



# MAHARASHTRA ELECTRICITY REGULATORY COMMISSION MUMBAI

## ANNUAL ACCOUNTS FOR THE YEAR 2016-17

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**SEPARATE AUDIT REPORT OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA ON THE ACCOUNTS OF MAHARASHTRA ELECTRICITY REGULATORY COMMISSION FOR THE YEAR ENDED 31 MARCH 2017.**

We have audited the attached Balance Sheet of Maharashtra Electricity Regulatory Commission (hereinafter referred to as Commission) as at 31 March 2016 and the Income and Expenditure Account for the year ended on that date under Section 104 (2) of the Electricity Act, 2003. These financial statements are the responsibility of the Commission’s Management. Our responsibility is to express an opinion on these financial statements based on our audit.

This Separate Audit Report contains the comments of the Comptroller and Auditor General of India (CAG) on the accounting treatment only with regard to classification, conformity with the best accounting practices, accounting standards and disclosure norms, etc. Audit observations on financial transactions with regard to compliance with the Law, Rule and Regulations (Propriety and Regularity) and efficiency-cum-performance aspects, etc., if any, are reported through Inspection Reports/CAG’s Audit Reports separately.

We have conducted our audit in accordance with the Auditing Standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material mis-statements. An audit includes examining on a test basis, evidences supporting the accounts and disclosure in the Financial Statements. An audit also includes assessing the accounting principles used and significant estimates made by the Management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

Based on our audit, we report that:

- i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of audit.
- ii) The Balance Sheet and Income & Expenditure Account dealt with by this report have been drawn up in the format approved by the Commission as per the MERC (Maintenance of Accounts) Rules, 2011

- iii) In our opinion, proper books of accounts and other relevant records have been maintained by the Commission in so far as it appears from our examination of such books.

At the instance of C&AG audit, the Management has carried out corrections in the Provisional Accounts as stated below:

(Amount in crore)

Sl.No.	Particulars	Debit	Credit	Net effect
1.	Income	12.74	9.94	2.80
2.	Expenditure	0.04	-	0.04
3.	Asset	0.36	3.16	2.80
4.	Liabilities (excluding corpus/capital Fund)	22.73	0.04	0.04

As a result of the above corrections, “Excess of Income over Expenditure for the year” has decreased by ₹ 2.84 crore. Assets decreased by ₹ 2.80 crore and Liabilities (excluding corpus/capital Fund) increased by ₹ 0.04 crore.

- i) We report that the Balance Sheet and Income & Expenditure Account dealt with by this report are in agreement with the books of accounts.
- ii) In our opinion and to the best of our information and according to the explanation given to us, the said financial statements read together with the Accounting Policies and Notes on Accounts and other matters mentioned in the Annexure to this Audit Report give a true and fair view in conformity with accounting policies generally accepted in India:
  - a. In so far as it relates to the Balance Sheet, of the state of affairs of the Commission as at 31 March 2017; and
  - b. In so far it relates to the Income & Expenditure Accounts, of the excess of income over expenditure for the year ended 31 March 2017.

For and on behalf of

**The Comptroller and Auditor General of India**

PLACE : MUMBAI

Date : 18/01/2018

sd/  
**(P. MADHAVI)**  
**ACCOUNTANT GENERAL**  
**(AUDIT) - III**

## **Annexure - 1**

[Referred to in Para 4(vi)]

### **1. Adequacy of internal Audit System**

The Commission has appointed a Chartered Accountant Firm for conducting its internal audit. The same firm is also entrusted with the work of finalisation and preparation of Annual Accounts. The work of Accounts and Internal Audit should not have been assigned to the same firm/person. The Internal Audit of the transactions of the Commission has been completed up to 31 March 2017, The internal audit system is adequate and commensurate with the size and nature of activities of the Commission.

### **2. Adequacy of internal Control System**

Internal financial control mechanism for monitoring receipts and making payments and accounting thereof is commensurate with the size and nature of activities of the Commission.

### **3. System of physical verification of fixed assets**

The Fixed Assets Register was not updated by the Commission. Further, Commission had not carried out physical verification of fixed assets and hence, shortages/excesses could not be ascertained.

### **4. System of physical verification of Inventory**

The Commission is not engaged in Trading/Manufacturing activities. Hence, the Commission does not have the system of physical verification of Inventory.

### **5. Regularity in payment of statutory dues applicable to them**

The Commission had not paid Income Tax for the year in view of reference/application made to Government of India, Ministry of Finance regarding granting of exemption under section 10 of Income Tax Act, 1961 for which reply/order is awaited. According to information and explanation given to us, the Commission is generally regular in depositing of other statutory dues including Provident Fund, Employees State Insurance, Service Tax applicable to them.

sd/-

**(Rashmi A. Prabhudesai)**

Audit Officer / CAW-I

# MAHARASHTRA ELECTRICITY REGULATORY COMMISSION

## BALANCE SHEET AS AT 31 ST MARCH 2017

(Amount in Rupees)

CORPUS/CAPITAL FUND AND LIABILITIES	SCH.	As at March 31, 2017	As at March 31, 2016
1. Corpus/Capital Fund	1	2,010,480,421	1,696,762,169
2. Reserves and Surplus	2	-	-
3. Earmarked/Endowment Funds	3	-	-
4. Secured Loans and Borrowings	4	-	-
5. Unsecured Loans and Borrowings	5	-	-
6. Current Liabilities and Provisions	6	41,802,429	55,416,121
<b>TOTAL</b>		<b>2,052,282,850</b>	<b>1,752,178,290</b>
<b>ASSETS</b>			
1. Fixed Assets	7	20,927,265	19,860,262
2. Investments – From Earmarked/Endowment Funds of CERC	8	-	-
3. Investments-Others	9	-	-
4. Current Assets, Loans, Advances	10	2,031,355,585	1,732,318,028
5. Miscellaneous Expenditure (to the extent not written off or adjusted)		-	-
<b>TOTAL</b>		<b>2,052,282,850</b>	<b>1,752,178,290</b>

FOR MAHARASHTRA ELECTRICITY REGULATORY COMMISSION

Mumbai,

Date : 24/10/2017

sd/-  
SECRETARY

sd/-  
MEMBER

sd/-  
MEMBER

sd/-  
CHAIRMAN

# MAHARASHTRA ELECTRICITY REGULATORY COMMISSION

## INCOME & EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31ST MARCH 2017

(Amount in Rupees)

