-) 1% change in rate of discounting	3,762.82	2,519.40
(+) 1% change in rate of salary increase	3,796.41	2,564.22
(-) 1% change in rate of salary increase	(3,312.42)	(2,249.18)
(+) 1% change in rate of employee turnover	571.73	585.72
(-) 1% change in rate of employee turnover	(645.04)	(659.08)

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

Based on the actuarial valuation obtained in this respect, the following table sets out the status of the gratuity plan and the amounts recognised in the Company's financial statements as at balance sheet date:

c) **Long Term Benefits: Leave Encashment**

(Rs in lakhs)

Particulars	As at 31.03.2020	As at 31.03.2019
Projected Benefit Obligation	34,284.94	25,942.38
Funding Status	Unfunded	Unfunded
Fund Balance	N.A	N.A

ii) Major Actuarial Assumptions (Earn Leave Valuation)

(Rs in lakhs)

Particulars	As at 31.03.2020	As at 31.03.2019
Discount rate	6.89%	7.79%
Salary Escalation rate	5%	5%
Attrition rate	2%	2%
Mortality rate during employment	Indian Assured Lives Mortality (2006-08) Ultimate	Indian Assured Lives Mortality (2006-08) Ultimate
Retirement Age	58 & 60 years	58 , 60 & 65 years
While in service encashment rate	10% for the next year	10% for the next year

iii) The Projected Benefit Obligation towards this Accumulating paid absences (Half paid leave) is tabulated below:

(Rs in lakhs)

Particulars	As at 31.03.2020	As at 31.03.2019
Projected Benefit Obligation	14,412.15	12,271.35
Funding Status	Unfunded	Unfunded
Fund Balance	N.A	N.A

iv) Major Actuarial Assumptions (Half paid leave)

Particulars	As at 31.03.2020	As at 31.03.2019
Discount rate	6.89%	7.79%
Salary Escalation rate	5%	5%
Attrition rate	2%	2%
Mortality rate during employment	Indian Assured Lives Mortality (2006-08) Ultimate	Indian Assured Lives Mortality (2006-08) Ultimate
Retirement Age	58 & 60 years	58 , 60 & 65 years

Note 29: Related Party Transactions

1 **Names of related parties**

a) Subsidiary

Kharghar Vikhroli Transmission Private Limited

Associates

Jaigad Power Transco Limited

Maharashtra Transmission Communication Infrastructure Limited

b) Key Managerial Personnel

Key Management Personnel Name	Designation	With effect from
Shri Dinesh T. Waghmare	Chairman & Managing Director	23.01.2020 onwards
Shri Parrag Jaiin Nainutia	Chairman & Managing Director	03.05.2018 to 22.01.2020
Shri. Ravindra Dinkarrao Chavan	Director (Projects)	05.05.2015 to 04.05.2018
		18.05.2018 onwards
Shri Sanjay Taksande	Director (Operations)	01.04.2019 onwards
Shri. Vinayak Sathe	Director Finance	02.04.2016 to 31.01.2020
Smt. Pushpa Ramcharan Chavan	Independent Director	26.06.2014 to 25.06.2019
Shri. Vishwas Pathak	Independent Director	24.08.2015 to 05.09.2019
Ms. Vineeta Shriwani	Company Secretary	22.06.2015 onwards

c) Remuneration paid to Key Managerial Personnel

(Rs. In Lakhs)

Key Managerial Personnel Name	2019-20	2018-19
Shri Rajeevkumar Prembhushan Mital	-	4.69
Shri Dinesh T. Waghmare	3.11	-
Shri Parrag Jaiin Nainutia	31.76	21.90
Shri. Ravindra Dinkarrao Chavan	51.61	36.55
Shri Sanjay Taksande	30.07	-
Shri. Vinayak Sathe	31.95	21.90
Shri. Ganpat T Munde	-	31.18
Ms. Vineeta Shriwani	26.74	18.91

d) Sitting Fees paid to Independent Directors

(Rs. In Lakhs)

Name of Independent Directors	2019-20	2018-19
Smt. Pushpa Ramcharan Chavan	0.35	0.55
Shri. Vishwas Pathak	0.75	0.85

e) Transactions during the year with Subsidiaries/Associates:

(Rs. In Lakhs)

Particulars	2019-20	2018-19
Subsidiary		
Kharghar Vikhroli Transmission Pvt Limited		
Investment in Equity Shares	**5.00**	**-**
A	**5.00**	**-**
Associates		
Jaigad Power Transco Limited		
Dividend income	-	357.50
Bay Maintenance income	40.59	36.80
B	**40.59**	**394.30**
Maharashtra Transmission Communication Infrastructure Limited		
Investment in Equity Shares	265.64	-
Investment in Preference Shares	358.09	-
C	**623.73**	**-**
Total (A+B+C)	**669.32**	**394.30**

f) Outstanding balances with Subsidiaries/Associates:

(Rs in lakhs)

Name of Associates	As at 31.03.2020	As at 31.03.2019
Investments in Equity Shares		
Jaigad Power Transco Limited	3,575.00	3,575.00
Maharashtra Transmission Communication Infrastructure Limited #	880.46	614.82
Kharghar Vikhroli Transmission Pvt Limited	5.00	-
Investments in Preference Shares		
Maharashtra Transmission Communication Infrastructure Limited #	880.46	522.37

This includes Pending Allotment of Equity shares Rs.15.63 Lakhs and Preference shares Rs.108.08 Lakhs.

2 Key Managerial Personnel are not entitled for post-employment benefits and other long term employee benefits recognised as per Ind AS 19 - 'Employee Benefits' in the financial statements.

