

| MSEDCL | | | | |
|---|-----------------|----------------|----------------|--|
| Statement showing the deposit with Court Authority against charges for uses Assets by MSEDCL | | | | |
| Year | Payment made to | | | (Amt. in Rs.) |
| | MPECS | MERC | MERC | Remark |
| FY 2015-16 | 62,64,24,657 | | | Earlier deposited with MERC transferred to Mula Pravara as per aptel order dt.06.05.2016 & |
| FY 2016-17 | 11,00,00,000 | 3,60,19,00,000 | 31,01,00,000 | Payment Due frpm Feb-2011 to Apr-2016 deposited with MERC |
| FY 2017-18 | 12,00,00,000 | - | 34,46,00,000 | 46,46,00,000 |
| FY 2018-19 | 12,00,00,000 | - | 31,43,00,000 | 43,43,00,000 |
| FY 2019-20 | 12,00,00,000 | - | 28,42,00,000 | 40,42,00,000 |
| FY 2020-21 | 12,00,00,000 | - | 25,41,00,000 | 37,41,00,000 |
| FY 2021-22 | 12,00,00,000 | - | 22,40,00,000 | 34,40,00,000 |
| FY 2022-23 | 12,00,00,000 | - | 19,39,00,000 | 31,39,00,000 |
| FY 2023-24 | 12,00,00,000 | - | 16,38,00,000 | 28,38,00,000 |
| FY 2024-25 (UPTO OCT-24) | 8,00,00,000 | - | 9,25,00,000 | |
| TOTAL | 1,65,64,24,657 | 3,60,19,00,000 | 2,18,15,00,000 | |

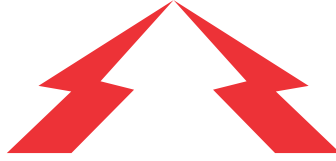
| PARTICULARS | AMOUNT IN RS | PAID TILL OCT-24 (IN CRS) | REMAINING PAYMENT | TOTAL PAYABLE (IN CRS) |
|-------------------------|----------------|------------------------------|----------------------|---------------------------|
| PAYMENT TO MPECS | 1,65,64,24,657 | 165.64 | 3.00 | 168.64 |
| PAYMENT TO MERC | 5,78,34,00,000 | 578.34 | 3.12 | 581.46 |
| TOTAL | 7,41,90,24,657 | 743.98 | 6.12 | 750.10 |

Note -

Above Payments shown against each financial year are taken as per Payment date and not on the basis of month for which it belongs.

18th ANNUAL REPORT

2022-23



MAHAVITARAN

Maharashtra State Electricity Distribution Co. Ltd.

REGISTERED OFFICE

Plot No. G-9, Prakashgad, Prof. Anant Kanekar Marg,
Bandra (East), Mumbai - 400 051.

NOTE NO. 39
ADDITIONAL NOTES TO ACCOUNTS

1. Contingent Liabilities, Contingent Assets and Commitments :

(₹ in Lakhs)

| Sr. No. | Particulars | As at 31.03.2023 | As at 31.03.2022 |
|---------|---|---------------------|---------------------|
| I. | Contingent Liabilities | | |
| | Claims against the MSEDCL not acknowledged as debts- | | |
| | (i) Datar Switchgear Ltd. (refer para i below) | 86,300 | 82,968 |
| | (ii) Asian Electronics Ltd. (refer para ii below) | 15,712 | 15,712 |
| (a) | (iii) Power Purchase (refer para iii below) | 30,60,303 | 37,80,193 |
| | (iv) MIDC Interest free Loan (refer para iv below) | 6,940 | 6,940 |
| | (v) Mula-Pravara Electric Co-op. Society Ltd. (refer para v below) | 55,271 | 53,332 |
| | (vi) Others (refer para vi below) | 89,710 | 91,892 |
| | Total of (a) | 33,14,236 | 40,31,037 |
| | Disputed Duties / Tax Demands | | |
| | (i) Income Tax | 4,51,596 | 4,44,272 |
| | (ii) TDS | 971 | 1,153 |
| (b) | (iii) Excise Duty | 8 | 8 |
| | (iv) MVAT | 5,55,260 | 5,55,260 |
| | (v) Service Tax | 44,951 | 44,951 |
| | Total of (b) | 10,52,786 | 10,45,644 |
| | Total of (a+b) | 43,67,022 | 50,76,681 |
| II. | Contingent Assets (Refer para II below) | 1,67,839 | 1,64,324 |
| III. | Other Commitments | 7,24,800 | 6,07,800 |
| IV. | Capital Commitments (net of advances given) | 52,064 | 86,294 |

I. Contingent Liabilities include :-

(i) Datar Switchgear Limited :

In an earlier year, erstwhile Maharashtra State Electricity Board (MSEB) had entered into a contract with Datar Switchgears Ltd. (DSL) for supply, erection, commissioning and maintenance of load management system panels on operating lease basis. After part execution of the contract, DSL has filed the suit for damages of panels & cost of possession

procurement of electricity from all sources in a year. MSEDCL could not fulfil the RPO as per MERC specification in earlier years and current year.