INCOME	SCH.	As at March 31, 2017	As at March 31, 2016
Grants/Subsidies	11	90,000.00	100,000.00
Fees and charges	12	394,026,931.00	453,674,362.00
Income from Investment (Income on investment from earmarked/endowment funds transferred to funds).	13	-	-
Income from Royalty, Publications etc.		-	-
Interest Earned	14	142,814,635.00	137,272,219.87
Other Income	15	1,502,728.00	5,285,502.08
Add : Prior Period Adjustment		(31,557,900.00)	(3,457,435.00)
Excess of Expenditure over Income (transferred to Capital fund account)		-	-
<b>Total (A)</b>		<b>506,876,394.00</b>	<b>592,874,648.95</b>
<b>EXPENDITURE</b>			
Establishment Expenditure	16	54,873,629.00	42,609,035.00
Other Administrative Expenditure etc.	17	138,606,314.09	131,988,803.16
Expenditure on Grants, Subsidies etc.		-	15,636,000.00
Depreciation	7	2,296,406.03	3,483,082.35
<b>Excess of Income over Expenditure for the year</b>		<b>311,100,044.88</b>	<b>399,157,728.44</b>
Less: Transfer to Special Reserve		-	-
Less: Transfer to/from General Reserve		-	-
Balance being surplus/deficit carried to MERC FUND		<b>311,100,044.88</b>	<b>399,157,728.44</b>
<b>TOTAL (B)</b>		<b>506,876,394.00</b>	<b>592,874,648.95</b>

FOR MAHARASHTRA ELECTRICITY REGULATORY COMMISSION

Mumbai,

Date : 24/10/2017

sd/-  
SECRETARY

sd/-  
MEMBER

sd/-  
MEMBER

sd/-  
CHAIRMAN

# MAHARASHTRA ELECTRICITY REGULATORY COMMISSION

## SCHEDULES FORMING PART OF BALANCE SHEET

### SCHEDULE - 1 : CORPUS / CAPITAL FUND

*(Amount in Rupees)*

Particulars	As at March 31, 2017	As at March 31, 2016
Balance as at the beginning of the year	1,696,762,169.24	1,297,604,440.80
Add/(Deduct): Adjusted in Corpus/Capital Fund (Bandra Branch)	2,618,206.92	-
Add/(Deduct): Balance of net income/(expenditure) transferred from the Income and Expenditure Account	311,100,044.88	399,157,728.44
Less: Adjusted For Fixed Assets	-	-
<b>Balance as at the year-end</b>	<b>2,010,480,421.05</b>	<b>1,696,762,169.24</b>

### SCHEDULE - 2 : RESERVE AND SURPLUS

*(Amount in Rupees)*

Particulars	As at March 31, 2017	As at March 31, 2016
<b>1. Capital Reserve</b>		
As per last Account	—	—
Addition during the year	—	—
Less: Deductions during the year	—	—
<b>2. Special Reserves</b>		
As per last Account	—	—
Addition during the year	—	—
Less: Deductions during the year	—	—
<b>3. General Reserve</b>		
As per last Account	—	—
Addition during the year	—	—
Less: Deductions during the year	—	—
<b>TOTAL</b>	<b>—</b>	<b>—</b>

### SCHEDULE - 3 : EARMARKED / EANDOWMENT FUNDS

(Amount in Rupees)

Particulars	Fund-wise break up				Total	
	Fund WW	Fund XX	Fund YY	Fund ZZ	As at March 31, 2017	As at March 31, 2016
a) Opening balance of the funds	-	-	-	-	-	-
b) Additions to the Funds:	-	-	-	-	-	-
(i) Donations/grants	-	-	-	-	-	-
(ii) Income from investments made on account of funds	-	-	-	-	-	-
(iii) Other additions (specify nature)	-	-	-	-	-	-
<b>Total (a+b)</b>	NIL	NIL	NIL	NIL	NIL	NIL
c) Utilisation/Expenditure towards objectives of funds						
i) Capital Expenditure						
- Fixed Assets	-	-	-	-	-	-
- Others						
<b>Total</b>	-	-	-	-	-	-
ii) Revenue Expenditure	-	-	-	-	-	-
- Salaries, Wages and allowances etc.						
- Rent	-	-	-	-	-	-
- Other Administrative Expenses	-	-	-	-	-	-
<b>Total</b>	-	-	-	-	-	-
<b>TOTAL (c)</b>	NIL	NIL	NIL	NIL	NIL	NIL
Net balance as at the year- end (a+b-c)	NIL	NIL	NIL	NIL	NIL	NIL

- Notes**
- 1) Disclosures shall be made under relevant heads based on conditions attaching to the grants.
  - 2) Plan Funds received from the Central / State Governments are to be shown as separate Funds and not to be mixed up with any other Funds.

### SCHEDULE - 4 : SECURED LOANS AND BORROWINGS

(Amount in Rupees)

Particulars	As at March 31, 2017	As at March 31, 2016
1. Central Government	-	-
2. Government of Maharashtra	-	-
3. Financial Institutions	-	-
a) Terms Loans	-	-
b) Interest accrued and due	-	-
4. Banks	-	-
a) Term Loans	-	-
- Interest accrued and due	-	-
b) Other Loans (specify)	-	-
- Interest accrued and due	-	-
5. Other Institutions and Agencies	-	-
6. Debentures and loans	-	-
7. Others (Specify)	-	-
<b>TOTAL</b>	<b>NIL</b>	<b>NIL</b>
Note: Amounts due within one year		



**SCHEDULE - 5 : UNSECURED LOANS AND BORROWINGS***(Amount in Rupees)*

Particulars	As at March 31, 2017	As at March 31, 2016
1. Central Government	-	-
2. Government of Maharashtra	-	-
3. Financial Institutions	-	-
4. Banks:	-	-
a) Term Loans	-	-
b) Other Loans (specify)	-	-
5. Other Institutions and Agencies	-	-
6. Debentures and Bonds	-	-
7. Fixed Deposits	-	-
8. Others (specify)	-	-
<b>TOTAL</b>	<b>NIL</b>	<b>NIL</b>
Note: Amounts due within one year		