3 The Company has not included disclosure in respect of following related parties which are Government related entities as per Ind AS 24:
Maharashtra State Power Generation Company Limited (MahaGenco)
Maharashtra State Electricity Distribution Company Limited (MahaVitaran)
MSEB Holding Company Limited (MSEB Holding Company Limtied)

Note 30 : Government Grants for capital assets

(Rs. In Lakhs)

Capital / Government grants	Amount
As at 1 April 2018	**28,031.49**
Received during FY 2018-2019	5,023.69
Interest received on GEC & PSDF Grants	82.98
Government Grant amortised during FY 2018-2019	(922.19)
As at 31.03.2019	**32,215.97**
Received during FY 2019-20	1,351.80
Interest received on GEC & PSDF Grants	82.71
Government Refunded during the year FY 2019-20	(3,500.00)
Government Grant amortised during FY 2019-20	(966.31)
As at 31.03.2020	**29,184.17**

	31.03.2020	31.03.2019
Current	795.43	921.72
Non-current	28,388.74	31,294.25
Total	**29,184.17**	**32,215.97**

MSETCL has received Government Grant for the purpose of strengthening of Transmission Network by constructing Substations and Lines in various Districts in Maharashtra.

F.Y	Grants Received (Rs in lakhs)	Purpose for which grant received	Reasons for unfulfilled conditions
2006-07	6,850.00	Construction of Substations and Lines for strentening of Transmission Network in 14 Districts	Total 29 Schemes out of which only 2 schemes are still ongoing
2007-08	8,000.00		Total 21 Schemes out of which only 4 schemes are still ongoing
2008-09	9,000.00		Total 79 Schemes out of which only 3 schemes are still ongoing.
2017-18	874.53	Power System Development Fund for System improvement	Work in progress
2018-19	1,284.90		
2019-20	740.60		
2017-18	7,500.00	Received as per the recommendation of 13th Finance Commission towards equity portion of MSETCL for Green Energy Corridor Project	Work in progress
2018-19	3,556.59		
2019-20	611.20		
2019-20 (Refunded)	(3,500.00)		
2017-18	1,809.38	The grant is received from State Government towards 50% construction cost of Jawahar substation in Thane district under Tribal Sub Plan Area (TSP)	Work in progress
2018-19	182.20		
Interest Eanred on GEC and PSDF Grant	165.80		
Total	**37,075.20**		

Note 31 : Earnings Per Share (EPS)

(Rs. In Lakhs)

Capital / Government grants	31.03.2020	31.03.2019
No. of Equity Shares at the begenning of the year	8,98,49,74,733	8,98,49,74,733
Shares issued during the year (Nos)	-	-
No. of Equity Shares at the end of the year	8,98,49,74,733	8,98,49,74,733
Weighted Average No of Equity Shares	8,98,49,74,733	8,98,49,74,733
Profit for calculation of EPS (Rs in lakhs)	21,747.02	52,481.26
Basic and Diluted Earnings Per Share (Rs)	0.24	0.58

Note 32: Tax expense

(a) Amounts recognised in statement of profit and loss

(Rs in lakhs)

Particulars	For the year ended 31.03.2020	For the year ended 31.03.2019
Current year	(10,566.04)	(16,256.86)
Short/Excess provision for earlier years	-	-
Current tax expense (A)	**(10,566.04)**	**(16,256.86)**
Origination and reversal of temporary differences	(17,479.69)	(5,953.60)
Deferred tax expense (B)	**(17,479.69)**	**(5,953.60)**
Tax expense recognised in the current statement (A) + (B)	**(28,045.72)**	**(22,210.45)**

(b) Amounts recognised in Other Comprehensive Income

Particulars	For the year ended 31.03.2020			For the year ended31.03.2019		
	Before tax	Tax (expense) benefit	Net of tax	Before tax	Tax (expense) benefit	Net of tax
Items that will not be reclassified to profit or loss : Remeasurements of the defined benefit plans	(12,743.19)	4,452.47	(8,290.72)	(413.07)	144.34	(268.73)
Equity Instruments through Other Comprehensive Income				-	-	-
	(12,743.19)	**4,452.47**	**(8,290.72)**	**(413.07)**	**144.34**	**(268.73)**

(c) Reconciliation of effective tax rate

Particulars	2019-20 %	2019-20 Rs. In lakhs	2018-19 %	2018-19 Rs. In lakhs
Profit before tax		49,793.35	-	74,691.71
Tax using the Company's domestic tax rate	34.94	17,399.79	34.94	26,100.27
Increase in tax rate				
	34.94	**17,399.79**	**34.94**	**26,100.27**

Note 32: Tax expense (continued)

(d) Movement in deferred tax balances

(Rs in lakhs)

Particulars	Net balance April 1, 2019	Recognised in profit or loss	Recognised in OCI	Recognised directly in equity	March 31, 2020 Net	March 31, 2020 Deferred tax asset	March 31, 2020 Deferred tax liability
Deferred tax Asset/(Liabilities)							
Property, plant and equipment (includes intangible assets, critical spares and revaluation impact)	(2,66,675.47)	(21,223.07)		-	(2,87,898.55)	-	(2,87,898.55)
Right of Use Assets and its lease liability		84.09			84.09	84.09	-
Loans and borrowings	(714.87)	1,539.11		-	824.25	824.25	-
Employee benefits	19,245.08	2,436.41	(4,452.47)	-	26,133.97	26,133.97	-
Provisions	963.09				963.09	963.09	-
Government grant	558.83	(337.67)		-	221.16	221.16	-
Investment in government security	1,254.10	21.39		-	1,275.50	1,275.50	-
Other items	7,778.41			-	7,778.41	7,778.41	-
Tax assets (Liabilities)	**(2,37,590.84)**	**(17,479.73)**	**(4,452.47)**	-	**(2,50,618.08)**	**37,280.45**	**(2,87,898.55)**
Reversal of Opening DTL	3,499.92			-	3,499.92	3,499.92	
Tax assets (Liabilities) (Net)	**(2,34,090.92)**	**(17,479.73)**	**(4,452.47)**	-	**(2,47,118.16)**	**40,780.37**	**(2,87,898.55)**