The estimated penalty of ₹ 23,562 lakhs, which may be imposed by commission for non-fulfilment of RPO, is considered as contingent liability.

- F) Most of the above mentioned amounts [covered by paragraphs (A) to (E) above] considered as Contingent Liability, if crystallised, would be allowed to be recovered through Aggregate Revenue Requirement (ARR) as per MERC Regulations, and are potential contingent assets. However, the amount of contingent asset, if any, that may arise on this account is not considered.

(iv) Interest Free Loan from Maharashtra Industrial Development Corporation (MIDC) (Refer Note 24):

Earlier the various electrical infrastructures up gradation and system improvement work at MIDC areas were carried out by MSEDCL. Considering the urgency, necessity and financial condition of MSEDCL, MIDC itself executes the work or provides funds to MSEDCL. The cost incurred by MIDC or funds provided by MIDC are treated as interest free loan from MIDC.

MIDC had raised claim of various works done under MIDC areas amounting to ₹ 11,669 Lakhs, out of which based on details available, MSEDCL based on available records had accepted claims amounting to ₹ 4,729 Lakhs and accounted for the same as interest free loan.

On the basis of Work Completion Report (WCR) and Handing Over Taking Over document received from field offices matched with the details provided by MIDC, MSEDCL had repaid ₹ 2,224 Lakhs to MIDC Out of ₹ 4,729 Lakhs. ₹ 2,505 Lakhs are still unpaid due to non-availability of WCR and Handing Over Taking Over document and the same has been shown as interest free unsecured loan. The amount not accounted of ₹ 6,940 Lakhs (₹ 11,669 Lakhs - ₹ 4,729 Lakhs) (PY ₹ 6,940 Lakhs) has been considered as Contingent Liability. The amount ₹ 6,940 Lakhs when accounted would be capitalised.

(v) Deposits made by MSEDCL with MERC against user charges for use of assets of Mula-Pravara Electric Co-op. Society Ltd. (Refer Note 6, 11 & 35):

Mula-Pravara Electric Co-op. Society Ltd. (MPECS) was in the business of Distribution of Electricity as a Licensee from 1970. Govt. of Maharashtra (GoM) had taken a decision with respect to viable rate to be charged to MPECS for the period from April 1977 to April 2000 in the month of May 1999. Due to the implementation of GoM's decision of viable tariff, erstwhile MSEDCL suffered a revenue loss of ₹ 22,100 Lakhs. The MERC had determined the tariff rate to be charged to MPECS from May 2000. MPECS had continued defaulting full payment from 1977. Due to which at the end of January 2011 arrears amounted to ₹ 2,39,712 Lakhs. MPECS challenged the tariff determined by MERC. The matter is pending before Supreme Court and no interim stay has been granted to MPECS.

MSEDCL has also filed suit for recovery of arrears of ₹ 2,39,712 Lakhs before Civil Court, Shrirampur.

Considering the expiry of license of MPECS, MSEDCL filed a petition before MERC for revocation/suspension of MPECS license. Similarly MPECS also filed a petition for

grant/continuation of license. Considering the expiry of licensee of MPECS on 31.01.2011, MERC vide its order dtd. 27.01.2011 permitted MSEDCL to supply the electricity in the areas of MPECS and decided the issue of license in favour of MSEDCL. Accordingly, MSEDCL is supplying the electricity w.e.f. 01.02.2011 in the said areas earlier serviced by MPECS using the infrastructure of MPECS.

MPECS challenged MERC order dtd. 27.01.2011 and filed petition before APTEL. APTEL vide its order dtd. 16.12.2011 directed MERC to review its decision for grant of license to MSEDCL and also directed to continue the existing arrangement of supplying electricity in MPECS area by MSEDCL, subject to payment of charges for use of distribution network of MPECS by MSEDCL.

MERC decided that MSEDCL being a deemed licensee, does not require fresh license after expiry of license of MPECS. MPECS challenged MERC order before APTEL. These appeals are still pending before APTEL.

