

Annexure 01-(Part-I)

Audited Annual Accounts of MSPGCL for FY 2022-23 and FY 2023-24, along with Reconciliation statement between Annual Accounts & Certificate from the auditors providing the segregation of regulated and unregulated business of MSPGCL.

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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF MAHARASHTRA STATE POWER GENERATION CO. LTD

Report on the Audit of the Standalone Financial Statements for the year ended on 31st March, 2023.

Qualified Opinion

We have audited the accompanying standalone financial statements of **MAHARASHTRA STATE POWER GENERATION COMPANY LTD** ('MSPGCL'/'MAHAGENCO'/'the Company'), which comprise the balance sheet as at 31st March, 2023, and the statement of profit and loss (including Other Comprehensive Income), the Statement of Changes in Equity and Statement of Cash Flows for the year then ended and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information (herein after referred to as "Standalone financial statements")

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

Basis for Qualified Opinion:

We draw attention to the matters described in paragraphs 1 to 5 below. The effects of these matters (whether quantified or otherwise) on the Standalone Financial Statements, individually or in aggregate, that are unidentified in some cases due to inability to obtain sufficient and appropriate audit evidence, are material.

1. NO RECOGNITION OF ECL ON DISPUTED DUES:

In pursuance to adopt the scheme of Electricity (Late Payment Surcharge and other Matters) Rules 2022, the Maharashtra State Electricity Distribution Company Limited (MSEDCL) has acknowledged the trade payable of Rs. 13,801 Crore (including LPS) as on 03.06.2022 as against the trade receivable accounted by MAHAGENCO (including un-billed revenue) of Rs.



26,439.39 Crore. The MSEDCL thereby has disputed and not acknowledged the remaining trade receivables amounting to Rs. 12,638.39 Crore. As per the Scheme, the MSEDCL has started paying Rs. 13,801 Crore by way of 48 monthly installments of Rs.287.52 Crore each from 05.08.2022. No provision has been made for Expected Credit Loss (ECL) against the said disputed dues of Rs. 12,638.39 Crore (Refer Note No. 43(A)) by the Company and no legal action has been initiated for recovery of such trade disputed dues. Due to non-acknowledgement of trade receivable balance of Rs. 12,638.39 Crore by MSEDCL, we are unable to comment about the recovery of such disputed trade receivable and its consequential impact on the Profit/Loss of the Company.

2. BOOKING OF LATE PAYMENT SURCHARGE (LPS) INCOME:

The company has booked LPS income amounting to Rs. 3,785.26 Crore (P.Y. Rs. 1,108.16 Crore) in the year under consideration. Out of this Rs. 1,788.29 Crore represents the differential LPS which is related to FY 2021-22 accounted due to a change in the method of calculation. The LPS of Rs. 1,996.98 Crore related to current year has been calculated in accordance with the MYT MERC regulation 2019 on the outstanding trade receivable of the MSEDCL excluding trade receivables of Rs. 13,801 Crore which MSEDCL started paying in 48 installments on adoption of the scheme of Electricity (LPS and other Matters) Rules 2022. The MSEDCL has been disputing such bills in the past. Due to the uncertainty surrounding the recovery of these disputed LPS amounts and the potential impact on the Trade Receivables, we are unable to provide a comment on the recoverability of such LPS amount and its consequential effect on Loss of the Company.

3. NO CLASSIFICATION OF CERTAIN TRADE RECEIVABLE AS NON-CURRENT:

As per schedule III (Division II) of the Companies Act, 2013 the company is required to classify its trade receivables which are not likely to be received within 12 months from the reporting date, as non-current. The MSEDCL has shown its intention to adopt the Electricity (Late Payment Surcharge and other Matters) Rules 2022 and it will pay Rs. 8,050.56 after 31.03.2024 (28 monthly installments of Rs. 287.52 crores each). The company has not classified its such trade receivables (MSEDCL) of Rs. 8,050.56 Crore as non-current assets, which are not likely to be received before 31.03.2024 consequently the current trade receivables have been shown higher by Rs. 8,050.56 Crore and non-current asset lower to that extent. Further the company has not shown such non-current trade receivables at fair value as required by Ind AS 109, due to which the loss reported by the company is understated to the extent of time value of money effect. In the absence of needful information, the impact of fair value could not be quantified.

4. UTILIZATION OF FLY ASH FUND :

The company has accumulated Fly Ash Utilization fund of Rs. 223.98 Crore as on 31.03.2023 but the said fund is being utilized for its own affairs which is a violation of the gazette notification dated 3rd November 2009 issued by Ministry of Environment and Forests (MOEF), Government of India, which requires that the amounts collected from sale of fly ash shall be utilized for development of infrastructure or facilities, promotion and facilitation activities for use of fly ash until 100% fly ash utilization level is achieved. In compliance with the said notification, the company has created a Fly Ash Utilization Fund account in the book of accounts but has not parked the funds separately.



5. PENDING CONFIRMATION AND RECONCILIATION:

The balances of Trade Payable, Goods and Service Tax, Retentions and account of Government of Maharashtra shown are subject to confirmation, reconciliation and consequential adjustments. In the absence of sufficient and appropriate audit evidence, we are unable to ascertain the effect of such adjustments arising from reconciliations and settlement and possible loss/profit that may arise on account of non-recovery, partial recovery of such dues and non-settlement of liabilities.

Various qualifications listed in paragraphs 1 to 5 above will have a consequential impact on Deferred Tax. The Impact of the same is not ascertainable.

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the independence requirements that are relevant to our audit of the standalone financial statements under the provisions of the Companies Act, 2013 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 Qualified Opinion on Standalone financial statement.

Emphasis of Matter:

Attention is invited to:

1. Note No. 45(A-a) regarding lease agreements with the Government of Maharashtra, in respect of various hydro power generation facilities, that are yet to be executed.
2. Note No. 43(D) regarding a Supreme Court ruling on the coverage of certain allowances paid to employees to be considered as a part of earnings eligible for making contribution towards provident fund. As the Company management's view is not crystallized in this regard, impact thereof is not ascertained.
3. Note No. 41 regarding various claims made by the Coal companies towards performance incentive, short lifting of coal and interest on delay payments, etc shown as contingent liability and counter claims lodged by the Mahagenco like short delivery, grade slippages, interest etc. are shown as contingent assets. A summary of reconciliation statement made by with respective coal companies:

Name of Coal Company	Claims of Coal Companies shown as Contingent liability (Rs. In Crore)	Claims of Mahagenco shown as Contingent asset (Rs. In Crore)
Western Coalfields Limited	2777.63	3291.66
South Eastern Coalfield Ltd.	945.99	3252.82
Mahanadi Coalfields Ltd.	186.46	737.86
Singareni Collieries Company Ltd.	104.26	35.02



4. The Board of Directors approved 10% blending limit of imported coal with domestic coal in pursuance to advisory issued by Ministry of Power, GOI dated 28.04.2022 and subsequent advisories. It is observed that the blending of imported coal was beyond 10% (ranging 10% to 20% in certain months) at certain thermal power stations, which adversely impacted power cost.

Our opinion is not qualified in respect of above matters specified in para 1 to 4 above

“Information Other than the Standalone Financial Statements and Auditor’s Report Thereon”

The Company’s Board of Directors is responsible for the preparation of other information. The other information for the Company comprise of the information included in the Directors’ Report and Annexures thereto but does not include the standalone financial statements and our auditor’s report thereon.

Our opinion on the standalone 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this Other Information, we are required to communicate the matter to those charged with governance. The annual report is expected to be made available to us after the date of auditors’ report. Hence, we are not commenting in this regard.

Responsibilities of Management and Those Charged with Governance for the Standalone Financial Statements

The Company’s Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 (“the Act”) with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance (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; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.



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

The Board of Directors is also responsible for overseeing the Company's financial reporting process.

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

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

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

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has internal financial controls system with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements



represent the underlying transactions and events in a manner that achieves fair presentation.

- Materiality is the magnitude of misstatements in the Standalone Financial Statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the Standalone Financial Statements.

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

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

Report on Other Legal and Regulatory Requirements

1. As required under section 143(5) of the Companies Act, 2013, we give in "Annexure I", Statement on the Directions issued by the Comptroller and Auditor General of India after complying with the suggested methodology of Audit, the action taken thereon and its impact on the accounts and standalone financial statements of the Company.
2. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the "Annexure II", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
3. As required by Section 143(3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit, except for the third parties balance confirmations, reconciliation and adjustments that may be required as described in the 'Basis for Qualified Opinion' paragraph above. The consequential effect of which, if any, on financial statements is unascertained.
 - (b) In our opinion, except for the effects/possible effects of the matters as described in the 'Basis for Qualified Opinion' paragraph 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 Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - (d) Subject to the effects/possible effects of the matters described in the 'Basis for Qualified Opinion' paragraph above, in our opinion, the aforesaid standalone financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act read with relevant applicable Rules.



- (e) Being a Government Company, pursuant to the notification number GSR 463(E) dated 5th June, 2015 issued by the Government of India, the provisions of Section 164(2) regarding disqualification of a director, of the Companies Act, 2013 are not applicable to the Company.
- (f) The matters described in the Basis for Qualified Opinion and Emphasis of Matters paragraphs above, in our opinion, may have an effect on the functioning of the Company.
- (g) 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 Qualified Report in "Annexure III".
- (h) Being a Government Company, pursuant to the notification number GSR 463(E) dated 5th June, 2015 issued by the Government of India, the provisions of section 197 of the Act are not applicable to the Company.
- (i) 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 we report as under:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements – Refer Note 41 to the standalone financial statements;
 - ii. The Company did not have any long-term contracts including derivative contracts, for which there were any material foreseeable losses;
 - iii. There are no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year.
 - iv.(a) The management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or securities premium or any other sources or kind of funds) by the Company to or in any person(s) or entity(ies), including foreign entities ('the intermediaries'), with the understanding, whether recorded in writing or otherwise, that the intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ('the Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf the Ultimate Beneficiaries;
 - (b) The management has represented that, to the best of its knowledge and belief, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ('the Funding Parties'), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ('Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
 - (c) Based on such audit procedures performed as considered reasonable and appropriate in the circumstances, nothing has come to our attention that causes us to believe that the management representations under sub-clauses (a) and (b) above contain any material misstatement.



- v. The Company has not declared or distributed any dividend during the year ended 31 March 2023 and hence reporting in respect of compliance u/s. 123 of the Act is not applicable.
- vi. Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 for maintaining books of account using accounting software which has a feature of recording audit trail (edit log) facility is applicable to the Company with effect from April 1, 2023, and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 is not applicable for the financial year ended March 31, 2023.

For Shah and Taparia
Chartered Accountants
FRN: 109463W



CA Bharat Ramesh Joshi
Partner
ICAI M No. 130863
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For Ummed Jain & Co.
Chartered Accountants
FRN: 119250W



CA Ritu Sanghi
Partner
ICAI M No. 425542
UDIN: 23425542BHBNNF6575

Place: Mumbai

Date: 12th October, 2023

ANNEXURE I – AS REFERRED TO IN THE INDEPENDENT AUDITORS' REPORT ON THE STANDALONE FINANCIAL STATEMENTS OF MAHARASHTRA STATE POWER GENERATION COMPANY LIMITED FOR THE YEAR ENDED ON MARCH 31, 2023.

Directions under sub-section (5) of section 143 of the Companies Act, 2013

- 1) Whether the Company has system in place to process all the accounting transactions through IT system? If yes, implications of processing of accounting transactions outside IT system on the integrity of the accounts along with the financial implications, if any, may be stated.

Yes, the Company has SAP ERP system to process all the accounting transactions through it. To the best of our knowledge and information and explanation given to us, the Company has not processed any accounting transaction outside its IT system.

- 2) Whether there is any restructuring of an existing loan or cases of waiver/write off of debts/loans/interest etc. made by a lender of the company due to company's inability to repay the loan? If yes, the financial impact may be stated. Whether such cases are properly accounted for? (In case, lender is a Government Company, then this direction is also applicable for statutory auditor of lender Company).

To the best of our knowledge, information & explanation given to us and as shown by the books of account, there was no restructuring of an existing loan or cases of waiver/ write off of debts/loans/interest etc. made by a lender of the Company due to Company's inability to repay the loan.

- 3) Whether funds (grants/subsidy etc.) received/receivable for the specific schemes from Central/State Government or its agencies were properly accounted for/utilized as per its terms and conditions? List the cases of deviation.

To the best of our knowledge, information and explanation given to us and as shown by the books of account funds (grants/subsidy etc.) received/receivable for the specific schemes from Central/State Government or its agencies were properly accounted for/utilized as per its terms and conditions.

Comments on sector specific sub-directions

1. Does the company have a proper system for reconciliation of quantity/quality of coal ordered and received and whether grade of coal/moisture and demurrage etc., are properly recorded in the books of accounts?

To the best of our knowledge, information and explanation given to us, the company has a system for reconciliation of bills raised by the Coal Companies and Bills received by MSPGCL. However, in respect of the quantity/quality of coal ordered and received, the current process of reconciliation needs to be strengthened. Company has appointed a recognized coal Analyst Company i.e. Central



Institute of Mining and Fuel Research (CIMFR). CIMFR does technical analysis of Coal Grade from the loading points of the coal Company. On the basis of the analysis report submitted by CIMFR, Company's coal office, Nagpur reconciles grade mentioned in invoice with grade mentioned in said report and raises grade slippage claims to coal companies.

The coal suppliers have claimed an amount of Rs.4014.34 Crore (P.Y. Rs. 3963.56 Crore) from the Company for short lifting of material, performance incentive and interest which are disputed by MSPGCL. Due to non-availability of sufficient and appropriate audit evidence, it is difficult to reach a conclusion on correctness of claims by either party. The Company has disclosed these claims by coal suppliers as 'contingent liability' as at 31st March, 2023.

Claims of MSPGCL against coal suppliers, on account of grade slippages, short delivery claims, moisture claims, under-loading claims and interest claims as per terms of agreement amounted to Rs. Rs.7317.36 Crore (P.Y. Rs. 7216.33 Crore) as at 31st March, 2023. These are not accounted for by MSPGCL as the same are in dispute with coal companies. These are disclosed as 'contingent assets' as at 31st March, 2023.

2. **How much share of free power was due to the State Govt. and whether the same was calculated as per the agreed terms and depicted in accounts as per accepted accounting norms?**

To the best of our knowledge, information and explanation given to us, there is no share of free power to the State Govt., under any agreement.

3. **Whether there is appropriate classification of inventory with value such as Scrap, obsolete material etc.?**

To the best of our knowledge, information and explanation given to us the Scrap and obsolete material are identified by the Company, however the same are not accounted at the time of their identification. Scrap is not valued in the Books of Accounts and its realization is accounted for as and when the auction takes place. Obsolete materials are valued at historical cost and simultaneously 100% provision for obsolescence is made in the Books of Accounts. The provision so created is adjusted upon the auction of the said obsolete item. The Company identifies inventory items as obsolete based on the technological evaluation. Based on the audit procedures conducted by us, the Company has appropriate system of classification of inventory.

4. **Whether profit/loss mentioned in Audit Report is as per Profit & Loss Statements of the Company?**

The Audit Report as prescribed under the Companies Act, 2013, does not require stating the figure of profit / loss for the year. However, we state that the Loss for the year before Tax Expenses and before OCI items is Rs. 1013.45 Crore, on which we have issued our Qualified Audit Report dated 12th October, 2023.



5. In the case of Hydro Power Projects, whether the water discharge is as per policy /guidelines issued by state govt. to maintain biodiversity. If not maintaining it penalty paid/ payable may be reported.

To the best of our knowledge, information and explanation given to us water discharge is governed by Water Resource Department (WRD) of State Govt. and as informed to us, the Company has no role in the same. No penalty has been paid/payable towards water discharge to maintain biodiversity.

Examine whether the provisions of the Companies Act were followed w.r.t. reporting and disclosure of CSR activities.

As per the provisions of Companies Act, Average net profit of the Company for last three financial years is Rs. 561.20 Crore (P.Y. Profit 48.33 Crore). Therefore, prescribed CSR expenditure which is 2% of the said average profit is Nil (P.Y. Rs. 0.97 Crore), however the company has spent Rs. 10.34 Crore (P.Y. Rs. 3.71 Crore) and disclosed the same in note no. 40 of Standalone Financial Statements.

For Shah and Taparia
Chartered Accountants
FRN: 109463W



CA Bharat Ramesh Joshi
Partner
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For Ummed Jain & Co.
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FRN: 119250W



CA Ritu Sanghi
Partner
ICAI M No. 425542
UDIN: 23425542BHBNNF6575

Place: Mumbai

Date: 12th October, 2023

ANNEXURE II - AS REFERRED TO IN THE INDEPENDENT AUDITORS' REPORT ON THE STANDALONE FINANCIAL STATEMENTS OF MAHARASHTRA STATE POWER GENERATION COMPANY LIMITED FOR THE YEAR ENDED ON MARCH 31, 2023.

i. In respect of its fixed assets:

To the best of our knowledge, information and explanation given to us and on the basis of our examination of the records:

a) A. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed asset.

B. The Company has maintained proper records showing full particulars of Intangible Assets

b) According to the information and explanation given to us and on the basis of our examination of the records, the Company has a policy of conducting physical verification of fixed assets once in three years. Company has conducted physical verification of fixed assets in the Current financial year through external firms of Chartered Accountants appointed by the management for all plants and locations of the Company except for Head Office at Mumbai.

c) According to the information and explanations given to us and on the basis of our examination of the records, the Company is in the process to obtain title deeds for certain immovable properties to determine whether they are held in the name of the company. To the extent information available following title deeds of immovable properties are not held in the name of Company i.e. Maharashtra State Power Generation Company Ltd.:-

(i) Freehold land having carrying value of Rs. 179.21 Crore as at year end is still held in the name of erstwhile "Office of Mahagenco". The company is in the process of rectifying the name in the respective title deeds, details of which is shown as under:

Description of property	Gross carrying value (Crores)	Held in name of	Whether promoter, director or their relative or employee	Period held - indicate range where appropriate	Reason for not being held in name of the Company
Land at Bhusawal	1.39	Office of Mahagenco	No	Since inception	Transferring of title in the registered name of the Company is in process
Land at Chandrapur	1.24	--Do--	No	Since inception	--Do--
Land at Koradi	2.28	--Do--	No	Since inception	--Do--
Land at Nashik	3.75	--Do--	No	Since inception	--Do--
Land at Paras	6.70	--Do--	No	Since inception	--Do--
Land at Parli	18.80	--Do--	No	Since inception	--Do--
Land at Kaparkheda	23.18	--Do--	No	Since inception	--Do--
Land at Bhatghar	0.03	--Do--	No	Since inception	--Do--



Land at HO solar project and civil	12.95	--Do--	No	Since inception	--Do--
Land at Sakri Solar	42.03	--Do--	No	Since inception	--Do--
Land at Shirsuphal	11.31	--Do--	No	Since inception	--Do--
Civil const. Dhule	55.56	--Do--	No	Since inception	--Do--

- d) The Company has not re-valued its Property, Plant and Equipment during the current financial year
- e) As informed to us, no proceedings have been initiated or are pending against the company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988

ii. In respect of its inventories:

- a) As explained to us, the inventories have been physically verified by the management at reasonable intervals during the year. The physical verification of inventory was carried out during the year by external agencies appointed by the management. However, no physical verification report has been received in respect of coal lying with coal washeries and transporters. In our opinion the coverage and procedure of such verification by the management is appropriate. The discrepancies noticed have been properly dealt with in the books of accounts.
- b) As informed to us, Company has been sanctioned working Capital limits of Rs. 10,500 Crore, in aggregate from banks on the basis of security of current assets and necessary quarterly returns have been filed by the Company with such banks, the details of the same are as follows:

Name of the Bank	Aggregate working capital limits sanctioned (Rs. In crore)	Nature of Current Asset offered as Security	Quarter ended	Amount disclosed as per quarterly return/ statement (Rs. Crore)	Amount as per books of account (Rs. Crore)	Difference (Rs. Crore)	Reasons for difference
Consortium Banks	10,500	Refer Note below	June 30, 2022	19,082.10	11,672.69	-7,409.40	Energy bills recognised subsequently. Data entries are posted subsequently.
Consortium Banks	10,500	--Do--	September 30, 2022	24,446.65	10,053.35	-14,393.30	Energy bills recognised subsequently. Data entries are posted subsequently. Delayed Payment surcharge not excluded in statement submitted to bank
Consortium Banks	10,500	--Do--	December 31, 2022	13,075.58	10,267.83	-2,807.76	Energy bills recognised subsequently. Data entries are posted subsequently. Delayed Payment Surcharge methodology wrongly considered in statements submitted.
Consortium Banks	10,500	--Do--	March 31, 2023	14,144.58	10,473.91	-1,670.67	Energy bills recognised subsequently. Data entries are posted subsequently. Delayed Payment Surcharge methodology wrongly considered in statements submitted. Valuation adjustment in stock



Also refer Note 17 to the standalone financial statements.

- | Name of subsidiary / associate | Loan amount given during the year (Rs. Crore) | Loan amount outstanding as on 31-03-2023 (Rs. Crore) |
|--|---|--|
| Dhopave Coastal Power Company Ltd. | 0.003 | 6.197 |
| MahagujColiaries Ltd. | 0.295 | 41.093 |
| Mahagenco Ash Management Services Ltd. | 0.099 | 1.821 |
| UCM Ltd. | 0.00 | 0.463 |

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vii. In respect of statutory dues:

- a) According to the information & explanation given to us and according to the books & records, the company is generally regular in depositing undisputed statutory dues including provident fund, employees state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, Goods and Service Tax (GST) and cess and any other statutory dues to the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees state insurance, income tax, sales tax, service tax, duty of custom, duty of excise, value added tax, GST and cess, were outstanding, as at 31st March, 2023 for a period of more than six months from the date of becoming payable.
- b) According to the information and explanation given to us, there are no dues of income-tax, wealth-tax, sales tax, service tax, duty of customs, duty of excise, value added tax, GST and cess which have not been deposited on account of any dispute except the following: -

Name of the Statute	Nature of Dues	Amount payable (Rs In Crore)	Period to which amount relates	Forum at which dispute is pending
Income Tax Act	TDS on Service Tax	0.09	AY 2006-07 & 2007-08	ITAT Pune Bench
Income Tax Act	Income tax Penalty	0.004	AY 2012-13	CIT (A), Mumbai
Income Tax Act	Penalty U/s 143(3)	14.69	AY 2014-15	CIT (A), Mumbai
Income Tax Act	Demand appearing on TRACES)	1.01	AY 2008-09 to 2021-22	AO Mumbai
Income Tax Act	AO under section 143(3) dt 08.04.2021	0.90	2018-19	CIT(A) - NFAC
Central Service Tax	Water Royalty Charges (Service Tax) Kolhapur	5.60	AY 2016-17	Commissioner of Service Tax (Appeals) Mumbai
CESTAT Mumbai	Commissioner CGST, CX Nagpur.	0.02	2019	CESTAT Mumbai
Income Tax Act	TDS Chandrapur project	5.81	AY 2008-09, 2009-10 & 2010-11	Nagpur Bench of Bombay High Court

viii. According to the information and explanations given to us, there are no transactions which are not recorded in the books of account and accordingly there is nothing which has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961.

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

b) In our opinion and according to the information and explanation given to us, the company has not been declared wilful defaulter by any bank or financial institution or other lender;

c) In our opinion and according to the information and explanation given to us, term loans have been applied for the purpose for which they were obtained.

d) In our opinion and according to the information and explanation given to us, the funds raised on short term basis have not been utilised for long term purposes.



e) In our opinion and according to the information and explanation given to us, the company has not taken any funds from any entity or person on account of or to meet the obligations of its Subsidiaries, Associates or Joint Ventures.

f) In our opinion and according to the information and explanation given to us, the company has not raised loans during the year on the pledge of securities held in its Subsidiaries, Joint Ventures or Associate Companies

- x. a) As informed to us, during the year the Company has not raised any money by way of initial public offer or further public offer (including debt instruments).
- b) As informed to us, the company has not made any preferential allotment or private placement of shares or convertible debentures during the year.
- xi. a) According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- b) According to the information and explanations given to us, No report under sub-section (12) of section 143 of the Companies Act has been filed by the auditors in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government;
- c) As informed to us, no whistle-blower complaints have been, received during the year by the company;
- xii. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, Clause xii of the Order is not applicable.
- xiii. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with the Sections 177 and 188 of the Companies Act, 2013. Details of transactions with the related parties have been disclosed in the standalone financial statements as required by applicable Accounting Standards.
- xiv. a) The company has an internal audit system commensurate with the size and nature of its business;
- b) The reports of the Internal Auditors for the period under audit have been considered by us;
- xv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with them as per section 192 of Companies Act, 2013. Accordingly, clause xv of the Order is not applicable.
- xvi. a) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934, accordingly clause (xvi)(a) of the Order is not applicable to the Company.
- b) The company has not conducted Non-Banking Financial or Housing Finance Activities without a valid certificate of Registration from Reserve Bank of India as per Reserve Bank of India Act 1934, accordingly clause (xvi)(b) of the Order is not applicable to the Company. .
- c) The company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India and accordingly clause (xvi)(c) of the Order is not applicable to the Company.



- xvii. As informed to us and based on examination of records, the company has not incurred cash losses in the financial year and in the immediately preceding financial year
- xviii. There has not been any resignation of statutory auditors during the year, hence clause (xviii) of the Order is not applicable.
- xix. According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements, the auditor's knowledge of the Board of Directors and management plans except for the recovery of trade receivables as per our qualification in Audit Report on Standalone Financial Statements, we are of the opinion that no material uncertainty exists as on the date of the audit report that company is capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet. We, however, state that this is not an assurance as to the future viability of the company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of 1 year from the balance sheet date will get discharged by the company as and when they fall due.
- xx. In our opinion and according to the information and explanation given to us, the company has incurred expenditure under Corporate Social Responsibility as required by the provisions of Section 135 of the act and there are no unspent amounts which are to be transferred pursuant to section 135(5) and section 135(6) of the act.
- xxi. The reporting under clause (xxi) is not applicable in respect of audit of standalone financial statements of the company. Accordingly, no comment has been included in respect of said clause under this report.

For Shah and Taparia
Chartered Accountants
FRN: 109463W



CA Bharat Ramesh Joshi
Partner
ICAI M No. 130863
UDIN: 23130863BGVSOX1758



For Ummed Jain & Co.
Chartered Accountants
FRN: 119250W




CA Ritu Sanghi
Partner
ICAI M No. 425542
UDIN: 23425542BHBNNF6575

Place: Mumbai

Date: 12th October 2023

ANNEXURE III - AS REFERRED TO IN THE INDEPENDENT AUDITORS' REPORT ON THE STANDALONE FINANCIAL STATEMENTS OF MAHARASHTRA STATE POWER GENERATION COMPANY LIMITED FOR THE YEAR ENDED ON MARCH 31, 2023.

