

## FINANCE

The Accounts for the financial year 2008-2009 are now finalised. The highlights of the Accounts of the Undertaking are as follows :-

### (A) REVENUE INCOME / EXPENDITURE FINANCIAL HIGHLIGHTS FOR 2008-2009

(Rs. in crores)

Particulars	2007-08	2008-09	Amt. of Increase/ Decrease
<b>I. Electric Supply</b>			
<b>INCOME</b>			
Sale of Energy	2328.94	2832.27	(+503.33)
Other Receipt (Incl of GA)	60.55	79.57	(+19.02)
<b>TOTAL - A</b>	<b>2389.49</b>	<b>2911.84</b>	<b>(+)522.35</b>
<b>EXPENDITURE</b>			
Purchase of Energy	2221.88	2430.62	(+208.74)
Depreciation	45.97	49.02	(+3.05)
Int.on Internal Fund	25.26	0	(-)25.26
Establishment Cost including GA	174.91	187.81	(+12.90)
Other Expenditure (Incl.of GA)	142.77	280.11	(+137.34)
<b>TOTAL - B</b>	<b>2610.79</b>	<b>2947.56</b>	<b>(+)336.77</b>
<b>Electric Supply Surplus/Deficit (IA – IB)</b>	<b>(-) 221.30</b>	<b>(-) 35.72</b>	<b>(+) 185.58</b>
<b>II. BUSES</b>			
<b>INCOME</b>			
Passenger Receipts	790.56	822.36	(+31.80)
Reserved Buses & lump Sum Payment from Police Personnel	4.81	5.16	(+0.35)
Other Receipt (Incl of GA)	59.52	66.47	(+6.95)
<b>TOTAL - C</b>	<b>854.89</b>	<b>893.99</b>	<b>(+)39.10</b>
<b>EXPENDITURE</b>			
Depreciation	52.93	62.04	(+9.11)
Int.on Internal Fund	8.42	0	(-)8.42
Establishment Cost including GA	758.43	743.34	(-)15.09
Other Expenditure (Incl.of GA)	406.92	499.42	(+92.50)
<b>TOTAL - D</b>	<b>1226.70</b>	<b>1304.80</b>	<b>(+)78.10</b>
<b>Bus Division (Surplus/Deficit) (II C – II D)</b>	<b>(-) 371.81</b>	<b>(-) 410.81</b>	<b>(+) 39.00</b>
<b>Undertaking's Surplus/Deficit</b>	<b>(-)593.11</b>	<b>(-)446.53</b>	<b>(-)146.58</b>

The finalised accounts of the Undertaking for the year 2008-2009 shows a deficit of Rs. 446.53 crores as against the deficit of Rs. 593.11 crores in the financial year 2007-08. The deficit in 2008-09 has been decreased by Rs. 146.58 crores. **From the above table it will be observed that the % of Establishment cost compared with income in case of Supply Division is 6.63% and in case of Bus Division it is 90.39% for the financial year 2008-09.**

The detailed appropriation is shown under Appendix E-4. The major items of Income and Expenditure of Supply and Bus Division for the financial year 2007-2008 and 2008- 2009 are as under-

### **INCOME ANALYSIS :**

#### **I : ELECTRIC SUPPLY INCOME : MAJOR HEADS**

( Rs. in Crores )

<b>Sr.No.</b>	<b>Particulars</b>	<b>2007-2008</b>	<b>2008-2009</b>	<b>Increase/ Decrease</b>
a.	Sale of energy by meter	2328.94	2832.27	503.33
b.	Street Lighting R & M	16.31	16.38	0.07
c.	Other Receipts	40.81	57.10	16.29
d.	Share of G.A.	3.43	6.09	2.66
	<b>Total</b>	<b>2389.49</b>	<b>2911.84</b>	<b>522.35</b>

The income of Supply Division has increased by Rs.522.35Crs. This is mainly due to the following reasons :

a. The total units sold during the financial year 2008-2009 are 4103 millions against the total units of 4024 million sold in 2007-2008. The total units sold are more than last year by 79 million units. In addition to this, as per the MERC's order, due to tariff revision w.e.f.01-04-2008 the average per unit rate as compared to 2007-08 has increased from Rs.5.73 per unit to Rs.6.84 per unit in 2008-09, hence income from sale of energy is increased by Rs.503.33 crores .

b. The income from street lighting (R & M) has increased by Rs. 0.07 Crs.

c. Other receipts has increased by Rs. 16.29 Crs. the break-up of which is shown below :

(Rs. in Crores)

Sr.No.	Particulars	2007-2008	2008-2009	Increase/Decrease
I	Other receipts including delayed payment charges etc.	16.93	26.26	(+) 9.33
Ii	Rent of Land & Building	0.29	0.27	(-) 0.02
Iii	Advertisement Receipts	3.66	6.20	(+) 2.54
Iv	Other receipts including unclaimed/unadjusted receipts	19.93	24.37	(+) 4.44
	<b>Total</b>	<b>40.81</b>	<b>57.10</b>	<b>(+) 16.29</b>

Other receipts including delayed payment charges increased by Rs.9.33 crores.

ii) Rent of Building and Land decreased by Rs.0.02 crores.