**SCHEDULE - 6 : CURRENT LIABILITIES AND PROVISIONS***(Amount in Rupees)*

Particulars	As at March 31, 2017	As at March 31, 2016
<b>A. CURRENT LIABILITIES</b>		
1. Acceptances	-	-
2. Sundry Creditors:-		
(a) For Goods	-	-
(b) Others	-	-
3. Advances Received (Fees Received in Advance)	10,643,400.00	28,183,000.00
4. Interest accrued but not due on:		
(a) Secured Loans/borrowings	-	-
(b) Unsecured Loans/borrowings	-	-
5. Statutory Liabilities:		
(a) Overdue	-	4,000.00
(b) Others		
(i) MERC Employees PPF Payable	-	-
(ii) Recoveries From Salaries	319,177	440,407.00
(iii) TDS Payable	-	-
(iv) Excess DA Recovered From Staff	-	-
(v) Professional Tax	-	-
(vi) Employees Provident Fund	-	-
6. Current Account with SBI	-	-
Other current Liabilities (Deposits)	496,764.39	10,000.00
Other current Liabilities	500,000.00	-
Earnest Money Deposits	395,000.00	330,000.00
Security Deposits	643,879.00	547,379.00
<b>TOTAL (A)</b>	<b>12,998,220.39</b>	<b>29,514,786.00</b>
<b>B. PROVISIONS</b>		
1. For Taxation	-	-
2. Gratuity	14,904,895.00	13,057,151.00
3. Superannuation/ Pension	272,665.00	-
4. Accumulated Leave Encashment	12,602,410.00	8,627,901.00
5. Trade Warranties/ Claims	-	-
6. Medical Reimbursement	-	-
7. Outstanding Expenses	1,024,239.00	4,216,283.00
<b>TOTAL (B)</b>	<b>28,804,209.00</b>	<b>25,901,335.00</b>
<b>TOTAL (A+B)</b>	<b>41,802,429.39</b>	<b>55,416,121.00</b>

## Schedule – 7 : FIXED ASSETS

DEPRECIATION	GROSS BLOCK							DEPRECIATION					NET BLOCK	
	Rate of Dep.	Cost at the year beginning	Adjustment for Nominal Value	Total	Addition during the year	Deduction during the year	Cost at the year end	As at the beginning of the year	Short Provi. of Earlier year	Depre- ciation for the year	Deduction during the year	Total up to the year end	As at the current year end	As at the previous year end
<b>A. FIXED ASSETS :</b>														
<b>5. A) Furniture, fixtures</b>	<b>10%</b>													
Addition Less Than Rs 5000	100%	73,328		73,328	-		73,328	73,328				73,328	-	-
Addition More Than Rs 5000		3,136,076		3,136,076	57,448		3,193,524	2,250,622		97,162		2,347,784	845,740	885,454
<b>B) Interior Renovation</b>	<b>10%</b>													
		19,095,975		19,095,975	3,958,417		23,054,392	6,389,415.15		1,427,908		7,817,323	15,237,069	12,706,560
<b>6. Office equipment</b>	<b>15%</b>													
Addition Less Than Rs 5000	100%	66,737		66,737	499		67,236	66,737		499		67,236	-	-
Addition More Than Rs 5000		1,769,961		1,769,961	310,757		2,080,718	1,696,192		57,678		1,753,870	326,848	73,769
<b>7. A) Computer / peripherals</b>	<b>60%</b>													
Addition Less Than Rs 5000	100%	43,538		43,538	8,000		51,538	43,538		8,000		51,538	-	-
Addition More Than Rs 5000		8,604,420		8,604,420	280,363		8,884,803	8,404,558		229,661		8,634,219	250,585	199,862
<b>B) Softwares</b>	<b>60%</b>													
Addition Less Than Rs 5000	100%	1,390		1,390	542		1,932	1,390		542		1,932	-	-
Addition More Than Rs 5000		52,695,123		52,695,123	9,858		52,704,981	52,695,123		4,683		52,699,806	5,175	-
Quickheal Antivirus License		69,614		69,614	-		69,614	-		41,768		41,768	27,846	69,614
<b>8. Electrical installations</b>	<b>10%</b>													
		4,737,478		4,737,478	-		4,737,478	1,813,640		292,384		2,106,024	2,631,454	2,923,838
<b>9. Library books</b>	<b>60%</b>													
Addition Less Than Rs 5000	100%	474,246		474,246	9,784		484,030	474,246		9,784		484,030	-	-
Addition More Than Rs 5000		1,423,506		1,423,506	-		1,423,506	1,423,506		-		1,423,506	-	-
<b>10. Other fixed assets</b>	<b>15%</b>													
a) Air Conditioners														
b) Telephone Instruments														
Addition Less Than Rs 5000	100%	27,458		27,458	-		27,458	27,458		-		27,458	-	-
Addition More Than Rs 5000		1,214,588		1,214,588	125,998		1,340,586	735,798		85,291.59		821,089	519,497	478,790
c) Telephone & E.P.B.X. System		627,669		627,669	-		627,669	354,035		41,045.06		395,080	232,589	273,634
<b>Total of current year</b>		<b>94,061,107</b>		<b>94,061,107</b>	<b>4,761,686</b>		<b>98,822,793</b>	<b>76,449,586</b>		<b>2,296,406</b>		<b>78,745,992</b>	<b>20,076,800</b>	<b>17,611,521</b>
<b>B. Capital work-in-progress</b>														
		2,248,741		2,248,741	2,248,740	3,647,016	850,465	-		-		-	850,465	2,248,741
<b>TOTAL</b>		<b>96,309,848</b>		<b>96,309,848</b>	<b>7,010,426</b>	<b>3,647,016</b>	<b>99,673,258</b>	<b>76,449,586</b>		<b>2,296,406</b>		<b>78,745,992</b>	<b>20,927,265</b>	<b>19,860,262</b>

**SCHEDULE - 8 : INVESTMENT FROM EARMARKED / ENDOWMENT FUNDS***(Amount in Rupees)*

Particulars	As at March 31, 2017	As at March 31, 2016
1. In Government Securities	-	-
2. Other approved Securities	-	-
3. Shares	-	-
4. Debentures and Bonds	-	-
5. Subsidiaries and Joint Ventures	-	-
6. Others (to be specified)	-	-
<b>TOTAL</b>	<b>-</b>	<b>-</b>

**SCHEDULE - 9 : INVESTMENT - OTHERS***(Amount in Rupees)*

Particulars	As at March 31, 2017	As at March 31, 2016
1. In Government Securities	-	-
2. Other approved Securities	-	-
3. Shares	-	-
4. Debentures and Bonds	-	-
5. Subsidiaries and Joint Ventures	-	-
6. Others (to be specified)	-	-
<b>TOTAL</b>	<b>NIL</b>	<b>NIL</b>

**Schedule - 10 : CURRENT ASSETS, LOANS, ADVANCES, ETC.***(Amount in Rupees)*

Particulars	As at March 31, 2017	As at March 31, 2016
<b>A. CURRENT ASSETS:</b>		
1. Sundry Debtors:		
(a) Debts Outstanding for a period exceeding six months	-	-
(b) Others	-	-
2. Cash balances in hand (including cheques/drafts and imprest)	34,833.00	11,578.00
3. Bank Balances		
(a) With Scheduled Banks:		
- On Current Accounts	384,440.30	-
- On Deposit Accounts	1,685,370,233.00	1,521,078,368.00
- On Savings Accounts (SBI Fees & Cost Recovered)	41,931,600.23	9,788,100.02
(b) With non-Scheduled Banks:		
- On Current Accounts	-	-
- On Deposit Accounts	-	-
- On Savings Accounts	-	-
4. Post Office-Savings Accounts	-	-
5. Tax Deducted at Source	79,385,117.00	66,260,545.00
<b>TOTAL (A)</b>	<b>1,807,106,223.53</b>	<b>1,597,138,591.02</b>