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

We were engaged to audit the internal financial controls over financial reporting of Maharashtra State Power Generation Company Limited ("the Company") as of March 31, 2023 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

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 (the "Guidance Note") issued by the Institute of Chartered Accountants of India (the "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 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 Companies Act, 2013.

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 prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls 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 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:

- (1) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (2) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of the standalone financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
- (3) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the standalone financial statements.

Inherent Limitations of Internal Financial Controls 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.

Basis for Qualified Opinion

According to the information and explanations given to us and based on our audit, the following material weaknesses have been identified as at March 31, 2023 wherein the internal financial controls were not operating effectively:

- 1) In respect of issuing LPS bills at the end of the year and keeping the LPS revenue as unbilled revenue in the Financials i.e. not raising monthly bills for LPS as per Power Purchase Agreement for Thermal Power Stations.
- 2) In respect of timely adjustments of advances to suppliers and provision for liabilities made there against.
- 3) In respect of timely finalization and levying of liquidated damages.
- 4) In relation to system base ageing report relating to debtors, loans and advances, retention money and creditors.
- 5) Mapping of Debit balance accounts at liabilities side and credit balance accounts at assets side in the Standalone Financial Statements.
- 6) In respect of impact on moving average price (MAP) on current special coal stock due to punching debit notes & credit notes related to coal already consumed.



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

Qualified Opinion:

Being a Government undertaking, the Company's internal control process over financial reporting is designed by way of various Manuals, Rules, Circulars and instructions issued from time to time and our opinion is based on the internal control process over financial reporting as defined therein in addition to the in-built controls of the SAP ERP system. During the course of our audit of financial statements, we checked on test check basis and on review of adequacy of internal control process over financial reporting, have identified some gaps both in adequacy of design of control process and its effectiveness which have been reported in "Basis for Qualified Opinion" above.

Except for the effects/possible effects of the material weakness stated at paragraph on "Basis for Qualified Opinion" above on the achievement of the objectives of the control criteria, in our opinion, the Company has maintained, in all material respects, adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as of March 31, 2023.

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

The material weakness stated at paragraph (1) of 'Basis for qualified opinion' above with respect to timely adjustments of advances to suppliers and provision for liabilities made there against has affected our opinion on the standalone financial statements of the Company and we have issued a qualified opinion in our main audit report.

The other material weaknesses stated in the paragraph (2 to 5) of the "Basis for qualified opinion" above, do not affect our opinion on the standalone financial statements of the Company.

For Shah and Taparia
Chartered Accountants
FRN: 109463W



CA Bharat Ramesh Joshi
Partner
ICAI M No. 130863
UDIN: 23130863 BGV50X1758



For Ummed Jain & Co.
Chartered Accountants
FRN: 119250W




CA Ritu Sanghi
Partner
ICAI M No. 425542
UDIN: 23425542BHBNNF6575

Place: Mumbai

Date: 12th October, 2023

MAHARASHTRA STATE POWER GENERATION COMPANY LIMITED [CIN -U40100MH2005SGC153648]			
Balance Sheet as on 31 st March 2023		(Standalone)	(Rs. Crores)
	Notes	31.03.2023	31.03.2022
ASSETS			
Non-Current Assets			
Property, Plant & Equipment	1	31,040.51	32,774.72
Capital work in progress	2	5,793.84	4,703.51
Right to use assets	1A	3,419.24	3,673.06
Intangible assets	1B	4.29	3.14
Intangible assets under development	2	574.16	378.07
Financial Assets			
- Investment in subsidiaries and associates	3	2.39	2.29
- Bank Deposits with more than 12 months maturity	3A	91.21	89.06
Other non-current assets	4	621.93	431.96
Total Non Current Assets		41,547.57	42,055.81
Current Assets			
Inventories	5	2,114.78	1,255.76
Financial Assets			
- Trade receivables	6	31,567.39	28,457.27
- Cash and cash equivalents	7	263.68	11.79
- Loans	8	1.78	5.36
- Other financial assets	9	326.40	325.34
Other current assets	10	905.53	895.69
Total Current Assets		35,179.57	30,951.21
Other asset			
Assets classified as held for sale / disposal	1C	119.55	121.04
Total Other Assets		119.55	121.04
TOTAL ASSETS		76,846.69	73,128.06
EQUITY AND LIABILITIES			
Equity			
Equity Share capital	11	25,918.50	25,450.45
Other Equity	12	(8,942.75)	(7,755.02)
Total Equity		16,975.75	17,695.43
Liabilities			
Non Current Liabilities			
Financial liabilities			
- Borrowings	13	24,687.34	22,211.19
- Lease liabilities	13A	2,926.56	3,069.90
Provisions	14	1,153.45	1,111.54
Net Deferred tax liabilities	15	334.29	556.67
Other non-current liabilities	16	654.67	289.46
Total Non Current Liabilities		29,756.31	27,238.76
Current Liabilities			
Financial liabilities			
- Borrowings	17	17,272.73	17,299.43
- Lease liabilities	17A	143.34	161.38
- Trade payables - MSME	18	0.22	1.96
- Trade payables - Other than MSME	18	8,102.97	6,651.48
- Other financial liabilities	19	4,173.95	3,700.77
Other current liabilities	20	182.36	113.63
Provisions	21	239.07	265.22
Total Current Liabilities		30,114.63	28,193.87
TOTAL EQUITY AND LIABILITIES		76,846.69	73,128.06

Significant accounting policies and notes 1 to 50 form an integral part of these financial statements.

As per our report attached

For Shah and Taparia

Chartered Accountants

(FRN - 109463W)

(CA Bharat Ramesh Joshi)

Partner (ICAI M No. 130863)

For Ummed Jain & Co.

Chartered Accountants

(FRN - 119250W)

(CA Ritu Sanghi)

Partner (ICAI M No. 425542)

Mumbai, 12th October, 2023

For Maharashtra State Power Generation Co. Ltd.

Balasaheb Thite

Director (Finance) & CFO

DIN No.09736617

Dr. P. Anbalagan

Chairman & Managing Director

DIN No.02244985

Vijay Chitlange

Chief General Manager (A/c)

Rahul Dubey

Company Secretary

M No. A14213



MAHARASHTRA STATE POWER GENERATION COMPANY LIMITED [CIN -U40100MH2005SGC153648]

Statement of Profit and Loss for the year ended 31st March, 2023

(Standalone)

(Rs. Crores)

Income	Notes	2022-23	2021-22
Revenue from operations			
Sale of power	22	28,887.79	21,951.03
Other operating revenues	23	235.82	232.97
Other income	24	4,199.45	1,331.68
Total Income		33,323.06	23,515.67
Expenses			
Cost of materials consumed/ Electricity Purchased	25	23,982.99	15,624.44
Employee benefits expense	26	1,706.08	1,662.55
Finance costs	27	3,493.15	3,523.54
Depreciation & amortization expense	1,1A & 1B	2,842.84	2,788.08
Other expenses	28	2,311.44	2,020.67
Total Expenses		34,336.50	25,619.28
Profit/(loss) Before Tax		(1,013.45)	(2,103.61)
Tax expense:			
Current tax on P&L Items			
Deferred tax Expense/(Gain)	15	(217.41)	(459.27)
Total Tax Expenses		(217.41)	(459.27)
Profit/(loss) for the period		(796.04)	(1,644.34)
Other Comprehensive Income			
Items that will not be reclassified to profit or loss:			
Remeasurements of the defined benefit plans	26A	(19.75)	(51.51)
Deferred Tax expense on OCI items Expense/(Gain)	28A	(4.97)	(12.96)
Other Comprehensive Income for the period (net of tax)		(14.78)	(38.54)
Total Comprehensive Income for the period, net of tax		(810.82)	(1,682.88)
Earning per share [Basic] (Rs. 10 per Share)		(0.31)	(0.64)
Earning per share [Diluted] (Rs.10 per share)		(0.31)	(0.64)

As per our report attached

For Shah and Taparia

Chartered Accountants

(FRN - 109463W)

(CA Bharat Ramesh Joshi)

Partner (ICAI M No. 130863)



For Ummed Jain & Co.

Chartered Accountants

(FRN -119250W)

(CA Ritu Sanghi)

Partner (ICAI M No. 425542)

Mumbai, 12th October, 2023



For Maharashtra State Power Generation Co. Ltd.

Balasaheb Thite

Director (Finance) & CFO

DIN No.09736617

Dr. P. Anbalagan

Chairman & Managing Director

DIN No.02244985

Vijay Chitlange

Chief General Manager (A/c)

Rahul Dubey

Company Secretary

M No. A14213



MAHARASHTRA STATE POWER GENERATION COMPANY LIMITED [CIN -U40100MH2005SGC153648]

STATEMENT OF CHANGES IN EQUITY

I. Equity Share Capital

Particulars	Amount (Rs. Crores)
As on 31.03.2021	25,407.95
Changes in accounting policy or prior period errors	-
Restated balance as on 01-04-2021	25,407.95
Changes in Equity share capital	42.50
As at 31.03.2022	25,450.45
Changes in Equity share capital	468.05
As at 31.03.2023	25,918.50

II. Other Equity

	Share Application Money Pending Allotment	Retained earnings	Other Comprehensive Income	Total Other Equity
As on 31.03.2021	42.50	(6,300.29)	(219.86)	(6,477.65)
Changes in accounting policy or prior period errors		(20.03)		(20.03)
Restated balance as on 01-04-2021	42.50	(6,320.33)	(219.86)	(6,497.68)
Profit or Loss for the year		(1,644.34)		(1,644.34)
Other Comprehensive income for the year			(38.54)	(38.54)
Addition to share application money	468.05			468.05
Shares Allotted during the year	(42.50)			(42.50)
As at 31.03.2022	468.05	(7,964.67)	(258.40)	(7,755.02)
Changes in accounting policy or prior period errors				-
Restated balance as on 01-04-2022	468.05	(7,964.67)	(258.40)	(7,755.02)
Profit or Loss for the year		(796.04)		(796.04)
Other Comprehensive income for the year			(14.78)	(14.78)
Addition to share application money	91.14			91.14
Shares Allotted during the year	(468.05)			(468.05)
As at 31.03.2023	91.14	(8,760.71)	(273.18)	(8,942.75)

As per our report attached
For Shah and Taparia
Chartered Accountants
(FRN - 109463W)

(CA Bharat Ramesh Joshi)
Partner (ICAI M No. 130863)

For Ummed Jain & Co.
Chartered Accountants
(FRN - 119250W)

(CA Ritu Sanghi)
Partner (ICAI M No. 425542)
Mumbai, 12th October, 2023

For Maharashtra State Power Generation Co. Ltd.

Balasaheb Thite
Director (Finance) & CFO
DIN No.09736617

Dr. P. Anbalagan
Chairman & Managing Director
DIN No.02244985

Vijay Chitlange
Chief General Manager (A/c)

Rahul Dubey
Company Secretary
M No. A14213

MAHARASHTRA STATE POWER GENERATION COMPANY LIMITED [CIN -U40100MH2005SGC153648]

Cash Flow Statement For The Year Ended 31st March, 2023

(Rs. Crores)

	2022-23	2021-2022
A. Cash Flow From Operating Activities		
Profit/(Loss) after Tax	(810.82)	(1,682.88)
Adjustments to reconcile profit before tax to net cash used in operating		
Depreciation/ impairment on property, plant and equipment & Intangible Assets	2,842.84	2,788.08
Finance Costs	3,493.15	3,523.54
Un realised Exchange Rate Difference	5.51	1.34
Allowance for ECL	10.75	106.75
Bad Debts written off	(0.23)	(0.17)
Interest Income	16.29	54.44
Provision for obsolescence of inventory	5,557.48	4,791.10
Operating Profit before Changes in Working Capital {Sub Total - (i)}	5,557.48	4,791.10
Movements in working capital		
(Increase) / Decrease in Trade Receivables	(3,120.87)	(1,339.30)
(Increase) / Decrease in Loans and Advances and Other Assets	(197.96)	(85.62)
(Increase) / Decrease in Inventories	(875.31)	(380.12)
Increase / (Decrease) in Liabilities and Other Payables	1,670.36	(286.24)
Sub Total - (ii)	(2,523.78)	(2,091.28)
Cash Generated from Operations (i) + (ii)	3,033.71	2,699.82
Less : Direct Taxes / FBT refund / (paid) - Net		
Net Cash from Operating Activities (A)	3,033.71	2,699.82
B. Cash Flow From Investing Activities		
Purchase of Property, Plant & Equipment	(2,145.48)	(3,204.04)
Sale of Property, Plant & Equipment	3.10	973.51
Investment in Subsidiary	(0.10)	(0.18)
Interest received	0.23	0.17
Net Cash Flow generated from / (used in) Investing Activities (B)	(2,142.25)	(2,230.54)
C. Cash Flow From Financing Activities		
Proceeds from Long Term Borrowings	5,447.19	3,388.35
Long term Loans repaid	(3,549.05)	(4,041.09)
Proceeds from issue of shares	91.14	468.05
Short term Loans raised / (repaid)	1,151.37	3,245.98
Capital Grant Received	409.99	-
Finance Cost paid	(3,097.58)	(2,998.42)
Lease Rent	(492.57)	(513.58)
Net Cash Flow generated from / (used in) Financing Activities (C)	(39.50)	(450.71)
Net Increase / (Decrease) in Cash and Cash Equivalents (A + B + C)	851.96	18.57
Cash and cash equivalents at the beginning of the year	20.53	1.97
Cash and cash equivalents at the end of the year	872.49	20.53
Details of cash and cash equivalents at the end of the year:		
Cash and cash equivalents as on		
Balances with Banks:		
- on current accounts	263.66	11.77
Overdraft	608.81	8.75
Cash on hand	0.01	0.02
Cash and cash equivalents at the end of the year	872.49	20.53

As per our report attached

For Shah and Taparia

Chartered Accountants

(FRN - 109463W)

(CA Bharat Ramesh Joshi)

Partner (ICAI M No. 130863)



For Maharashtra State Power Generation Co. Ltd.

Balasaheb Thite

Director (Finance) & CFO

DIN No.09736617

Dr. P. Ambalagan

Chairman & Managing Director

DIN No.02244985

For Ummed Jain & Co.

Chartered Accountants

(FRN - 119250W)

(CA Ritu Sanghi)

Partner (ICAI M No. 425542)

Mumbai, 12th October, 2023



Vijay Chitlange

Chief General Manager (A/c)

Rahul Dubey

Company Secretary

M No. A14213



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED
31st MARCH, 2023.

A) Company Overview - Corporate Information

Maharashtra State Power Generation Company Limited ("the Company") is a Public Limited Company incorporated under the Companies Act, 1956 and domiciled in India. The Company is not a listed Company and its shares are 100% held by MSEB Holding Company Limited.

The Company is engaged in electricity generation through Thermal, Hydel, Gas based plants across Maharashtra and supplies it principally to Maharashtra State Electricity Distribution Company Limited (MSEDCL a fellow subsidiary) at tariff rate determined by the regulator i.e. Maharashtra Electricity Regulatory Commission. Similarly, the Company is also engaged in electricity generation through Solar based power plants in Maharashtra and supplies the power to consumers including MSEDCL.

B) Basis of preparation of Ind As – Separate financial statements

1. Statement of Compliance with Ind AS

The standalone financial statements have been prepared to comply, in all material aspects, with the Indian Accounting Standards (herein after referred to as Ind AS) as notified under Section 133 of the Companies Act, 2013(The Act), read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016 and in accordance with the relevant provisions of the Companies Act, 2013.

The Company's presentation currency and functional currency is Indian Rupees (Rs.). All figures appearing in the Financial Statements are rounded to the nearest Crore (Rs. Crores), except where otherwise indicated.

2. Classification of Current / Non-Current Assets and liabilities

All assets and liabilities have been classified as current or non-current based on the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. Deferred tax assets and liabilities are classified as non-current on net basis.

For the above purposes, the Company has determined the operating cycle as a period of twelve months based on the nature of products and the time between the acquisition of inputs for manufacturing and their realisation in cash and cash equivalents

The Company is governed by the Electricity Act, 2003. The provisions of the Electricity Act, 2003 read with the rules made there under prevails wherever the same are inconsistent with the provisions of Companies Act 2013 to the extent applicable, in terms of section 174 of the Electricity Act, 2003.



3. Note on Historical cost convention

The financial statements have been prepared as a going concern under the historical cost convention and on accrual basis except:

- (a) Certain financial instruments
- (b) Employees defined benefit plans and,
- (c) Assets held for sale are measured at lower of its carrying amount and fair value less cost to sale which are measured at fair value at the end of each reporting period, as explained in the accounting policies below.

4. Use of Judgment and Estimates

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 and contingent assets. 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 and residual value of Property, Plant and Equipment and intangible assets;
- Impairment of non-financial assets;
- Fair value measurements of Financial instruments;
- Measurement of Defined Benefit Obligation, key actuarial assumptions;
- Provisions and Contingencies;
- Evaluation of recoverability of deferred tax assets;

Revisions to accounting estimates are recognized prospectively in the Financial Statements in the period in which the estimates are revised and in any future periods affected unless they are required to be treated retrospectively under relevant Accounting Standards.

C) Significant Accounting Policies

Following are the significant accounting policies adopted in the preparation and presentation of these Ind As – Separate financial statements (also called standalone financial statements. These accounting policies have been consistently followed by the Company.



1. Property, Plant and Equipment

- i. Freehold land is carried at cost. All other items of Property, Plant and Equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any.
- ii. The initial cost of an asset comprises its purchase price or construction cost (including import duties, freight and non-refundable taxes); any incidental costs directly attributable to bring the asset into the location and condition necessary for it to be capable of operating in the manner intended by management; and borrowing cost for qualifying assets (i.e. assets that necessarily take a substantial period of time to get ready for their intended use).

The purchase price is the aggregate amount paid and the fair value of any other consideration given to acquire the asset. The cost also includes trial run cost (after deducting the proceeds from selling any items produced during the trial run period) and other operating expenses such as freight, installation charges etc. net of other income during the construction period. The projects under construction are carried at costs comprising of direct costs, related pre-operational incidental expenses and attributable interest.

Subsequent expenditures are included in assets carrying amount or recognized as separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

- iii. Capital Expenditure incurred by the Company, resulting in creation of Property Plant and Equipment for which Company does not have ownership rights and control over it, is reflected as a part of capital work in progress till the assets are under construction and an equivalent amount is provided for by way of debiting obsolescence of assets expense which is charged off to the Statement of Profit and Loss in the year in which it is incurred. Upon completion of construction the aforesaid capital expenditure will be capitalized and adjusted against the provision created for assets not owned by the company. Contribution towards the cost of assets not owned by the company and corporate social responsibility activities are charged off to Statement of Profit and Loss when incurred.
- iv. Enabling Asset Policy (CASE TO CASE BASIS) - Items of property, plant and equipment acquired by the Company, (although not directly increasing the future economic benefits from such assets), may be necessary for the Company to obtain the future economic benefits from its other assets. Such items of property, plant and equipment qualify for recognition as assets because they enable the Company to derive future economic benefits from related assets in excess of what could be derived had those items not been acquired. However, capitalization of assets is done by the Company only after verifying the nature of assets on case to case basis.
- v. In case of Capital Work in Progress where the final settlement of bills with the contractor is yet to be effected, capitalization is done on provisional basis subject to necessary adjustment in the year of final settlement.



- vi. Claims for price variation in case of capital contracts are accounted for, on acceptance thereof by the Company.
- vii. An item of Property, Plant and Equipment and any significant part initially recognised separately as part of Property, Plant and Equipment is derecognised upon disposal; or when no future economic benefits are expected from its use. Any gain or loss arising on de-recognition of the asset is included in the Statement of Profit and Loss when the asset is derecognized and disposed off.
- viii. As regards additional capital expenditure in respect of newly commissioned projects, Company adopts following policy which is in line with MERC MYT Regulations, 2019.

Company capitalizes the cost of additional mandatory spares/ Critical Spares / Initial spares up to four percent of the capital cost of the project, which are either procured along with the commissioning of original plant or procured subsequently after commissioning within a period of three years or as may be permitted by MERC.

- ix. Spare parts which are meeting the requirement of Property, Plant and Equipment are capitalized as Property, Plant and Equipment in case the unit value of the spare part is above the threshold limit. In other cases, the spare parts are inventorised on procurement and charged to Statement of Profit and Loss on consumption.
- x. Written Down Value of obsolete Machinery Spares is charged to the Statement of Profit and Loss in the year in which such spares are replaced and the old relevant spares are found to be of no further use. However, if the old relevant spares can be repaired and reused, then both are continued to be depreciated over the remaining useful life of the relevant asset. The repair charges of the old relevant spares are charged to Statement of Profit and Loss.
- xi. In case of replacement of part of asset / replacement of capital spare where Written Down value of such original part of asset / capital spare is not known, the cost/ net book value of the new part of asset / new capital spare shall be written off and charged to Statement of Profit & Loss.
- xii. Where an obligation (legal or constructive) exists to dismantle or remove an item of property, plant and equipment or restore a site to its former condition at the end of its useful life, the present value of the estimated cost of dismantling, removing or restoring the site is capitalized along with the cost of acquisition or construction upon completion and a corresponding liability in the form of decommissioning provision, is recognized. Till the completion of tenure of the said item of property, plant and equipment, the said decommissioning provision, is unwound through finance cost in the Statement of Profit and Loss.
- xiii. The Company had chosen the carrying value of Property, Plant and Equipment existing as per previous GAAP as on date of transition to Ind AS as deemed cost.



2. Intangible Assets

Intangible assets are carried at cost net of accumulated amortization and accumulated impairment losses, if any. Intangible assets (other than software) are amortised on straight line basis over their useful life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. Software are amortised as per the rate prescribed by MERC. The amortisation expense on intangible assets and impairment loss is recognised in the statement of Profit & Loss.

The Company has chosen the carrying value of Intangible Assets existing as per previous GAAP as on date of transition to Ind AS as deemed cost.

3. Capital Work-in-progress

In case of Property Plant and Equipment, for new projects / capacity expansion, the related expenses and borrowing cost up to the date of commissioning attributable to such project / expansion are capitalized.

Further, the expenditure in respect of new projects / capacity expansion would commence getting capitalized upon approval of the Board of Directors of the Company to implement the respective project upon completion of exploration and technical and financial feasibility studies of the project. The expenditure incurred in relation to exploration activities and project feasibility studies are charged to Statement of Profit and Loss as and when incurred.

a) The expenditure on the salaries directly attributable to project will form the part of the project cost till completion of Boiler-Turbine-Generator related activities and Balance Of Plants related activities.

b) Admin & General expenditure that are directly attributable to construction of the project will be capitalised as a part of project cost upto one year after commissioning of the said project in view of completion of balance project related activities and subsequently it will be charged to Statement of Profit and Loss.

c) None of the expenditure of Generation Construction Office Koradi & Head Office will be allocated to small capital scheme. The small capital scheme are the schemes which entails less than twelve months time for its construction.

d) In the event, the company is executing more than one project,/ capital scheme (other than small schemes) the common cost incurred at Generation Construction Office Koradi & Head Office will be to allocated on the basis of the addition to the relevant work-in-progress during the year..

4. The Liquidated Damages are adjusted to the Cost of Property Plant and Equipment during the year it is crystallized.



5. Borrowing Cost

Borrowing cost consists of interest and other costs incurred in connection with the borrowing of funds. Borrowing costs directly attributable to the acquisition or construction of an asset that necessarily takes a substantial period of time to get ready for its intended use are capitalised as part of the cost of the asset till the month in which the asset is ready for intended use. Company also capitalizes actual interest incurred on the general borrowings which are attributable to Qualifying Assets until the directly attributable long term borrowing funds are received. Further, Company amortises the Commitment Charges incurred in respect of borrowings attributable to Qualifying Assets over the period of balance tenure of the said borrowings.

Other borrowing costs not attributable to the acquisition or construction of any capital asset are recognized as expenses in the period in which they are incurred.

6. Impairment of Non-Financial Assets

Non-financial assets other than inventories, deferred tax assets and non-current assets classified as held for sale are reviewed at each Balance Sheet date to determine whether there is any indication of impairment.

If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

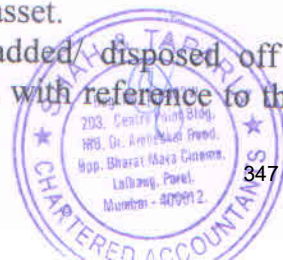
In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

7. Depreciation /Amortization

A. Leasehold land is amortized at the rate of 3.34% p.a. on straight line basis as prescribed under MERC Regulation.

B. Property, Plant and Equipment

- i. The Company being rate regulated entity has followed the depreciation rates and methodology and life of assets as prescribed by Maharashtra Electricity Regulatory Commission. Accordingly, the Company provides depreciation on straight line method to the extent of 90% of the cost of asset.
- ii. Depreciation on the Property Plant and Equipment added/ disposed off / discarded during the year is provided on pro-rata basis with reference to the



month of addition / disposal / discarding and in case of capitalization of green field / brown field projects, depreciation is charged from the date of commencement of commercial operation to the Statement of Profit and Loss.

- iii. In case of Assets (other than assets mentioned in (iv) below) whose depreciation has not been charged upto 70% of the asset value after its commissioning, company charges the depreciation at rates as prescribed below, on the Gross Cost of assets for calculating depreciation till the end of such year in which the accumulated depreciation reaches upto 70% of the asset value in respect of such asset. After attainment of 70% depreciation, the company charges depreciation on the basis of balance useful life upto 90% of the value of asset, in terms of the estimated useful life for Thermal, Gas and Solar based power generating Stations as 25 years and in case of Hydro Generating Stations as 35 years as prescribed by MERC.

Type of asset	Depreciation (%)
Plant & Machinery in generating station of Hydro – electric, Steam Electric, & Gas based power generation Plant, Cooling Tower, Hydraulic Works, Transformers & other fixed apparatus, Transmission lines, Cable Network etc.	5.28%
Buildings & Other Civil Works	3.34%

- iv. In case of following assets depreciation is charged on straight line method upto 90% of asset value at rates mentioned below:

Type of asset	Depreciation (%)	Life of Asset
Furniture, Fixtures and Office Equipment	6.33%	14 Years
Vehicles	9.50%	9.5 Years
IT Equipment	15.00%	6 Years

- v. Items of Property, Plant and Equipment costing not more than the threshold limit are depreciated at 100 percent in the year of acquisition. Cost of all Mobile Phones is capitalized and depreciated at 100% during the year of purchase irrespective of thresh hold limit.

C. Intangible Assets:

Expenses capitalized on account of purchase of new application software, implementation of the said software by external third party consultants and purchase of licenses are amortized upto 100% as prescribed by MERC at the rate mentioned below



Type of asset	Depreciation (%)	Life of Asset
Software	30%	3 Years
Other Intangible asset	Based on	Useful life

8. Non-currents assets held for sale

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. Non-current assets classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell. In the event, Asset held for sale have not reached to maximum depreciable value (90% of the Gross block), company provides for obsolescence equivalent to difference between maximum depreciable value and Net block.