Income from Advertisement receipts increased by Rs.2.54 crores

Other receipts which includes discount received from TPC and outside parties as well as sale of scrap assets as per the revised procedure increased by Rs.4.44 crores.

## II BUSES INCOME : MAJOR HEADS :

(Rs. in Crores)

Sr.No.	Particulars	2007-08	2008-09	Increase/Decrease
a.	Passenger Receipts	795.37	827.52	(+) 32.15
b.	Other Receipts	52.91	60.71	(+) 7.80
c.	General Administration	6.61	5.76	(-) 0.85
	<b>Total</b>	<b>854.89</b>	<b>893.99</b>	<b>(+) 39.10</b>

In case of Bus Division the income has increased by Rs. 39.10 Crs. The increase in income of Bus Division is due to the following reasons :

- a) The passenger receipts has increased by Rs. 32.15 crores. Although the bus fare for almost 60% of the commuters is reduced, during the year 2007-08 there is no reduction in the income on account of the passenger receipt, which has increased by Rs.32.15 crores compared to last year.. This clearly indicates the success in collection of revenue in the Bus Pass System and increase in the number of passengers.

b) Other receipts increased by Rs. 7.80 Crs, the break-up of which is shown below :

(Rs. in Crores)

Sr.No.	Particulars	2007-08	2008-09	Increase/Decrease
i)	Advertisement Receipts	35.31	45.01	(+) 9.70
ii)	Traffic Other receipts	3.59	4.70	(+) 1.11
iii)	Engg. Misc. receipts	0.78	1.43	(+) 0.65
iv)	Rent of Land & Building	0.74	0.92	(+) 0.18
v)	Cost of Bus Token	12.49	8.65	(-) 3.84
	<b>Total</b>	<b>52.91</b>	<b>60.71</b>	<b>(+) 7.80</b>

From the above, it will be seen that –

- (i) Advertisement Receipts is increased by Rs. 9.70 Crs.
- (ii) Traffic other receipts which includes discount received from outside parties, penalties as well as sale of scrap assets is increased by Rs.1.11 crores
- iii) Engineering Miscellaneous Receipts increased by Rs. 0.65 crores.
- iv) Rent of Land and Building increased by Rs. 0.18 Crs.
- v) Cost of Bus Token decreased by Rs.3.84 crores due to the reduction in bus fare.

## EXPENDITURE ANALYSIS :

### I : ELECTRIC SUPPLY EXPENDITURE – MAJOR HEADS

(Rs. in Crores)

Particulars	2007-08	2008-09	Increase/Decrease
a) Cost of Elec. Energy purchased	1604.69	2122.14	(+) 517.45
b) Transmission charges to MSETCL	97.61	106.61	(+) 9.00
c) Standby charges to MSEDCL	114.62	114.00	(-) 0.62
d) External power purchase - SLDC	404.96	87.87	(-) 317.09
e) Interest on Internal Fund	25.26	0	(-) 25.26
f) Return on Equity	0	113.72	(+)113.72
g) Interest charges	27.57	56.33	(+) 28.76
h) Provision for depreciation .	44.70	47.79	(+) 3.09
i) General Admn. Expenditure	51.16	40.90	(-) 10.26
j) Distribution and other expenses	199.97	208.39	(+) 8.42
k) VRS Compensation	1.16	0.20	(-) 0.96
l) Interim Relief	2.86	0.40	(-) 2.46
m) Ex-Gratia in lieu of Bonus	3.72	6.85	(+) 3.13
n) Interim DA	30.78	31.67	(+) 0.89
o) Special benefit to Employees	1.67	4.79	(+) 3.12
p)Payment of Adhoc D.A.	0.06	0.05	(-) 0.01
q) Gratuity	0	5.85	(+) 5.85
<b>Total</b>	<b>2610.79</b>	<b>2947.56</b>	<b>336.77</b>

The expenditure of Supply Division for the year 2007-2008 was Rs. 2610.79 crores and for 2008-09 is Rs. 2947.55 crores resulting in increase in expenditure of Supply Division by Rs.336.76 crores. The abnormal increase in expenditure of Supply Division is mainly due to the following reasons :-