**SCHEDULE-10: CURRENT ASSETS, LOANS, ADVANCES ETC. (contd.)** (Amount in Rupees)

Particulars	As at March 31, 2017	As at March 31, 2016
<b>B. LOANS, ADVANCES AND OTHER ASSETS</b>		
1. Loans:		
(a) Staff	13,928,654.00	15,148,670.00
(b) Other Entities engaged in activities/objectives similar to that of the Entity	-	-
(c) Other(Specify)	-	-
2. Advances and other amounts recoverable in cash or in kind or for value to be received:		
(a) On Capital Account	-	-
(b) Prepayments	-	-
(c) Others	99,565,118.54	13,556,456.19
(d) Recoveries from Salaries	-	-
3. Income Accrued:		
(a) On Investments from Earmarked/ Endowment Funds	-	-
(b) On Investments – Others	99,366,520.00	96,044,665.00
(c) On Loans and Advances	2,553,369.00	1,090,922.00
(d) Annual Licence Fees Receivable	8,835,700.00	9,338,724.00
4. Claims Receivable	-	-
<b>TOTAL (B)</b>	<b>224,249,361.54</b>	<b>135,179,437.19</b>
<b>TOTAL (A+B)</b>	<b>2,031,355,585.07</b>	<b>1,732,318,028.21</b>

**SCHEDULE - 11 : GRANTS/ SUBSIDIES (Irrevocable Grants/ Subsidies Received)**

(Amount in Rupees)

Particulars	As at March 31, 2017	As at March 31, 2016
1. Central Government	-	-
2. State Government	90,000.00	1,00,000.00
3. Government Agencies	-	-
4. Institutions / Welfare Bodies	-	-
5. International Organisations	-	-
<b>TOTAL</b>	<b>90,000.00</b>	<b>100,000.00</b>

**SCHEDULE - 12 : FEES AND CHARGES**

(Amount in Rupees)

Particulars	As at March 31, 2017	As at March 31, 2016
1. Fees for Initial Licence	-	-
2. Fess for Annual Licence	376,030,309.00	409,465,476.00
3. Fees for Trading Licence	-	-
4. Fees for Inspection	-	-
5. Fees for Documents	17,038.00	7,994.00
6. Fees for Annual Performance Review	-	-
7. Fees for RTI	2,188.00	3,207.00
8. Penalty for Dealyed Payment of Annual Licence Fee	-	13,179.00
9. Fess for filing application	17,977,396.00	44,184,506.00
10. Fess for Determination of Tariff	-	-
<b>TOTAL</b>	<b>394,026,931.00</b>	<b>453,674,362.00</b>

**Note:** Fees and charges are payable for every application made to the Commission at the rates prescribed in Schedule 1 of Maharashtra Electricity Regulatory Commission (Fees and Charges) Regulations, 2004.

## SCHEDULE - 13 : INCOME FROM INVESTMENTS

(Income on Investment From Earmarked / Endowment Funds transferred to Funds)

(Amount in Rupees)

Particulars	Investment from Earmarked Fund		Investment - Others	
	As at March 31, 2017	As at March 31, 2016	As at March 31, 2017	As at March 31, 2016
1) Interest				
(a) On Government Securities	-	-	-	-
(b) Other Bonds/Debentures	-	-	-	-
2) Dividends:				
(a) On Shares	-	-	-	-
(b) On Mutual Fund Securities	-	-	-	-
3) Rents	-	-	-	-
4) Others (Specify)	-	-	-	-
<b>TOTAL</b>	-	-	-	-
Transferred to Earmarked/Endowment Funds	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>

## SCHEDULE - 14 : INTEREST EARNED

(Amount in Rupees)

Interest Earned	As at March 31, 2017	As at March 31, 2016
1. On Term Deposits		
(a) With Scheduled Banks	141,570,261.00	135,114,347.87
(b) With Non-Scheduled Banks	-	-
(c) With Instruments	-	-
(d) Others	-	-
2. On Savings Accounts		
(a) With Scheduled Bank	1,244,374.00	2,157,872.00
(b) With Non-Scheduled Bank	-	-
(c) Post Office Savings Accounts	-	-
(d) Others	-	-
3. On Loans		
(a) Employees/Staff	-	-
(b) Others	-	-
4. Interest on Debtors & Others Receivables	-	-
<b>TOTAL</b>	<b>142,814,635.00</b>	<b>137,272,219.87</b>

**SCHEDULE - 15 : OTHER INCOME***(Amount in Rupees)*

Other Income	As at March 31, 2017	As at March 31, 2016
1. Disposal of assets		
(a) Owned assets	17,570.00	-
(b) Assets acquired out of grants or received free of cost	-	-
2. Sale of old news papers	6,403.00	9,528.00
3. Sale of Fixed Assets	-	22,262.00
4. Personal Use of Office vehicles	16,308.00	4,164.00
5. Misc. Income	-	50,000.00
6. Excess Provision Written Back	-	4,332,035.08
7. Interset on HBA	1,462,447.00	867,513.00
<b>TOTAL</b>	<b>1,502,728.00</b>	<b>5,285,502.08</b>

**SCHEDULE - 16 : ESTABLISHMENT EXPENDITURE***(Amount in Rupees)*

Establishment Expenditure	As at March 31, 2017	As at March 31, 2016
1. Pay & Allowances of Chairperson & Members	2,927,418.00	3,381,576.00
2. Pay & Allowances of officers and establishments	35,332,590.00	29,959,102.00
3. Best Salary Reimbursement	-	-
4. Residential Rent	-	-
5. Allowance	4,256,828.00	1,587,280.00
6. Overtime Allowance	287,938.00	421,422.00
7. Medical and Health Care facilities	1,526,343.00	1,319,152.00
8. Tuition Fees	-	-
9. Leave Travel Concession	-	-
10. Staff Welfare expenses	-	-
A) Canteen Expenses	392,318.00	423,292.00
B) Entertainment Expenses	-	-
11. Expenses on employees retirement and terminal benefit	-	-
12. Pension, Gratuity and Leave Salary contribution	6,270,989.00	922,820.00
13. Employer's Share of PF Contributions	2,584,356.00	2,750,298.00
14. Employer's Share of EDLI Contribution	33,480.00	34,430.00
15. Incentives for reimbursement of expenses	991,369.00	1,170,100.00
16. Any Other Allowance	270,000.00	639,563.00
<b>TOTAL</b>	<b>54,873,629.00</b>	<b>42,609,035.00</b>

## SCHEDULE - 17 : OTHER ADMINISTRATIVE EXPENDITURE

(Amount in Rupees)