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

9. Inventories

Materials and other items held for generation of electricity are not written down below cost since the sale of electricity will be sold at or above the cost of generation. Cost comprises of cost of purchase (net of input tax credit receivable) and other costs incurred in bringing them to their present location and condition. In respect of coal stock, Company recognises invoice value of coal and railway freight, for the purpose of recognising coal stock receipts. Any incidental / coal related expenditure, is recognised in Statement of Profit & Loss as and when incurred. Stock of materials including stores, spare parts is valued at lower of cost and net realizable value, and cost is determined on weighted average cost method. Losses towards unserviceable and obsolete stores and spares identified on review are provided in the accounts. For this purpose company assigns weight of 30% for slow moving, 60% for non-moving upto 2 years and 80% for non-moving more than 2 years. As regards obsolete inventory the same is fully provided for.

10. Revenue Recognition

- Revenue from Sale of electricity is accounted for based on predefined tariff rates at the beginning of the year as approved by the Maharashtra Electricity Regulatory Commission (MERC), inclusive of Fuel Adjustment Charges and includes unbilled revenues accrued up to the end of the accounting period which is subject to true up process by MERC in the subsequent years.
- In terms of Power Purchase Agreement with MSEDCL, Company recognizes Delayed Payment Surcharge @ State Bank of India Marginal Cost of Funds.



based Lending Rate (MCLR) plus 350 basis points, per month towards delay in receipt of energy bills beyond the credit period, on accrual basis.

- iii. Interest income is recognised taking into account the principal/outstanding and the applicable interest rate.
- iv. Sale of fly ash is accounted for based on rates agreed with the customers. Amount collected are kept under separate account head "Fly Ash Utilisation Fund" in accordance with the guidelines issued by MOE&F dated 03-11-2009. The said fund gets utilised to the extent of expenditure incurred for promotion of ash utilization.
- v. Other income is recognized on accrual basis. Sale of scrap, reject coal etc. is accounted for when such scrap is actually lifted by the buyer from Company's premises and company prepares invoice towards the said sale transaction. Recoveries on account of Liquidated Damages are adjusted against the cost of project when they are directly identifiable with the project and for mitigating the additional cost of the project in the year it is crystallized. Interest on advance to contractors for projects are adjusted to cost of project as and when crystallized and accrued. In all other cases, liquidated damages are credited to Other Income when crystallized. When company deploys its funds from working capital loan in interest bearing instruments because of legal, operational or contractual requirements in such cases, accordingly is done as interest payable/ receivable as the case may be, after netting it off.
- vi. Company recognizes the value of unsold Energy Saving Certificates as at the end of the financial year by crediting to revenue on accrual basis. Upon sale of the said certificates, the adjustment between the accrued value and actual sale value is effected to Profit and Loss Statement in the year of their actual sale.
- vii. Income / receivables are recognized in books of accounts of the Company when it is probable that the Company will collect the consideration to which it is entitled. This would depend upon assessment of intention and ability of the paying entity.

11. Accounting/ classification of expenditure and income

Income / expenditure in aggregate pertaining to prior year(s) above the threshold limit, if any, are corrected retrospectively.

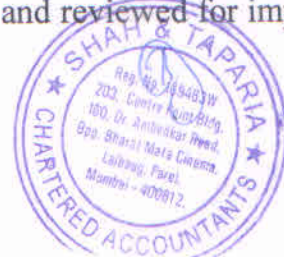
Insurance claims are accounted for, on acceptance basis.

Price variation claims in respect of expenditure items are accounted for, on acceptance basis.

All other claims/entitlements are accounted on the merits of each case.

12. Investments in subsidiaries, Associates and Joint Ventures

Investments in equity shares of Subsidiaries, Joint Ventures & Associates are recorded at cost less accumulated impairment if any and reviewed for impairment at each reporting date.



The Company had elected to recognise its investments in Subsidiaries, associates and joint ventures at the carrying value existing as per previous GAAP as on date of transition to Ind AS as deemed cost.

13. Foreign Currency transactions

Transactions in foreign currencies are initially recorded at the respective exchange rates prevailing at the date of transaction.

Monetary assets and monetary liabilities denominated in foreign currencies are translated at spot rates of exchange at the reporting date.

Exchange differences arising on settlement or restatement at the year end of monetary items are recognised in Statement of Profit and Loss either as 'Exchange Rate Variation' or as 'finance costs' (to the extent regarded as an adjustment to borrowing costs), as the case maybe.

14. Employee Benefits

Short Term Employee Benefits

Short term employee benefits are recognized as an expense at undiscounted amount in the Statement of Profit & Loss of the year in which related services are rendered by the employees.

Ex-gratia

Company accrues for the ex-gratia expenditure in the books of accounts as and when the same is declared by the company for its employees.

Long Term Employee Benefits

Defined Benefit Plans

- (a) Company pays fixed contribution to Provident Fund at predetermined rates along with employee's contribution to a separate trust which also manages funds of other MSEB group companies. The funds are then invested in permitted securities. The contribution to the fund for the period is recognized as expense and is charged to the Statement of Profit and Loss
- (b) Liability towards defined employee benefits like gratuity are determined on actuarial valuation by independent actuaries at the year-end by using Projected Unit Credit method.

Re-measurements of the net defined benefit liability, which comprises of actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised in Other Comprehensive Income.

- (c) Other long-term employee benefits



Liability towards other long term employee benefits i.e. leave encashment are determined on actuarial valuation by independent actuaries using Projected Unit Credit method.

15. Leases

For contracts entered into, or changed, on or after 1 April 2019, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Company has the right to direct the use of the asset.

For contracts entered into before 1 April 2019, the Company determined whether the arrangement was or contained a lease based on the assessment of whether:

- fulfillment of the arrangement was dependent on the use of a specific asset or assets; and
- the arrangement had conveyed a right to use the asset.

i.) Company as a lessee

The right-of-use asset is depreciated using the straight-line method up to the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability, if any.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Company's incremental borrowing rate. The lease liability is measured at amortised cost.

The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Company recognises the lease payments associated with these leases as an expense.

ii.) Company as a lessor

The leases where the Company is a lessor are accounted for as per the method prescribed under Ind AS 116.



16. Government Grant

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with.

When the grant which is of revenue nature and 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.

In terms of Ind AS 20 Amendment Rules dated 20th September, 2018 issued by Government of India, Government grants related to assets, shall be presented in the balance sheet either by setting up the grant as deferred income or by deducting the grant in arriving at the carrying amount of the asset. Consequently, in FY 2020-21, the Company has elected to adopt the approach of deducting the grant from the asset value.

However, in case interest free loans, received from Government towards acquisition of item of property, plant and equipment, Company recognises the said loan at its present value in the year of receipt and balance amount is treated as Deferred Grant. Upon commissioning of the said item of property, plant and equipment, Deferred Grant is unwound over the period of useful life of the said item. Till completion of tenure of the said loan, Company recognises Finance Cost through Statement of Profit and Loss every year which gets credited to the present value of the said loan. At the end of tenure of the loan, the accumulated balance of the loan (which has been recognised at present value), is discharged.

17. Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognized when there is a present obligation 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 using an appropriate discount rate. Contingent liabilities are possible obligations whose existence will only be confirmed by future events not wholly within the control of the Company, or present obligations where it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities are not recognized in the financial statements but are disclosed unless the possibility of an outflow of economic resources is considered remote.

Contingent liabilities and Capital Commitments disclosed are in respect of items which in each case are above the threshold limit as set out in Notes to financial statements.

Contingent assets are not recognised but disclosed if they are above threshold limit in the financial statements when an inflow of economic benefits is probable.



18. Fair value measurement

Fair value is the price that would be received/ paid to sell an asset or to transfer a liability, as the case may be, 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.

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)

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

19. Financial Instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments. The Company's financial assets comprise the following

- i) Current Financial assets mainly consisting of trade receivables, cash and bank balances, short term deposits
- ii) Non-Current financial assets mainly consisting of equity investment in subsidiaries, loans and advances to subsidiaries, long term receivables etc.

Financial Assets

A. Initial recognition and measurement

All financial assets are recognised initially at fair value plus transaction costs that are attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in the Statement of Profit or loss.

B. Subsequent measurement

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

The Company classifies financial assets as under;

- (a) subsequently measured at amortised cost;



- (b) A financial asset is measured
- i) fair value through other comprehensive income; or
 - ii) fair value through profit or loss

On the basis of its business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

Amortized cost

A 'debt instrument' is measured at the amortised 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 recognition, such financial assets are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method and such amortization is recognised in the Statement of Profit and Loss.

Debt instruments at Fair value through profit and loss (FVTPL)

Fair value through profit and loss is a residual category for measurement of debt instruments.

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

Equity investments

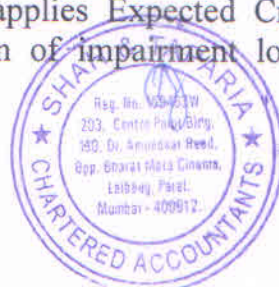
All equity investments in scope of Ind-AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. For all other equity instruments, the Company decides to classify the same either as at FVOCI or FVTPL. The Company makes such election on an instrument-by-instrument 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 (OCI). There is no recycling of the amounts from OCI to Statement of Profit and Loss, even on sale of such investments

Equity instruments included within the FVTPL category are measured at fair value with all fair value changes being recognized in the Statement of Profit and Loss. Investments in equity instruments of subsidiaries, associates and joint venture entities are carried at cost less impairment.

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 amortised cost.



Loss allowances on trade receivables are measured following the 'simplified approach' at an amount equal to the lifetime ECL at each reporting date. Based on the assessment of the risk as on the reporting date in comparison with the risk assessment on initial recognition date, Company recognises an impairment loss or gain in expected credit loss provision in the Profit & Loss statement.

Derecognition of financial asset

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Company's financial statements) 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

(a) the Company has transferred substantially all the risks and rewards of the asset, or

(b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

On Derecognition of a financial asset, the difference between the carrying amount and the consideration received is recognised in the Statement of Profit and Loss.

Financial Liabilities

Financial liabilities and equity instruments

Classification as debt or equity

An instruments issued by a company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received.

Financial liabilities

The Company's current financial liabilities mainly comprise (a) Borrowings, (b) trade payables, (c) liability for capital expenditure, (d) security deposit and (e) other payables.

Initial recognition and measurement

All financial liabilities (not measured subsequently at fair value through profit or loss) are recognised initially at fair value net of transaction costs that are directly attributable to the respective financial liabilities. The Company's financial liabilities include trade and other payables, loans and borrowings



Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

(i) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the Statement of Profit and Loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs.

Borrowings are removed from the Balance Sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished and the consideration paid is recognised in the Statement of Profit and Loss as other gains / (losses).

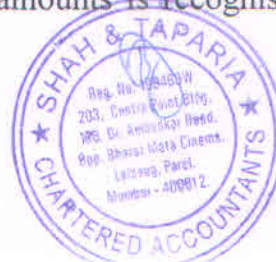
Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Where there is a breach of a material provision of a long-term loan arrangement on or before the end of the reporting period with the effect that the liability becomes payable on demand on the reporting date, the entity does not classify the liability as current, if the lender has agreed, after the reporting period and before the approval of the financial statements for issue, not to demand payment as a consequence of the breach.

(ii) Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial period which are unpaid. The amounts are unsecured and are usually paid within twelve months of recognition. Trade and other payables are presented as current liabilities unless payment is not due within twelve months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

Derecognition

A financial liability is derecognised 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 derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Standalone 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 realise the assets and settle the liabilities simultaneously.

20. Cash and Cash equivalents

Cash and cash equivalents includes cash on hand, balances with banks, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

21. Cash flow statement

Cash flow statement is prepared in accordance with the indirect method prescribed in Indian Accounting Standard (Ind AS) 7 on 'Statement of Cash Flow'. For the purpose of the Statement of Cash Flows, cash and cash equivalent consist of cash, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

22. Earning Per Share

Basic earnings per share are computed by dividing the profit/loss after tax by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit/loss after tax as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.

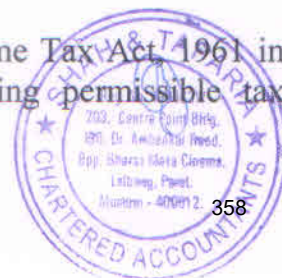
For the purpose of calculating Earning Per Share, the share application money pending allotment, in terms of the commitment from Government of Maharashtra through the Holding company, has been considered as confirmed allotment.

23. Taxation

Income tax expense comprises of current tax expense and the net change in the deferred tax asset or liability during the year. Current and deferred tax are recognised in the statement of profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively.

(a) Current Tax

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



exemption, deduction / disallowance. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the time of reporting. With effect from Financial Year 2019-20, the Company has elected to opt for the concessional rate of tax under new tax regime as per section 115BAA of Income Tax Act, 1961.

(b) Deferred Tax

Deferred tax is recognised using the balance sheet approach. Deferred income tax assets and liabilities are recognised for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount.

Deferred tax liabilities are recognised for all taxable temporary differences.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

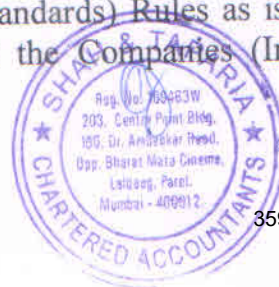
Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

24. Trade Receivable—

Company classified Trade Receivable as the financial instruments at amortised cost. Trade receivables are carried at original invoice amount less provisions for Expected Credit Loss. For recognition of impairment loss on these financial assets, the Company assesses whether there has been a significant increase in the credit risk since initial recognition.

25. Amendments not effective—

Ministry of Corporate Affairs (“MCA”) notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 31, 2023, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2023, as below:



i) Ind AS 12 - Income Taxes –

This amendment has narrowed the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offsetting temporary differences. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2023. The Company has evaluated the amendment and there is no impact on its financial statement.

ii) Ind AS 1 - Presentation of Financial Statements –

This amendment requires the entities to disclose their material accounting policies rather than their significant accounting policies. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2023. The Company has evaluated the amendment and the impact of the amendment is insignificant in the financial statements.

iii) Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors -

This amendment has introduced a definition of 'accounting estimates' and included amendments to Ind AS 8 to help entities distinguish changes in accounting policies from changes in accounting estimates.

The Company does not expect the amendment to have any significant impact in its standalone financial statements



MAHARASHTRA STATE POWER GENERATION COMPANY LTD

Note No. 1: PROPERTY, PLANT AND EQUIPMENT

TANGIBLE ASSETS

TANGIBLE ASSETS																	Rs. in Crores	
Cost	ASSET										Capital Expenditure resulting in Assets not belonging to the Company	TOTAL TANGIBLE ASSETS	Less:- Depreciation Capitalised	Depreciated on charged to Statement of Profit & Loss				
	Land (including development)		Buildings		Hydraulic Works	Other Civil Works		Plant, Machinery & Equipments	Lines & Cable Networks	Vehicles					Furniture & Fixtures	Office Equipments		
Freehold	Leasehold	Factory Buildings	Others			Railway Sidings	Roads and Others											
As on 31.03.2021	1,656.56	106.11	884.55	1,164.38	2,510.22	1,586.25	691.05	37,153.12	489.26	28.62	34.00	56.98	57.49	46,418.58				
	9.57	-	1.50	51.78	116.17	24.59	498.20	771.00	61.43	10.35	1.76	5.98	-	1,552.34				
	-	-	-	0.70	4.19	426.84	5.38	532.68	2.93	0.14	-	-	0.09	-	972.96			
As at 31.03.2022	1,666.13	106.11	886.05	1,215.47	2,622.20	1,183.99	1,183.87	37,391.44	547.76	38.83	35.76	62.87	57.49	46,997.96				
	12.62	-	(0.28)	16.79	18.01	33.76	40.95	693.03	-	18.38	1.08	14.51	-	848.84				
	-	-	-	2.83	-	(7.66)	-	4.84	-	(0.16)	0.00	3.14	-	2.99				
As at 31.03.2023	1,678.75	106.11	885.76	1,229.44	2,640.21	1,225.41	1,224.82	38,079.63	547.76	57.37	36.83	74.24	57.49	47,843.81				
As on 31.03.2021	-	26.26	128.08	394.99	766.95	340.54	129.94	10,164.58	158.09	5.59	11.59	23.20	26.40	12,176.22				
	-	4.92	36.73	80.61	140.12	90.14	25.96	2,110.41	23.65	3.46	2.99	6.05	4.89	2,529.94	0.23	2,529.71		
	-	-	0.06	0.64	3.30	105.38	(96.29)	485.56	(15.95)	0.12	(0.01)	0.08	0.02	482.92				
As at 31.03.2022	-	31.17	164.76	474.96	903.77	325.31	252.19	11,789.43	197.69	8.92	14.59	29.17	31.27	14,223.23				
	-	4.25	36.65	30.07	140.86	38.98	46.72	2,246.21	26.88	4.69	2.68	7.14	3.75	2,588.91	1.62	2,587.28		
	-	-	-	2.54	-	-	-	0.94	-	2.36	0.02	2.98	-	8.84				
As at 31.03.2023	-	35.43	201.41	502.49	1,044.63	364.29	298.92	14,034.70	224.57	11.26	17.25	33.33	35.02	16,803.30				
Net Carrying Amount																		
	1,656.56	79.85	756.47	769.39	1,743.27	1,245.70	561.11	26,988.54	331.16	23.03	22.41	33.79	31.09	34,242.37				
	1,666.13	74.93	721.29	740.51	1,718.43	858.69	931.68	25,602.01	350.06	29.90	21.17	33.71	26.22	32,774.72				
As at 31.03.2023	1,678.75	70.68	684.35	726.95	1,595.57	861.12	925.90	24,044.92	323.19	46.11	19.58	40.92	22.47	31,040.51				

Note:- Out of the total land mentioned above, the Land amounting to Rs. 179 Crores, is in the name of offices of the Company instead of Maharashtra State Power Generation Company Ltd. Company is in the process of transferring title deed in the registered name of the Company.



Note NO. - 1A Right to Use Assets			(Rs. Crores)
Cost	Building	Land	Amount
Gross Amount			
As on 31.03.2021	113.68	4,326.51	4,440.20
Addition	-	-	-
Deduction	0.55	-	0.55
As at 31.03.2022	113.13	4,326.51	4,439.65
Addition	-	-	-
Deduction	-	-	-
As at 31.03.2023	113.13	4,326.51	4,439.65
Accumulated Amortisation			
As on 31.03.2021	49.61	461.90	511.51
Addition	24.68	230.95	255.63
Deduction	0.55	-	0.55
As at 31.03.2022	73.74	692.85	766.59
Addition	24.58	229.24	253.82
Deduction/Adjustments	-	-	-
As at 31.03.2023	98.32	922.09	1,020.41
Net Carrying Amount			
As on 31.03.2021	64.07	3,864.62	3,928.69
As at 31.03.2022	39.39	3,633.67	3,673.06
As at 31.03.2023	14.81	3,404.43	3,419.24

Note NO. - 1B Intangible Assets		(Rs. Crores)
Cost	Software Licences	
Gross Amount		
As on 31.03.2021	34.14	
Addition	3.26	
Deduction	-	
As at 31.03.2022	37.41	
Addition	2.88	
Deduction	0.12	
As at 31.03.2023	40.17	
Accumulated Amortisation		
As on 31.03.2021	31.51	
Addition	2.75	
Deduction	-	
As at 31.03.2022	34.26	
Addition	1.73	
Deduction/Adjustments	0.12	
As at 31.03.2023	35.88	
Net Carrying Amount		
As on 31.03.2021	2.63	
As at 31.03.2022	3.14	
As at 31.03.2023	4.29	

Note no. 1C Assets classified as held for sale			(Rs. Crores)
Non-current assets held for sale	31.03.2023	31.03.2022	
Plant & Machinery	123.92	123.92	
Factory Buildings & Others	2.54	2.54	
Hydraulic Works	9.03	9.03	
Railway Sidings, Roads & Others	4.37	4.37	
Lines & Cable Networks	0.81	0.81	
Vehicles	0.31	0.30	
Furniture & Fixtures	0.14	0.14	
Office Equipments	0.46	0.44	
Other Miscellaneous Assets	0.04	0.04	
Less : Provision for obsolescence	(22.09)	(20.55)	
Total	119.55	121.04	

Note: Operations of the power generating unit no.7 at Koradi TPS, unit no. 4 and 5 at Parali TPS and Bhusawal unit no. 2 have been discontinued. The company is in the process of disposing of these assets. The Company has reclassified the said assets as assets held for sale. No further impairment loss has been recognised on reclassification as the Company expects that the fair value (estimated based on the recent market prices of similar properties) less costs to sell is higher than its carrying amount as on 31st March, 2023.

Note No 1D : Title Deeds of Immovable Properties not held in the name of the Company

Relevant Line items in the Balance sheet	Item category Balance sheet	Description of item of property	Gross carrying value (Rs. crores)	Title deeds held in the name of	Whether title deed holder is a promoter, director or relative of promoter/director or employee of promoter/director	Property held since which date	Reasons for not being held in the name of the company
Bhusawal	Property, plant and equipment	Land	1.39	Office of Mahagenco	No	05.06.2005	Transferring of title in the registered name of the Company is in process
Chandrapur	Property, plant and equipment	Land	1.24	Office of Mahagenco	No	05.06.2005	Transferring of title in the registered name of the Company is in process
Koradi	Property, plant and equipment	Land	2.28	Office of Mahagenco	No	05.06.2005	Transferring of title in the registered name of the Company is in process
Nashik	Property, plant and equipment	Land	3.75	Office of Mahagenco	No	05.06.2005	Transferring of title in the registered name of the Company is in process
Paras	Property, plant and equipment	Land	6.70	Office of Mahagenco	No	05.06.2005	Transferring of title in the registered name of the Company is in process
Parli	Property, plant and equipment	Land	18.80	Office of Mahagenco	No	05.06.2005	Transferring of title in the registered name of the Company is in process
Khaparkheda	Property, plant and equipment	Land	23.18	Office of Mahagenco	No	05.06.2005	Transferring of title in the registered name of the Company is in process
Bhatghar	Property, plant and equipment	Land	0.03	Office of Mahagenco	No	05.06.2005	Transferring of title in the registered name of the Company is in process
CIVIL CONST. DHULE	Property, plant and equipment	Land	55.56	Office of Mahagenco	No	05.06.2005	Transferring of title in the registered name of the Company is in process
Ho Solar and Civil	Property, plant and equipment	Land	12.95	Office of Mahagenco	No	05.06.2005	Transferring of title in the registered name of the Company is in process
Sakri Solar	Property, plant and equipment	Land	42.03	Office of Mahagenco	No	05.06.2005	Transferring of title in the registered name of the Company is in process
Shirshuphal	Property, plant and equipment	Land	11.31	Office of Mahagenco	No	05.06.2005	Transferring of title in the registered name of the Company is in process
Total			178.21				



Note NO. 2

Capital Work in Progress

	TOTAL Tangible	Freehold Land	Leasehold Land	Factory Buildings	Other Buildings	Hydraulic works	Railway Sidings	Roads & Others	Plant & Machinery	Furniture & Fixtures	Office equipment	(Rs. Crores) Intangible Assets
As on 31.03.2021	3,732.05	1.03	-	1,272.76	27.42	14.09	1.98	43.87	2,367.12	0.40	3.38	239.68
Addition	1,715.35	-	-	276.25	7.88	0.99	-	15.45	1,414.33	-	0.46	138.39
Deletion	673.19	-	-	190.22	1.34	14.09	-	21.52	442.24	0.40	3.38	-
As at 31.03.2022	4,774.21	1.03	-	1,358.79	33.96	0.99	1.98	37.79	3,339.20	0.00	0.46	378.07
Addition	1,475.92	-	-	251.13	2.04	(0.00)	-	12.82	1,209.54	(0.00)	0.39	196.09
Deletion	390.35	1.03	-	39.75	3.57	0.99	-	28.56	316.45	0.00	0.01	-
As at 31.03.2023	5,859.77	(0.00)	-	1,570.18	32.42	0.00	1.98	22.06	4,232.30	0.00	0.84	574.16
Net Capital Work in Progress									55.36			
Less:- Provision for obsolescence	55.36											
As on 31.03.2021	3,676.69	1.03	-	1,272.76	27.42	14.09	1.98	43.87	2,311.76	0.40	3.38	239.68
Less:- Provision for obsolescence	70.70								70.70			
As at 31.03.2022	4,703.51	1.03	-	1,358.79	33.96	0.99	1.98	37.79	3,268.50	0.00	0.46	378.07
Less:- Provision for obsolescence	65.93								65.93			
As at 31.03.2023	5,793.84	(0.00)	-	1,570.18	32.42	0.00	1.98	22.06	4,166.36	0.00	0.84	574.16

Note:- Capital Work in Progress in respect of Intangible Assets comprise of licence acquired for development of Gare-Palma Mine.