In the MPECS petition for user charges, MERC directed MSEDCL to carry out the valuation of assets of MPECS and directed to pay ₹ 100 Lakhs per month as interim charges for use of assets to MPECS and directed MPECS to provide the necessary details for valuation of assets to MSEDCL. However, since MPECS failed to produce the fixed assets register and necessary documents to MSEDCL, interim charges were not paid and valuation could not be done. Considering this MERC dismissed the matter of determination of user charges stating that, in the absence of the valuation of assets, MERC may not be able to determine the charges payable by MSEDCL to MPECS for the use of the distribution assets.

MPECS thereafter filed appeal before APTEL in this regard in which APTEL vide its order dated 13.03.2015 directed MSEDCL to pay ₹ 100 Lakhs to MPECS as interim arrangement and also directed MERC to carry out valuation of assets. The order of APTEL was challenged by MSEDCL before Supreme Court. The Supreme Court vide its order dated has directed to deposit ₹ 100 Lakhs per month to MERC instead of paying it to MPECS.

Accordingly, based on consultant's valuation report, MERC determined monthly charges payable to MPECS vide its order dtd. 02.05.2016. MSEDCL, being aggrieved by the said order, has challenged MERC order dtd. 02.05.2016 before APTEL and APTEL on said appeal has passed an order directing as under-

- MSEDCL will continue to pay an amount of ₹ 100 Lakhs per month to MPECS.
- MSEDCL to deposit monthly charges as per monthly schedule determined with MERC, after deducting ₹ 100 Lakhs paid to MPECS.

Accordingly, MSEDCL has made payment as under:

(₹ in Lakhs)

| Particular | Paid up to 31.03.2022 | Paid during FY 2022-23 | Paid up to 31.03.2023 |
|---|--------------------------|---------------------------|--------------------------|
| MPECS (charged to statement of profit and loss) | 13,464 | 1,200 | 14,664 |
| MERC (Deposit) | 53,332 | 1,939 | 55,271 |
| Total | 66,796 | 3,139 | 69,935 |

For the financial year the total amount of ₹ 3,139 Lakhs (PY ₹ 3,440 lakhs) deposited by MSEDCL with the MERC together with interest accrued thereon be released to MPECS and consequently adjusted as user charges.

As such, the amount of ₹ 55,271 Lakhs (PY ₹ 53,332 Lakhs) deposited with MERC is considered as a contingent liability.

(vi) Others:

These claims of ₹ 89,710 lakhs (PY ₹ 91,892 lakhs) relate to various cases filed against MSEDCL mainly for matters related with tariff levied in the employee claims, energy bill, unauthorised use of power, and compensation claim in case of fatal & non-fatal accidents and interest on outstanding payment to the vendors. It also includes bank guarantee given against performance guarantee.

Further, there are various litigations against and by MSEDCL pertaining to tariff cases which are pending at various forums. The company continues to vigorously defend its position in both cases. However, due to the inherent uncertainties of litigation, there can be no assurance that the resolution of these matters will not have a material adverse effect on the company's financial position, results of operations or cash flows in a future period. The company has reviewed its pending litigations and proceedings and has disclosed as contingent liabilities, wherever applicable, in the financial statements.

It is not practicable for the Company to estimate the timings of cash out flows, if any, in respect of the above pending resolution of the respective proceedings. The Company does not expect any reimbursement in respect of the above contingent liabilities. Future cash outflows in respect of the above are determinable only on receipt of judgments/decisions pending with various forums/authorities. The Company does not expect any outflow of economic resources in respect of the above and therefore no provision is made in respect thereof.

II. Contingent Asset includes:

Contingent Asset includes following billing dispute cases.

(₹ in Lakhs)

| Sr. No. | Particular | As at 31.03.2023 | As at 31.03.2022 |
|----------------|--|-------------------------|-------------------------|
| 1 | Vodafone India Ltd. (since merged with and post-merger w.e.f. 31.08.2018 known as Vodafone Idea Ltd.)* | 1,578 | 1,480 |
| 2 | Idea Cellular Ltd (since merged with and post-merger w.e.f. 31.08.2018 known as Vodafone Idea Ltd.)* | 2,997 | 2,825 |
| 3 | Reliance Infocomm Infrastructure Pvt. Ltd.* | 1,20,300 | 1,20,300 |
| 4 | M/s Reliable Space Pvt. Ltd.* | 8,000 | 8,000 |
| 5 | Various Suppliers of Materials | 34,964 | 31,714 |
| | Total | 1,67,839 | 1,64,324 |