Sr. No.	Other Administrative Expenses	As at March 31, 2017	As at March 31, 2016
1	Purchases	-	-
2	Consultancy Charges	45,827,133.00	29,006,956.00
3	Electricity and Power	1,261,264.00	1,149,092.00
4	Water charges	-	-
5	Insurance	-	-
6	Rent, Rates and Taxes	67,623,517.00	62,182,857.00
7	Vehicles Running and Maintenance and Insurance	1,554,284.00	1,434,514.00
8	Postage, Telephone & Communications	1,728,990.00	2,125,931.00
9	Traveling Conveyance Expenses	-	-
	(a) Domestic Tour	1,462,099.00	2,011,874.00
	(b) Foreign Tour	372,953.00	2,500.00
	(c) Local Conveyance	40,702.00	81,282.00
10	Expenses on Seminar / Workshop / Training	201,033.00	87,125.00
11	Membership/Subscription Expenses	1,268,782.00	1,420,344.00
12	Expenses on Fees(Legal)	4,798,558.00	21,722,727.00
13	Meeting Expenses	107,794.00	1,184,385.00
14	News Papers & Periodicals	47,917.00	56,368.00
15	House Keeping Expense	2,072,375.00	1,947,295.00
16	Advertisement and Publicity	3,877,777.00	2,482,515.00
17	Printing, Stationery & Xerox	1,043,320.00	1,174,699.00
18	Vehicle Lease Rental	1,858,427.00	1,532,216.00
19	Public Hearing Expense	2,206,159.00	1,381,239.00
20	Miscellaneous Expense	452,441.09	395,718.16
21	Repairs and Maintenance		
	(a) Building	-	2,850.00
	(b) Machinery	-	71,644.00
	(c) Furniture and Fixtures	353,423.00	182,505.00
	(d) Repair- others	147,124.00	
22	Audit Fees (Internal Auditor)	34,000.00	36,000.00
23	Stipendary Regulatory Analysts Expenses	-	224,167.00
24	Consumer Advocacy Programme	-	-
25	Loss On Sale Of Asset	-	-
26	Audit Fees (CAG)	266,242.00	92,000.00
	<b>TOTAL</b>	<b>138,606,314.09</b>	<b>131,988,803.16</b>

# MAHARASHTRA ELECTRICITY REGULATORY COMMISSION

## RECEIPTS & PAYMENTS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2017

RECEIPTS		Current Year 2016-17	Previous Year 2015-16	PAYMENTS		Current Year 2016-17	Previous Year 2015-16
<b>(1) OPENING BALANCE</b>		<b>1,530,878,046.02</b>	<b>1,217,119,001.96</b>	<b>(1) EXPENSES</b>			
(a) Cash on Hand		11,578.00	70,643.00	<b>(a) Establishments Expenses</b>		<b>40,627,488.00</b>	<b>43,165,764.00</b>
(b) Bank Balances (SBI)				(i) Pay & Allowances of Chairman & Members & Secretary Of Commission		3,225,102.00	4,021,139.00
(i) In Current A/C		-	-	(ii) Pay & Allowances of Officers & Staff		35,339,400.00	31,231,202.00
(ii) in Deposit A/C		1,521,078,368.00	1,188,665,934.00	(iii) Bonus & Honorarium		-	-
(iii) Savings A/C		9,788,100.02	28,382,424.96	(iv) Overtime Allowances		279,876.00	436,636.00
<b>(2) GRANTS RECEIVED</b>		<b>90,000.00</b>	<b>100,000.00</b>	(v) Medical & Health Care facilities		1,421,971.00	1,319,152.00
(a) Grants from GoM		90,000.00	100,000.00	(vi) Any Other			
(b) From Other Sources (Details)				Resident Rent for Member		-	-
Grants for Capital Expenditure		-	-	Salary reimbursed to BEST Employees		-	-
Grants for Revenue expenditure		-	-	Leave Travel Concession		-	-
<b>(3) INCOME ON INVESTMENTS FROM</b>				Incentives		-	956,500.00
(a) Earmarked / Endow. Funds		-	-	Other Allowances (Tel. & Periodical)		-	-
(b) Own Funds (Other Investments)		-	-	(vii) Contribution to P F		-	2,555,970.00
<b>(4) TO RECEIPTS OF THE COMMISSION</b>				(viii) Contribution to any other Fund		-	-
<b>(a) Fees charged by the Commission</b>		<b>377,168,855.00</b>	<b>422,674,069.00</b>	(ix) Staff Welfare		361,139.00	496,710.00
(i) Fees for Initial License		-	-	(x) Expenses on Employees retirement & terminal benefits		-	1,924,288.00
(ii) Fees for Annual Licenses		351,432,393.00	378,448,476.00	(xi) Stipendiary Regulatory Analyst Exp.		-	224,167.00
(iii) Fees for Trading Licenses		-	-	<b>(b) OTHER ADMINISTRATIVE EXPENSES</b>		<b>134,749,485.79</b>	<b>148,949,514.16</b>
(iv) Fees for RTI		2,188.00	3,207.00	(i) Purchases		-	-
(v) Fees for Documents		17,038.00	7,994.00	(ii) Cartages & Carriage Inwards		-	-
(vi) Fees for APR		-	-	(iii) Electricity & Power		1,214,036.00	1,142,147.00
(vii) Fees for Inspection		-	-	(iv) Water Charges		-	-
(viii) Fees for Filing Application		18,005,896.00	44,184,506.00	(v) Insurances		-	-
(ix) Fees for Recruitment Application		-	-	(vi) Repairs & Mainte. & Renovation		344,284.00	218,899.00
(x) Fees for Annual Tariff Review		-	-	(vii) Rent Rates & Taxes		62,055,987.00	62,182,857.00
(xi) Fees for Determination of Tariff		-	-	(viii) Vehicles Running & Mainte.		3,074,985.00	2,628,772.00
(xii) Penalty for delayed payment of Annual Licence fees		7,711,340.00	29,886.00	(ix) Postage Tel. & Communication		350,465.00	328,956.00
<b>(b) Interest Received</b>		<b>166,159,083.00</b>	<b>114,554,195.50</b>	(x) Printing & Stationery		722,046.00	699,558.00
(i) On Bank deposits		166,159,083.00	114,554,195.50	(xi) Travelling & Conveyance			
(ii) On Loans, advances to employees etc.		-	-	Foreign Travel		372,953.00	-
<b>(c) Other Income</b>		<b>540,281.00</b>	<b>13,692.00</b>	Domestic Travel		1,358,861.00	2,144,149.00
(i) Miscellaneous Receipts		540,281.00	13,692.00	Conveyance		37,257.00	81,282.00
				(xii) Expenses on Seminar/ Workshops		-	-
				(xiii) Training Course Expenses		201,033.00	87,125.00
				(xiv) Subscription expenses		1,351,032.00	1,420,344.00
				(xv) Expenses on Fees		-	-
				(xvi) Auditors remuneration		285,836.00	-
<b>BALANCE C/F</b>		<b>0.00</b>	<b>0.00</b>	<b>BALANCE C/F</b>		<b>0.00</b>	<b>192,115,278.16</b>