Note No 2 A) : Capital Work In Progress Aging Schedule as at 31.03.2023

Particulars	Amount in CWIP for a period of:				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
AuC-No investt measure	4.51	4.00	3.60	41.73	53.85
CWIP - Factory Buildings	264.22	276.29	309.62	720.06	1,570.18
CWIP - Other Buildings	2.04	5.77	7.93	16.69	32.42
CWIP - Railway Sidings	2.18	-	1.41	1.98	5.57
CWIP - Roads & Others	11.75	1.95	3.88	0.89	18.47
CWIP - Plant & Machinery	1,345.43	1,329.53	1,215.42	288.08	4,178.45
CWIP - Office equipment	0.39	0.45	-	-	0.84
Total Project in progress As on 31.03.2023	1,630.51	1,617.99	1,541.85	1,069.42	5,859.78
Less: Provision for Obsolesces					65.93
Total	1,630.51	1,617.99	1,541.85	1,069.42	5,793.84
Projects temporarily suspended As on 31.03.2023					-

Amount in CWIP for a period of:					Total
Particulars	Less than 1 year	1-2 years	2-3 years	More than 3 years	
AuC-No investt measure	4.04	3.63	0.05	41.69	49.42
CWIP - Freehold Land	-	-	-	1.03	1.03
CWIP - Factory Buildings	277.70	330.44	512.69	237.97	1,358.80
CWIP - Other Buildings	9.78	7.49	16.64	0.05	33.96
CWIP - Hydraulic works	0.99	-	-	-	0.99
CWIP - Railway Sidings	1.41	-	-	1.98	3.39
CWIP - Roads & Others	15.61	16.29	4.49	-	36.39
CWIP - Plant & Machinery	1,349.49	1,334.20	396.99	209.11	3,289.79
CWIP - Furniture & Fixtures	-	-	0.00	-	0.00
CWIP - Office equipment	0.46	-	-	-	0.46
Total Project in progress As on 31.03.2022	1,659.48	1,692.05	930.86	491.83	4,774.22
Less: Provision for Obsolesces				70.70	70.70
Total	1,659.48	1,692.05	930.86	421.13	4,703.51
Projects temporarily suspended As on 31.03.2022					-



Note No 2 A) : Intangible Assets under development aging schedule

Intangible assets under development	Amount in Intangible Asset under development for the period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Project in progress As on 31.03.2022	138.39	105.75	0.17	133.76	378.07
Projects temporarily suspended As on 31.03.2022	-	-	-	-	-
Project in progress As on 31.03.2023	196.09	138.39	105.75	133.93	574.16
Projects temporarily suspended As on 31.03.2023	-	-	-	-	-

Note No 2 B) : Capital Work In Progress Completion Schedule as on 31.03.2023

Particulars	To be completed in				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
AuC-No investt measure	42.41	5.24			53.85
CWIP - Factory Buildings	1,561.43	8.75	5.64	0.56	1,570.18
CWIP - Other Buildings	32.37			0.05	32.42
CWIP - Railway Sidings	2.08	2.08	1.41		5.57
CWIP - Roads & Others	16.80	1.67			18.47
CWIP - Plant & Machinery	3,881.49	296.27	0.20	0.49	4,178.45
CWIP - Office equipment	0.84				0.84
CWIP Completion Schedule As on 31.03.2023	5,537.42	314.00	7.25	1.10	5,859.78
Less: Provision for Obsolesces					65.93
Total	5,537.42	314.00	7.25	1.10	5,793.84



Note No 2 B) : Capital Work In Progress Completion Schedule as on 31.03.2022

(Rs. crores)

Particulars	To be completed in				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
AuC-No investt measure	21.13	28.25	-	0.03	49.41
CWIP - Freehold Land	-	-	-	1.03	1.03
CWIP - Factory Buildings	1,283.91	74.20	-	0.69	1,358.80
CWIP - Other Buildings	4.01	29.90	-	0.05	33.96
CWIP - Hydraulic works	-	0.99	-	-	0.99
CWIP - Railway Sidings	1.41	1.98	-	-	3.39
CWIP - Roads & Others	7.96	28.42	-	-	36.39
CWIP - Plant & Machinery	397.47	2,655.86	78.91	157.55	3,289.79
CWIP - Furniture & Fixtures	0.00	-	-	-	0.00
CWIP - Office equipment	0.46	-	-	-	0.46
Total Project in progress As on 31.03.2022	1,716.36	2,819.59	78.91	159.35	4,774.21
Less: Provision for Obsolesces	-	-	-	-	70.70
Total	1,716.36	2,819.59	78.91	159.35	4,703.51

Note No 2 B) : Intangible Assets under development completion schedule

(Rs. crores)

Intangible Assets under development	To be completed in				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
As on 31.03.2022	-	-	-	378.07	378.07
As on 31.03.2023	4.10	-	-	570.06	574.16



Notes to the Financial Statements as at 31 st March, 2023		(Rs. Crores)
	31.03.2023	31.03.2022
3 Non-Current, Long Term, Investment in Subsidiaries, Joint Ventures and Associates		
Investments in equity instruments at cost less impairment		
Un - Quoted		
MAHAGENCO Renewable Energy LTD (formerly Mahagenco ASH Management Services LTD)		
50,000 (P.Y. 50,000) Equity shares of Rs 10 each fully paid up	0.05	0.05
Dhopave coastal power company limited		
50,000 (P.Y. 50,000) Equity shares of Rs 10 each fully paid up	0.05	0.05
UCM coal company limited		
30,000 (P.Y. 30,000) Equity shares of Rs 10 each fully paid up	0.03	0.03
Mahaguj colliery limited		
30,000(P.Y. 30,000) Equity shares of Rs 10 each fully paid up	0.03	0.03
Chhattisgarh Katghoara Dongargarh Railway Limited		
5,20,000 Equity shares of Rs 10 each fully paid up	0.52	0.52
Quasi Equity investment in subsidiaries (Refer Note 32 , 37 and 38)	49.57	49.18
Total	50.25	49.86
Less : Allowance for Expected Credit Loss & impairment in the value of investment	(47.86)	(47.57)
	2.39	2.29
3A Non Current Assets-Bank Deposits with more than 12 months maturity		
Bank Deposits with more than 12 months maturity	91.21	89.06
	91.21	89.06
4 Other Non-Current Assets		
Advances for O&M Supplies/ recoverables	238.77	331.86
Less:- Allowance for Expected Credit Loss	(238.77)	(331.86)
	0.00	0.00
Advances for fuel supplies/Others	203.60	203.60
Less:- Allowance for Expected Credit Loss	(203.60)	(203.60)
	0.00	0.00
Advance to Irrigation Department Government of Maharashtra	76.21	76.21
Less:- Allowance for Expected Credit Loss	(76.21)	(76.21)
	0.00	0.00
Income Tax Refundable (net of provisions)	296.60	266.77
Staff Advance	0.00	0.22
Expenditure to be amortised	1.43	1.66
Capital advances	323.90	163.30
	621.93	431.96
5 Current Assets-Inventories		
Raw materials (Coal)	1,193.69	470.04
Fuel Oil, LDO etc	318.00	281.97
Stock-in-transit (Coal & Oil)	64.56	71.89
Stores and spares	963.88	856.64
Less : Provision for Obsolescence of stores and spares	(385.95)	(402.24)
Less : Provision for material shortage pending investigation	(39.40)	(22.54)
	2,114.78	1,255.76
6 Current Assets - Trade Receivables		
Unsecured considered good;	26,002.76	27,231.89
Credit Impaired	183.68	183.68
Less: Allowance for Expected Credit Loss	(183.68)	(183.68)
Unbilled Receivables	5,564.63	1,225.38
	31,567.39	28,457.27
(Refer Note 43(A) for LPS and Unbilled Receivables)		



Note No 6 A): Trade Receivables

1) Trade Receivables ageing schedule as on 31.03.2023

(Rs. crores)

Particulars	Outstanding for following periods from due date of payment							Total
	Unbilled	Not Due	Less than 6 months	6 months-1 year	1-2 years	2-3 years	More than 3 years	
i) Undisputed Trade receivable- considered good	1779.36	4423.70	5025.86	4.08	29.09	113.33	255.72	11,631.15
ii) Undisputed Trade Receivable- which have significant increase in credit risk								-
iii) Undisputed Trade Receivable- credit impaired								-
iv) Disputed Trade receivable- considered good	3,785.27				1,108.16	2,511.51	12,347.63	19,752.56
v) Disputed Trade Receivable- which have significant increase in credit risk								-
vi) Disputed Trade Receivable- credit impaired							183.68	183.68

2) Trade Receivables ageing schedule as on 31.03.2022

(Rs. crores)

Particulars	Outstanding for following periods from due date of payment							Total
	Unbilled	Not Due	Less than 6 months	6 months-1 year	1-2 years	2-3 years	More than 3 years	
i) Undisputed Trade receivable- considered good	117.23	2075.78	9712.18	29.09	113.33	11.11	244.62	12303.34
ii) Undisputed Trade Receivable- which have significant increase in credit risk								0.00
iii) Undisputed Trade Receivable- credit impaired								0.00
iv) Disputed Trade receivable- considered good	1108.16			0.00	2511.51	2544.30	9806.29	15970.26
v) Disputed Trade Receivable- which have significant increase in credit risk								0.00
vi) Disputed Trade Receivable- credit impaired							183.68	183.68



Notes to the Financial Statements as at 31 st March, 2023		(Rs. Crores)
	31.03.2023	31.03.2022
7 Current Assets-Cash and Cash Equivalents		
Balances with Scheduled Banks:		
- on Current Accounts	263.66	11.77
Cash on Hand	0.01	0.02
	263.68	11.79
8 Current Assets-Current Loans		
Unsecured, considered good		
Employee loans and advances	1.78	5.36
	1.78	5.36
9 Other Current Financial Assets		
Unsecured, considered good		
Recoverables from Employees	3.99	3.04
Tax claims	27.61	29.01
Rent Receivable	2.94	2.01
Claims receivable	110.95	111.33
Deposit paid by Mahagenco to Related Party	15.47	15.89
Stock of Energy Saving Certificates	1.74	1.96
Recoverable from Contractors	163.71	162.10
	326.40	325.34
10 Current Assets-Other Assets		
Prepaid Expenses	35.31	26.95
Advances for O & M supplies / works	408.85	336.00
Advances for fuel supplies/Others	461.37	532.74
	905.53	895.69



Note No. 11				
SHARE CAPITAL				
i) Authorised Capital				
Class of Share	Face value	As at 31.03.2023		As at 31.03.2022
Equity Shares	10	No. of Shares	(Amount in Rs. Crores)	No. of Shares (Amount in Rs. Crores)
		40,000,000,000	40,000.00	40,000,000,000 40,000.00
ii) Issued, Subscribed and paid up Capital (Fully Paid-up)				
Class of Share	Face value	As at 31.03.2023		As at 31.03.2022
Equity Shares	10	No. of Shares	(Amount in Rs. Crores)	No. of Shares (Amount in Rs. Crores)
		25,918,496,226	25,918.50	25,450,446,226 25,450.45
iii) Reconciliation of Number of Shares Outstanding				
Class of Share	As at 31.03.2023		As at 31.03.2022	
	No. of Shares	(Amount in Rs. Crores)	No. of Shares	(Amount in Rs. Crores)
Outstanding at the beginning of the year	25,450,446,226	25,450.45	25,407,946,226	25,407.95
Addition during the period	468,050,000	468.05	42,500,000	42.50
Outstanding at the end of the year	25,918,496,226	25,918.50	25,450,446,226	25,450.45
iv) The rights, preferences, restrictions including restrictions on the distributions of dividends and repayment of capital				
(1) The Company is having only one class of shares i.e. Equity carrying a nominal value of Rs. 10/- per share.				
(2) Company is 100% subsidiary of MSEB Holding Company Ltd., which is entitled to 100% vote. The dividend, proposed by Board of Directors is subject to approval of the shareholders in the Annual General Meeting, if any.				
(3) Shareholders of the Company have a right to receive dividend whenever such dividend is approved.				
(4) In the event of liquidation of the Company, the equity shareholders will be entitled to receive remaining assets of the Company after the distribution / repayment of all creditors. The distribution to the equity shareholders will be in proportion of the number of shares held by each shareholder				
v) Shares in respect of each class held by Holding Company				
Name of Shareholder	As at 31.03.2023		As at 31.03.2022	
	No. of Shares	(Amount in Rs. Crores)	No. of Shares	(Amount in Rs. Crores)
MSEB Holding Company Ltd. (Nos.)	25,918,496,226	25,918.50	25,450,446,226	25,450.45
MSEB Holding Company Ltd. (Amount in Rs. Crores)		25,918.50		25,450.45

vi) Details of shares in the company held by each shareholder holding more than 5% shares and shares held by Holding company :

Name of Shareholder	As at 31.03.2023			As at 31.03.2022		
	Equity Shares	% of Shares	% change during the year	Equity Shares	% of Shares	% change during the year
MSEB Holding Company Ltd.	25,918,496,226	100.00	-	25,450,446,226	100.00	-

SHAREHOLDING OF PROMOTERS

As at 31.03.2023				As at 31.03.2022			
Promoter Name	No of Shares **	% of total shares	No of Shares **	% of total shares	% change during the year FY 2022-23		
MSEB Holding Company Ltd.	25,918,496,226	100.00	25,450,446,226	100.00	Nil		



Notes to the Financial Statements as at 31 st March, 2023		(Rs. Crores)
	31.03.2023	31.03.2022
12 Other Equity- Reserves and Surplus		
(a) Retained Earnings		
As per last Balance Sheet	(8,223.07)	(6,540.18)
Add : Profit/(loss) for the year	(810.82)	(1,682.88)
	(9,033.89)	(8,223.07)
(b): Other Reserves		
Share Application Money Pending Allotment	91.14	468.05
Grand Total	(8,942.75)	(7,755.02)
13 Non Current Borrowings		
Term loans		
Secured		
Term Loan From Financial Institutions	22,955.60	20,307.06
Term Loan From Banks	1,315.79	1,383.64
Un - secured		
Loan from World Bank	255.41	249.30
Loan from CSSEPL	156.48	165.56
Loan from KFW	-	105.62
GOM -Central Financial Assistance	4.07	-
	24,687.34	22,211.19
(Refer Annexure A-Long term Borrowing for details)		
13A Non Current Lease Liabilities		
Lease Liability-Ind AS 116	2,926.56	3,069.90
	2,926.56	3,069.90
14 Non Current Provisions		
Provision for Gratuity	558.20	539.47
Provision for Leave Encashment	595.25	572.06
	1,153.45	1,111.54



Tax Reconciliation

Note : 15 - Deferred tax liabilities (Net)

(a) Tax Expense recognised in profit and loss

	For the year ended March 31, 2023	For the year ended March 31, 2022
Current tax expense		
Current year	4.97	12.96
Changes in estimates relating to prior years	-	-
Total (A)	4.97	12.96
Deferred tax expense		
Origination and reversal of temporary differences	(222.38)	(472.23)
Change in tax rate	-	-
Changes in estimates relating to prior years	(222.38)	(472.23)
Total (B)	(222.38)	(472.23)
Tax expense recognised in the income statement (A+B)	(217.41)	(459.27)

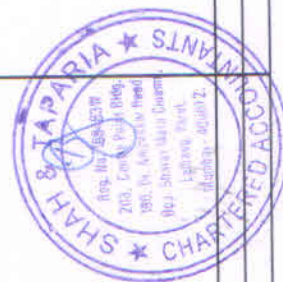
(b) Tax expense recognised in other comprehensive income

	For the year ended March 31, 2023	For the year ended March 31, 2022
Items that will not be reclassified to profit or loss		
Remeasurements of the defined benefit plans	(19.75)	4.97
	(19.75)	4.97
		(14.78)
		(14.78)

	For the year ended March 31, 2022	For the year ended March 31, 2022
Items that will not be reclassified to profit or loss		
Remeasurements of the defined benefit plans	(51.51)	12.96
	(51.51)	12.96
		(38.54)
		(38.54)

(c) Reconciliation of effective tax rate

	For the year ended March 31, 2023	For the year ended March 31, 2022
Profit before tax	(1,013.45)	(2,103.61)
Applicable tax rate	25.17%	25.17%
Tax using the Company's domestic tax rate	(255.06)	(529.44)
Change in tax rate	-	-
Tax effect of:		
Non-deductible expenses	6.03	28.59
Timing Difference on account of		
- For Depreciation and other items	(5.41)	82.55
- Impairment of financial assets	(0.07)	(0.82)
- Expenditure allowable on actual payment basis	(1.90)	(42.59)
- Amortisation of lease liabilities	40.62	39.27
Deferred Tax adjustment for earlier years	(9.17)	(50.72)
CSR Expenditure not deductible	2.60	0.93
Tax expense	(222.38)	(472.23)
Effective tax rate	21.94%	22.45%



(d) Movement in deferred tax balances

	Net balance April 1, 2022	Recognised in profit or loss	Recognised in OCI	Net	Deferred tax asset	Deferred tax liability
Deferred tax asset						
Property, plant and equipment	(4,237.16)	95.38	-	(4,141.78)	-	(4,141.78)
Investments	13.19	0.07	-	13.27	13.27	-
Inventories	-	-	-	-	-	-
Lease Liabilities	813.25	(40.62)	-	772.63	772.63	-
Provisions	346.50	(1.00)	4.97	350.47	350.47	-
Unabsorbed Depreciation	2,308.59	187.00	-	2,495.60	2,495.60	-
Loans and Advances / Receivables	198.95	(23.43)	-	175.52	175.52	-
Tax assets (Liabilities)	(556.67)	217.41	4.97	(334.29)	3,807.49	(4,141.78)

	Net balance April 1, 2021	Recognised in profit or loss	Recognised in OCI	Net	Deferred tax asset	Deferred tax liability
Deferred tax asset						
Property, plant and equipment	(4,164.90)	(72.25)	-	(4,237.16)	-	(4,237.16)
Investments	12.37	0.82	-	13.19	13.19	-
Inventories	-	-	-	-	-	-
Lease Liabilities	852.51	(39.27)	-	813.25	813.25	-
Provisions	329.89	3.65	12.96	346.50	346.50	-
Unabsorbed Depreciation	1,764.80	543.79	-	2,308.59	2,308.59	-
Loans and Advances / Receivables	176.43	22.52	-	198.95	198.95	-
Tax assets (Liabilities)	(1,028.90)	459.27	12.96	(556.67)	3,680.49	(4,237.16)



Notes to the Financial Statements as at 31 st March, 2023		(Rs. Crores)
	31.03.2023	31.03.2022
16 Other Non-Current Liabilities		
Deferred Grant-Govt of Maharashtra	364.96	-
Retentions & Payables	289.71	289.46
	654.67	289.46
17 Current Borrowings		
Loans repayable on demand		
Secured		
from banks		
Cash Credit	8,430.33	7,809.73
Working Capital	4,075.37	1,515.50
Current maturities of Long Term Borrowings	3,008.70	3,586.70
Unsecured		
from banks		
Working Capital	137.50	3,000.00
Other Short Term Loans	1,620.83	1,387.50
	17,272.73	17,299.43
(Refer Annexure B-Short term Borrowing for details)		
17A Current Lease Liabilities		
Lease Liabilities	143.34	161.38
	143.34	161.38
18 Current Trade Payables		
Micro, Small and Medium Enterprises (MSME)	0.22	1.96
Other than MSME	8,102.97	6,651.48
	8,103.19	6,653.44



Note No 18 A): Trade Payables

1) Trade Payables aging schedule as on 31.03.2023

(Rs. crores)

Particulars	Outstanding for following periods from due date of payment				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
i) MSME	0.22				0.22
ii) Others	4,219.91	444.12	671.76	2,767.17	8,102.97
iii) Disputed dues-MSME					
iv) Disputed dues-Others					

2) Trade Payables aging schedule as on 31.03.2022

(Rs. crores)

Particulars	Outstanding for following periods from due date of payment				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
i) MSME	1.96				1.96
ii) Others	3,621.12	703.75	447.40	1,879.21	6,651.48
iii) Disputed dues-MSME					
iv) Disputed dues-Others					



Notes to the Financial Statements as at 31 st March, 2023		(Rs. Crores)
	31.03.2023	31.03.2022
19 Other Current Financial Liabilities		
Retentions & Payables	2,078.92	1,655.38
Other Deposits	221.61	179.82
Interest accrued but not due	107.93	198.30
Payables for Capital goods	109.20	113.76
Related Party Payables	845.82	825.53
Provision for Fly ash utilisation Fund	223.99	172.42
Payable to Government	487.73	388.24
Others	2.58	2.34
Payable to employees	96.16	164.99
	4,173.95	3,700.77
20 Other Current Liabilities		
Capital Grant	81.69	36.91
Statutory Dues		
Income tax deducted at source	42.33	41.33
Income tax collected at source	0.61	0.20
Service Tax liability & Electricity Duty Payable	0.10	0.11
GST Liabilities	57.49	34.96
Professional Tax Liability	0.14	0.13
	182.36	113.63
21 Current Provisions		
Provision for Gratuity	97.03	118.54
Provision for Leave Encashment	142.04	146.68
	239.07	265.22



Notes to the Financial Statements for the year ended 31 st March, 2023		(Rs. Crores)
	2022-23	2021-22
22 Sale of Products		
Sale of Power	24,105.46	21,937.04
Fuel Adjustment Charges	4,782.33	13.99
	28,887.79	21,951.03
23 Other Operating Revenues		
Rejected Coal	117.88	51.31
Gain on sale of Fixed assets	1.54	-
IPP Sale of Coal	116.40	181.65
Sale of Fly Ash	70.29	46.84
Less:- Transferred to Fly Ash Liability	(70.29)	(46.84)
	235.82	232.97
24 Other Income		
Interest Income on Financial Assets carried at amortized cost:		
Interest income	0.23	0.17
	0.23	0.17
Late payment surcharge (Refer Note No.43(A))	3,949.25	1,108.16
Income from rent, hire charges etc.	4.43	4.86
Profit on sale of stores/scrap	31.44	73.77
Sale of tender forms	0.01	0.03
Sundry Credit balance write Back	86.25	27.14
Other receipts	127.84	117.55
	4,199.22	1,331.51
Total Other Income	4,199.45	1,331.68
25 Cost of Materials Consumed		
Coal	21,401.30	13,994.07
IPP Purchase of coal	211.03	181.17
IPP Purchase of Power	278.27	388.11
Gas	945.24	377.16
Oil	822.99	395.10
Water	324.16	288.82
	23,982.99	15,624.44
26 Employee Benefits Expense		
Salaries, Wages, Bonus, etc.	1,268.30	1,175.04
Contribution to Provident Fund	123.96	116.72
Gratuity, Leave Encashment and Other Employee Benefits	214.22	239.20
Employee Welfare Expenses	99.60	131.59
	1,706.08	1,662.55
26A Employee Benefits Expense under OCI		
Remeasurements of the defined benefit plans	19.75	51.51
27 Finance costs		
Interest	3,816.20	3,738.14
Exchange difference regarded as an adjustment to borrowing cost	26.23	9.43
Other borrowing costs	9.86	3.32
Less:- Interest Capitalised	(359.14)	(227.35)
	3,493.15	3,523.54



Notes to the Financial Statements for the year ended 31 st March, 2023		(Rs. Crores)
	2022-23	2021-22
28 Other Expenses		
Rent	1.69	2.05
Hydro Lease rent	82.88	84.79
Repairs and Maintenance on:-		
- Plant & machinery & Building	1,527.57	1,330.25
- Repair & Maintenance - Others	0.77	1.14
Insurance charges	26.91	32.90
Rates and taxes	52.15	26.02
Lubricants, consumables & stores	28.64	10.94
Domestic water	0.18	0.06
Legal and professional charges	38.45	29.03
Bank charges	18.28	5.53
CSR expenditure	10.34	3.71
Provision for doubtful advances	10.75	106.75
Security measures for safety and protection	142.99	114.97
Upkeep of office	74.36	56.34
Expenditure on hire charges of Taxi / Vehicle for	35.74	28.39
Other general expenses	74.08	159.04
Loss on obsolescence of Fixed Assets	0.30	26.63
Loss on foreign exchange variance (Net)	5.51	1.34
Deviation Settlement Mechanism (DSM) Charges	179.09	-
Payments to the auditors for:		
- Audit fees	0.65	0.64
- Other services	-	-
- Reimbursement of expenses	0.02	0.03
- Reimbursement of tax	0.12	0.12
Total	2,311.44	2,020.67
28A Deferred Tax Expenses		
Non OCI Deferred Tax gain /(Expenditure)	(217.41)	(459.27)
OCI Items Deferred Tax gain /(Expenditure)	(4.97)	(12.96)
Total	(222.38)	(472.23)



Note No. 29**Notes to the financial statements**

The Company contributes to the following post-employment defined benefit plans in India.

Defined Benefit Plans**(i) Provident Fund:**

The Company's contribution to the Provident Fund is remitted to a separate trust established for all the Group companies 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. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes.

(ii) Gratuity & Leave encashment:

Liability towards long term defined employee benefits - leave encashment and gratuity are determined on actuarial valuation by independent actuaries at the year-end by using Projected Unit Credit method. Liability so determined is unfunded.

GRATUITY**A. Movement in net defined benefit (asset) liability**

The following table shows a reconciliation from the opening balances to the closing balances for net defined benefit (asset) liability and its components

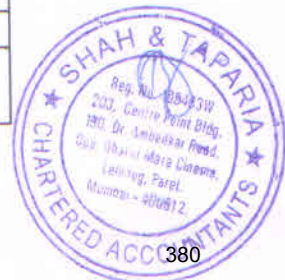
(Rs. Crores)

Defined benefit obligation		
Particulars	31st March, 2023	31st March, 2022
Opening balance	658.01	627.82
Interest Cost Included in profit or loss	47.30	42.56
Current service cost	33.70	32.28
Past service cost		-
Interest cost (income)		
	739.02	702.67
Included in OCI		
Remeasurement loss (gain):		
Actuarial loss (gain) arising from:		(0)
Demographic assumptions		
Financial assumptions	(13)	(18)
Experience adjustment	32.86	69.77
Return on plan assets excluding interest income		
	19.75	51.51
Other		
Contributions paid by the employer		
Benefits paid	(104)	(96)
Closing balance	655.24	658.01
Represented by		
Net defined benefit asset	655.24	658.01
Net defined benefit liability	655.24	658.01

B. Defined benefit obligations**i. Actuarial assumptions**

Further, assumptions regarding future mortality have been based on published statistics and mortality tables. The current longevities underlying the values of the defined benefit obligation at the reporting date were as follows:

Particulars	31st March, 2023	31st March, 2022
Expected Return on Plan Assets	N.A.	N.A.
Rate of Discounting	7.52%	7.23%
Rate of Salary Increase	5.00%	5.00%
Rate of Employee Turnover	2.00%	2.00%
Mortality Rate During Employment	Indian Assured Lives Mortality 2012-14 (Urban)	Indian Assured Lives Mortality 2012-14 (Urban)



ii. 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.

(Rs. Crores)

Particulars	31st March, 2023		31st March, 2022	
	Increase	Decrease	Increase	Decrease
Discount rate (0.5% movement)	(21.41)	22.93	(20.61)	22.09
Future salary growth (0.5% movement)	23.38	(22.00)	22.45	(21.12)
Employee Turnover (0.5% movement)	4.72	(4.98)	3.95	(4.17)

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.

iii. Maturity Analysis of Defined Benefit Obligation

Defined Benefits Payable in Future Years From the Date of Reporting

(Rs. Crores)

Particulars	31st March, 2023	31st March, 2022
1st Following Year	97.03	118.54
2nd Following Year	51.08	48.13
3rd Following Year	70.57	70.98
4th Following Year	68.12	64.10
5th Following Year	60.29	62.00
Sum of Years 6 To 10	248.17	237.21
Sum of Years 11 and above	684.58	624.55

LEAVE ENCASHMENT

A. Movement in net defined benefit (asset) liability

The following table shows a reconciliation from the opening balances to the closing balances for net defined benefit (asset) liability and its components.

(Rs. Crores)

Defined benefit obligation		
Particulars	31st March, 2023	31st March, 2022
Opening balance	718.75	682.93
Included in profit or loss (Interest Cost)	50.78	45.18
Current service cost	16.67	15.02
Past service cost		
Interest cost (income)		
	786.20	743.13
Remeasurement loss (gain):		
Actuarial loss (gain) arising from:		
Demographic assumptions		(0.31)
Financial assumptions	(15.83)	(21.81)
Experience adjustment	79.73	126.28
Return on plan assets excluding interest income		
	63.90	104.16
Other		
Contributions paid by the employer		
Benefits paid	(113.17)	(128.54)
Closing balance	736.93	718.75
Represented by		
Net defined benefit asset		
Net defined benefit liability	736.93	718.75
	736.93	718.75



B. Defined benefit obligations
i. Actuarial assumptions

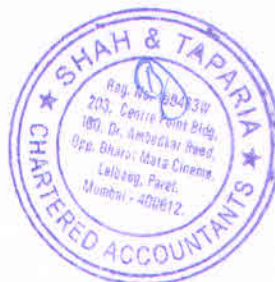
The following were the principal actuarial assumptions at the reporting date (expressed as weighted averages).