- a) The total units purchased from TEC in the financial year 2008-2009 are 4754 million units against the total units of 4608 million units purchased in the financial year 2007-2008. As the total units purchased are more than last year by 146 million units and average cost per unit purchased is also increased from Rs.3.48 per unit to Rs.4.46 per unit in the year 2008-09, the expenditure towards purchase of energy including FAC has increased by Rs. 517.45 Crs..
- b) Intra State Transmission charges increased by Rs. 9.00 crores as the said charges were paid for a period of six months only during the year 2006-07. However same has been recovered through tariff which was granted by MERC w.e.f. 01-04-2007.
- c) Standby charges paid to MSEDCL reduced by Rs.0.62.
- d) Payment towards External Power Purchase reduced by Rs.317.09 crores due to higher allocation of power of TPC (A) from 36% to 42% as approved by Appellate Tribunal.
- e) Expenditure on account of Interest on Internal Funds is decreased by Rs.25.26 crores as the Management has decided to discontinue the provision from the year 2008-09.
- f) Return on Equity amounting to Rs.113.72 crores is booked under Supply Division during the year 2008-09. As per BCR No.256 dated 01-09-2008 & CR No.614 dated 18-09-2008, it was decided to introduce Return on Equity instead of Interest on Internal Fund from the F.Y.2008-09 for Supply Division & discontinue the Interest on Internal Fund & for both the divisions i.e. Supply & Bus Division.

- g) Interest charges paid on borrowing has increased by Rs.28.76 Crs. due to availment of Short Term Finance, increased c/c limit from Banks to overcome the Shortfall in working capital on day-to-day basis.
- h) Provision towards depreciation has increased by Rs.3.09 Crs. However capital expenditure has been decreased, i.e. Rs.122.32 crores in the year 2008-09 as against Rs.143.55 crores in the year 2007-08.
- i) Share of General Administration Expenses has decreased by Rs.10.26 Crs.
- j) The distribution and Other Expenses has increased by Rs.8.41 Crs., the breakup of which is as under :

( Rs. in Crores)

Particulars	2007-2008	2008-09	Increase/Decrease
i) Repairs and Maintenance	75.31	74.98	(-) 0.33
ii) Salaries & Wages	33.29	39.39	(+) 6.10
iii) RKVAH/Power Factor discount	10.55	0.04	(-) 10.51
iv) Permanent Reinst. to MMC	8.16	5.36	(-) 2.80
v) Rent, Rates, Taxes	4.03	3.05	(-) 0.98
vi) Interest on Consumers Deposit	13.03	12.94	(-) 0.09
vii) Prompt Payment discount	3.90	10.80	(+) 6.90
viii) Renewable Purchase Obligation	2.12	-	(-) 2.12
ix) Others	49.58	61.82	(+) 12.24
Total	<b>199.97</b>	<b>208.38</b>	<b>(+) 8.41</b>

- k) During 2008-2009, payment towards VRS Scheme is increased by Rs.0.96 Crs.
- l) Payment of Interim Relief /Wage settlement for ex-employees who retired during the period 2001-02 to 2005-06 amounted to Rs.0.40 crore as against Rs.2.86 crores which was paid last year to the on-roll employees. Thus expenditure is reduced by Rs.2.46 crores.
- m) Ex-gratia payment in lieu of Bonus increased by Rs. 3.13crs.
- n) Payment of Interim DA for next agreement period is increased by Rs.0.89 crores.
- o) Payment of Special benefit to employees increased by Rs.3.12 crores
- p) Payment of ad-hoc D.A. decreased by Rs.0.01 crores.
- q) Payment towards Gratuity, amounting to Rs.5.85 crores was made in the year 2008-09. This expenditure was earlier booked under General Administration. From F.Y.2008-09 the management has started booking this expenditure divisionwise.

## II : BUS DIVISION EXPENDITURE – MAJOR HEADS

(Rs. in Crores)