(e) Movement in deferred tax balances

Particulars	Net balance April 1, 2018	Recognised in profit or loss	Recognised in OCI	Recognised directly in equity	March 31, 2019 Net	March 31, 2019 Deferred tax asset	March 31, 2019 Deferred tax liability
Deferred tax Asset/(Liabilities)							
Property, plant and equipment (includes intangible assets, critical spares and revaluation impact)	(2,62,056.59)	(4,618.88)		-	(2,66,675.47)	-	(2,66,675.47)
Right of Use Assets and its lease liability	-	-	-	-	-	-	-
Loans and borrowings	(706.66)	(8.21)		-	(714.87)	-	(714.87)
Employee benefits	20,425.57	(1,324.83)	144.34	-	19,245.08	19,245.08	-
Provisions	963.09			-	963.09	963.09	-
Government grant	236.58	322.25			558.83	558.83	-
Investment in government security	1,578.03	(323.93)		-	1,254.10	1,254.10	
Other items	7,778.41			-	7,778.41	7,778.41	
Tax assets (Liabilities)	**(2,31,781.58)**	**(5,953.60)**	**144.34**	-	**(2,37,590.83)**	**29,799.51**	**(2,67,390.34)**
Reversal of Opening DTL	3,499.92			-	3,499.92	3,499.92	
Tax assets (Liabilities) (Net)	**(2,28,281.65)**	**(5,953.60)**	**144.34**	-	**(2,34,090.91)**	**33,299.43**	**(2,67,390.34)**

The company offsets tax assets and liabilities if and only if it has a legally enforcable to offset current tax assets and current tax liabilties and deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority

Note No. 33

The following table shows the carrying amounts of Financial Assets and Financial Liabilities which are classified at Amortised Cost:

(Rs in lakhs)

	31.03.2020				31.03.2019			
Particulars	FVTPL	FVTOCI	Amortised Cost	Fair Value of items carried at Amortised cost	FVTPL	FVTOCI	Amortised Cost	Fair Value of items carried at Amortised cost
Non -current financial Assets								
Investments			85,736.86				75,870.26	
Loans #			153.55				226.77	
Other non - current financial assets #			-				-	
Current Financial assets								
Investments			42,829.87				13,022.91	
Loans #			309.41				264.67	
Other Financial Assets #			6,238.58				2,859.96	
Total	-	-	**1,35,268.27**	-	-	-	**92,244.57**	-
Non - current Financial Liabilities								
Borrowings #			4,70,392.74				5,00,359.29	
Other non - current Financial Liabilities #			2,23,326.08				1,81,320.14	
Current Financial liabilities								
Borrowings #			1,29,735.79				1,13,128.48	
Trade Payables #			33,365.32				31,211.20	
Other Financial Liabilities #			18,254.79				18,183.23	
Total	-	-	**8,75,074.72**	-	-	-	**8,44,202.34**	-

The above amounts are considered at cost

MSETCL has identified financial risk and categorized them in three parts Viz. (i) Credit Risk, (ii) Liquidity Risk & (iii) Market Risk. Details regarding sources of risk in each such category
are as below.

Credit Risk:

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from customers and investment securities. MSETCL establishes the policy for allowance for expected credit loss and impairment that represents its estimate of losses in respect of trade, other receivables and investments. The maximum exposure to credit risk in case of all the financial instruments covered below is restricted to their respective carrying amounts.

Trade receivables:

As per the accounting policy, MSETCL has determined the allowance of expected credit loss on trade receivables arising out of its business of primary electricity transmission utility in the state of Maharashtra and taking into consideration its base of customers comprising of distribution Licensees, Wheeling of power and receivables from other services including STU and allied servies which contains major amounts to be recovered from fellow subsidiairies or entities which are also public sector entities.

Major Trade receivables of MSETCL are of a short duration and do not carry any contractual rate of interest unless there is a default in payment. Even in such circumstances when a Transmission System User (TSU) consumer pays the arrears, the interest is the last element to be recovered. Accordingly, effective interest rate of trade receivables is considered to be negligible and discounting of expected cash shortfalls to reflect the time value of money are considered to measure the expected credit losses

The Company works out the expected credit losses of trade receivables (which are presently considered good) using the Government Bond yield as discounting factor for the respective years to assess the time value risk associated with such trade receivables from services as described above. **MSETCL has after considering the behaviour pattern of the customers has not made the provision for expected credit loss, other than for the identified doubtful receivables.**

The following table provides information about the exposure to credit risk and loss allowance (including expected credit loss provision) for trade receivables:

(Rs in lakhs)

Particulars	31.03.2020		31.03.2019	
	Gross carrying amount	Loss allowance	Gross carrying amount	Loss allowance
Past due 0-180 days	16,640.65		14,987.24	
Past due 180-365 days	8,656.26		7,814.97	
From 1 year to 2 years	36,104.64		32,523.99	
From 2 year to 3 years	9,282.07		8,359.81	
Above 3 years	2,02,345.67	11,613.59	1,80,851.77	12,470.78
TOTAL	**2,71,515.53**	**11,613.59**	**2,44,537.78**	**12,470.78**

Cash and cash equivalents:

(Rs in lakhs)

Particulars	As at 31.03.2020	As at 31.03.2019
Balances with Banks	1,608.42	6,281.91
In Current Accounts	3,738.70	5,221.49
In Fixed Deposit Accounts (with original maturity of less than 3 months)	16.34	14.98
Cash and Stamps on Hand		
TOTAL	**5,363.46**	**11,518.38**

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. Company has a strong focus on effective management of its liquidity to ensure that all business and financial commitments are met on time. The Company has adequate borrowing limits in place duly approved by its shareholders and board. Company sources of liquidity includes operating cash flows, cash and cash equivalents, fund and non-fund based lines from banks. Cash and fund flow management is monitored daily in order to have smooth and continuous business operations.