RECEIPTS	Current Year 2016-17	Previous Year 2015-16
<b>BALANCE B/F</b>	<b>0.00</b>	<b>0.00</b>
<b>(d) Investments</b>	-	-
(i) to face value of investments encashed	-	-
(ii) Interest on investments	-	-
<b>(5) RECOVERY OF ADVANCES</b>		
<b>FROM STAFF</b>	<b>3,948,350.00</b>	<b>2,656,789.72</b>
(i) House building advances	1,212,114.00	701,179.00
(ii) Motor Car/ Personal computer advance/Scooter / Motor cycle advances	43,402.00	26,400.00
(iii) Other Advances	-	34,296.72
Loan Installment	-	-
Advances for Expenses	2,492,834.00	1,778,914.00
Advances against Salary	-	-
(iv) Festival Advances	200,000.00	116,000.00
<b>(6) RECOVERY OF CONTIGENT ADVANCES</b>	<b>-</b>	<b>246,075.00</b>
(i) Advance To PWD	-	-
(ii) Advance to Supplies	-	246,075
(iii) Other Advance	-	-
<b>(7) TO OTHER DEPOSITS</b>	<b>4,562,371,390.00</b>	<b>275,289.00</b>
(a) Security Deposit	311,990.00	25,289.00
(b) Earnest Money Deposit	320,000.00	250,000.00
(c) Any other Deposit	-	-
Telephone Deposit	-	-
Other Deposits	3,922,000,000.00	-
Short Term Deposit	639,739,400.00	-
<b>(8) TO REMITANCES RECEIPTS</b>	<b>17,433,849.00</b>	<b>18,428,433.00</b>
(a) Recovery from Deputationists	-	-
(b) License Fees	-	-
(c) Income Tax (TDS)	13,828,657.00	14,766,351.00
(d) Surcharge	-	-
(e) Sales Tax	-	-
(f) Central Government Health Scheme	2,000.00	-
(g) Postal life insurance	-	-
(i) Any other	-	-
General Provident Fund	693,000.00	878,000.00
Group Insurance Scheme	14,804.00	15,720.00
Profession Tax	105,400.00	114,600.00
MERC Employees PF Share	2,686,316.00	2,581,153.00
Quarter Rent	10,565.00	25,356.00
House Rent Allowance	13,836.00	5,765.00
Central Provident Fund	33,945.00	-
Housing License fee	45,326.00	41,488.00

**BALANCE C/F** **0.00** **1,776,067,545.18**

PAYMENTS	Current Year 2016-17	Previous Year 2015-16
<b>BALANCE B/F</b>	<b>0.00</b>	<b>192,115,278.16</b>
(xvii) Hospitality Expenses	-	-
(xviii) Professional Charges	52,992,401.00	67,713,166.00
(xix) News papers / Periodicals	37,368.00	59,646.00
(xx) Irrevacable balances written off	-	-
(xxi) Advertisement & Publicity	4,020,669.00	3,053,047.00
(xxii) Others	-	-
Bank Charges	7,385.79	7,484.16
Office Expenses	1,959,435.00	2,073,155.00
Rental for Equipment	366,298.00	408,451.00
Consumable Office Equipment	-	-
Public Hearing Expenses	2,276,612.00	681,157.00
Meeting Expenses	85,876.00	1,849,385.00
Computer Expenses	1,295,335.00	1,761,150.00
Misc Expenses	339,331.00	408,784.00
(xxiii) Reco Adjustment A/c	-	-
<b>(2) FEES REFUNDED</b>	<b>-</b>	<b>-</b>
<b>(3) INVESTMENTS &amp; DEPOSITS MADE</b>	<b>4,588,648,561.00</b>	<b>1,676,614.00</b>
(a) Investments	-	-
(i) Out of Earmarked / Endown Funds	-	-
(ii) Out Of Own fund	-	-
(b) Deposits	666,266,811.00	-
(i) Security Deposits	126,750.00	480,028.00
(ii) Earnest Money Deposits	255,000.00	990,000.00
(ii) Short Term Deposit	3,922,000,000.00	-
(c) Advance to Suppliers	-	206,586.00
<b>(4) ADVANCE TO STAFF</b>	<b>2,891,181.00</b>	<b>15,065,013.00</b>
(i) House building advances	-	12,570,000.00
(ii) Motor Car/ Personal computer advance/Scooter / Motor cycle advances	60,000.00	-
(iii) Festival Advances	171,000.00	190,000.00
(iv) Other Advances	-	-
Loan Instalment	-	-
Advance for Expenses	2,660,181.00	2,091,163.00
Advance against Fixed Assets	-	213,850.00
<b>(5) RECOVERY OF CONTIGENT ADVANCES</b>	<b>28,500.00</b>	<b>-</b>
(i) Advance To PWD	-	-
(ii) Advance to Supplies	-	-
(iii) Other Advance	-	-
Refund Of Fees	28,500.00	-

**BALANCE C/F** **208,856,905.16** **208,174,828.00**

RECEIPTS	Current Year 2016-17	Previous Year 2015-16
<b>BALANCE B/F</b>	<b>0.00</b>	<b>1,776,067,545.18</b>
<b>(9) REIMBURSEMENT AND REFUND</b>		
<b>AGAINST EXPENSES</b>	<b>723,429.00</b>	<b>1,068,414.00</b>
(i) Professional Fees	375,644.00	783,600.00
(ii) Office Expenditure	153,000.00	-
(iii) Tours & Travelling	2,633.00	284,814.00
(iv) Rent, Rates & Taxes	-	-
(v) Other Expenses	56,806.00	-
(vi) Salaries & Wages	135,346.00	-
<b>(10) RECOVERY OF FIXED ASSETS</b>	<b>450.00</b>	<b>22,262.00</b>
(a) Land	-	-
(b) Building	-	-
(c) Furniture	-	-
(d) Machinery & Equipments	-	-
(e) Motor vehicles	-	-
(f) Books & Periodicals	450.00	-
(g) Capital Work In Progress	-	-
(h) Any Other	-	-
Office Equipments	-	-
Interior Renovation	-	-
Computers	-	22,262.00
Telephone Instruments	-	-
EPBX System	-	-
Electrical Installation	-	-
<b>TOTAL (Rs)</b>	<b>6,659,313,733.02</b>	<b>1,777,158,221.18</b>