Particulars	2007-08	2008-09	Increase/Decrease
a) Fuel Oil & Operating Materials	236.04	259.39	(+) 23.35
Lubricant & Tyres	18.41	18.26	(-) 0.15
b) Depreciation	51.66	60.81	(+) 9.15
c) Interest Charges	22.89	77.16	(+) 54.27
Interest on Internal Funds	8.42	0	(-) 8.42
d) General Administration Expenditure	131.98	75.95	(-) 56.03
e) Running Exp. & Repairs/Maintenance	444.71	417.27	(-) 27.44
	132.50	133.14	(+) 0.64
f) V.R.S. Payment	38.08	37.76	(-) 0.32
g) Interim Relief Payment	11.91	4.20	(-) 7.71
h) Ex-gratia payment	15.31	26.58	(+) 11.27
i) Interim DA payment	89.80	93.28	(+) 3.48
j) Adhoc DA payment	23.00	10.10	(-) 12.90
k) Conductors/Drivers daily wages	1.99	17.48	(+) 15.49
l) Passenger Insurance Fund	-	2.53	(+) 2.53
m) Gratuity	-	70.89	(+) 70.89
<b>Total :</b>	<b>1226.70</b>	<b>1304.80</b>	<b>(+) 78.10</b>

The expenditure of Bus Division for the year 2007-08 was Rs. 1226.70 crores and for the year 2008-09 is Rs. 1304.80 crores i.e. increase in expenditure by Rs.78.10 crores. The reasons for the same are as below :

- The expenditure on Fuel Oil & Operating Materials increased by Rs. 23.35 Crs. which includes increase in the Fuel Oil Expenditure by Rs.5.92 cores and increase in the rate of diesel by Rs.2.49 per kl. as compared to the financial year 2007-08. The expenditure on Lubricants and Tyres/Tubes is decreased by Rs.0.15 Crs.
- Provision towards Depreciation increased by Rs.9.16 crores due to additional purchase of buses amounting to Rs.84.80 Crores.
- Interest charges increased by Rs. 54.27 Crs. due to increase in Short Term Financial Assistance, Cash Credit, & overdraft limit from Banks to meet the shortfall in working capital on day to day basis. Interest on internal funds decreased by Rs. 8.42 crores due to the discontinuation of making provision from the year 2008-09.

- d) Share of General Administration expenses for Bus Division has decreased by Rs. 56.03 Crs. due to the divisionwise booking of Gratuity started from the F.Y.2008-09.
- e) Running Expenses is decreased by Rs.27.44 crores and Repairs/Maintenance increased by Rs.0.64 Crs., the break-up of which is as follows :

(Rs. in Crores)

<b>Running Expenses</b>	<b>2007-2008</b>	<b>2008-2009</b>	<b>Increase/Decrease</b>
i) Salary, Wages & Allowances	327.57	300.04	(-) 27.53
ii) P.F.	41.26	38.85	(-) 2.41
iii) Third Party Insurance Fund	3.01	3.47	(+) 0.46
iv) Other Expenses	72.87	74.91	(+) 2.04
<b>Total</b>	<b>444.71</b>	<b>417.27</b>	<b>(-) 27.44</b>
<b>Repairs &amp; Maintenance</b>			
i) Salary, Wages & Allow	83.06	78.47	(-) 4.59
ii) P.F.	10.19	9.90	(-) 0.29
iii) Materials	20.23	22.61	(+) 2.38
iv) Rep. & Maint. Tools & plants, Workshop etc.	6.15	7.32	(+) 1.17
v) Other Expenses	12.87	14.84	(+) 1.97
<b>Total</b>	<b>132.50</b>	<b>133.14</b>	<b>(+) 0.64</b>

- f) The expenditure towards VRS compensation payment is reduced by Rs.0.32 Crores during 2008-09.
- g) The Management has decided to make Interim Relief/wage settlement for ex-employees who retired from 2001-02 to 2005-06 and book the expenditure as and when paid to the said employees. Accordingly an amount of Rs.4.20 crores is paid in the F.Y.2008-09 as against Rs.11.91 crores paid in the last year to the on-roll employees. Thus expenditure is less by Rs.7.71 crores.
- h) Ex-Gratia payment is increased by Rs11.27 Crs.
- i) Payment of interm D.A. increased by Rs.3.48 crores.
- j) Payment of Adhoc DA decreased by Rs.12.90 crores
- k) Payment to Conductors/Drivers appointed on daily wages increased by Rs.15.49 crores.

<b>COMPARISON OF INCOME AND EXPENDITURE WITH BUDGET ESTIMATES</b>						
(Rs. in crores)						
Particulars	Budget Estimates		Revised Estimates		Actuals	
	2007-08	2008-09	2007-08	2008-09	2007-08	2008-09
Income	2817.51	3510.15	3275.48	4084.71	3244.38	3805.83
Expenditure	2815.10	3510.04	3395.07	4190.25	3837.49	4252.36
<b>Surplus/Deficit</b>	<b>(+) 2.41</b>	<b>(+) 0.11</b>	<b>(-) 119.59</b>	<b>(-)105.54</b>	<b>(-) 593.11</b>	<b>(-) 446.53</b>

**REASONS FOR THE VARIATION :-**

The Actual income for the whole Undertaking for the year 2008-2009 is amounting to Rs. 3805.83 crores which is less by Rs.278.88 crores as compared to the Revised Estimates for the Financial Year 2008-2009 i.e. Rs.4084.71 crores, due to increase/decrease in the following major income heads.