(i) Financing arrangements

The Company has an adequate fund and non-fund based limits from various banks. The Company has sufficient borrowing limits in place duly, approved by its shareholders and board. Domestic credit rating from reputed credit rating agencies enables access of funds from domestic market. It's diversified source of funds and strong operating cash flow enables it to maintain requisite capital structure discipline. MSETCL diversifies its capital structure with a mix of financing products across varying maturities and currencies. The financing products include, clean & secured domestic Term loans. These loans are taken from REC, PFC and banks.

(ii) Maturities of financial liabilities

The amounts disclosed in the table are the contractual undiscounted cash flows.

(Rs in lakhs)

Particulars	Contractual cash flows					
	31.03.2020			31.03.2019		
	Upto 1 year	1-3 years	more than 3 years	Upto 1 year	1-3 years	more than 3 years
Non-derivative financial liabilities						
Borrowings	1,03,830	2,50,774	2,19,016	99,600	3,00,100	2,00,521
Trade payables						
Other financial liabilities						
Total	**1,03,830**	**2,50,774**	**2,19,016**	**99,600**	**3,00,100**	**2,00,521**

Market Risk - Market Risk is further categorised in (i) Currecy risk , (ii) Interest rate risk & (iii) Commodity risk:

Currency risk:

"Interest rate risk exposure:

Company's interest rate risk arises from borrowings. The interest rate profile of the Company's interest-bearing financial instruments as reported to the management of the Company is as follows."

(Rs in lakhs)

	Carrying amount	
	31.03.2020	31.03.2019
Fixed-rate instruments		
Financial assets	1,28,566.73	88,893.17
Financial liabilities	19,759.35	21,794.72
Variable-rate instruments		
Financial assets		
Financial liabilities	5,80,369.18	5,78,333.81

Cash flow sensitivity analysis for variable-rate instruments

A reasonably possible change of 25 basis points in interest rates at the reporting date would have increased / (decreased) profit or loss by the amounts shown below. The indicative 25 basis point (0.25%) movement is directional and does not reflect management forecast on interest rate movement.
This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

Particulars	Profit or loss			(Rs. In Lakhs)
	25 bp increase	25 bp decrease	25 bp increase	25 bp decrease
	31.03.2020		31.03.2019	
Floating rate borrowings	1,450.92	(1,450.92)	1,445.83	(1,445.83)
Interest rate swaps (notional principal amount)	-	-	-	-
Cash flow sensitivity (net)	**1,450.92**	**(1,450.92)**	**1,445.83**	**(1,445.83)**

Note 34 A : Details of Associates

Name of Associate	Principal Activity	Place of Incorporation and Principal Place of Business	Proportion of Ownership Interest /Voting Rights held by the Group	
			As at 31.03.2020	As at 31.03.2019
Equity Shares				
Jaigad Power Transco Ltd (JPTL)	Transmission of electricity	Mumbai	26.00%	26.00%
Maharashtra Transmission Communication Infrastructure Limited (MTCIL)	Making available optical fibre capacity on lease	Mumbai	49.00%	38.14%
Preference Shares				
Maharashtra Transmission Communication Infrastructure Limited (MTCIL)	Making available optical fibre capacity on lease	Mumbai	100.00%	100.00%

Aggregate Summarised Financial Information of Associates that are not individually material

(Rs. In Lakhs)

Associates	JPTL		MTCIL	
Particulars	2019-20	2018-19	2019-20	2018-19
Carrying amount of Investment in Equity Shares	3,304.62	3,035.60	(0.00)	295.38
Carrying amount of Investment in Preference Shares			519.31	522.37
Company's Share of Profit or Loss from Continuing Operations	731.57	626.66	(385.98)	(294.36)
Company's share of post-tax profit or loss from discontinued operations	-	-	-	-
Company's share in other comprehensive income	0.41	(0.14)	(0.44)	(4.08)
Company's share in Total comprehensive income	**731.98**	**626.52**	**(386.42)**	**(298.45)**

(Rs. In Lakhs)

Particulars	As at 31.03.2020	As at 31.03.2019
Aggregate carrying amount of the Company's interest in these Associates/Joint Venture	3,823.92	3,853.35
Impairment of Goodwill/Investments	-	-
Carrying amount of the Company's interest in these Associates/Joint Venture	3,823.92	3,853.35

Note 34 B : Details of Subsidiary

Name of Subsidiary	Principal Activity	Place of Incorporation and Principal	Proportion of Ownership Interest / Voting Rights held by the Group	
			As at 31.03.2020	As at 31.03.2019
Equity Shares				
Kharghar Vikhroli Transmission Pvt Ltd (KVTPL)	Transmission of electricity	Mumbai	100%	NA

Note

Kharghar Vikhroli Transmission Private Limited (KVTPL) is an wholly Owned Subsidiary Company of Maharashtra State Electricity Transmission Company Ltd (MSETCL). MSETCL has invested Rs 5.00 Lakhs as Equity Contribution in it. Kharghar Vikhroli Transmission Private Limited is an unlisted private company. It was incorporated on 13 May, 2019 and is located in , Maharashtra. It is classified as a State Government Company.

As per Para 4 of Ind AS 110 and Para 17 of Ind AS 28, while doing Consolidated Accounts for FY 2019-20, MSETCL did not consider KVTPL as it is formed as a Special Purpose Vehicle (SPV) for the purpose of 400 KV Vikhroli Sub-station project under the Tariff Based Competitive Bidding (TBCB) Route which is approved by Government of Maharashtra vide its GR dated 04 January, 2019 for construction of new Transmission projects in Maharashtra.

After completion of bidding process, the SPV is to be acquired by the Successful Bidder. Accordingly , MSETCL has initiated procedures to handover the said Company to Adani Transmission Ltd. Adani Transmission Ltd. has been given the Letter of Intent (LOI) from Maharashtra State Electricity Transmission Company (MSETCL) to build, own, operate and maintain a transmission project in the state of Maharashtra for a period of 35 years. This is the first ever 400 kV substation facility in the city of Mumbai. The project Kharghar Vikhroli Transmission comprises of approximately 34 km of 400 kV and 220 kV transmission lines along with 400kV GIS Substation at Vikhroli in Mumbai.