PAYMENTS	Current Year 2016-17	Previous Year 2015-16
<b>BALANCE B/F</b>	<b>0.00</b>	<b>208,856,905.16</b>
<b>(6) OTHER REMITTANCES</b>	<b>145,833,836.00</b>	<b>18,417,150.00</b>
(a) GPF/CPF	722,000.00	808,000.00
(b) License Fees	-	-
(c) Income Tax (TDS)	142,259,535.00	14,766,351.00
(d) Central Government Health Scheme	2,000.00	-
(e) Postal life insurance	-	-
(f) Group Insurance Scheme	8,024.00	15,120.00
(g) Any Other Recoveries	-	-
General Provident Fund	-	-
Loan Recovery Payment	-	-
Profession Tax	159,400.00	114,700.00
MERC Employees PF Contributions	2,626,986.00	2,258,540.00
Quarter Rent	10,565.00	30,295.00
House Rent Allowance	-	-
Outstanding Liabilities	-	369,428.00
HBA	-	13,746.00
Housing License fee	45,326.00	40,970.00
<b>(7) CONTRIBUTIONS</b>	<b>15,827,809.70</b>	<b>16,228,160.00</b>
(a) Pension & Gratuity Fund	-	160,000.00
(b) Leave Salary & pension Contribution	-	432,160.00
(c) Other Contribution	-	-
Grants To Ombudsman	15,827,809.70	15,636,000.00
<b>(8) EXPENDITURE ON FIXED ASSETS</b>	<b>2,985,765.00</b>	<b>2,777,960.00</b>
(a) Land	-	-
(b) Building	-	-
(c) Furniture & Fixtures	-	-
(d) Machinery & Equipments	-	-
(e) Motor Vehicles	-	-
(f) Books & Periodicals	10,234.00	11,205.00
(g) Capital Work In Progress	2,248,740.00	2,248,741.00
(h) Any Other	-	-
Office Equipment	499.00	71,910.00
Interior Renovation	311,401.00	-
Computers and software	288,893.00	394,519.00
Telephone Instruments	125,998.00	51,585.00
EPBX System	-	-
Electrical Installation	-	-
<b>(9) CLOSING BALANCE</b>	<b>1,727,721,106.53</b>	<b>1,530,878,046.02</b>
(a) Cash on Hand	34,833.00	11,578.00
(b) Bank Balances (SBI)	-	-
(i) In Current A/C	384,440.30	-
(ii) in Deposit A/C	1,685,370,233.00	1,521,078,368.00
(iii) Savings A/C	41,931,600.23	9,788,100.02
<b>TOTAL (Rs)</b>	<b>6,659,313,733.02</b>	<b>1,777,158,221.18</b>

FOR MAHARASHTRA ELECTRICITY REGULATORY COMMISSION

Mumbai,

Date : 27/01/2017

sd/- SECRETARY      sd/- MEMBER      sd/- MEMBER      sd/- CHAIRMAN

# MAHARASHTRA ELECTRICITY REGULATORY COMMISSION

## NOTES TO THE ACCOUNTS AND SIGNIFICANT ACCOUNTING POLICIES FOR THE YEAR ENDED MARCH 31, 2017

### NOTES TO THE ACCOUNTS

1. The Maharashtra Electricity Regulatory Commission (hereinafter referred to as "Commission") was established on 5th August 1999 under Section 17 of the Electricity Regulatory Commission Act, 1998 and started functioning w.e.f. from 12th August 1999.

2. MERC (Maintenance of Accounts) Rules, 2011 were approved by the Industries, Energy and Labour Department, Government of Maharashtra in December 2011. Accordingly, the Balance Sheet, Income & Expenditure account have been drawn up in the format prescribed therein.

The significant impact of the above Rules on accounting policies is as follows:

- The Rules emphasize on Mercantile System of Accounting as against the Cash System of Accounting followed by the Commission up to the financial year 2005-06.

- The Government Grants apportioned to Fixed Assets are to be shown as deduction from the Gross Value of such assets concerned in arriving at its book value and where the grants related to specific assets equal to the whole/ virtually whole of the cost of such assets then these assets are to be shown in the Balance Sheet at nominal value.

- Fixed assets received by way of non-monetary grants (other than towards the Corpus Fund) are to be capitalized at value stated by corresponding credit to Capital Reserve.

- Depreciation is to be provided on Straight Line Method as per the rates specified in Income Tax Act, 1961.

- Depreciation is to be provided on pro rata basis. Further, Depreciation is provided on the opening value of block i.e. in case of excess depreciation than the opening value of block, it is restricted to the value of block to avoid the negative effect of the same.

3. Further, the financial accounts are prepared on the basis of significant accounting policies laid down in the above referred "MERC (Maintenance of Accounts) Rules, 2011" and Accounting standard prescribed by Institute of Chartered Accountants of India (the 'ICAI'). These significant accounting policies differ in certain cases from accounting standard prescribed by the ICAI. However policies and formats approved by the Commission and CAG respectively have been followed. We feel that the format prescribed under the above referred Rules satisfy the requirement of giving true and fair view of the activities and state of affairs of the Commission.

#### 4. Contingent Liability

In the opinion of the Commission, there were no contingent liabilities outstanding at the end of the year except as stated below;

As per the comments of the Comptroller & Auditor General of India on the Accounts of the Commission for the year ended March 31, 2009, the Commission will have to pay Income Tax of Rs. 8.90 crores (net of Tax Deducted at Source) up to the Financial Year 2008-09, if exemption sought by the Commission under Section 10 of the Income Tax Act 1961 is not accepted.

In view of the above comments, the total contingent liability up to the Financial Year March 31, 2017 works out to Rs. 33.41 crores (approx.) (net of TDS). As per Ministry of Finance (CBDT) Notification dated 1st December 2016, the Commission was exempted from Income Tax for the financial year 2015-16 to 2019-20.

The Commission has applied in the month of February, 2008 and February, 2012 to Income Tax department for grant of exemption of its income from payment of income tax section 10 on the grounds of being a statutory autonomous regulatory authority and as such no provision was made for taxation purpose in accounts.

5. The Comptroller & Auditor General has completed the audit of accounts for the Financial Years up to 2015-2016. Various suggestions made in the Audit Reports have been considered/ incorporated in the accounts.

6. Receipts such as application fees and fees for review of tariff order / proposal / tariff determination, filing fees for application and sale of various application/ orders/drafts and regulations etc and various charges received and interest received on STDR are treated as income of the Commission.