**INCOME**

(Rs. in crores)

	Particulars	2008-09 Revised Estimates	2008-09 Actual Income	Difference (+ / -)
1	Sale of Energy	3000.35	2832.28	(-) 168.07
2	Street Lighting R & M	16.50	16.37	(-) 0.13
3	Passenger Receipts	910.95	822.36	(-) 88.59
4	Advertisement Receipts	56.24	51.21	(-) 5.03
5	Other Receipts	93.01	71.76	(-)21.25
6	Share of Gen. Admn.	7.66	11.85	(+) 4.19
	<b>Total</b>	<b>4084.71</b>	<b>3805.83</b>	<b>(-) 278.88</b>

The Actual total expenditure for the year 2008-09 as compared to the Revised Estimates has increased by Rs.62.10 Crs. due to increase/decrease in the following major expenditure as shown below :

**EXPENDITURE**

(Rs. in Crores)

		2008-09	2008-09	Difference
	Particulars	Revised	Actual	(+/-)
		Estimates	Expenditure	
i)	Establishment Cost	900.35	931.16	(+) 30.81
ii)	Fuel & Operating Materials (Buses)	284.00	277.65	(-) 6.35
iii)	Interest Charges	100.34	133.49	(+) 33.15
iv)	Cost of Energy purchased	2375.96	2430.62	(+) 54.66
v )	Depreciation .	112.19	111.07	(-) 1.12
vi)	Return on Equity	17.67	113.72	(-) 3.95
vii)	Taxes	37.52	34.83	(-) 2.69
viii)	Others	262.23	219.82	(-) 42.41
	Total	<b>4190.26</b>	<b>4252.36</b>	<b>(+) 62.10</b>

**(B) CAPITAL EXPENDITURE**

The sanctioned Revised Budget Grant under Capital Expenditure for the year 2008-09 amounted to Rs. 649.96 crores. The actual capital expenditure incurred during the year amounted to Rs.209.86 crores which works out to 32.29% of the revised budgeted figures.

Division	Revised Grant for capital works 2008-2009 (Rs. in crs.)	Total Actual Capital Expenditure 2008-2009 (Rs. in crores)	Percentage Utilised
General Admn.	2.97	0.48	16.16%
Supply	531.54	122.32	23.01%
Buses	115.45	87.06	75.41%
<b>Total</b>	<b>649.96</b>	<b>209.86</b>	<b>32.29%</b>

The reasons for short fall in actual Capital Expenditure in 2008-2009 as compared to Revised Estimates are summarised below :

**GENERAL ADMINISTRATION :**

**1) Furniture & Office Equipments :-**

Revised Budget Provision of Rs. 1.06 Crs. was made for expenditure towards Furniture and Office Equipment. However, actual expenditure incurred is Rs.0.38 Crores. This is mainly due to the furniture and office Equipments costing Rs.0.68 Crores are not received during the year 2008-09.

2) **Motor Vehicles** :-

Under Motor Vehicles, the Revised Budget provision of Rs.0.86 crores. was made for purchase of Motor Car ,Tower Wagons & Jeeps. However only one motor car of management department received during the year 2008-09.

3) **In house computer including UPS** :-

Under in house computer including UPS system, out of the Revised Budget provision of Rs.0.90 Crores., no expenditure was booked during 2008-09 since in case of RISC mini computer system, material costing to Rs.0.62 crores received but not accounted. Other furniture items amounting to Rs.0.28 crores, procurement action is in process.

**ELECTRIC SUPPLY :**

1) **Extension to existing 22 KV sub-stations, new RSS, 22 KV/33KV Upgradation.**

Revised Budget provision was made to the extent of Rs.50.24 crores against which expenditure incurred is Rs. 32.90 crores. Actual expenditure is thus reduced by Rs. 17.84 crs. due to following reasons :

- I The EHV Cable laying scheme was partly executed (14.74 KM as against provision of 17.70 km) due to non-availability of MCGM permission for excavation.
- II. The Civil Construction Work of new Receiving Substations viz. Pandey compound, Bombay Gas and Pochkhanwala RSS are in progress.
- III. Equipments for Pandey Compound, Bombay Gas etc. could not be procured as Civil Construction Work of new RSS were not completed.