Note 34C : Disclosure of Additional Information pertaining to the Parent Company , Subsidiaries and Associates as per Schedule III of Companies Act, 2013.

(Rs in lakhs)

Name of the Company	Net Assets (Total Assets minus Total Liabilities)		Share of Profit or Loss		Other Comprehensive Income		Total Comprehensive Income	
	2019-2020		2019-2020		2019-2020		2019-2020	
	As % of Consolidated net Assets	Net Assets	As % of Consolidated Profit or Loss	Profit /(Loss)	As % of Consolidated Other Comprehensive Income	Other Comprehensive Income	As % of Consolidated Other Comprehensive Income	Total Comprehensive Income
Parent Company								
Maharashtra State Eletricity Transmission Company Limited	99.46%	11,23,259.30	98.41%	21,402.02	100.00%	8,290.72	97.43%	13,111.30
Subsidiary Company								
Kharghar-Vikroli Transmission Private Ltd	0.00%	5.00	0.00%		0.00% -	-	0.00%	-
Associate/Joint Venture								
Jaigad Power Transco Ltd (JPTL)	0.50%	5,602.90	3.36%	731.57	0.00%	(0.41)	5.44%	731.98 -
Maharashtra Transmission Communication Infrastructure Limited (MTCIL)	0.04%	434.92	(1.77)%	(385.97)	0.01%	0.44	(2.87)%	386.41
Total	**100.00%**	**11,29,302.13**	**100.00%**	**21,747.62**	**100.00%**	**8,290.75**	**100.00%**	**13,456.87**

(Rs in lakhs)

Name of the Company	Net Assets (Total Assets minus Total Liabilities)		Share of Profit or Loss		Other Comprehensive Income		Total Comprehensive Income	
	2018-2019		2018-2019		2018-2019		2018-2019	
	As % of Consolidated net Assets	Net Assets	As % of Consolidated Profit or Loss	Profit /(Loss)	As % of Consolidated Other Comprehensive Income	Other Comprehensive Income	As % of Consolidated Other Comprehensive Income	Total Comprehensive Income
Parent Company								
Maharashtra State Eletricity Transmission Company Limited	99.52%	11,10,860.59	99.37%	52,148.96	98.47%	268.73	99.37%	51,880.23
Associate/Joint Venture								
Jaigad Power Transco Ltd (JPTL)	0.44%	4,870.92	1.19%	626.66	0.04%	0.11	1.20%	626.55
Maharashtra Transmission Communication Infrastructure Limited (MTCIL)	0.05%	538.00	-0.56%	(294.36)	1.50%	4.08	-0.57%	(298.45)
Total	**100.00%**	**11,16,269.51**	**100%**	**52,481.26**	**100.00%**	**272.91**	**100%**	**52,208.33**

Note No 34D

Interest in Associates/Joint Venture

MSETCL has a 26% (March 31,2018: 26%) interest in Jaigad Power Transmission Ltd (JPTL), a Associate/Joint venture engaged in the transmission of electricity and 49% (March 31, 2018 : 38.14%) interest in Maharashtra Transmission Communication Infrastructure Limited (MTCIL), a Associate/Joint venture engaged in making available optical fibre capacity on lease.

MSETCL's interest in JPTL & MTCIL ('Associate/Joint Venture') is accounted for using the equity method in the consolidated financial statements. Summarised financial information of the Associate/Joint venture, based on its financial statements, and reconciliation with the carrying amount of the investment in consolidated financial statements are set out below:

(Rs. In Lakhs)

Summarised balance sheet	JPTL As at 31.03.2020	JPTL As at 31.03.2019	MTCIL As at 31.03.2020	MTCIL As at 31.03.2019
Proportion of the Company's ownership (%)	**26.00%**	**26.00%**	**49.00%**	**38.14%**
Current Assets	2,916.55	3,368.49	1,114.40	774.60
Non Current Assets	30,922.40	33,676.49	10,030.50	10,486.30
Total Assets (A)	**33,838.95**	**37,044.98**	**11,144.90**	**11,260.90**
Current Liabilities	2,923.90	2,926.92	4,955.00	5,937.00
Non Current Liabilities	9,365.45	15,383.76	5,302.30	3,913.30
Total Liabilities (B)	**12,289.34**	**18,310.69**	**10,257.30**	**9,850.30**
Net Assets (A)-(B)	**21,549.61**	**18,734.29**	**887.60**	**1,410.60**
Proportion of the company's ownership	**5,602.90**	**4,870.92**	**434.92**	**538.00**
Add/ (less) : Dividend paid	-	357.50		
Add/ (less) : Share in profit for previous years	1,566.30	1,208.80	(84.39)	15.64
Add/ (less) : Bonus Shares issued				
Carrying amount of investments	**4,036.60**	**3,304.62**	**519.31**	**522.37**

Summarised statement of profit and loss of the Associates/Joint Venture

(Rs. In Lakhs)

Particulars	JPTL As at 31.03.2020	JPTL As at 31.03.2019	MTCIL As at 31.03.2020	MTCIL As at 31.03.2019
Proportion of the Company's ownership (%)	**26.00%**	**26.00%**	**49.00%**	**38.14%**
Revenue from operations	8,038.30	8,078.43	676.80	452.20
Other Income	156.37	221.05	15.60	1.80
Total Income (I+II)	**8,194.66**	**8,299.48**	**692.40**	**454.00**
EXPENSES				
Repair & Maintenance Expenses	-	-	-	-
Purchase of Traded Goods	-	-	71.70	-
Employee benefits expense	144.41	99.86	82.60	73.00
Finance costs	1,336.03	1,828.49	405.70	267.20
Depreciation and amortization expense	2,912.37	2,910.64	627.10	656.10
Other expenses	387.28	381.53	293.00	229.50
Total expenses (IV)	4,780.09	5,220.53	1,480.10	1,225.80
Profit/(loss) before tax (III - IV)	**3,414.57**	**3,078.95**	**(787.70)**	**(771.80)**