7. Loans, Deposits and Other Current liabilities are subject to confirmation.

8. As similar nature of duties is performed by all the Members of the Commission, the Commission in 140<sup>th</sup> Commission decided that all the Members of the Commission are paid monthly lumpsum allowance of Rs. 50,625/- (being paid to the Chairperson of the Commission), w.e.f. 1 December, 2013 and to submit said decision to the Government of Maharashtra for post-facto approval. As such all Members were paid allowances @ Rs. 50,625/- per month w.e.f. 1 December, 2013. Said decision was sent to the Government of Maharashtra vide letter dated 18.06.2014. Government of Maharashtra vide letter dated 21.10.2014 raised some queries which have been replied vide letter dated 25.11.2014. Reminders have been sent through letter dated 26-04-2016 and 14-09-2016. Further reply is awaited from Government of Maharashtra. It may be noted that, two new members appointed to the Commission in Jun, 2014 and Aug, 2014 have not been availing the said increase allowances pending Government approval.

9. The Commission in 140<sup>th</sup> Commission decided that the lower staff of the Commission (below the grade of Dy. Director) be paid incentive of an amount equivalent to corresponding Grade Pay as monthly lumpsum allowance, w.e.f. 1 December, 2013 and to submit said decision to the Government of Maharashtra for post-facto approval. As such all staff are paid monthly incentives equivalent to their grade pay w.e.f. 1 December, 2013. Said decision was sent to the Government of Maharashtra vide letter dated 18.06.2014. Government of Maharashtra vide letter dated 21.10.2014 raised some queries which have been replied vide letter dated 25.11.2014. Reminders have been sent through letter dated 26-04-2016 and 14-09-2016. Further reply is awaited from Government of Maharashtra.

10. Figures of the previous years have been regrouped / rearranged whenever necessary in order to make the accounts presentable to suit the guideline.

11. Hon. Supreme Court through Order dated 17 September, 2015 in case of Civil Appeal 6079 of 2011 in the matter of M/s MSEDCL Vs M/s Mula Pravara has directed M/s MSEDCL to deposit disputed user charges, etc with MERC and has directed MERC to deposit the funds in fixed deposits with Nationalised Banks till final outcome of the case. As per the directions of Hon. Supreme Court the funds received from M/s MSEDCL are kept in fixed deposit with Canara Bank, Cuffe Parade Branch, Mumbai. As MERC is only the custodian of funds, the receipt of funds and amount invested in fixed deposits has not been taken into financial statements of the MERC. An amount of Rs. 392.20 Crores is received from M/s MSEDCL till 31.03.2017 on this account which have been deposited in fixed deposit with Canara Bank. Further interest accrued on said FD upto 31.03.2017 is to the tune of approx Rs. 20.13 crores. These amount will be disposed of as per further directions of the Hon. Supreme Court.

12. Hon. Supreme Court through Order dated 16 October, 2015 in case of Civil Appeal D32400 of 2011 in the matter of M/s MSEDCL Vs M/s Classic City has directed M/s MSEDCL to deposit disputed amount with MERC and has directed MERC to deposit the funds in fixed deposits with Nationalised Banks till final outcome of the case. As per the directions of Hon. Supreme Court the funds received from M/s MSEDCL are kept in fixed deposit with Canara Bank, Cuffe Parade Branch, Mumbai. As MERC is only the custodian of funds, the receipts of funds and amount invested in fixed deposits has not been taken into financial statements of the MERC. Hon. Supreme Court of India vide Order dated 30.06.2016 in Civil Appeal No. 883/2015 has directed to release the fixed deposit amount, with Canara Bank, to M/s Classic City. MERC has release fixed deposit amount on 05.01.2017 as per the directions of Hon. Supreme Court Order dated 30.06.2016. Rs. 2,29,676 interest accrued on account of said deposit is kept under current liabilities, as neither the Hon. Supreme Court order dated 30.06.2016 had any directions in this regard, nor has said amount been claimed by the party.

## **SIGNIFICANT ACCOUNTING POLICIES**

The Significant Accounting Policies prescribed under "MERC (Maintenance of Accounts) Rules 2011" are as under:

### **1. Annual Accounts**

The Annual Statements of Accounts are prepared in the Format prescribed by the Ministry of Industries, Energy & Labour of Government of Maharashtra.

### **2. Fund**

Fund means 'Maharashtra Electricity Regulatory Commission Fund' as provided under Section 103 of 'The Electricity Act, 2003' under the head "Reserves and Surplus".

### **3. Method of Accounting**

The financial statements are prepared on the basis of historical cost convention unless otherwise stated and on accrual basis method of accounting.

### **4. Maintenance of Accounts**

The accounts are maintained on double entry book keeping system.

## **5. Revenue Recognition**

- a) The Government. Grant in the nature of contribution towards capital cost of setting up the project has been treated as Capital reserve.
- b) The Government Grants in respect of specific assets acquired have been shown as deduction from the cost of related assets.
- c) The Government Grants have been accounted on realization basis.
- d) The Bank interest has been accounted on the basis of TDS certificate issued by the Banks.
- e) Receipts such as fees for annual license, documents, filing applications, grant of license and Annual Performance Review and various charges received have been shown under the head "Fees and charges" and are accounted on accrual basis method of accounting.

## **6. Expenditure**

- a) All cost relating to object of the Commission is debited to their respective head under the group "Other Administrative Expenditure".
- b) Establishment expense includes Pay and Allowances made to the Members, Staff, and Staff on deputation and Contractual staff.
- c) Grants given to Ombudsman are shown under head Expenditure on Grants, Subsidies etc.

## **7. Fixed Assets**

Fixed assets are stated at cost of acquisition inclusive of inward freight, duties and taxes and incidental and direct expenses related to acquisition less depreciation.

## **8. Depreciation**

- a) Depreciation is provided on Straight Line Method as per the rates specified in the income Tax Act, 1961.
- b) In respect of additions to/ deductions from fixed assets during the year, depreciation is considered on pro-rata basis.
- c) Assets costing Rs. 5000 or less each are fully provided.

## **9. Investments**

Surplus fund of the Commission has been invested in short term or long term Deposits in Nationalized/ Scheduled Commercial Bank or any Financial Institutions promoted by the Government as laid down in Maharashtra Electricity Regulatory Commission (Fund) Rules, 2005.

## **10. Retirement benefits**

- a) Liability towards Gratuity is provided on accrual basis based on actual provision as per the Gratuity Act, 1972.
- b) Provision for accumulated leave encashment benefit to employees have been accrued and computed on the basis of Earned Leave Balance as on 31 March 2016.

## **11. Lease**

Lease Expenses are expensed with reference to lease terms.

## **12. Foreign Currency Transactions**

Transactions denominated in foreign currency have been accounted at the exchange rate prevailing at the date of transaction.

## **13. Deferred Revenue Expenditure**

Deferred Revenue Expenditure is written off over a period of 5 years from the year it is incurred.

## **14. Other Accounting Standards**

Other Accounting Standards which were not applicable during the year have not been reported.