2) **110 KV substations at Senapati Bapat Marg, Backbay.**

In the year 2008-09 expenditure is NIL against provision of Rs. 2.50 crores,

- i) Tender work of replacement of Control and Relay panel at Nariman Point 110 KV RSS was in process.
- ii) The work of replacement of Air Conditioner & Civil Work at Khetwadi, Nariman Point & Backbay are deferred in the year 2009-10 (Revised) and 2010-2011(Budget).

3) **11KV substations, extention and alteration.**

An expenditure of Rs.33.86 crs. was incurred against provision of Rs.71.68 crs. due to the following reasons :

- i) Total 55 nos. of new DSS were commissioned against provision of 65 Nos.
- ii) Replacement of transformers in the existing DSS was carried out in 89 nos. of DSS against provision for 110 Nos.
- iii) Replacement of 52 nos. of OCB by VCB at 55 nos. of DSS against provision for 105 nos. of DSS.
- iv) Remodeling of 6 nos. of DSS was carried out against 8 nos. of DSS.

4) **Laying of High Voltage/Low Voltage Cables :**

An expenditure of Rs.35.35 crores has been incurred against provision of Rs.98.69 crores due to the following reasons :

- i) Total 28.72 km HV cable was laid against provision of 45 kms
- ii) Total 64.97 kms. of LV Cable was laid instead of 110 Kms.
- iii) Total 4 nos. of Pillars were installed against provision of 5 nos.
- iv) Total 7.34 km. Cable was laid against provision of 12 k.m.
- v) Total 167 nos. of distribution pillars including mini pillars were erected against provision of 250 pillars.

5) **Meters :**

An expenditure of Rs. 1.49 crores has been incurred though no provision was made for the same.

6) **Purchase of Street Lighting Lamps :**

An expenditure of Rs.0.77 crores has been incurred against provision of Rs.1.44 crores. Total 221 lamps were commissioned against provision of 450 lighting lamps. Less nos. of work orders were received from MCGM.

7) **Electronic meters and Test benches :**

Expenditure of Rs.12.43 crores has been incurred against provision of Rs.32.71 crores. Budget provision for 5 (40) a single phase Meters, Meters for Service positions, metering Accuchek to I – phase & III – phase routers for AMR meters could not be utilized.

**8) Remote control of receiving sub-stations, communication network additions & extensions (automatic control of street lamps).**

The actual expenditure during 2008-09 is NIL against, provision of Rs.2.00 crores was made in the year 2008-2009 (Revised) for SCADA system for new and existing RSS. The tender for new SCADA system for all Receiving Substation in North and Central North zones is opened on 8<sup>th</sup> July, 2008 & 23rd May,2009 respectively and same is in process. Expenditure for the work for SCADA ICCP link from TPC to BEST is not incurred during the year. An order is placed with TATA Power Co.Ltd.

In case of communication network addition & extension also actual expenditure is NIL in 2008-09 against the provision of Rs.0.23 crores. Work of Air conditioning on control room, RTU of 5 RSS & also other Civil Work at 8 RSS is deferred in 2009-10.

**9) Computerisation and BPAP;**

In the year 2008-2009 an expenditure was NIL against provision of Rs.51.05 crores. This provision includes Rs.5.50 crores towards digitization project stage- I, Rs.0.55 crores towards computerization of various departments & Rs.45.00 crores towards Business Process Automation Project (M/s. KLG Systel). Advance payment of Rs.21.26 crores is made as per the report received from DEIT (Project).

**10) Generating Station :**

The provision of Rs.200.00 crores was made in the revised budget of F.Y.2008-2009 for Establishment of wind power project of 3 MW capacity ( 3 X 5 crores) for generation of Electricity from land fill Gas at Gorai, & Establishment of Wind Generation Plant of 51 MW capacity Generation units 20 X 1.5 MW for F.Y.2008-09. However, the BEST Committee had instructed to keep the proposal and to award the Trankey Contract to M/s.Suzlon Ltd. under hold. Therefore now it is decided not to pursue this project. Therefore the expenditure incurred during the year 2008-2009 is nil against provision of Rs.200.00 crores.

**11) Furniture, Tools and Office Equipments :**

Under Furniture and Office equipment of Supply division actual expenditure of Rs.3.88 crores was incurred against the provision of Rs.10.97 crores. The actual expenditure is less

due to non receipt of materials, such as modular furniture & AC unit, punching clock , water cooler, Big Table, Currency Counting Machine, AC furniture for bill collection centers, Porta Cabins & AC for RTU Panels, Microware Communicator etc..