Tax expense: (1)Current tax (2) Current tax- Previous years (3)Deferred tax	600.84 - -	(668.71) - -	- - -	- - -
Profit/(Loss) for the year (V - VI)	**2,813.73**	**3,747.66**	**(787.70)**	**(771.80)**
Company's share of Profit/(Loss) for the year	**731.57**	**974.39**	**(385.97)**	**(294.36)**
Other Comprehensive Income				
(i) Items that will not be reclassified to profit or loss - Remeasurement of defined benefit plans (ii) Income tax relating to items that will not be reclassified to profit or loss	1.92 (0.34)	(0.55) 0.12	(0.90) -	(10.70) -
Company's share of Profit from Other Comprihensive Income	**0.41**	**(0.11)**	**(0.44)**	**(4.08)**
Total Comprehensive Income for the period (VII + VIII)	**731.98**	**974.28**	**(386.41)**	**(298.45)**

Note 35: Assets hypothecated / pledged as security

The carrying amount of assets hypothecated / mortgaged as security for current and non-current borrowings are:

(Rs in lakhs)

Particulars	As at 31.03.2020	As at 31.03.2019
Security created in respect of Non-current Borrowings Property, plant and equipment excluding leasehold land	19,02,346	19,56,902
Security created in respect of Current Borrowings i) Inventories ii) Fixed Deposit Receipt	49,000	80,000
Total assets as security	**19,51,346**	**20,36,902.00**

Note 36: Capital Management

The Corporation's objective is to maximize the shareholders' value by maintaining an optimum capital structure. Management monitors the return on capital as well as the debt equity ratio and makes necessary adjustments in the capital structure for the development of the business.

(Rs in lakhs)

Particulars	As at 31.03.2020	As at 31.03.2019
Debt * Cash and Cash Equivalent	6,00,128.53 (5,363.46)	6,13,487.77 (11,518.38)
Net Debt	5,94,765.07	6,01,969.39
Equity share Capital Net Debt to Equity Ratio	11,23,259.30 0.53	11,10,860.60 0.54

* Debt is defined as aggregate of long-term borrowings, short-term borrowings and current maturities of long term debt.

Note 37: Other Notes

37.1Contingency Reserve, Special Reserve & Load Despatch Center Development (LDCD) Fund :

As per directions of MERC vide Order No. 31 of 2016 dated 7th July, 2016, the company for FY 2019-20 has appropriated an amount of Rs. **6,597.00 Lakhs** (Previous Year Rs. 6,681.00 Lakhs) towards Contingency Reserve. An amount of Rs. NIL (Previous Year Rs. NIL) has been appropriated towards Special Reserve and an amount of Rs **2,270.33 Lakhs** (Previous Year Rs 4,053.04 Lakhs) has been appropriated towards Load Despatch Center Developement (LDCD) Fund.

37.2 Secured Loans:- (Rs. In Lakhs)

Name of the Institution	Loan Secured By: Guarantee from State Government	Loan Secured By: Hypothecation against future assets	Loan Secured By: Mortgage against existing assets	Total
Rural Electrification Corporation Limited (REC)	NIL	3,57,198.42	-	3,57,198.42
Power Finance Corporation Limited (PFC)	NIL	1,66,475.35	-	1,66,475.35
Union Bank of India		948.91	-	948.91
Bank of Baroda		1,879.24	-	1,879.24
Canara Bank		14,877.12	-	14,877.12
Bank of India (BOI)		11,890.38	-	11,890.38
Oriental Bank of Commerce (OBC)		591.56	-	591.56

Repayment Schedule of Long Term Loan Liabilities

Particulars	Rural Electrification Corporation	Power Finance Corporation	Union Bank of India	Bank of Baroda	Canara Bank	JICA	KFW	OBC	Bank of India
Nature of Loan	Term Loan	Term Loan	Term Loan	Term Loan	Term Loan	Term Loan	Term Loan	Term Loan	Term Loan
Loan Amount	Up to Borrowing Limit Rs.11,24,364 Lakhs	Up to Borrowing Limit Rs.6,10,338 Lakhs	Rs 33,570 Lakhs	Rs 26,400 Lakhs	Rs 500,000 Lakhs	Rs.61,849 Lakhs (16,749 million Yen) (12,070.58 MJPY)	Rs 10,250 Lakhs (12 million Euro) (12 M EURO)	Rs 27,673 Lakhs	Rs 30,000 Lakhs
Period (Term)	13 Years (3+10)	18 Years (3+15)	15 Years (2+13)	15 Years (2+13)	13 Years (3+10)	15 Years (5+10)	15 Years (5+10)	10 years	13 Years (3+10)
Moratorium Period	3 Years	3 Years	2 Years	2 Years	3 Years	5 Years	5 Years	-	3 Years
Repayment	Repayment is ongoining	Repayment is ongoining	Repayment is Started	Repayment is Started	No.start Repayment	Repayment is Started	Repayment is yet to start	Repayment is Started	No.start Repayment
Purpose of Use	Capex Funding	Capex Funding	Capex Funding	Capex Funding	Capex Funding	Capex Funding	Capex Funding	Debt Restructuring	Capex Funding
Rate of Interest (Floating) at year end	10.66%	10.66%	9.40% p.a. With annually reset	9.30% p.a. With annually reset	8.40% With annually reset	0.75%	1.27%	8.85% With annually reset	8.88% With annually reset
Terms of Payment	Yearly	Quarterly	156 monthly installments	156 monthly installments	40 quarterly installment	Semi Annually	Semi Annually	Yearly	20 Half yearly
Upfront Fees	Upto 500 Cr - Nil Above 500 Cr - 0.01 % of loan amount	Upto 500 Cr - Nil Above 500 Cr - 0.01 % of loan amount	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Commitment Charges	Upto 500 Cr - Nil Above 500 Cr - 0.25% P.A. on undrawn Amount of Quarter till the Date of Actual Drawal	Upto 500 Cr - Nil Above 500 Cr - 0.25% P.A. on undrawn Amount of the Previous Quarter from the first day of following Quarter till the Actual Date of Drawal	Nil	Nil	Nil	Nil	0.20% pa on undisbursed amount	Nil	Nil