Particulars	31st March, 2023	31st March, 2022
Expected Return on Plan Assets	N.A.	N.A.
Rate of Discounting	7.52%	7.23%
Rate of Salary Increase	5.00%	5.00%
Rate of Employee Turnover	2.00%	2.00%
Mortality Rate During Employment	Indian Assured Lives Mortality 2012-14 (Urban)	Indian Assured Lives Mortality 2012-14 (Urban)

C. The provident fund plan of the Company is operated by the "MSEB Contributory Provident Fund Trust" (the "Trust"). Eligible employees receive benefits from the said Provident Fund. Both the employees and the Company make monthly contributions to the Provident Fund Plans equal to a specified percentage of the covered employee's salary. The minimum interest rate payable by the Trust to the beneficiaries every year is being notified by the Government. The Company has an obligation to make good the shortfall, if any, between the return from the investments of the Trust and the notified interest rate. During the year, since the market value of investment is more than subscription liability of the Trust, the liability arising on this account recognised in Profit & Loss account is Rs.Nil (P.Y. Liability Rs. Nil Crs)

Description of Plan Assets

Particulars	31st March, 2023	31st March, 2022
Category - i (a) GOI	42.13%	6.58%
Category - i (a) SDL	5.14%	32.83%
Category - i (b) State / Central Govt. Guaranteed	27.87%	5.88%
Category - ii (a) Debt Instrument	1.97%	28.63%
Category - ii (b) Perpetual bank Bond	0.00%	1.53%
Category - iv (c) Exchange Traded Funds	4.46%	4.45%
SDS	18.43%	20.09%



Note NO. 30			(Rs. Crores)
Capital / Government grants			
As on 31.03.2021			30.00
Received during FY 2021-22			6.91
Less: Grant returned / adjusted against Asset & Expenditure			
Less: Government Grant amortised during FY 2021-22			
As at 31.03.2022			36.91
Received during FY 2022-23			45.03
Add : Deferred Grant-Assistance from Govt of Maharashtra			364.96
Less: Grant returned / adjusted against Asset & Expenditure			
Less: Government Grant amortised during FY 2022-23			
As at 31.03.2023			446.90
	As at 31.03.2023	As at 31.03.2022	
Current	81.69	36.91	
Non-current	365.21	-	
Total	446.90	36.91	
Note No. 31			
Provision for Fly Ash Utilization			(Rs. Crores)
Particulars	As at 31.03.2023	As at 31.03.2022	
Opening balance	172.42	152.72	
Add: Revenue from Sale of Fly ash	70.29	46.84	
Less: Utilised during the year:			
- Capital expenditure	6.05	5.17	
- Other Expenses	12.67	21.98	
Closing balance	223.99	172.42	
(Refer guidelines issued by MOE&F dated 03-11-2009.)			



Note No. 31 A

The details of quarterly returns / statement of stock and debtors filed by the company with banks / financial institutions

Name of the Bank	Aggregate working capital limits sanctioned (Rs. In crore)	Nature of Current Asset offered as Security	Quarter ended	Amount		Difference (Rs. Crore)	Reasons for difference
				disclosed as per quarterly return/ statement (Rs. Crore)	Amount as per books of account (Rs. Crore)		
Consortium Banks	10,500	Refer Note below	June 30, 2022	20,836	28,554	(7,717)	Energy bills recognised subsequently. Value adjustment in inventory
Consortium Banks	10,500	Refer Note below	September 30, 2022	28,467	28,456	12	Energy bills recognised subsequently. Value adjustment in inventory
Consortium Banks	10,500	Refer Note below	December 31, 2022	29,206	29,233	(27)	Energy bills recognised subsequently. Value adjustment in inventory
Consortium Banks	10,500	Refer Note below	March 31, 2023	27,507	28,302	(795)	Energy bills recognised subsequently. Value adjustment in inventory



Note No. 32**Investment in Related Party:**

Details of Transactions	(Rs. Crores)				
	MAHAGUJ	DHOPAVE	MAHAGAMS	UCM	CKDRL
As on 31.03.2021					
- Equity investement	0.03	0.05	0.05	0.03	0.52
-Quasi Equity investment	38.75	6.19	1.54	0.46	
Quasi Equity investment during the year	2.05	0.00	0.18	-	-
As at 31.03.2022					
- Equity investement	0.03	0.05	0.05	0.03	0.52
-Quasi Equity investment	40.80	6.19	1.72	0.46	
Equity investment during the year	-	-	-	-	-
Quasi Equity investment during the year	0.29	0.00	0.10	-	-
As at 31.03.2023					
- Equity investement	0.03	0.05	0.05	0.03	0.52
-Quasi Equity investment	41.09	6.20	1.82	0.46	

Note No. 33**Assets hypothecated / pledged as security**

The carrying amount of assets hypothecated / mortgaged as security for current and non-current borrowings are:

Particulars	(Rs. Crores)	
	As at 31.03.2023	As at 31.03.2022
Security created in respect of Non-current Borrowings		
Property, plant and equipment excluding leasehold land	29,827.66	31,546.73
Security created in respect of Current Borrowings		
i) Inventories	2,114.78	1,255.76
ii) Trade receivables	31,567.39	28,457.27
Total assets as security	33,682.18	29,713.03



Note No. :- 34

Inter- group company transactions are reconciled on a continuous basis. However, year end balances are subject to confirmation/reconciliation which is not likely to have a material impact.

Note No. :- 35

To the extent Micro and Small Enterprises have been identified, the outstanding balance, including interest thereon, if any, as at balance sheet date is disclosed on which Auditors have relied upon:

(Rs. Crores)			
Sr. No.	Particulars	2022-23	2021-22
1	Amounts payable to "suppliers" under MSMED Act, as on 31/03/23: - - Principal - Interest	0.22 0.38	1.96 0.41
2	Amounts paid to "suppliers" under MSMED Act, beyond appointed day during Current year (irrespective of whether it pertains to current year or earlier years) - - Principal - Interest	40.11 -	7.98 2.83
3	Amount of interest due / payable on delayed principal which has already been paid/ adjusted during the current year (without interest or with part interest)	0.27	0.14
4	Amount accrued and remaining unpaid at the end of Accounting Year	0.59	0.13
5	Amount of interest which is due and payable, which is carried forward from last year	0.48	0.36

Note No. :- 36**Related Party Disclosure:****A. Names of and Relationship with Related Parties****1. Holding Entity**

- i. M/s MSEB Holding Company Limited

2. Associate entities

- i. M/s. UCM Coal Company Limited
- ii. M/s. Chhattisgarh Katghora Dongargarh Railway Limited

3. Subsidiaries:

- i. M/s. Dhopave Coastal Power Limited
- ii. M/s. Mahagenco Renewable Energy Limited
- iii. M/s. Mahaguj Collieries Limited

4. Fellow subsidiaries:

- i. M/s Maharashtra State Electricity Distribution Company Ltd.
- ii. M/s Maharashtra State Electricity Transmission Company Ltd.

B. The Company has not included disclosure in respect of following related parties which are Govt. related entities as per Ind AS 24.**1. Associate entities**

- i. M/s. UCM Coal Company Limited
- ii. M/s. Chhattisgarh Katghora Dongargarh Railway Limited

2. Subsidiaries:

- i. M/s. Dhopave Coastal Power Limited
- ii. M/s. Mahagenco Renewable Energy Limited
- iii. M/s. Mahaguj Collieries Limited

3. Fellow subsidiaries:

- i. M/s Maharashtra State Electricity Distribution Company Ltd.
- ii. M/s Maharashtra State Electricity Transmission Company Ltd.



4. Key Management Personnel

Sr No	Key Management Personnel Name	Designation	With effect from
1	Shri. Sajay J. Khandare	Chairman & Managing Director	10.08.2020 to 30.09.2022
2	IAS DR P Anbalagan	Chairman & Managing Director	30.09.2022
3	Shri. Vaithilinganadar Thangapandian	Director (Projects)	10.04.2019 to 09.04.2022
4	Shri. Chandrakant Thotwe	Director (Operation)	16.03.2021 to 22.08.2022
5	Shri.P.V.Jadhav	Director (Mining)	01.06.2019 to 31.10.2022
6	Shri. Balasaheb B. Thite	Director (Finance)	15.09.2020
7	Shri. D. M. Gokhale	Director (M)	01.11.2022 to 31.03.2023
8	Shri. Abhay Harne	Director (Projects)	20.06.2023
9	Shri. Manvendra Prafulchandra Ramteke	Director (HR)	14.01.2022 to 29.08.2022
10	Shri. Sanjay Marudkar	Director (Projects)	29.06.2022 to 07.02.2023
11	Shri. Sanjay Marudkar	Director (Operation)	07.02.2023
12	Shri Rahul Dubey	Company Secretary	17.01.2006

5. Non Executive Directors

Sr No	Designation	Key Management Personnel Name	With effect from
1	Director	Smt. Swati Vyavahare	22.01.2021
2	Director	Shri. D.T. Waghmare	29.01.2021 to 21.11.2022
3	Director	Shri. Vishwas Pathak	23.08.2022

C. Remuneration paid to Related Party / Key Management Personnel

(Rs. Crores)

Sr No	Name of Related Party	Nature of Relationship	2022-23	2021-22
1	Shri. Sajay J. Khandare	Chairman & Managing Director	0.20	0.37
2	IAS DR P Anbalagan	Chairman & Managing Director	0.17	-
3	Shri. Chandrakant Thotwe	Director (Operation)	0.26	0.61
4	Shri. Vaithilinganadar Thangapandian	Director (Projects)	0.01	0.43
5	Shri. D. M. Gokhale	Director (M)	0.13	-
6	Shri.P.V.Jadhav	Director (Mining)	0.15	0.26
7	Shri. Balasaheb B. Thite	Director (Finance)	0.29	0.25
8	Shri. Manvendra Prafulchandra Ramteke	Director (HR)	0.13	0.07
9	Shri. Santosh Amberkar	Director (Finance)	-	0.06
Remuneration to Key Managerial Persons				
1	Shri. Rahul Dubey	Company Secretary	0.39	0.39
2	Shri. B.Y Manta	Executive Director(HR)	0.32	0.31
3	Shri. Nitin Shashikant Wagh	Executive Director	0.36	0.35
4	Shri. Nitin Chandurkar	Executive Director	0.43	0.42
5	Shri. Sanjay Marudkar	Executive Director	0.46	0.40
6	Shri. Abhay A. Harne	Executive Director	0.13	0.32
7	Shri. Vitthal S. Khatare	Executive Director	1.06	-
8	Shri. Pankaj Sapate	Executive Director	0.28	-
9	Shri. Raju Burde	Executive Director	-	0.47
10	Shri. Kailash Chirutkar	Executive Director	-	1.25

Key Managerial Personnel are entitled to post-employment benefits and other long term employee benefits recognised as per Ind AS 19 - 'Employee Benefits' in the financial statements. As these employee benefits are lump sum amounts provided on the basis of actuarial valuation, the same is not included above.



D. Sitting Fee paid to Non-Executive Directors:

(Rs. Crores)

Details of Meeting	Smt. Swati Vyavahare	Shri Vishwas Pathak
Board	0.0025	0.0035
Audit Committee	0.0005	0.0005
Total Sitting Fees Paid	0.0030	0.0040

Note No. :- 37

In compliance of Ind AS-27 'separate Financial Statements', the required information is as under:

Particulars	Country of In Company	Nature of Investments	Percentage of ownership interest as on	
			As at 31.03.23	As at 31.03.22
M/s. Mahaguj Collieries Ltd	India	Subsidiary	60.00%	60.00%
M/s. Dhopave Coastal Power Ltd	India	Subsidiary	100.00%	100.00%
M/s. Mahagenco Renewable Energy Limited	India	Subsidiary	100.00%	100.00%
M/s. UCM Coal Company Ltd	India	Associates	18.75%	18.75%
M/s. Chhattisgarh Katghora Dongargarh Railway Limited	India	Associates	26.00%	26.00%

Note No. :- 38

The net worth of following associate/subsidiaries has eroded. Hence, Management has considered following impairment in the value of Investment and accordingly, a provision has been made in the books of accounts.

Particulars	Investment including advance	Percentage to the total Loans and Advances in the nature of loans	Provision for Impairment
M/s. Mahaguj Collieries Limited	41.12	100%	41.12
M/s. UCM Coal Company Limited	0.49	100%	0.49
M/s. Dhopave Coastal Power Limited	6.25	100%	6.25

Loans & Advances granted to Related Parties without specifying any terms or period of repayment other than above

Particulars	Loans & advances	Percentage to the total Loans and Advances in the nature of loans
M/s. Mahagenco Renewable Energy Limited	1.82	100%

Note No. :- 39

Outstanding balances other than Trade Receivable of fellow subsidiaries at the end of financial year.

Particulars	As at 31.03.23	As at 31.03.22
Payable to MSEDCL	546.58	546.40
Receivable from MSETCL	134.81	23.34

Note No. :- 39A

Trade Receivable from Related Party

Particulars	As at 31.03.23	As at 31.03.22
MSEDCL	25,986.98	27,259.11
MSETCL	160.55	143.52



Note No. :- 40

Corporate Social Responsibilities

In the year 2022-23 Section 135 of Companies Act is not applicable to the Company, being the entity having no average profit in preceeding three years. However during the year, Company has spent Rs. 10.34 Crores (PY: Rs. 3.71/- Crores) towards Corporate Social Responsibility (CSR).

(Rs. Crores)

Sr No	Head of Expenses	2022-23	2021-22
1	Death-Compensation & Stipend to security guards	3.01	3.00
2	Water Supply for Fekri , Nimbhore & Fulgaon Village	0.98	0.68
3	Pond Beautification at koradi TPS	3.07	
4	Concrete approach/internal roads & road side drain for project affected Village etc.	3.20	
5	Tree Plantation on occasion of Krishnkunj Festival	0.07	
6	kapil vastunagar water supply & pipeli		0.03
	Total	10.34	3.71

Note No. :- 41

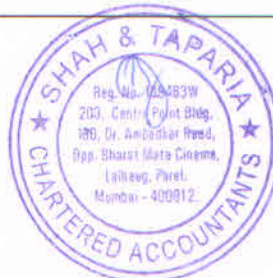
Contingent Liabilities & Commitments

(Rs. Crores)

I	Contingent Liabilities	As at 31.03.23	As at 31.03.22
1	MSPGCL may be contingently liable for interest claim of SECL,WCL,Singaraeni and MCL amounting to Rs 1994.04 Crs (P.Y. interest claim of SECL,WCL and MCL Rs 1947.43 Crs) & interest claim for Singaraeni Rs. 63.45 Crs, plus performance incentive Rs. 877.23 Crores (P.Y. Rs.962.36 Crores) and short lifting Rs. 1009.19 Crores (P.Y. Rs. 983.34 crs.) plus Penalty claim of WCL Rs. 29.62 crores (P.Y. Penalty claim of WCL Rs. 29.62)and debit note rebet reversal for Singaraeni Rs 40.81 Crores (P.Y. Rs. 40.81 Crs) .Total Contingent Liability RS. 4014.34 Crs. (P.Y. Rs 3963.56 crs.)	4,014.34	3,963.56
2	Arbitration between M/s Sunil Hitech Engineers Ltd, Nagpur & MSPGCL regarding various disputes of Contract for Civil, Supply, Erection, Testing & Commissioning of Balance of Plant packages for Parli Unit-8 Project amounting Rs. 953.86 Crores (P. Y. 953.86 Crs).	953.86	953.86
3	Contingent liability of approximately estimated to Rs.407.99 Crores plus 45.38 crores int total Rs. 452.99 Crs (PY Rs.345.75 Crores plus 45.38 crores int total Rs. 391.13 Crs). This is related to work of construction of RCC lower Mun Barrage with associated works including manufacturing, providing, erection, testing and commissioning of radial gates , stoplog gates, goliath crane and rope drum hoist etc. claimed by M/s Mahalaxmi Infra Project Ltd., Kolhapur. Agency has been requested to submit claim amount based on which the members in arbitration tribunal would be decided, as provided in tender conditions. Arbitration award is declared on 20-11-2014. The sole Arbitrator Shri. S.P. Kurdukar, Mumbai directed to pay Rs. 56 crores. Award is challenged at High Court on vide OSARBP/466/2015. The claimants have filed petition vide no. 5260/2015. New advocate Shri. S.R. Nargolkar is appointed to represent MSPGCL in this matter. Bombay High Court appointment Shri Thakkar as Sole Arbitrator for further proceedings. As per H.C Bombay Order DT.16.10.2020, MSPGCL has deposited Rs.57 Crs. And BG amounting to Rs.48,49,28,628/-is submitted . Total contingent liability Rs. 285.64 Crs. (407.99+45.38-57-48.49 = 347.49 Crs)	347.49	285.64
4	Contingent liability for demand from Irrigation Department for excess water charges and establishment charges amounted to Rs.3,20,68,68,676 /- (P.Y. Rs. 3,03,19,23,391/-)(Excess water charges bill Rs. 1,36,23,68,676 + Establishment Charges Rs. 1,84,45,00,000/-)	320.69	303.19
5	Arbitration before Justice Shri. V. G. Palshikar Mumbai. ABN/C/No.63/2014 – Sole Arbitrator - Adv. Rathod – Asian Natural Resources Ltd(erstwhile M/s. Bhatia International Ltd. Indore) vs Mahagenco Major pending issue is change in railway freight and 16 refree sample and subsequent other claims on various accounts for contract of import coal for the year 2010-11. M/s. Asian Natural Resources Ltd. has invoked the arbitration clause with respect to the pending disputes and delayed payment on various accounts for the contracts for supply of non-cooking (Steam) coal of foreign origin for year 2010-11 to Nasik, Bhusawal, Khaperkheda and Chandrapur TPS. Sole Arbitrator justice V.G. Palahikar (Retd). Appointed with mutual consent on 17.04.2014. Claim and counterclaim filed. Hearing is in process. The claim amount is Rs. 127.45 crores (P.Y. Rs. 127.45 crores)(FMC)	127.45	127.45



Sr No	Contingent Liabilities	As at 31.03.23	As at 31.03.22
6	City and Industrial development corporation of Maharashtra (CIDCO) had allotted Lease hold land admeasuring 1,90,799 sq.mtr at uran to MSPGCL on 60 years lease for the expansion of Existing GTPS, vide letter dtd 22.08.2007 with payment of lease premium and other charges. However in spite of rigorous persuasion Ministry of Petroleum and Natural Gas Govt of India had not allocated Gas linkage to GTPS project. Hon.Managing Director MSPGCL vide letter No'CE (C) -I Uran and No.2245 dtd 17. L2.20L2 requested to the MD CIDCO for extension of time up to 2018 without additional premium. In reply CIDCO had requested to remit the additional premium of Rs.2,14,64,888/- for extension period 03.06.2012 to 02.06.2013. IF projects could not be Completed by MSPGCL within the prescribed time for reason beyond control, then CIDCO will extend the period prescribed for completion of project with additional Premium. Additional lease premium for the period 02.06.2012 to 31.03.2021 is Rs.91,81,09106/-. Contingent Liability upto Mar 2023 Rs.121.86 Crs (P.Y. Rs 91.81 Crs)	121.86	91.81
7	There is a disputed claim of Rs 84.36 Crs (P.Y. 39.83 Crs) towards water royalty charges demanded by Irrigation Department in respect of CSTPS.	84.36	39.83
8	MSPGCL may be contingently liable for Counter claims lodged by Washery Operator Amounting Rs 74.96 crores. (Rs. 41.817 Cores + Rs. 33.149 Crores)	74.96	74.96
9	Arbitration between M/s. TATA Projects Ltd., and MAHAGENCO for Bhusawal 2x500 MW project. M/s. TATA claimed for prolongation cost, Bank Guarantee charges for BG submitted, payment against performance Guarantee tests & extra BG charges incurred towards furnished BG, wrongful recoveries made by MAHAGENCO from contractual payments, additional work and return of contract performance Bank Guarantee : The Arbitration tribunal pronounced Award on 16.07.2022 & further rectified Arbitration award is received on Dt. 30.08.2022. Advocate of MSPGCL challenged the award on dt. 29.11.2022 in the Hon'ble High Court. Commercial Arbitration Petition (Lodging) No. 37054 of 2022. M/s Tata Projects Ltd has filed the Canveat. Interim Application has been filed & numbered as IA (St.) No. 37984 of 2022. Expected burden on MSPGCL Prolongation cost Rs.48000000/- Additional work Rs. 91483024.22/- Arbitration Cost Rs. 1088342/- BG Charges (To be paid at actual) Rs 36888000/- Retention amount is to be returned against wrongful recoveries worth Rs. 151920103/- & Rs. 99200000/- Total- Rs.428579469.22/- (P.Y. Rs 197.46 Crs as per award BG released Rs 189 Crs))	42.86	197.46
10	Other miscellaneous claims lodged against the company but not acknowledged as debt.	257.31	382.99
11	The company has been contingently laible for non payment (Building & other Construction workers welfare cess act) 1% BOCW cess on the civil construction of new projctes i.e.on Koradi 3x6060 MW project, CSTPS 2x500MW project & Parli 1x250 MW project.	Not ascertained	Not ascertained
	Total Claims	6,345.18	6,420.76
	Direct & Indirect Tax Demands Outstanding and disputed by the company	29.18	262.69
	Guarantees extended by the company	1,942.97	925.64
	Total Contingent Liabilities	8,317.34	7,609.09
(Rs. Crores)			
II	Capital Commitments		
A	Estimated amount of contracts remaining to be executed on Capital Account not provided for	585.74	430.21
III	Other Significant Commitments		
Other Significant Commitments (a) Company has entered into Power Purchase Agreement with MSEDCL PPA signed with MSEDCL for Sale of power generated by the company & this agreement remains operative for the period of twenty-five years unless extended or terminated earlier. (b) Agreement / Order has been made / placed with M/s. Ultra Tech cement Ltd. for Sale/ Disposal of fly ash on long term for 15 years basis ending in FY 2023-24. (c) Coal linkage (including Bridge Linkage and MOU) of 53.764 Million MT has been allocated to company, consequently company is committed to purchase coal from allocated coal companies at the relevant market price. (d) Company has gas purchase and transportation agreement with Gas Authority of India Ltd. towards 3.5 MMSCMD upto 06.07.2026.			



IV Contingent Assets

In pursuance to Power Purchase Agreement, MSPGCL levied delayed payment Surcharge on MSEDCL. Such Surcharge Income of Rs. 3725.29 crores was treated as Non-tariff income by MERC and accordingly reduced from the Annual Revenue Requirement of MSPGCL for the period FY 2010-11 to FY 2015-16. The company filed appeal against this methodology in the Appellate Tribunal for Electricity. The Tribunal, however, rejected the appeal of the company. The matter is now pending with Supreme court.

- 1 Recently in the similar case of another Transmission Licensee, the Tribunal decided that the Delayed payment surcharge are not to be considered as Non-tariff Income and thus will not be deducted from Annual Revenue Requirement.

The said judgement has significantly increased the chances of favourable decision in case of MSPGCL seeking restoration of Rs.3725.29 crores in the revenue. If the favourable decision is received, the company will be able to increase its earnings to the tune of Rs.3725.29 crores.

- 2 Mahagenco has lodged counter claims with coal companies and washery operators. The details of the same is as follows:

(Rs. Crores)			
Sr. No	Particulars	As at 31.03.23	As at 31.03.22
1	Stone Claims	36.27	29.92
2	SRN claims	100.81	100.81
3	Interest claims	2,976.26	2037.92
4	GCWL	1,803.40	1670.67
5	Moisture Claims	245.97	197.65
6	Short Delivery	2,154.65	3179.36
Total		7,317.36	7,216.33

- 3 Mahagenco has filed compensation claim under competition Act 2002 amounting to Rs. 409.95 crores (P.Y. Rs. 409.95 Crs) against the three liaising contractors M/s. Nair (Rs. 200.74 Crs), M/s. Karam Chand Thapar (Rs. 156.64 Crs) & M/s. Naresh Kumar (Rs. 52.60 Crs) at NCLAT New Delhi, Advocate K. K. Sharma case no. AT 02/2018

- 4 Mahagenco has lodged counter claims on Asian Natural Resources Ltd (erstwhile M/s. Bhatia International Ltd. Indore). The details of the same is as follows:

(Rs. Crores)		
Details	As at 31.03.23	As at 31.03.22
AFC disallowance due to short supply	47.26	47.26
Loss due to increase in Heat Rate	23.03	23.03
Loss due to Auxiliary power consumption	28.55	28.55
Demurrage charges	3.065	3.065
Total	101.91	101.91

- 5 Mahagenco has lodged counter claims against M/s Sunil Hitech Engineers Ltd, Nagpur & MSPGCL regarding various disputes of Contract for Civil, Supply, Erection, Testing & Commissioning of Balance of Plant packages for Parli Unit-8 Project as follows:

(Rs. Crores)		
Details	As at 31.03.23	As at 31.03.22
Recoveries due from SHEL	224.29	224.29
Losses incurred by Respondent	812.40	812.40
Carrying cost on unrecovered amount	70.56	70.56
Additional loss incurred by Respondent	423.80	423.80
Total	1,531.05	1,531.05

- 6 Amount recoverable Rs. 5.11 Crs (P.Y. Rs.4.07 Crs) from South Eastern Railway for excess freight payment (Claim amount of Sardega siding (MSFJ Colliery), MCL

- 7 Amount recoverable Rs. 3.36 Crs (P.y. Rs. 3.15 Crs) from South Eastern Railway Excess Freight Claims (Claims for Empty wagons, Excess TORO, Less Rebate, Excess DPC, WL, FRT RATE DIFF/CALC DIFF, EXCESS O/L, Excess FAUC, Excess PCLA, Excess ENHC).