In case of Tools & equipments, actual expenditure incurred has been less due to non receipt of Van mounted D.G. set for Planning Department , RSM, Current injection set, HV metering summation CT for MRE, Test facility at Anik Depot for MTS department, LV Cable fault testing equipment, transformer oil filtering machine, EPBX instrument for O & M (N) and Hand held 126 meter reading instrument for CC(CS) department.

12) **Civil Engineering Works :**

The expenditure of Rs.0.29crores was incurred against provision of Rs.0.92 crores. The expenditure is less due to

- i) Work is in process at Bijali Bhavan Kussara.
- ii) No specific proposal received for Cash Collection Centre at Grant Road.
- iii) Work were carried out as per requirement of user department.
- iv) Work at Lalbaug DSS getting delayed for shifting of Electricity Equipment.

13) **Motor Vehicles :**

Under Motor Vehicle of Supply Division, actual expenditure of Rs.1.35 crores was incurred against provision of Rs.7.61 crores. The actual expenditure is less by Rs.6.26 crores as purchase action for motor vehicles is in process.

**BUS DIVISION :**

(1) **Purchase of Buses –**

An expenditure of Rs.84.70 crores was incurred towards purchase of Buses against the provision of Rs.100.81 crores. Most of the Buses are received in the year 2008-09 & the balance will be received in the F.Y. 2009-10.

(2) **Additions/Alterations to depots, Chowkies, purchase of Land for depots, workshops bus-station :**

An expenditure of Rs.1.57 crores is incurred against the provision of Rs.3.96 crores. Out of provision of Rs.0.20 crores, expenditure of only Rs.0.12 crores incurred due to demarcation of boundaries of plot was not finalized. Out of provision of Rs.0.14 crores, Rs.0.04crores has been incurred on CNG works. Out of provision of Rs. 0.45crores no. expenditure has been incurred since purchase of land for depot workshop & Bus station. final costs is not yet finalized.

(3) **Erection of Shelter, Queue Barriers and Relief Shelters :**

Out of provision of Rs.0.03 crores expenditure is NIL since work is carried out through Advertising Agencies at their cost.

(4) **Furniture, Office Equipments, Plant & Machinery, Tools etc.: –**

An expenditure of Rs.0.68 crores is incurred against the provision of Rs.10.20 crores. Thus under bus division actual expenditure toward furniture is reduced by Rs.9.52 crores in 2008-2009. The main reason for the same is that very few items were received in 2008-09 and purchase action for the remaining items are in progress. Provision for some items have been deleted as the same are not required, some items have been provided by Inventory Section from spare pool & some items have been received but accounted under other department/codes.

(5) **Motor vehicle and MOH of Motor Vehicles –**

Expenditure is NIL against the provision of Rs.0.44 crores, as Jeeps are not received during 2008-09.

(C) Changes in Assets and Liabilities

Total Assets and Liabilities of the Undertaking as on 31.3.2009 are as follows :-

ASSETS

(Rs. in crores)

	Particulars	As on 31-3-2008	Addition/ Debits during the year	Asset written off/Credits during the year	Assets as on 31-3-2009
	<b>Fixed Assets</b>				
	General Administration	93.48	1.14	0.34	94.28
	Electric Supply	1248.46	122.33	5.91	1364.88
	Buses	691.83	87.06	7.66	771.23
	Gross Fixed Assets	2033.77	210.53	13.91	2230.39
	Less: Accu. Depreciation	763.59	100.45	-	864.04
	Add: Work In Progress	36.81	278.07	283.21	31.67
<b>A</b>	Net Fixed Assets	1306.99	388.15	297.12	1398.02
<b>B</b>	Investments	13.93	42.30	7.65	48.58
<b>C</b>	Current Assets	658.40	22257.71	21682.21	1233.90
<b>D</b>	Govt. Securities	0.06	-	-	0.06
<b>E</b>	Deficit	1827.89	446.53	51.83	2222.59
	<b>Total Assets:-</b>	<b>3807.26</b>	<b>23134.69</b>	<b>22038.81</b>	<b>4903.15</b>

**LIABILITIES**

(Rs. in crores)