Margin Money Requirement (Equity) From 01.04.2017	25.00%	25.00%	20.00%	20.00%	25.00%	VAT,CST/ ED Paid by MSETCL	GST Paid by MSETCL		25.00%

Foreign Currency Loan

Loan Secured by	JICA (Rs.) in Lakhs	JICA (¥) in Million
Guarantee from Central Government	17,303.86	25,258.40

¥ Japanese Yen

Loan Secured by	KFW (Rs.) in Lakhs	EURO in Million
Guarantee from Central Government	2,455.49	2.97

Note No 38 : Contingent Liabilities and Contingent assets

1. Claims against the Company not acknowledged as debts in respect of:

(i) Capital Works

Some of the contractors for supply and installation of equipments and execution of works at our projects have lodged claims on the company seeking enhancement of the contract price, revision of work schedule with price escalation, compensation for the extended period of work, idle charges, Interest for delayed payments made,under MSME Act, etc. These claims are being contested by the Company as being not admissible in terms of the provisions of the respective contracts.

The company is pursuing various options under the dispute resolution mechanism available in the contract for settlement of these claims. In such cases, contingent liability of Rs 17,122.00 Lakhs has been estimated.

(ii) Land/ Crop compensation & Enhancement in Compensation cases

In respect of land acquired for the projects, the land losers have claimed higher compensation before various authorities/courts which are yet to be settled. In such cases, contingent liability of Rs 13,614.00 lakhs has been estimated.

(iii) Other claims

In respect of claims made by various State/Central Government Departments/Authorities towards building permission fees, penalty on diversion of agriculture land to non-agriculture use, Nala tax, water royalty etc. and by others, contingent liability of Rs 196.00 Lakhs has been estimated.

(iv) Disputed Income Tax/Sales Tax/Excise/Municipal Tax Matters

Disputed Income Tax/Sales Tax/Excise/Municipal Tax Matters amounting to Rs 41,013.00 Lakhs are being contested before various Appellate Authorities. Many of these matters are disposed of in favour of the company but are disputed before higher authorities by the concerned departments.

(v) Financials Guaranttees

MSETCL has provided financial guarantees in the form of Bank Guarantee's amounting to Rs 1,166.79 lakhs to various Authorities for construction of Transmission Sub-stations and Transmission Lines.

(vi) Others

a) Other contingent liabilities pertaining to Employee claims amounts to Rs 177.00 Lakhs .

b) Some of the beneficiaries have filed appeals against the tariff orders of the MERC. The amount of contingent liability in this regard is not ascertainable.

Note 39: Capital commitments

Capital Expenditure contracted for at the end of reporting period but not recognised as liabilities is as follows:

(Rs. In Lakhs)

Particulars	31.03.2020	31.03.2019
Property, Plant and Equipment	2,42,607.48	2,03,721.13
Less: Capital Advances	-	-
Net Capital Commitments	**2,42,607.48**	**2,03,721.13**

Note 40:

Balances of Trade Receivables, Financial assets - Loans and advances are subject to confirmation and reconciliation. The Company is taking necessary steps for reconciliation and confirmation of the same.

Note 41:

The Company generally makes payment to its creditors within a period of 45 days as stipulated in the Micro, Small and Medium Enterprise Act 2006. The Company is in the process of identifying Micro, Small and Medium Enterprises as defined in above mentioned Act. Hence, relevant disclosure is not made. The Company has not provided any interest payable to Micro and Small Enterprise as required by the aforesaid Act in absence of the information. However, such interest payable is not expected to be of material nature.

Note 42:

The group Company's Receivables & Payables are subject to confirmation and reconciliation. These items interalia includes an adjustments. It's long pending inter-unit advise payable balances of Rs 22,697.26 lakhs (Receivables Rs 19,679.53 lakhs upto FY 2017-18 and Rs. 324.29 Lakhs upto FY 2019-20. Payables Rs 40,863.03 lakhs upto FY 2017-18 and Rs.1,838.05 Lakhs upto FY 2019-20 i.e Net payable Rs 22,697.26 lakhs) pertaining to MSEDCL through the Receivable against Transmission Charges from MSEDCL by Rs.21,183.50 in FY 2017-18 and Rs.1,513.76 Lakhs in FY 2019-20.

Note 43:

In accordance with Ind AS 36 - Impairment of assets, impairement analyis of assets of Transmission activity of the Company by evaluation of its Cash Generating Units, was carried out by outside agency in the year 2006-07 and since recoverable was more than the carrying amount thereof, no impairment loss was recognised. In the current year, there is no indication of impairment which requires re-estimating the recoverable amount of the assets.

Note 44:

MSETCL is consistently following its accounting policy regarding recognition of other income on 'accrual basis except when ultimate realization of such income is uncertain' as mentioned in Note no. 2.15 which is in commensurate with applicable accounting standard. As such Delayed Payment Charges (DPC) being part of other income is recognized only to the extent of realized amount. Thus by adopting this policy the accounts of each financial years have been finalized on the basis of which Truing-up (Provisional / Final) is done by MERC as mentioned in clause 11.3 of MYT Regulations 2011 (applicable upto FY 2015-16).