- 8 Case no 303 of 2018 Appeal against MERC order on MTR for the period FY 2016-17 to FY 2019-20. The point raised in appeal i.e. arbitrary adjustment of LPS against loWC for FY 2016-17 Rs. 363.06 Crs

- 9 Case No.281 of 2017 Various issues in MYT tariff order for True up for FY 2014-15, Provisional True up for FY 2015-16, FY2016-17 to FY2019-20. The point raised in the appeal is as below. (Case pending before Hon. APTEL)
1) Non-approval of Impact of actuarial valuation of Rs. 225.46 crore in regard to the Employee related cost and expenses forming part of the O & M expenses approved for FY 2014-15, Rs. 225.46 Crs



Case No. 130 of 2019	1) Non consideration of advance payment to coal companies for computation of normative loWC. (Case pending before Hon.APTEL) 2) Non consideration of cost recognized under other comprehensive income. 3) Disallowance of additional Capitalization in FY 15-16, FY 16-17 and FY 17-18. Rs. 170.14 Crs		
Case No. 353 of 2020	2016-17 to FY 2019-20. The point raised in the appeal is as below. (Case pending before Hon. APTEL) 1) Non allowing recovery of reactive energy charges. 2) Adjustment of Late Payment Surcharge against actual loWC and thus reducing the entitlement of loWC for FY 2017-18 & FY 2018-19. Rs. 911.27 Crs		
12	Outstanding amount recoverable Rs. 25.05 Crs from Central Railway upto Mar 2023.		
13	Recovery Provision of M/s TKIL against Torn Belt Rs. 9.98 Crs		
14	Rent to be recovered from K.V.N. Naik Education Society upto Mar Rs 2,72,28,607/- (Actual Rent Rs 95,77,734/- Plus Interest on Rent Rs.1,76,50,873)		
15	Nagpur waste water, claimed GST in invoice raised against supply of Tertiary Treated Water from Bhandewadi STP (GST on bill for FY-2020-21 & 2021-22)(As per advance ruling has held that no legislative intent to tax water for general purposes and holds Tertiary treated water eligible for GST exemption) Rs.22.84 Crs.		
16	Penalty Recoverable from M/s Orient Cement Rs. 9.71 Crs		
Note No. : - 42A			
Segment reporting			
Generation and Supply of Electricity is the principle business activity of the Company. The Company is having a single geographical segment as all the activities of the company are domestic in India. Segment information as required under Ind AS 108 "Operating Segment" is given in the consolidated financial statement of the Company.			
Note No. : - 42B			
Threshold limits adopted in respect of financial statements is given below:			
Threshold item		Unit of measurement	Threshold limits
Capitalization of spare parts meeting the definition of property plant and equipment.	Individually	Rs. Crores	10.00
Total Income / expenditure pertaining to prior year (s)	Cumulative	Rs. Crores	50.00
Disclosure of contingent liabilities	Individually	Rs. Crores	1.00
Disclosure of capital commitments	Individually	Rs. Crores	1.00
Deprecation at 100% in the year of acquisition in respect assets amounting up to Rs. 5000 & all mobile phones			
Loans and advances & cost of raising finance	Individual Loan	Rs. Crores	1.00
For Recognition of Right to use assets and Lease Liabilities			
A) Annual Lease Rent and	in each case	Rs. Crores	1.00
B) Value of underlying assets	in each case	Rs. Crores	10.00



Note No.: - 43(A)

Note on Late Payment Surcharge:-

Company has accounted for late payment surcharge in the books of accounts as per industry standard methodology for LPS calculation and accounting by appropriating receipts from MSEDCL first towards late payment surcharge and remaining balance towards principal arrears till 2020-2021 which was regularly informed to MSEDCL vide LPS bills.

During 2021-22, due to urgency mentioned by MSEDCL for participation in the late payment surcharge scheme of ministry of power, Government of India, in meeting Principal Secretary energy and Managing Director of Holding Company directed MSPGCL to compute arrears by adopting MSEDCL methodology of diverting receipts from MSEDCL first towards principal and remaining balance towards late payment surcharge as MSEDCL has to adopt in late payment surcharge scheme.

Reconciliation of balances and consensus could not be achieved between MSPGCL and MSEDCL till the final date of participation in the late payment surcharge scheme by MSEDCL. Therefore MSPGCL has accounted amount of late payment surcharge by modified methodology on the arrears arrived by it, on receipt of confirmation from MSEDCL that reconciliation is under process.

During 2022/23 MSPGCL observed that MSEDCL is not complying with the conditions specified in late payment Surcharge scheme and inconsistency of methodology, so management of MSPGCL decided to start Levying late payment surcharge by adopting "Prudent Industrial Practices" methodology and accordingly raised bill of late payment charge for 2022-23 as well as for the balance of 2021-22 in which short billing was happened due to change in methodology and non adoption of LPS rule conditions.

Note No: 43 (B)

- 1) The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year FY 22-23.
- 2) The Company does not have any benami property, where any proceeding has been initiated or pending against the Company for holding any benami property.
- 3) The Company does not have any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961. (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961)
- 4) The Company does not have material transactions with the struck off companies during the current & previous year
- 5) The company has not been declared as a wilful defaulter by any bank or financial institution or any other lender.

Note No.: - 43(C)

MSPGCL has been supporting the State Grid by supplying reactive energy since F.Y. 2013-2014 and the company has raised invoices for the same amounting to Rs 143. 52 crs to the MSETCL till the F.Y. 2020-21. However MERC in it's tariff order has stated that the mechanism for settlement of the reactive energy has not been implemented in the past and as the true up of the previous years has already been carried out including FY 2017-18 and FY 2018-19, Commission has not allowed any recovery of reactive energy charges for the past period (i.e. upto FY 2018-19). Company has made provisions for bad debts amounting to Rs. 143.52 crs (equivalent to Reactive energy charges upto FY 2020-21). However, the decision passed as per this order is in dispute and thus the company has filed an appeal against the order of MERC to the Appellate Tribunal for Electricity.

Note No.: - 43(D)

In view of the Supreme Court of India ruling in case of Regional Provident Fund Vs Vivekananda Vidyamandir And Others dated 28th February 2019, regarding the coverage of certain allowances for making of Provident Fund contributions, the Company is still in the process of evaluating the said ruling. Depending upon the outcome, Company may be contingently liable to contribute employer's share of provident fund to CPF Trust of the MSEB group Companies, the amount for which is yet to be ascertained. The same will be accounted for once the matter is crystallized. Management does not expect the impact to be significant.



Note No. : 44

Classification of Financial Assets and Financial Liabilities:

The following table shows the carrying amount				(Rs. crores)		
	31.03.2023			31.03.2022		
	FVTPL	FVTOC	Amortised Cost	FVTPL	FVTOC	Amortised Cost
Financial assets						
(i) Trade Receivables			31,567.39			28,457.27
(ii) Cash and Cash Equivalents			263.68			11.79
(iii) Bank Balances other than (ii) above						-
(iv) Loans			1.78			5.36
(v) Other Financial Assets			326.40			325.34
Total	-	-	32,159.26	-	-	28,799.76
Financial liabilities						
(i) Borrowings			41,960.07			39,510.62
(ii) Trade Payables			8,103.19			6,653.44
(iii) Lease Liabilities			3,069.90			3,231.28
(iv) Other Financial Liabilities			4,173.95			3,700.77
Total	-	-	57,307.10	-	-	53,096.11

Financial risk management

Risk management framework

In its ordinary operations, the Company's activities expose it to the various types of risks, which are associated with the financial instruments and markets in which it operates. The Company has its risk management process which has been carried out at regular interval. The following is the summary of the main risks:

44A. Regulatory risk

The company submits the annual revenue requirement to Maharashtra Electricity Regulatory Commission, based on these approved tariffs the company raises monthly energy bills to its customers. The tariff so determined by MERC are based on the MERC (Mutly Year Tariff) regulations which get revised periodically. These tariff are determined based on normative parameters as set out in the said regulations. Any change in the normative parameters or guiding regulatory provisions will have impact on the income from sale of the power of the company.

44B. Company has identified financial risk and categorised them in three parts Viz. (i) Credit Risk, (ii) Liquidity Risk & (iii) Market Risk.

Details regarding sources of risk in each such category and how Company manages the risk is explained in following notes:

44B.1 - 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 the Company's receivables from customer and investment securities. The Company establishes an allowance for doubtful debts and impairment that represents its estimate of incurred losses in respect of trade and other receivables and investments.

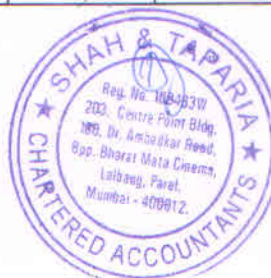
The maximum exposure to credit risk in case of all the financial instuments covered below is resticted to their respective carrying amount.

Trade receivables

The Company works out the expected credit losses of trade receivables (which are 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. The trade receivables refer to receivables against supply of power to MSDDL, being fellow subsidiary and sovereign entity, no credit risk has been envisaged. The following table provides information about the exposure to credit risk and loss allowance (including expected credit loss provision) for trade receivables:

	31.03.2023		31.03.2022	
	Gross carrying amount	Loss allowance	Gross carrying amount	Loss allowance
Past due 0-180 days	15,014.19		13,013.35	
Past due 180-360 days	4.08		29.09	
More than 360 days	16,549.12	183.68	15,414.83	183.68
	31,567.39	183.68	28,457.27	183.68

Note : The above includes Unbilled revenue



The movement in the allowance for expected credit loss in respect of trade receivables during the year was as follows:

As on 31.03.2021	183.68
Add : Expected Credit loss recognised	-
Less : Amounts written off	-
As at 31.03.2022	183.68
Add : Expected Credit loss recognised	-
Less : Amounts written off	-
As at 31.03.2023	183.68

Cash and cash equivalents:

	As at 31.03.2023	As at 31.03.2022
Cash and cash equivalents	263.68	11.79

44B.2 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 operating cash flow enables it to maintain requisite capital structure discipline. Mahagenco diversifies its capital structure with a mix of financing products across varying maturities and currencies. The financing products include, buyer's credit loan, clean & secured domestic Term loan (and Foreign Currency Loans on back to back arrangement basis through Government of India and Government of Maharashtra etc.). Mahagenco taps domestic as well as foreign financial institutions like IBRD & KfW from time-to-time to ensure appropriate funding mix and diversification of geographies.

(ii) Maturities of financial liabilities

The amounts disclosed in the table are the contractual undiscounted cash flows.

(Rs. Crores)

	Contractual cash flows					
	31.03.2023			31.03.2022		
	Upto 1 year	1-3 years	more than 3 years	Upto 1 year	1-3 years	more than 3 years
Non-derivative financial liabilities						
Long Term Borrowings	3,008.70	10,428.23	14,259.11	3,586.70	9,492.05	12,719.14
Borrowings for working capital	14,264.03			13,712.73	-	-
Trade payables	8,103.19			6,653.44	-	-
Lease Liabilities	143.34	310.73	2,615.83	161.38	294.42	2,775.48
Other financial liabilities	4,173.95			3,700.77	-	-
Total	29,693.20	10,738.96	16,874.94	27,815.02	9,786.47	15,494.62

44C. Market Risk - Market Risk is further

44C.1. Currency risk:

The Company is exposed to currency risk mainly on account of its borrowings from KfW Germany and IBRD (World Bank) in foreign currency. Our exposures are 4.92 Crores Euro and 3.86 Crores U.S. dollars. However, Company operates in rate regulatory environment. Consequently, any variation in the foreign exchange rate is allowed to be recovered from consumers at actuals. Hence, company doesn't have significant risk on account of variation in foreign currencies.



44C.2. Interest rate risk

Interest rate risk exposure:

	Carrying amount in Rs. crores	
	31.03.2023	31.03.2022
Fixed-rate instruments		
Financial assets	-	-
Financial liabilities	123.53	208.43
Variable-rate instruments		
Financial assets	-	-
Financial liabilities	41,836.54	39,302.19

Cash flow sensitivity analysis for variable-rate instruments

A reasonably possible change of 100 basis points in interest rates at the reporting date would have increased / (decreased) profit or loss by the amounts shown below. The indicative 100 basis point (1%) 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.

	Profit or loss			
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
	31.03.2023		31.03.2022	
Floating rate borrowings	418.37	(418.37)	393.02	(393.02)
Interest rate swaps (notional principal amount)	-	-	-	-
Cash flow sensitivity (net)	418.37	(418.37)	393.02	(393.02)

44C.3. Commodity Risk

Company operates in rate regulatory environment. Company's cost comprises mainly of coal cost. Any variation in the coal cost is allowed to be recovered from consumers at actuals subject to performance parameters to be achieved. Hence, company doesn't have significant risk on account of variation in coal price.



Note No. : 45

Leases

A. Leases as lessee

a) The Company enters into cancellable/non-cancellable operating lease arrangements for Hydro Plants, land, office premises, staff quarters and others. As mandated under Ind AS 116, Company has recognised Right To Use Assets and corresponding Lease Liability in the Balance Sheet. Consequently, Depreciation on Lease Assets and Interest on Lease Liabilities have been recognised in statement of Profit and Loss.

The undiscounted cash outflows towards lease payments of non-cancellable leases are as under:

A) Movement in Lease Liabilities

(in Crores)		
Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Balance as on 1st April, 2022	3,231.28	3,387.29
Additions		
Finance cost accrued during the period	331.20	347.19
Payment of lease liabilities	492.57	503.20
Balance as on 31st March, 2023	3,069.90	3,231.28

B) Maturity Analysis of Lease Liabilities

(in Crores)		
Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Maturity Analysis - Contractual undiscounted Cash Flows		
Less than one year	452.33	460.42
One to five years	1,769.07	1,779.08
More than five years	3,810.31	4,252.63
Total Undiscounted Lease Liabilities	6,031.71	6,492.13

C) Amount Recognized in the Statement of Profit & Loss

(in Crores)		
Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Interest on Lease Liabilities	331.20	347.19
Depreciation on Lease Asset	253.82	255.63

Ascertainment of Lease in the Power Purchase Arrangement:

The company has entered into the power purchase agreement with MSEDCL. The significant output of power generated from the Company's plants is sold to MSEDCL. Hence company tested the said power purchase arrangement in terms of Appendix C to Ind AS 17 so as to determine whether the arrangement contains element of lease. It is revealed that the arrangement conveys the right to use the assets to MSEDCL, however, the losses arising out of non-maintenance of availability of power plant for power generation are borne by Mahagenco. Accordingly, there is no transfer of risks & rewards to MSEDCL to this extent. Consequently, the arrangement does not satisfy the criteria of financial lease.



Note 46 : Earnings per share (EPS)

Basic EPS amounts are calculated by dividing the profit for the year attributable to equity holders by the weighted average number of Equity shares outstanding during the year.

Diluted earnings per equity share is computed by dividing the net profit or loss attributable to equity shareholders of the Company by the weighted average number of equity shares considered for deriving basic earnings per equity share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares.

For the purpose of calculating Earning Per Share, the share application money pending allotment, in terms of the commitment from Government of Maharashtra through the Holding company, has been considered being as confirmed allotment.

Particulars	31.03.2023	31.03.2022
Profit attributable to equity holders for basic earnings per share (Rupees)	(796.04)	(1,644.34)
Profit attributable to equity holders for diluted earnings per share (Rupees)	(796.04)	(1,644.34)
ii. Weighted average number of ordinary shares		
	31.03.2023	31.03.2022
Number of Equity shares of Rs 10 each	26,094,311,048	25,530,467,897
Weighted average number of shares for basic and diluted earnings per shares	26,094,311,048	25,530,467,897

Basic and Diluted earnings per share (Rupees) (0.31) (0.64)

Note 47 : Capital management

The Company's policy is to maintain a strong capital base so as to maintain shareholder's confidence and to sustain future development of the business. Management monitors the return on capital.

The Company monitors capital using debt equity ratio. The Company's debt to equity ratio at March 31, 2021 is as follows.

Particulars	31.03.2023	31.03.2022
Long term borrowings (Rs. Crores)	24,687.34	22,211.19
Equity share Capital (Rs. Crores)	25,918.50	25,450.45
Debt to Equity ratio	0.95	0.87

Note 48 : Dividends

The Company has not declared dividend so far.

Note 49 : Previous year figures have been regrouped wherever necessary

Note 49(A) :- Company prepares the Annual Financial Statements after rounding off the amount in Rupees Crores. All figures, in full, are matching with totals and sub-totals, however, any casting errors may appear while presenting them in crores. No adjustment is made by the company for the same for removing such notional casting errors.



Note No: 50 Ratio Analysis

Sr No	Particulars	2022-23	2021-22	% variation	Reason for Variance more than 25%
	Current Assets (A)	35,179.57	30,951.21		
	Current Liabilities (B)	30,114.63	28,193.87		
1	Current Ratio (A)/(B)	1.17	1.10	6%	
	Debt Equity	17,272.73	17,299.43		
	Debt Equity Ratio	16,975.75	17,695.43		
2	Debt Equity Ratio	1.02	0.98	4%	
	EBDITA (A)	5,322.54	4,208.01		
	Repayment + Interest (B)	7042.20	7564.62		
3	Debt Service Coverage Ratio (A/B)	0.76	0.56	36%	Earning of the Company have been turned out to be positive in comparison with previous year mainly due to increase in Surcharge by Rs.2841 crores
	Profit After Tax (A)	(810.82)	(1,682.88)		
	Equity (B)	17,335.59	18,302.85		
4	Return on Equity (A/B)	-4.68%	-9.19%	-49%	Loss after tax of the company have been decreased in comparison with previous year mainly due to Increase in Late payment Surcharge by Rs 2841 crs.
	Cost of Goods Sold (A)	23,982.99	15,624.44		
	Inventory (B)	1685.27	1092.92		
5	Inventory Turnover Ratio (A/B)	14.23	14.30	0%	
	Turnover (A)	28,887.79	21,951.03		
	Trade Receivables (B)	30012.33	27841.00		
6	Trade Receivables Turnover Ratio (A/B)	0.96	0.79	22%	
	Turnover (A)	28,887.79	21,951.03		
	Trade Payables (B)	7378.31	6344.97		
7	Trade Payables Turnover Ratio (A/B)	3.92	3.46	13%	
	Turnover (A)	28,887.79	21,951.03		
	Net Capital (B)	16,975.75	17,695.43		
8	Net Capital Turnover Ratio(A/B)	1.70	1.24	37%	Improvement is on account of increase in turnover. Turnover is increased on account of increase in Generation
	Profit After Tax (A)	(810.82)	(1,682.88)		
	Turnover (B)	28,887.79	21,951.03		
9	Net Profit Ratio (A/B)	-2.81%	-7.67%	-63%	Improvement is on account of increase in turnover and increase in Surcharge billing in the current year as compared to last year.
	EBIT (A)	2,479.70	1,419.93		
	Capital Employed (B) i.e. Total Assets minus current liabilities	46,732.06	44,934.19		
10	Return on Capital Employed (A/B)	5.31%	3.16%	68%	Improvement is on account of increase in turnover and increase in Surcharge billing in the current year as compared to last year.
	EBIT (A)	2,479.70	1,419.93		
	Investment (B) i.e. Total Equity+Long Term Borrowings	41,663.09	39,906.62		
11	Return on Investment (A/B)	5.95%	3.56%	67%	Improvement is on account of increase in turnover and increase in Surcharge billing in the current year as compared to last year.

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INDEPENDENT AUDITOR'S REPORT**TO THE MEMBERS OF
MAHARASHTRA STATE POWER GENERATION CO. LTD****Report on the Audit of the Consolidated Financial Statements****Qualified Opinion**

We have audited the accompanying consolidated financial statements of **MAHARASHTRA STATE POWER GENERATION CO. LTD.** (hereinafter referred to as "the Holding Company"/MSPGCL/Mahagenco) and its 3 Subsidiaries (1 Subsidiary unaudited) and its 2 Associate Companies (2 Associate unaudited) (the holding company, its subsidiaries and its Associates together referred to as "the Group") which comprise the consolidated Balance Sheet as at 31ST March 2024, the consolidated Statement of Profit and Loss (including Other Comprehensive Income), the consolidated Statement of Cash Flows and the consolidated Statement of Changes in Equity for the year then ended and notes to the Consolidated Financial Statements, including a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "Consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, *except for the effects/possible effects of the matters described in the 'Basis for Qualified opinion' section of our report*, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31st March 2024 and its consolidated Profit for the year (including other comprehensive income), consolidated changes in equity and consolidated cash flows for the year ended on the date.

Basis for Qualified Opinion:**Holding Company: Maharashtra State Power Generation Company Limited.****1 (a). NO RECOGNITION OF ECL ON DISPUTED TRADE RECEIVABLE:**

The company continued to raise bills relating to LPS income (Late Payment Surcharge) to Maharashtra State Electricity Distribution Company Ltd (MSEDCL), which have been disputed by MSEDCL since 2009-10. The disagreement over the calculation method for LPS remains unresolved, as highlighted in MSEDCL's audited financial statements for FY 2022-23, which disclose disputed dues amounting to Rs. 14338.16 crore as Contingent Liabilities. Notably, no provision for ECL (Expected Credit Loss / Doubtful Debts) on such disputed trade receivable of Rs. 15593.63 crore as claimed by the company have been made despite of "The Electricity (Late Payment Surcharge and related matters) Rules 2022" notified by the Central Government to clear the outstanding dues. Additionally, no legal action has been taken by the company to recover the disputed dues. Due to non-acknowledgement of said



trade receivable by MSEDCL, we are unable to comment upon the provision required on such disputed trade receivable and its consequential impact on financial position of the Company (Refer Note 43(A)).

1 (b). BOOKING OF LATE PAYMENT SURCHARGE (LPS) INCOME:

The company has booked LPS income of Rs.2674.18 Crore (P.Y. Rs.3949.25 Crore) during FY 2023-24 which has not been acknowledged by MSEDCL. The current year's LPS has been calculated on the outstanding trade receivable of MSEDCL excluding Rs. 13,801 Crore trade receivables which MSEDCL has started paying in 48 monthly installments in pursuance to the scheme of Electricity (LPS and other Matters) Rules 2022 since 05.08.2022. The Statutory auditors of the MAHAGENCO have repeatedly expressed qualified opinion on the disputed LPS income booked by the company since FY 2012-13. Due to the uncertainty surrounding the recovery of these disputed LPS amounts and the potential impact on the Trade Receivables, we are unable to provide a comment on the recoverability of such LPS amount and its consequential effect on Profit of the Company. (Refer Note 43(A))

1(c). NO CLASSIFICATION OF CERTAIN TRADE RECEIVABLE AS NON-CURRENT:

The company has not considered the disputed trade receivable as "Non-Current Assets" as referred in clause 1(a) above & considered the same as "Current Asset" which is contrary to disclosure requirements outlined in Ind AS 1.

2. NON-CONFIRMATION OF RECOUP COAL QUANTITY:

The company has shown inventory of raw coal valuing Rs.450.15 crores lying with washeries, being recoverable (recouped) coal quantity 16.66 Lac Metric Tonnes from MSMC Ltd. (Maharashtra State Mining Company Ltd.) on account of low grade coal supplied by the coal washeries (Refer note 43F). However, in the absence of sufficient and appropriate audit evidence regarding acceptance of such claim by MSMC, we are unable to comment on the recoverability of such recouped coal quantity and its consequential impact on the Profit of the Company.

3. NON-PAYMENT OF INTEREST ON MSME:

The company has shown Rs.1.68 crores (PY Rs.0.78 crore) interest payable to MSME vendors on account of delay payments beyond the period required by the Micro, Small and Medium Enterprises Development Act, 2006 but company has not paid such interest to the respective vendors which is contravention of the said Act (Refer note 35). We could not verify the accounting of such interest payable to MSME vendors in the absence of the necessary system to capture MSME status in SAP.

4. UTILISATION OF FLY ASH FUND:

The company has accumulated Fly Ash Utilisation fund of Rs.319.36 Crore (PY Rs.223.99 crore) but the said fund is being utilised for its own affairs which is a violation of the gazette notification dated 3rd November 2009 issued by Ministry of Environment and Forests (MOEF), Government of India, which requires that the amounts collected from sale of fly ash shall be utilised for development of infrastructure or facilities, promotion and facilitation activities for use of fly ash until 100% fly ash utilisation level is achieved. In compliance with the said notification, the company has created such a Fund in the book of accounts but has not parked the funds separately (Refer note 31).



5. PENDING CONFIRMATION AND RECONCILIATION:

The balances of Trade Payable, Advances to suppliers, Security deposit, Retentions and accounts of Government of Maharashtra shown are subject to confirmation, reconciliation and consequential adjustments. In the absence of sufficient and appropriate audit evidence, we are unable to ascertain the effect of such adjustments arising from reconciliations and settlement and possible loss/profit that may arise on account of non-recovery, partial recovery of such dues and non-settlement of liabilities.

Various qualifications listed in paragraphs 1 to 5 above will have a consequential impact on Deferred Tax. The total impact of the same is not ascertainable.

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group and its associates in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in terms of the Code of Ethics issued by Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 2013 and the Rules made under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Consolidated Financial Statements.

Emphasis of Matter:

Holding Company: Maharashtra State Power Generation Company Limited.

Attention is invited to:

1. Note No. 45(A-a) regarding lease agreements with the Government of Maharashtra, in respect of various hydro power generation facilities, that are yet to be executed.
2. Note No. 43(D) regarding a Supreme Court ruling on the coverage of certain allowances paid to employees to be considered as a part of earnings eligible for making contribution towards provident fund. As the Company management's view is not crystallized in this regard, impact thereof is not ascertained.
3. Note No. 41 regarding various claims made by the Coal companies towards performance incentive, short lifting of coal and interest on delay payments, etc shown as contingent liability and counter claims lodged by the Mahagenco like short delivery, grade slippages, interest etc. are shown as contingent assets. A summary of reconciliation statement made with respective coal companies:

Name of Coal Company	Claims of Coal Companies shown as Contingent liability (Rs. In Crore)	Claims of Mahagenco shown as Contingent asset (Rs. In Crore)
Western Coalfields Limited	3235.94	4366.59
South Eastern Coalfield Ltd.	945.99	3681.07



Mahanadi Coalfields Ltd.	212.36	820.20
Singareni Collieries Company Ltd.	113.72	72.16

4. Note No. 43(G) regarding The Board of Directors approved a 6 % blending limit of imported coal with domestic coal in pursuance to an advisory issued by the Ministry of Power, GOI dated 28.04.2022 and subsequent advisories.

Our opinion is not qualified in respect of above matters specified in para 1 to 4 above.

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

The Holding Company's Board of Directors is responsible for the preparation of the other information. The other information for the Company comprises the information included in the Directors' Report and Annexures thereto but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (the Act) that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group including its associates and jointly controlled entities in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 as amended. The respective Board of Directors of the companies included in the Group and of its associate companies are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and



completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group and of its associate companies are responsible for assessing the ability of the Group and of its associate companies to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group and of its associate companies is responsible for overseeing the financial reporting process of the Group and of its associate companies.

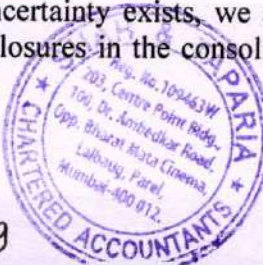
Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, 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 ability of the Group and its associates to continue as a going concern.

If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such



disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its associates to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and its associates and jointly controlled entities to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

Materiality is the magnitude of misstatements in the Consolidated Financial Statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the Consolidated Financial Statements.

We communicate with those charged with governance of the Holding Company 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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

1. We state that the financial statements / financial information of three subsidiaries and two associates have not been audited by us. These financial statements / financial information of subsidiaries have been audited by other auditors whose reports have been furnished to us by the management except for audit report of 1 subsidiary, which are considered by us in this report. In respect of Associate Companies, the Financial Statements/Financial information is based on the Unaudited Financial Statements / Financial information for 2 Associates received from the management of the company.