MERC has done truing-up for every financial year based on the accounts and not adjusted the amount of Delayed Payment Charges upto truing up of FY 2014-15 as the same was not accounted for in the accounts. However, MERC while carrying out provisional true-up for FY 2015-16 has reduced ARR by Rs.85,499.00 lakhs towards Delayed Payment Charges related to the earlier financial years including FY 2015-16 which have been not accounted for in accounts as per accounting policy. Apart from this adjustment, MSETCL is entitled for its legitimate ARR of Rs.394,437.00 lakhs as is evident from MERC order dtd. 7th July 2016 in case no. 31 of 2016. To match with this entitled ARR accrued in FY 2016-17, MSETCL has accounted for Rs.85,499.00 lakhs as other income being shortfall in ARR which has resulted on account of adjustment towards DPC in FY 2016-17. Further, MSETCL has filed an appeal before APTEL against the order of MERC in case No 31 of 2016 vide Appeal No 67 of 2017.Considering the above adjustment, an amount of DPC accumulated as on 31st March 2020 Rs. 82,641.00 lakhs have not been booked as per consistent accounting policy followed.

Note 45:

Company is required to make provision of Rs 1,083.37 lakhs u/s 135 (Corporate Social Responsibility) of Company's Act 2013 in Current year as Average Net Profit calculated as per section 198 .

(Rs. In Lakhs)

Particulars	2019-20	2018-19
Amount required to be spent as per Section 135 of the Companies Act, 2013	9519.51	8436.14
Amount spent till year end		
Education, Sports and Health	441.06	239.59
Social Sector, Contribution to relief fund & Agriculture	445.18	1.74
Infrastructure & Electrification	1150.13	884.47
Outstanding CSR Liability to be spent	**7483.15**	**7310.33**

Note 46:

In order to facilitate integration & evacuation of large scale renewable energy generation (Solar / Wind) envisaged to come up in renewable energy rich state MNRE & Government of India (GoI) has undertaken the Green Energy Corridor for seamless evacuation of Green Energy in 12 th Five Year plan .Under the approved DPR 27 No of transmission elements (220 kV/132 kV transmission Lines with End Bays) are sanctioned under various zones. The original cost of scheme was Rs. 367 Cr.

The said scheme is proposed to be financed as -
MSETCL Equity - 20 % (same is being funded through Government of Maharashtra (GoM) as grant)
National Clean Energy Fund (Grant) - 40 %
KFW (German Development Bank) Loan- 40 % (12 Million EUROS)

Company has entered into an agreement for loan of EUR 12,000,000 from KFW ("Credit Institute for Reconstruction") German Bank In the year 2017 (from date 1-Dec-2017 to date 30-Dec-2022 disbursals).The said loan will be utilized for Green Energy Corridor (GEC) Intra State Transmission System in Maharashtra. As per the terms of loan agreement MSETCL has to make claim payment then the same shall be claimed from KFW. The disbursement of loan is depend upon the progress of work of project Upto 31-Mar-2020. Company has received loan amount of EUR 2,969,148 (Rs.23,51,29,230) whereas as per agreement Company eligible for maximum amount of EUR 10,064,400

As per clause 3, of Loan Agreement Borrower has to pay non refundable Commitment Fee of 0.20% per annum on undisbursed Loan amount. MSETCL has lodged its first claim for disbursement of loan with Office of Controller of Aid, Accounts and Audit (CAAA) on 23th April 20 which in turn lodge the same with KFW , Germany. The first disbursement was made by KFW on 8-May-2019 before which nothing has requested as no billing was made by vendors related to work allocated for KFW loan . Due to which KFW has charged the Commitment fee Rs.4,922,872 which is charged to Statement of Profit & Loss.

As per agreed procedure, the claimed approved by KFW was disbursed to GoI which is in turn transfer to GoM. Subsequently, GoM on receipt of fund , transfer the claim amount to Company, if budget Provision exist. If budget provision does not exist then GoM can transfer it by including amount in supplementary budget. Vide GoM GR dated 19th March 2020, GoM has sanctioned an amount of Rs. 10.6892 Crs out of total loan of Rs. 23.51 Crs disbursed in F Y 2019-20 by KFW . This sanction of loan could not get distributed to MSETCL due to COVID-19 issue. Since then due to lockdown GoM has not distributed any amount to MSETCL and the same is lying with GoM.

As per term of agreement, all liabilities related to loan will be finally fall upon company, hence Company has paid interest amount to KFW and same has been capitalized to GEC and as on 31-Mar-2020 as project is in progress. Company showing in books this as loan from KFW and receivables from GoM.

Also forex loss on translations at the year end is also charged to P&L amounting to Rs.1.04 Cr as the exchange risk lies with Company.

As the cost of GEC project got reduced from Rs. 367.00 Crs to Rs. 168.72 Crs (awarded cost) , the amount of equity also got reduced. Accordingly Company had refunded grant amount of Rs. 35 Crs during the year received against equity from GoM for said project.

Note 47:

Due to outbreak of COVID-19 globally and in India, the Company has made initial assessment of likely adverse impact on economic environment in general and financial risks on account of COVID-19. The Company is in the business of transmission of electricity which is an essential service as emphasized by the Ministry of Power, Government of India. The availability of transmission of electricity as per the demand of the Distribution Licensees is important. Hence, the Company has ensured not only the availability for transmission of electricity but has also continued the same during the period of lockdown, considering essential service as declared by the Government of India.

On long term basis also, the Company does not anticipate any major challenge in meeting its financial obligations. Basis above, the management has estimated its future cash flows for the Company which indicates no major change in the financial performance as estimated prior to COVID-19 impact and hence, the Company believes that there is no impact on its ability to continue as a going concern and meeting its liabilities as and when they fall due.

Note 48:

Expenses identified pertaining to previous years to the tune of Rs 3,645.87 lakhs and Income relating to previous period of Rs.1,627.57 lakhs have been adjusted against the Provisions made in the previous years by Rs.2,018.30 lakhs (P.Y. Rs.1,270.50 lakhs)

Note 49:

Previous year's figures have been regrouped wherever necessary for appropriate presentation of Financial Statements to comply with the provisions of Schedule III as per the Companies Act, 2013.