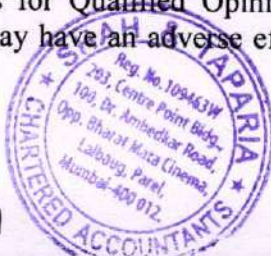


2. Our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and associates companies, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiary companies is based solely on the reports of the other auditors.

Our opinion is not qualified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements / financial information certified by the management.

Report on Other Legal and Regulatory Requirements

- (1) As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the "Annexure I" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
- (2) As required by the section 143 (3) of the Act, based on our audit and on the consideration of the report of other auditors as referred to in 'Other Matters' paragraph above we report, to the extent applicable, that:
- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements *except for the third parties balance confirmations, in case of the Holding Company, as stated at Para 5 of Basis of Qualified Opinion, the consequential effect of which, if any, on consolidated financial statements is unascertained;*
- (b) In our opinion, *except for the effect of the matters described in the Basis for Qualified Opinion paragraph above*, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
- (c) In our opinion, the aforesaid Consolidated Balance Sheet, 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 relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
- (d) Subject to the effects/possible effects of the matters described in the 'Basis for Qualified Opinion' paragraph, EOM paragraph & internal financial controls over financial reporting report, in our opinion, the aforesaid consolidated financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act read with relevant applicable Rules.
- (e) Being a Government Company, pursuant to the notification number GSR 463(E) dated 5th June, 2015 issued by Ministry of Corporate Affairs, Government of India, the provisions of Section 164(2) regarding disqualification of a director, of the Companies Act, 2013 are not applicable to the Company;
- (f) The matters described in the Basis for Qualified Opinion and Emphasis of Matters paragraphs above, in our opinion, may have an adverse effect on the functioning of the Holding Company;



- (g) With respect to the adequacy of internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate Qualified Report in "Annexure II". Our report expresses an modified opinion on the adequacy and operating effectiveness of the Group's internal financial controls with reference to consolidated financial statements.
- (h) Being a Government Company, pursuant to the notification number GSR 463(E) dated 5th June, 2015 issued by the Government of India, the provisions of section 197 of the Act are not applicable to the Company.
- (i) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group– Refer Note 40 to the consolidated financial statements.
 - ii. The Holding Company, its Subsidiaries and its Associate companies did not have any long-term contracts including derivative contracts, for which there were any material foreseeable losses;
 - iii. There are no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company, its Subsidiaries and its Associate companies during the year.
 - iv. (a) The management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or securities premium or any other sources or kind of funds) by the Company to or in any person(s) or entity(ies), including foreign entities ('the intermediaries'), with the understanding, whether recorded in writing or otherwise, that the intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ('the Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf the Ultimate Beneficiaries;
 - (b) The management has represented that, to the best of its knowledge and belief, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ('the Funding Parties'), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ('Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
 - (c) Based on such audit procedures performed as considered reasonable and appropriate in the circumstances, nothing has come to our attention that causes us to believe that the management representations under sub-clauses (iv)(a) and (iv)(b) above contain any material misstatement.



- v. The Group Companies have not declared or distributed any dividend during the year ended 31 March 2024 and hence reporting in respect of compliance u/s. 123 of the Act is not applicable.
- vi. Based on our examination, which included test checks, the Company has used accounting software's for maintaining its books of account for the financial year ended March 31, 2024 which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software's. Further, during the course of our audit we did not come across any instance of the audit trail feature being tampered with. With respect to preservation of audit trail, as proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable from April 1, 2023, reporting on preservation of audit trail as per the statutory requirements for record retention is not applicable for the financial year ended March 31, 2024.

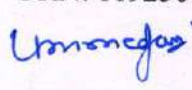
For Shah and Taparia
Chartered Accountants
FRN: 109463W


CA Bharat Ramesh Joshi
Partner
ICAI M No. 130863
UDIN: 24130863BKBPJP8789



For Ummed Jain & Co.
Chartered Accountants
FRN: 119250W




CA U. M. Jain
Partner
ICAI M No. 070863
UDIN : 24070863BKEHKF2860

Place: Mumbai

Date: 20th September 2024

ANNEXURE I TO THE INDEPENDENT AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS OF MAHARASHTRA STATE POWER GENERATION COMPANY LIMITED FOR THE YEAR ENDED ON MARCH 31, 2024.

Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date) as required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government of India in terms of Section 143(11) of the Act, a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

(xxi) In our opinion and according to the information and explanations given to us, following companies Included in the consolidated financial statements, have unfavourable remarks, qualifications or adverse remarks given by the respective auditors in their reports under the Companies (Auditor's Report) Order, 2020 (CARO) :

Sr. No	Name of Company	CIN	Holding Company/ subsidiary/ Associate/ Joint Venture	Clause number of the CARO report which is qualified or adverse
1	Maharashtra State Power Generation Company Ltd.	U40100MH2005SGC153648	Holding Company	(i)(c), (ii)(a), (ii)(b) & (vii)(b)
2	Mahaguj Collieries Ltd.	U10102MH2006SGC165327	Subsidiary Company	i(b), xvii, xix.
3	Dhopave Coastal Power Company Ltd.	U40108MH2007SGC168836	Subsidiary Company	(i)(a)(A), xvii & (xix)
4	Mahagenco Renewable Energy Limited.	U40105MH2007SGC173433	Subsidiary Company	Unaudited till date
5	UCM Coal Company Ltd	U10100UP2008PLC036169	Associate Company	Unaudited till date
6	Chhattisgarh Katghora Dongargarh Railway Limited	U74999CT2018SGC008563	Associate Company	Unaudited till date

For Shah and Taparia
Chartered Accountants
FRN: 109463W

CA Bharat Ramesh Joshi
Partner
ICAI M No. 130863
UDIN: 24130863BKBPP8789



For Ummed Jain & Co.
Chartered Accountants
FRN: 119250W



CA U. M. Jain
Partner
ICAI M No. 070863
UDIN : 24070863BKEHKF2860

Place: Mumbai

Date: 20th September 2024.

ANNEXURE II TO THE INDEPENDENT AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS OF MAHARASHTRA STATE POWER GENERATION COMPANY LIMITED FOR THE YEAR ENDED ON MARCH 31, 2024.

Referred to in Paragraph 2(g) Under 'Report on Other Legal and Regulatory Requirement' section of our report of even date, being Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013("the Act")

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31st March, 2024, we have audited the internal financial controls over financial reporting of MAHARASHTRA STATE POWER GENERATION COMPANY LIMITED (hereinafter referred to as "the Holding Company") and its three Subsidiary Companies and two Associate Companies, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding Company, its Subsidiary Companies and its Associate Companies, which are companies incorporated in India, are 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 respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's 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") issued by the ICAI and the Standards on Auditing, issued by ICAI prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls 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 judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors of the Subsidiary and Associate Companies, which are companies incorporated in India, in



terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting of the Holding Company and its Subsidiary Companies, which are companies incorporated in India.

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:

- (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of the consolidated Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
- (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the consolidated Ind AS financial statements.

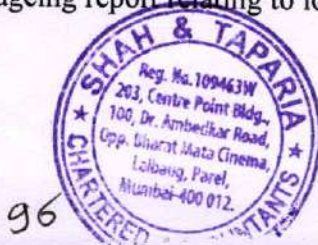
Inherent Limitations of Internal Financial Controls over Financial Reporting

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.

Basis for Qualified Opinion

According to the information and explanations given to us and based on our audit, the following material weaknesses have been identified, **in case of holding company**, as at March 31, 2024 wherein the internal controls were not operating effectively.

- (1) In respect of timely adjustments of advances to suppliers and provision for liabilities made there against; adjustment/ reconciliation / clearance of entries parked in various accounts such as identified vendor, unidentified vendor, liabilities reg. Unsuccessful bank transactions; adjustment/ reconciliation / clearance of old open balances.
- (2) In respect of non-issuance of LPS bills timely i.e. monthly bills for LPS as per Power Purchase Agreement for Thermal Power Stations.
- (3) In respect of timely finalisation and levying the liquidated damages.
- (4) In relation to system base ageing report relating to loans and advances, retention money and creditors.



- (5) Mapping of Debit balance accounts at liabilities side and credit balance accounts at assets side in the Consolidated Financial Statements
- (6) The Company has not carried out any risk assessment process and has not provided any risk control matrix for various processes. This could result in weak checks and balances and ineffectiveness in operations as well.
- (7) Delay in appointment of internal auditor & delay in receipt of internal audit reports.
- (8) No physical verification report/ confirmation of coal lying with washeries/third parties.
- (9) Internal control over coordination among Loan section, Project offices, Civil offices & power stations over capitalization of borrowing cost needs to be strengthened.

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

Qualified Opinion:

Holding Company, being a Government undertaking, the Company's internal control process over financial reporting is designed by way of various Manuals, Rules, Circulars and instructions issued from time to time and our opinion is based on the internal control process over financial reporting as defined therein in addition to the in-built controls of the SAP ERP system. During the course of our audit of financial statements, we have on test checking basis and on review of adequacy of internal control process over financial reporting, have identified some gaps both in adequacy of design of control process and its effectiveness which have been reported in "Basis for Qualified Opinion" above.

Except for the effects/possible effects of the material weakness stated at paragraph on "Basis for Qualified Opinion" above on the achievement of the objectives of the control criteria, in our opinion, the Company has maintained, in all material respects, adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as of March 31, 2024.

We have considered the material weaknesses identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the consolidated financial statements of the Company as at March 31, 2024.

The material weakness stated at paragraph (1& 8) of 'Basis for qualified opinion' above with respect to timely adjustments of advances to suppliers and provision for liabilities made there against and with respect to physical verification report/ confirmation of coal lying with washeries/third parties has affected our opinion on the consolidated financial statements of the Company and we have issued a qualified opinion in our main audit report.

The other material weaknesses stated in the paragraph (2 to 7 & 9) of the "Basis for qualified opinion" above, do not affect our opinion on the consolidated financial statements of the Company.



Other Matters

Our aforesaid report 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 3 Subsidiary Companies and 2 Associate Companies which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India.

We state that such reports have not been received from 1 Subsidiary Company and 2 Associate Companies.

Our opinion is not qualified in respect of the above matters.

For Shah and Taparia
Chartered Accountants
FRN: 109463W


CA Bharat Ramesh Joshi
Partner
ICAI M No. 130863
UDIN: 24130863BKBJP8789



For Ummed Jain & Co.
Chartered Accountants
FRN: 119250W




CA U. M. Jain
Partner
ICAI M No. 070863
UDIN : 24070863BKEHKF2860

Place: Mumbai

Date: 20th September 2024

MAHARASHTRA STATE POWER GENERATION COMPANY LIMITED [CIN -U40100MH2005SGC153648]			
Balance Sheet as on 31st March 2024		(Consolidated)	(Rs. Crores)
		31.03.2024	31.03.2023 (RESTATED)
ASSETS			
Non-Current Assets			
Property, Plant & Equipment	1	29,253.39	31,031.67
Capital work in progress	2	7,195.10	5,757.29
Right to use assets	1A	3,288.18	3,419.24
Intangible assets	1B	2.47	4.29
Intangible assets under development	2	642.08	574.16
Financial Assets			
- Investment in subsidiaries and associates	3	(47.66)	(47.39)
- Bank Deposits with more than 12 months maturity	3A	153.94	91.21
- Trade receivables	3B	4,340.33	7,256.19
Net Deferred tax Assets	15	-	-
Other non-current assets	4	803.34	676.34
Total Non Current Assets		45,631.16	48,763.00
Current Assets			
Inventories	5	2,943.58	2,114.78
Financial Assets			
- Trade receivables	6	26,924.05	22,720.47
- Cash and cash equivalents	7	6.87	263.70
- Loans	8	1.89	1.78
- Other financial assets	9	515.28	298.93
Other current assets	10	832.82	933.17
Total Current Assets		31,224.48	26,332.84
Other asset			
Assets classified as held for sale / disposal	1C	42.19	119.55
Total Other Assets		42.19	119.55
TOTAL ASSETS		76,897.83	75,215.39
EQUITY AND LIABILITIES			
Equity			
Equity Share capital	11	26,115.42	25,918.52
Other Equity	12	(9,984.72)	(10,126.83)
Total Equity attributable to MSPGCL		16,130.70	15,791.69
Controlling interest other than MSPGCL		21.66	21.65
Total Equity		16,152.36	15,813.34
Liabilities			
Non Current Liabilities			
Financial liabilities			
- Borrowings	13	24,724.54	24,687.34
- Lease liabilities	13A	2,858.52	2,926.56
Provisions	14	1,504.15	1,153.45
Net Deferred tax liabilities	15	69.68	(69.61)
Other non-current liabilities	16	849.92	654.68
Total Non Current Liabilities		30,006.82	29,352.41
Current Liabilities			
Financial liabilities			
- Borrowings	17	16,043.89	17,272.73
- Lease liabilities	17A	173.91	143.34
- Trade payables - MSME	18	1.86	1.00
- Trade payables - Other than MSME	18	9,747.84	8,102.41
- Other financial liabilities	19	4,333.52	4,108.67
Other current liabilities	20	154.97	182.41
Provisions	21	282.65	239.07
Total Current Liabilities		30,738.65	30,049.64
TOTAL EQUITY AND LIABILITIES		76,897.83	75,215.39

Significant accounting policies and notes 1 to 50 form an integral part of these financial statements.

As per our report attached

For Umed Jain & Co.

Chartered Accountants

(FRN -119250W)

Umed Jain

(CA U. M. Jain)

Partner (ICAI M No. 070863)

For Shah and Tapparia

Chartered Accountants

(FRN - 109468W)

Shah and Tapparia

(CA Bharat Ramesh Joshi)

Partner (ICAI M No. 130863)

Mumbai, 20th September, 2024

For Maharashtra State Power Generation Co. Ltd.

B. Thite

Balasaheb Thite

Director (Finance) & CFO

DIN No.08923676

V. Kulkarni

Vishwanath Kulkarni

Chief General Manager (A/c)

Dr. P. Anbalagan

Dr. P. Anbalagan

Chairman & Managing Director

DIN No.05117747

Rahul Dubey

Rahul Dubey

Company Secretary

M No. A14213

MAHARASHTRA STATE POWER GENERATION COMPANY LIMITED [CIN -U40100MH2005SGC153648]

Statement of Profit and Loss for the year ended 31st March, 2024

(Consolidated)

(Rs. Crores)

		2023-24	2022-23 (RESTATED)
Income			
Revenue from operations			
Sale of power	22	29,673.35	28,887.79
Other operating revenues	23	403.27	234.28
Other income	24	3,011.42	4,201.16
Total Income		33,088.04	33,323.23
Expenses			
Cost of materials consumed	25	22,119.30	23,709.49
Power Purchased	25A	555.72	278.27
Employee benefits expense	26	2,257.14	1,707.02
Finance costs	27	3,610.94	3,470.11
Depreciation & amortization expense	1,1A & 1B	2,687.74	2,847.26
Other expenses	28	2,298.12	2,305.33
Total Expenses		33,528.96	34,317.48
Profit before share of profit of associates and tax			
Share of profit in associates	24A	(440.92)	(994.25)
Profit / (loss) before exceptional item and tax		(0.12)	(0.05)
Less : Exceptional item	28B	(441.04)	(994.30)
Profit Before Tax		(796.34)	1,590.73
Tax expense:		355.30	(2,585.02)
Current tax on P&L Items		-	-
Current tax on OCI Items		-	-
Deferred tax Expense/(Gain)	15	182.49	(621.31)
Total Tax Expenses		182.49	(621.31)
Profit/(loss) for the period		172.81	(1,963.71)
Other Comprehensive Income			
Items that will not be reclassified to profit or loss:			
I) Remeasurements of the defined benefit plans;	26A	(171.62)	(19.75)
Deferred Tax expense on OCI items Expense/(Gain)		(43.19)	(4.97)
Other Comprehensive Income for the period (net of tax)		(128.43)	(14.78)
Total Comprehensive Income for the period, net of tax		44.39	(1,978.50)
Attributable to:			
Owners of the Company		172.89	(1,963.48)
Non-controlling interests		(0.07)	(0.23)
Profit for the year		172.81	(1,963.71)
Other comprehensive income Attributable to:			
Owners of the Company		(128.43)	(14.78)
Non-controlling interests		-	-
Other comprehensive income		(128.43)	(14.78)
Total comprehensive income Attributable to:			
Owners of the Company		44.46	(1,978.26)
Non-controlling interests		(0.07)	(0.23)
Total comprehensive income		44.39	(1,978.50)
Earning per share [Basic]	44	0.06	(0.75)
Earning per share [Diluted] (Rs.10 per share)		0.06	(0.75)

As per our report attached

For Ummed Jain & Co.

Chartered Accountants

(FRN -119250W)

Ummed Jain

(CA U. M. Jain)

Partner (ICAI M No. 070863)

For Shah and Taparia

Chartered Accountants

(FRN - 109463W.)

Shah & Taparia

(CA Bharat Ramesh Joshi)

Partner (ICAI M No. 130863)

Mumbai, 20th September, 2024

For Maharashtra State Power Generation Co. Ltd.

Balasaheb Thite

Director (Finance) & CFO

DIN No.08923676

Vishwanath Kulkarni

Chief General Manager (A/c)

Dr.P. Anbalagan

Chairman & Managing Director

DIN No.05117747

Rahul Dubey

Company Secretary

M No. A14213

MAHARASHTRA STATE POWER GENERATION COMPANY LIMITED [CIN -U40100MH2005SGC153648]

STATEMENT OF CHANGES IN EQUITY

(Consolidated)

I. Equity Share Capital

Particulars	Amount (Rs. Crores)
As on 31.03.2022	25,450.47
Changes in Equity share capital	468.05
As at 31.03.2023	25,918.52
Changes in Equity share capital	196.90
As at 31.03.2024	26,115.42

(Rs. Crores)

	Share Application Money Pending Allotment	Retained earnings	Other Comprehensive Income	Other equity	Total Other Equity	Total Attributable to Owners of the Company	Attributable to Noncontrolling Interest	Total Other Equity
As on 31.03.2022	468.05	(7,988.86)	(258.39)	29.28	(7,749.97)	(7,771.67)	21.70	(7,749.97)
Changes in accounting policy or prior period errors		-			-	-		-
Restated balance as on 01-04-2022	468.05	(7,988.86)	(258.39)	29.28	(7,749.97)	(7,771.67)	21.70	(7,749.97)
Profit or Loss for the year		(796.76)			(796.76)	(796.53)	(0.23)	(796.76)
Other Comprehensive income for the year			(14.78)		(14.78)	(14.78)	-	(14.78)
Addition to share application money	91.14			0.19	91.33	91.14	0.19	91.33
Shares Allotted during the year	(468.05)				(468.05)	(468.05)	-	(468.05)
As at 31.03.2023	91.14	(8,785.62)	(273.16)	29.47	(8,938.23)	(8,959.88)	21.65	(8,938.23)
Changes in accounting policy or prior period errors		(1,166.95)			(1,166.95)	(1,166.95)		(1,166.95)
Restated balance as on 01-04-2023	91.14	(9,952.57)	(273.16)	29.47	(10,105.18)	(10,126.83)	21.65	(10,105.18)
Profit or Loss for the year		172.81			172.81	172.89	(0.07)	172.81
Other Comprehensive income for the year			(128.43)		(128.43)	(128.43)	-	(128.43)
Addition to share application money	294.55			0.09	294.64	294.55	0.09	294.64
Shares Allotted during the year	(196.90)				(196.90)	(196.90)	-	(196.90)
As at 31.03.2024	188.79	(9,779.76)	(401.59)	29.56	(9,963.05)	(9,984.72)	21.66	(9,963.05)

As per our report attached
For Ummad Jain & Co.
Chartered Accountants
(FRN -119250W)

(CA U. M. Jain)
Partner (ICAI M No. 070863)

For Shah and Talaria
Chartered Accountants
(FRN - 109463W)

(CA Bharat Ramesh Joshi)
Partner (ICAI M No. 130863)
Mumbai, 20th September, 2024

For Maharashtra State Power Generation Co. Ltd.

Balasaheb Thite
Director (Finance) & CFO
DIN No.08923676

Mishwanath Kulkarni
Chief General Manager (A/c)

Dr.P. Anbalagan
Chairman & Managing Director
DIN No.05117747

Rahul Dubey
Company Secretary
M No. A14213



Consolidated Cash Flow Statement For The Year Ended 31st March, 2024

(Rs. Crores)

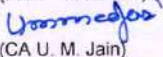
	2023-24	2022-23 (RESTATED)
A. Cash Flow From Operating Activities		
Profit/(Loss) after Tax	44.39	(1,978.50)
Adjustments to reconcile profit before tax to net cash used in operating activities:		
Depreciation/ impairment on property, plant and equipment & Intangible Assets	2,687.74	2,847.26
Finance Costs	3,610.94	3,470.11
Un realised Exchange Rate Difference	0.00	5.51
Allowance for ECL	47.37	10.75
Interest Income	(0.06)	(0.23)
Provision for obsolescence of inventory	(24.64)	16.29
Operating Profit before Changes in Working Capital {Sub Total - (i)}	6,365.75	4,371.19
Movements in working capital		
(Increase) / Decrease in Trade Receivables	(1,335.09)	(1,530.14)
(Increase) / Decrease in Loans and Advances and Other Assets	(228.48)	(197.97)
(Increase) /Decrease in Inventories	(804.15)	(875.31)
Increase / (Decrease) in Liabilities and Other Payables	2,689.98	1,532.35
Sub Total - (ii)	322.26	(1,071.07)
Cash Generated from Operations (i) + (ii)	6,688.01	3,300.12
Net Cash from Operating Activities (A)	6,688.01	3,300.12
B. Cash Flow From Investing Activities		
Purchase of Property, Plant & Equipment	(2,294.80)	(2,104.50)
Sale of Property, Plant & Equipment	12.48	3.10
Purchase of Investments	-	-
Investment in Subsidiary	(0.16)	(0.05)
Interest received	0.06	0.23
Net Cash Flow generated from / (used in) Investing Activities (B)	(2,282.42)	(2,101.22)
C. Cash Flow From Financing Activities		
Proceeds from Long Term Borrowings	5,028.87	5,447.78
Long term Loans repaid	(5,069.38)	(3,549.05)
Proceeds from issue of shares	294.55	91.14
Short term Loans raised / (repaid) including CC and OD	(1,150.60)	542.56
Capital Grant Received	210.49	409.99
Finance Cost paid	(3,484.79)	(3,405.73)
Lease Rent	(491.58)	(492.57)
Net Cash Flow generated from / (used in) Financing Activities (C)	(4,662.42)	(955.88)
Net Increase / (Decrease) in Cash and Cash Equivalents (A + B + C)	(256.83)	243.01
Cash and cash equivalents at the beginning of the year	263.70	20.69
Cash and cash equivalents at the end of the year	6.87	263.70
Details of cash and cash equivalents at the end of the year:		
Cash and cash equivalents as on		
Balances with Banks:		
- on current accounts	6.86	263.69
Cash on hand	0.01	0.01
Cash and cash equivalents at the end of the year	6.87	263.70

As per our report attached

For Ummed Jain & Co.

Chartered Accountants

(FRN -119250W)



(CA U. M. Jain)

Partner (ICAI M No. 070863)

For Shah and Taparia

Chartered Accountants

(FRN - 109463W)



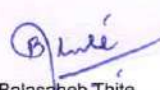
(CA Bharat Ramesh Joshi)

Partner (ICAI M No. 130883)

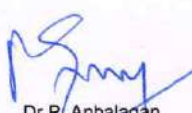
Mumbai, 20th September, 2024

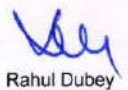


For Maharashtra State Power Generation Co. Ltd.


 Balasaheb Thite
 Director (Finance) & CFO
 DIN No.08923676


 Vishwanath Kulkarni
 Chief General Manager (A/c)


 Dr. P. Anbalagan
 Chairman & Managing Director
 DIN No.05117747


 Rahul Dubey
 Company Secretary
 M No. A14213

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2024.

A) Corporate Information - Corporate Information

Maharashtra State Power Generation Company Limited ("the Holding Company") is a Public Limited Company incorporated under the Companies Act, 1956 and domiciled in India. The Holding Company and its subsidiaries are not listed Companies and its shares are 100% held by MSEB Holding Company Limited.

The Holding Company is engaged in electricity generation through Thermal, Hydel, Gas based across Maharashtra and supplies it principally to Maharashtra State Electricity Distribution Company Limited (MSEDCL a fellow subsidiary) at tariff rate determined by the regulator i.e. Maharashtra Electricity Regulatory Commission. Similarly, the Company is also engaged in electricity generation through Solar based power plants in Maharashtra and supplies the power to consumers including MSEDCL.

These consolidated financial statements comprise the financial statements of the Company and its subsidiaries (referred to collectively as the 'Group') and the Group's interest in its joint ventures.

Companies included in consolidation

Name	Country of Incorporation	Nature	Proportion of ownership interest
1) Dhopave Costal Power Limited	India	Subsidiary	100%
2) Mahagenco Renewable Energy limited	India	Subsidiary	100%
3) Mahaguj Collieries limited	India	Subsidiary	60%
4) UCM	India	Associates	18.75%
5) Chhattisgarh Katghoara Dongargarh Railway Limited	India	Associates	26%

B) Basis of preparation of Ind As – financial statements

1. Statement of Compliance with Ind AS

The consolidated financial statements have been prepared to comply, in all material aspects, with the Indian Accounting Standards (herein after referred to as Ind AS) as notified under Section 133 of the Companies Act, 2013(The Act), read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies



(Indian Accounting Standards) Amendment Rules, 2016 and in accordance with the relevant provisions of the Companies Act, 2013.

The Group Company's presentation currency and functional currency is Indian Rupees (Rs.). All figures appearing in the consolidated Financial Statements are rounded to the nearest Crore (Rs. Crores), except where otherwise indicated.

Principles of Consolidation:

Subsidiaries

Subsidiaries are all entities (including special purpose entities) that are controlled by the Company. Control exists when the Company is exposed to or has rights, to variable returns from its involvement with the entity, and has the ability to affect those returns through power over the entity. In assessing control, potential voting rights are considered only if the rights are substantive. The financial statements of subsidiaries are included in these consolidated financial statements from the date that control commences until the date that control ceases. The financial statements of the Company and its subsidiaries and a jointly controlled entity have been consolidated using uniform accounting policies for like transactions and other events in similar circumstances as mentioned in those policies. The consolidated financial statements of the Group companies are consolidated on a line-by-line basis.

Associate / Joint ventures (equity accounted investees)

A joint venture is an arrangement in which the Company has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions. Investments in jointly controlled entity is accounted for using the equity method (equity accounted investees) and are initially recognized at cost. The Company does not consolidate entities where the non-controlling interest ("NCI") holders have certain significant participating rights that provide for effective involvement in significant decisions in the ordinary course of business of such entities. Investments in such entities are accounted by the equity method of accounting.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated in full while preparing these consolidated financial statements. Unrealized gains or losses arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Company's interest in the investee.

Non-controlling interests ("NCI")

NCI are measured at their proportionate share of the acquiree's net identifiable assets at the date of acquisition. Changes in the Group's equity interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.



2. Classification of Current / Non-Current Assets and liabilities

The Group presents assets and liabilities as current or non-current based on the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. Deferred tax assets and liabilities are classified as non-current on net basis.

For the above purposes, the Group Company has determined the operating cycle as a period of twelve months based on the nature of products and the time between the acquisition of inputs for manufacturing and their realisation in cash and cash equivalents

The Holding Company is governed by the Electricity Act, 2003. The provisions of the Electricity Act, 2003 read with the rules made there under prevails wherever the same are inconsistent with the provisions of Companies Act 2013 to the extent applicable, in terms of section 174 of the Electricity Act, 2003.

3. Note on Historical cost convention

The consolidated financial statements have been prepared as a going concern under the historical cost convention and on accrual basis except:

- (a) certain financial instruments which are on fair value basis
- (b) employees defined benefit plans which are on fair value basis
- (c) Assets held for sale are measured at lower of its carrying amount and fair value less cost to sale which are measured at fair value at the end of each reporting period, as explained in the accounting policies below.

In case of M/s. Mahaguj, The Hon'ble Supreme Court had vide its order dated 25.08.2014 read with Order dated 24.09.2014 cancelled the allocation of all the coal block made by Ministry of Coal, Govt. of India between the period 1993 to 2010 which includes the Machhakata-Mahanadi coal blocks allotted to the Promoters of the Company. The Govt. of India had issued The Coal Mines (Special Provision) Act, 2015 (no. 11 of 2015) with retrospective effect from 21.10.2014 for reallocation process of cancelled coal blocks. Accordingly, after the reallocation of the said blocks to new allottee by the Ministry of Coal, Govt. of India, the process for transfer of documents and rights namely the Geological Report, Mining Plan, Mine Closure Plan etc. shall be undertaken as per directives of the Ministry of Coal, Govt. of India. In view of the above, the financial statements of the Company, are continued to be prepared on a going concern basis.

In case of M/s. DCPL, the accounts have not been prepared on a Going Concern basis as holding company Board accorded approval for closure of subsidiary company namely Dhopave Coastal Power Ltd (DCPL) and approached Govt. of Maharashtra (GOM) for approval of closure of DCPL.

4. Use of Judgment and Estimates

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 and contingent assets. 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 and residual value of Property, Plant and Equipment and intangible assets;
- Impairment of non-financial assets;
- Fair value measurements of Financial instruments;
- Measurement of Defined Benefit Obligation, key actuarial assumptions;
- Provisions and Contingencies;
- Evaluation of recoverability of deferred tax assets;

Revisions to accounting estimates are recognized prospectively in the Financial Statements in the period in which the estimates are revised and in any future periods affected unless they are required to be treated retrospectively under relevant Accounting Standards.

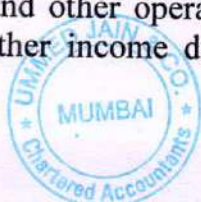
C) Material Accounting Policies

Following are the material accounting policies adopted in the preparation and presentation of these consolidated financial statements. These accounting policies have been consistently followed by the Company.

1. Property, Plant and Equipment

- i. Freehold lands are carried at cost. All other items of Property, Plant and Equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any.
- ii. The initial cost of an asset comprises its purchase price or construction cost (including import duties, freight and non-refundable taxes); any incidental costs directly attributable to bring the asset into the location and condition necessary for it to be capable of operating in the manner intended by management; and borrowing cost for qualifying assets (i.e. assets that necessarily take a substantial period of time to get ready for their intended use).

The purchase price is the aggregate amount paid and the fair value of any other consideration given to acquire the asset. The cost also includes trial run cost (after deducting the proceeds from selling any items produced during the trial run period) and other operating expenses such as freight, installation charges etc. net of other income during the construction period. The projects under



construction are carried at costs comprising of direct costs, related pre-operational incidental expenses and attributable interest.

Subsequent expenditures are included in assets carrying amount or recognized as separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

- iii. Capital Expenditure incurred by the Company, resulting in creation of Property Plant and Equipment for which Company does not have ownership rights and control over it, is reflected as a part of capital work in progress till the assets are under construction and an equivalent amount is provided for by way of debiting obsolescence of assets expense which is charged off to the Statement of Profit and Loss in the year in which it is incurred. Upon completion of construction the aforesaid capital expenditure will be capitalized and adjusted against the provision created for assets not owned by the company. Contribution towards the cost of assets not owned by the company and corporate social responsibility activities are charged off to Statement of Profit and Loss when incurred.
- iv. Enabling Asset Policy (CASE TO CASE BASIS) - Items of property, plant and equipment acquired by the Company, (although not directly increasing the future economic benefits from such assets), may be necessary for the Company to obtain the future economic benefits from its other assets. Such items of property, plant and equipment qualify for recognition as assets because they enable the Company to derive future economic benefits from related assets in excess of what could be derived had those items not been acquired. However, capitalization of assets is done by the Company only after verifying the nature of assets on case to case basis.
- v. In case of Capital Work in Progress where the final settlement of bills with the contractor is yet to be effected, capitalization is done on provisional basis subject to necessary adjustment in the year of final settlement.
- vi. Claims for price variation in case of capital contracts are accounted for, on acceptance thereof by the Company.
- vii. An item of Property, Plant and Equipment and any significant part initially recognised separately as part of Property, Plant and Equipment is derecognised upon disposal; or when no future economic benefits are expected from its use. Any gain or loss arising on de-recognition of the asset is included in the Statement of Profit and Loss when the asset is derecognized and disposed off.
- viii. As regards additional capital expenditure in respect of newly commissioned projects, Company adopts following policy which is in line with MERC MYT Regulations, 2019.

Company capitalizes the cost of additional mandatory spares/ Critical Spares / Initial spares upto four percent of the capital cost of the project, which are either procured along with the commissioning of original plant or procured subsequently after commissioning within a period of three years or as may be permitted by MERC.
- ix. Spare parts which are meeting the requirement of Property, Plant and Equipment are capitalized as Property, Plant and Equipment in case the unit value of the spare part is above the threshold limit. In other cases, the spare



parts are inventorised on procurement and charged to Statement of Profit and Loss on consumption.

- x. Written Down Value of old Machinery Spares is charged to the Statement of Profit and Loss in the year in which such spares are replaced and the old relevant spares are found to be of no further use. However, if the old relevant spares can be repaired and reused, then both are continued to be depreciated over the remaining useful life of the relevant asset. The repair charges of the old relevant spares are charged to Statement of Profit and Loss.
- xi. In case of replacement of part of asset / replacement of capital spare where Written Down value of such original part of asset / capital spare is not known, the cost/ net book value of the new part of asset / new capital spare shall be written off and charged to Statement of Profit & Loss.
- xii. Where an obligation (legal or constructive) exists to dismantle or remove an item of property, plant and equipment or restore a site to its former condition at the end of its useful life, the present value of the estimated cost of dismantling, removing or restoring the site is capitalized along with the cost of acquisition or construction upon completion and a corresponding liability in the form of decommissioning provision, is recognized. Till the completion of tenure of the said item of property, plant and equipment, the said decommissioning provision, is unwound through finance cost in the Statement of Profit and Loss.
- xiii. The Company had chosen the carrying value of Property, Plant and Equipment existing as per previous GAAP as on date of transition to Ind AS as deemed cost.

2. Intangible Assets

Intangible assets are carried at cost net of accumulated amortization and accumulated impairment losses, if any. Intangible assets (other than software) are amortised on straight line basis over their useful life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. Software are amortised as per the rate prescribed by MERC. The amortisation expense on intangible assets and impairment loss is recognised in the statement of Profit & Loss.

The Company has chosen the carrying value of Intangible Assets existing as per previous GAAP as on date of transition to Ind AS as deemed cost.

3. Capital Work-in-progress

In case of Property Plant and Equipment, for new projects / capacity expansion, the related expenses and interest cost up to the date of commissioning attributable to such project / expansion are capitalized.

Further, the expenditure in respect of new projects / capacity expansion would commence getting capitalized upon approval of the Board of Directors of the Company to implement the respective project upon completion of exploration and technical and financial feasibility studies of the project. The expenditure incurred in relation to exploration activities and project feasibility studies are charged to Statement of Profit and Loss as and when incurred.



a) The expenditure on the salaries directly attributable to project will form the part of the project cost till completion of Boiler-Turbine-Generator related activities and Balance Of Plants related activities.

b) Admin & General expenditure that are directly attributable to construction of the project will be capitalised as a part of project cost upto one year after commissioning of the said project in view of completion of balance project related activities and subsequently it will be charged to Statement of Profit and Loss.

c) None of the expenditure of supervisory office will be allocated to small capital scheme. The small capital scheme are the schemes which entails less than twelve months time for its construction.

d) In the event, the company is executing more than one project,/ capital scheme (other than small schemes) the common cost incurred at supervisory office will be to allocated on the basis of the addition to the relevant work-in-progress during the year.

4. The Liquidated Damages are adjusted to the Cost of Property Plant and Equipment during the year it is crystallized.

5. Borrowing Cost

Borrowing cost consists of interest and other costs incurred in connection with the borrowing of funds. Borrowing costs directly attributable to the acquisition or construction of an asset that necessarily takes a substantial period of time to get ready for its intended use are capitalised as part of the cost of the asset till the month in which the asset is ready for intended use. . Company also capitalizes actual interest incurred on the general borrowings which are attributable to Qualifying Assets until the directly attributable long term borrowing funds are received. Further, Company amortises the Commitment Charges incurred in respect of borrowings attributable to Qualifying Assets over the period of balance tenure of the said borrowings.

Other borrowing costs not attributable to the acquisition or construction of any capital asset are recognized as expenses in the period in which they are incurred.

6. Impairment of Non-Financial Assets

Non-financial assets other than inventories, deferred tax assets and non-current assets classified as held for sale are reviewed at each Balance Sheet date to determine whether there is any indication of impairment.

If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.



When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

In case of M/s. Mahaguj, The Hon'ble Supreme Court vide its Judgment dated 25.08.2014 and order dated 24.09.2014 in W.P. (Criminal) No. 120 of 2012 and other connected matters, has declared all allocations of the Coal blocks made through Screening Committee and through Government Dispensation route since 1993 as illegal and has quashed the allocations of 204 coal blocks. The same has been informed by the Ministry of Coal vide its letter dated 01.10.2014 put up on its website which also included Machhakata-Mahanadi Coal Block.

Thereafter, the Ministry of Coal had invited details of valuation from prior allottee of Coal Block and subsequently, the valuation details were also required to be submitted on affidavit. The said information regarding the development of the Coal Block was submitted on affidavit. This information was sought by the MOC as there is mechanism to transfer of documents & rights namely the Geological Report, Mining Plan, Mine Closure Plan etc. from the prior allottee to successful bidder. The Ministry of Coal has undertaken the process of valuation of the expenditure incurred by prior allottee in those cases where the Ministry of Coal has reallocated Coal Block through Competitive Bidding since March, 2015.

The Machhakata - Mahanadi Coal Block has not been re-allotted to any bidder as on 31st March, 2019 and the Company has not received any communication from the Ministry of Coal regarding the valuation of expenditure incurred by the Company. In view of this, the management is of the opinion that none of the Company's Assets are to be impaired.

The expenses incurred up to F.Y. 2014-15 amounting to Rs. 54,40,70,111/-were shown under other non-current assets in the Balance Sheet. These expenses mainly comprises of Company formation expenses, payment to CMPDIL for purchase of Geological Report, Washability test report, consultancy, Legal & professional charges and various operative expenses incurred for development of the Coal Mine. The Company is of the view that expenses incurred for purchase of Geological report in previous years can be construed as Mine Infrastructure expenses which has been claimed with Ministry of Coal. Government of India.

After cancellation of Coal Block allocation by Hon'ble Supreme Court, MoC had initiated the valuation of the compensation to the prior allottees as per the Coal Mines (Special Provision) Ordinance, 2014. In reply, MGCL informed the expenditure incurred by the Company. Further, MoC has started the valuation process of expenditure of prior allottees wherein re-allocation/vesting order has been issued to the successful bidders. As the Machhakata Coal Block is not yet allocated to any bidder, the MoC has not considered the same for valuation.



The reimbursement of expenditure to the Company may be on the merits as per valuation process and provisions in the Coal Mines (Special Provisions) Ordinance, 2014. Presently, no provision is made in the account for the expenditure which will not be considered by MoC for reimbursement. However, after finalization of valuation process by MoC, the necessary adjustment/provision will be made in the accounts.

7. Depreciation /Amortization

- A. Leasehold land is amortized at the rate of 3.34% p.a. on straight line basis as prescribed under MERC Regulation.

B. Property, Plant and Equipment

- i. The Hoding Company being rate regulated entity has followed the depreciation rates and methodology and life of assets as prescribed by Maharashtra Electricity Regulatory Commission. Accordingly, the Company provides depreciation on straight line method to the extent of 90% of the cost of asset.
- ii. Depreciation on the Property Plant and Equipment added/ disposed off / discarded during the year is provided on pro-rata basis with reference to the month of addition / disposal / discarding and in case of capitalization of green field / brown field projects, depreciation is charged from the date of commencement of commercial operation to the Statement of Profit and Loss.
- iii. In case of Assets (other than assets mentioned in (iv) below) whose depreciation has not been charged upto 70% of the asset value after its commissioning, company charges the depreciation at rates as prescribed below, on the Gross Cost of assets for calculating depreciation till the end of such year in which the accumulated depreciation reaches upto 70% of the asset value in respect of such asset. After attainment of 70% depreciation, the company charges depreciation on the basis of balance useful life upto 90% of the value of asset, in terms of the estimated useful life for Thermal, Gas and Solar based power generating Stations as 25 years and in case of Hydro Generating Stations as 35 years as prescribed by MERC.

Type of asset	Depreciation (%)
Plant & Machinery in generating station of Hydro – electric, Steam Electric, & Gas based power generation Plant, Cooling Tower, Hydraulic Works, Transformers & other fixed apparatus, Transmission lines, Cable Network etc.	5.28%
Buildings & Other Civil Works	3.34%



- iv. In case of following assets depreciation is charged on straight line method upto 90% of asset value at rates mentioned below:

Type of asset	Depreciation (%)	Life of Asset
Furniture, Fixtures and Office Equipment	6.33%	14 Years
Vehicles, Portable Air conditioning plant	9.50%	9.5 Years
IT Equipment	15.00%	6 Years

- v. Items of Property, Plant and Equipment costing not more than the threshold limit are depreciated at 100 percent in the year of acquisition. Cost of all Mobile Phones/Tablet is capitalized and depreciated at 100% during the year of purchase irrespective of threshold limit.
- vi. Items of Property, Plant and Equipment related to Information Technology equipment (IT) and computer software are depreciated at 100 percent on the expiry of assets life as prescribed by MERC.

C. Intangible Assets:

Expenses capitalized on account of purchase of new application software, implementation of the said software by external third party consultants and purchase of licenses are amortized as prescribed by MERC at the rate mentioned below

Type of asset	Depreciation (%)	Life of Asset
Software	30%	Maximum 4 years
Other Intangible asset	Based on	Useful life

Depreciation on the assets of subsidiaries is charged on straight line method following the useful life specified in Schedule II of the Companies Act, 2013

8. Non-currents assets held for sale

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. Non-current assets 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.

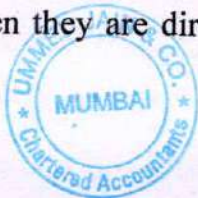
9. Inventories

Materials and other items held for generation of electricity are not written down below cost since the sale of electricity will be sold at or above the cost of generation. Cost comprises of cost of purchase (net of input tax credit receivable) and other costs incurred in bringing them to their present location and condition. In respect of coal stock, Company recognises invoice value of coal and railway freight, for the purpose of recognising coal stock receipts. In respect of Washed Coal stock, Company recognises invoice value of coal and beneficiation charges incurred to bring it to their present location and condition. Any incidental / coal related expenditure, is recognised in Statement of Profit & Loss as and when incurred.

Stock of materials including stores, spare parts is valued at lower of cost and net realizable value, and cost is determined on weighted average cost method. Losses towards unserviceable and obsolete stores and spares identified on review are provided in the accounts. For this purpose company assigns weight of 30% for slow moving, 60% for non moving upto 2 years and 80% for non moving more than 2 years. As regards obsolete inventory the same is fully provided for.

10. Revenue Recognition

- i. Revenue from Sale of electricity is accounted for based on predefined tariff rates at the beginning of the year as approved by the Maharashtra Electricity Regulatory Commission (MERC), inclusive of Fuel Adjustment Charges and includes unbilled revenues accrued up to the end of the accounting period which is subject to true up process by MERC in the subsequent years.
- ii. In terms of Power Purchase Agreement with MSEDCL, Company recognizes Delayed Payment Surcharge @ State Bank of India Marginal Cost of Funds-based Lending Rate (MCLR) plus 350 basis points, per month towards delay in receipt of energy bills beyond the credit period, on accrual basis.
- iii. Interest income is recognised taking into account the amount outstanding and the applicable interest rate.
- iv. Sale of fly ash is accounted for based on rates agreed with the customers. Amount collected are kept under separate account head "Fly Ash Utilisation Fund" in accordance with the guidelines issued by MOE&F dated 03-11-2009. The said fund gets utilised to the extent of expenditure incurred for promotion of ash utilization.
- v. Other income is recognized on accrual basis. Sale of scrap, reject coal etc. is accounted for when such scrap is actually lifted by the buyer from Company's premises and company prepares invoice towards the said sale transaction. Recoveries on account of Liquidated Damages are adjusted against the cost of project when they are directly identifiable with the project and for mitigating



the additional cost of the project in the year it is crystallized. Interest on advance to contractors for projects are adjusted to cost of projects and when crystallized and accrued. In all other cases, liquidated damages are credited to Other Income.

When company deploys its funds from working capital loan in interest bearing instruments because of legal, operational or contractual requirements in such cases, accordingly is done as interest payable/ receivable as the case may be, after netting it off.

- vi. Company recognizes the value of unsold Energy Saving Certificates as at the end of the financial year by crediting to revenue on accrual basis. Upon sale of the said certificates, the adjustment between the accrued value and actual sale value is effected to Profit and Loss Statement in the year of their actual sale.
- vii. Income / receivables are recognized in books of accounts of the Company when it is probable that the Company will collect the consideration to which it is entitled. This would depend upon assessment of intention and ability of the paying entity.

11. Accounting/ classification of expenditure and income

Income / expenditure in aggregate pertaining to prior year(s) above the threshold limit, if any, are corrected retrospectively.

Insurance claims are accounted for, on acceptance basis.

Price variation claims in respect of expenditure items are accounted for, on acceptance basis.

All other claims/entitlements are accounted on the merits of each case.

12. Investments in subsidiaries, Associates and Joint Ventures

Investments in equity shares of Subsidiaries, Joint Ventures & Associates are recorded at cost less accumulated impairment if any and reviewed for impairment at each reporting date.

The Group had elected to recognise its investments in Subsidiaries, associates and joint ventures at the carrying value existing as per previous GAAP as on date of transition to Ind AS as deemed cost.

13. Foreign Currency transactions

Transactions in foreign currencies are initially recorded at the respective exchange rates prevailing at the date of transaction.

Monetary assets and monetary liabilities denominated in foreign currencies are translated at spot rates of exchange at the reporting date.

Exchange differences arising on settlement or restatement at the year end of monetary items are recognised in Statement of Profit and Loss either as 'Exchange Rate Variation' or as 'finance costs' (to the extent regarded as an adjustment to borrowing costs), as the case maybe.



14. Employee Benefits

Short Term Employee Benefits

Short term employee benefits are recognized as an expense at undiscounted amount in the Statement of Profit & Loss of the year in which related services are rendered by the employees.

Ex-gratia

Company accrues for the ex-gratia expenditure in the books of accounts as and when the same is declared by the company for its employees.

Long Term Employee Benefits

a) Defined Benefit Plans

Company pays fixed contribution to Provident Fund at predetermined rates along with employee's contribution to a separate trust, which also manages funds of other group companies. The funds are then invested in permitted securities. The contribution to the fund for the period is recognized as expense and is charged to the Statement of Profit and Loss

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

Re-measurements of the net defined benefit liability, which comprises of actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised in Other Comprehensive Income.

(c) Other long-term employee benefits

Liability towards other long term employee benefits i.e. leave encashment are determined on actuarial valuation by independent actuaries using Projected Unit Credit method.



15. Leases



For contracts entered into, or changed, on or after 1 April 2019, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;



- the Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Company has the right to direct the use of the asset.

For contracts entered into before 1 April 2019, the Company determined whether the arrangement was or contained a lease based on the assessment of whether:

- fulfilment of the arrangement was dependent on the use of a specific asset or assets; and
- the arrangement had conveyed a right to use the asset.

i.) Company as a lessee

The right-of-use asset is depreciated using the straight-line method up to the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability, if any.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Company's incremental borrowing rate. The lease liability is measured at amortised cost.

The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Company recognises the lease payments associated with these leases as an expense.

ii.) Company as a lessor

The leases where the Company is a lessor are accounted for as per the method prescribed under Ind AS 116.

16. Government Grant

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with.

When the grant which is of revenue nature and 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.

In terms of Ind AS 20 Amendment Rules dated 20th September, 2018 issued by Government of India, Government grants related to assets, shall be presented in the balance sheet either by setting up the grant as deferred income or by deducting the grant in arriving at the carrying amount of the asset. Consequently, in FY 2020-21, the Company has elected to adopt the approach of deducting the grant from the asset value.

However, in case interest free loans, received from Government towards acquisition of item of property, plant and equipment, Company recognises the said loan at its present value in the year of receipt and balance amount is treated as Deferred Grant. Upon commissioning of the said item of property, plant and equipment, Deferred Grant is unwound over the period of useful life of the said



item. Till completion of tenure of the said loan, Company recognises Finance Cost through Statement of Profit and Loss every year which gets credited to the present value of the said loan. At the end of tenure of the loan, the accumulated balance of the loan (which has been recognised at present value), is discharged.

17. Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognized when there is a present obligation 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 using an appropriate discount rate. Contingent liabilities are possible obligations whose existence will only be confirmed by future events not wholly within the control of the Company, or present obligations where it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities are not recognized in the financial statements but are disclosed unless the possibility of an outflow of economic resources is considered remote.

Contingent liabilities and Capital Commitments disclosed are in respect of items which in each case are above the threshold limit as set out in Notes to financial statements.

Contingent assets are not recognised but disclosed if they are above threshold limit in the financial statements when an inflow of economic benefits is probable.

18. Fair value measurement

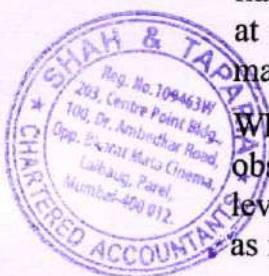
Fair value is the price that would be received/ paid to sell an asset or to transfer a liability, as the case may be, in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Company has access at that date.

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)



For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

19. Financial Instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instruments. The Groups's financial asset comprise the following

- i) Current Financial assets mainly consisting of trade receivables, cash and bank balances, short term deposits
- ii) Non-Current financial assets mainly consisting of equity investment in subsidiaries, loans and advances to subsidiaries, long term receivables etc.

Financial Assets

A. Initial recognition and measurement

All financial assets are recognised initially at fair value plus transaction costs that are attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in the Statement of Profit or loss.

B. Subsequent measurement

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

The Company classifies financial assets as under;

- (a) subsequently measured at amortised cost;
- (b) A financial asset is measured
- (c) fair value through other comprehensive income; or
- (d) fair value through profit or loss

On the basis of its business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

Amortized cost

A 'debt instrument' is measured at the amortised 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 recognition, such financial assets are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method and such amortization is recognised in the Statement of Profit and Loss.



Debt instruments at Fair value through profit and loss (FVTPL)

Fair value through profit and loss is a residual category for measurement of debt instruments.

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

Equity investments

All equity investments in scope of Ind-AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. For all other equity instruments, the Company decides to classify the same either as at 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 (OCI). There is no recycling of the amounts from OCI to Statement of Profit and Loss, even on sale of such investments

Equity instruments included within the FVTPL category are measured at fair value with all fair value changes being recognized in the Statement of Profit and Loss.

Investments in equity instruments of subsidiaries, associates and joint venture entities are carried at cost less impairment.

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 amortised cost and those carried 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. Based on the assessment of the risk as on the reporting date in comparison with the risk assessment on initial recognition date, Company recognises an impairment loss or gain in expected credit loss provision in the Profit & Loss statement.

Derecognition of financial asset

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Company's financial statements) when:

- 1. The rights to receive cash flows from the asset have expired, or
- 2. 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
 - (a) the Company has transferred substantially all the risks and rewards of the asset, or
 - (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset



On Derecognition of a financial asset, the difference between the carrying amount and the consideration received is recognised in the Statement of Profit and Loss.

Financial Liabilities

Financial liabilities and equity instruments

Classification as debt or equity

An instruments issued by a company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received.

Financial liabilities

The Company's current financial liabilities mainly comprise (a) Borrowings, (b) trade payables, (c) liability for capital expenditure, (d) security deposit and (e) other payables

Initial recognition and measurement

All financial liabilities (not measured subsequently at fair value through profit or loss) are recognised initially at fair value net of transaction costs that are directly attributable to the respective financial liabilities. The Company's financial liabilities include trade and other payables, loans and borrowings

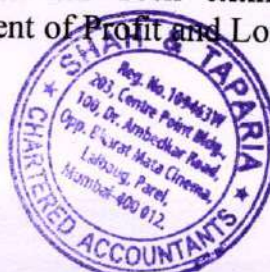
Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

(i) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the Statement of Profit and Loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs.

Borrowings are removed from the Balance Sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished and the consideration paid is recognised in the Statement of Profit and Loss as other gains / (losses).



Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Where there is a breach of a material provision of a long-term loan arrangement on or before the end of the reporting period with the effect that the liability becomes payable on demand on the reporting date, the entity does not classify the liability as current, if the lender has agreed, after the reporting period and before the approval of the financial statements for issue, not to demand payment as a consequence of the breach.

(ii) Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial period which are unpaid. The amounts are unsecured and are usually paid within twelve months of recognition. Trade and other payables are presented as current liabilities unless payment is not due within twelve months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

Derecognition

A financial liability is derecognised 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 derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Standalone 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 realise the assets and settle the liabilities simultaneously.

20. Cash and Cash equivalents

Cash and cash equivalents includes cash on hand, balances with banks, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

21. Cash flow statement

Cash flow statement is prepared in accordance with the indirect method prescribed in Indian Accounting Standard (Ind AS) 7 on 'Statement of Cash Flow'. For the purpose of the Statement of Cash Flows, cash and cash equivalent consist of cash, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