	Particulars	Opening Balance 31-3-2008	Credits during the year	Debits during the year	Balance as on 31-3-2009
<b>A</b>	<b>Loans</b>				
	i) Public Loan	6.98	-	1.50	5.48
	ii) MMRDA (Megacity)	1.79	-	1.38	0.41
	iii) DPDC	2.23	-	0.16	2.07
	iv) Canara Bank	200.00	-	-	200.00
	v) Bank of Maharashtra	6.75	-	6.75	-
	vi) a) World Bank Loan under MUTP	88.11	-	-	88.11
	b) Inst. Restructuring & MIS Study	1.58	-	-	1.58
	vii) Short Term Loans from Financial Institutions	300.00	1200.00	250.00	1250.00
	viii) APDRP Loan	37.99	-	-	37.99
	<b>Total – A</b>	<b>645.43</b>	<b>1200.00</b>	<b>259.79</b>	<b>1585.64</b>
<b>B</b>	<b>Funds</b>	3020.34	268.00	12.88	3275.46
	Less :-				
	Accum. Deprn.	763.59	100.45	-	864.04
	<b>Net - B</b>	<b>2256.75</b>	<b>167.55</b>	<b>12.88</b>	<b>2411.42</b>
<b>C</b>	<b>Current Liabilities</b>	<b>905.01</b>	<b>7654.82</b>	<b>7653.81</b>	<b>906.02</b>
<b>D</b>	Govt. Securities	0.06	-	-	0.06
<b>E</b>	Minimum Cash Balance Req.	0.01	-	-	0.01
	<b>Total Liabilities</b>	<b>3807.26</b>	<b>9022.37</b>	<b>7926.48</b>	<b>4903.15</b>

**(D) Utilisation/Repayment of Loans / Grants :**

i) Loan for Megacity Project:

During the financial year 2008-2009 Undertaking has paid Rs. 1.38 Crs. out of the total outstanding amount of loan Rs. 1.79 Crs. leaving a balance of Rs.0.41 crores as on 31<sup>st</sup> March, 2009.

ii) Loan from DPDC :

The Government of Maharashtra had sanctioned the loan of Rs. 3.83 Crs @ 14.25% p.a. to the BEST Undertaking which was accepted by the Undertaking on 31st March 1998, but was taken into account in the financial year 1998-1999. The loan is required to be repaid in 24 equal installments and accordingly 11 instalment of Rs. 15.96 Lakhs was paid to the Government of Maharashtra during the year 2008-2009.

iii) Loan from World Bank & Other Banks:

a) Upto F.Y. 2008-09 the Undertaking has received a Loan of Rs.88.90 crores from World Bank under MUTP Project for procurement of buses and for Institutional Restructuring & MIS Study. The repayment of this loan will be started after expiry of 5 years moratorium period i.e. from 2010-2011.

b) The outstanding Term loan from Bank of Maharashtra as on 31.03.2008 was Rs.6.75 Crores. During the year 2008-09, the Undertaking has repaid the balance amount of loan.

c) Term loan of Rs. 200 crores was received from Canara Bank, Colaba Branch during the year 2006-07 for procurement of 576 nos. of Single Decker Buses and 75 No. of Double Decker Buses and to incur Capital expenditure under APDRP Scheme of Electric Supply Division.

d) Further during the financial year 2008-09 the Undertaking had availed following Short Term Financial Assistance from various banks as shown below.

(Rs. in Crores)

Sr. No.	Name of the Bank	Rate %	Loan raised upto 31-03-08	Loan raised during 2008-09	Repayment during 2008-09	Outstanding Upto 31-03-2009
1	Canara Bank -“- (Prime Corporate Branch)	11.5 10.5	200.00 -	- 200.00	- -	200.00 200.00
2	Vijaya Bank Vijaya Bank Vijaya Bank	10.00 11.25 12	100.00 - -	50.00 150.00 200.00	100.00 - -	50.00 150.00 200.00
3	Union Bank of India Union Bank of India	11.25 11.75	- -	100.00 150.00	100.00 -	- 150.00
4	Bank of India	13	-	50.00	50.00	-
5	Bank of Maharashtra	12	-	100.00	-	100.00
6	Dena Bank	12	-	100.00	-	100.00
7	Andra Bank	11.5	-	100.00	-	100.00
	Total		300.00	1200.00	250.00	1250.00

e) During the financial year 2008-09 the Undertaking has not received Grant in Aid & Loan under Accelerated Power Development and Reforms Programme (APDRP). The Undertaking has received a total loan amount of Rs. 37,98,50,000/- and Grant in Aid amount of Rs. 63,10,90,000/- under APDRP upto 31.03.2009. The repayment of 50% of the loan amount will be started after the receipt of Amortisation Schedule from Government of Maharashtra and the repayment of balance 50% loan amount will be started after expiry of 5 years moratorium period i.e. from 2009-2010.

(E) YEARWISE OUTSTANDING POSITION:

i) The position of total outstanding against various authorities as on 31st March, 2009 is as under:-

(Rs. in lakhs)

Authority	Outstanding as on 31 <sup>st</sup>		
	March, 2007	March, 2008	March, 2009
Mumbai Mahanagarपालिका	95.44	93.39	94.30
Commissioner of Police	343.67	318.03	194.29
Transport Commissioner	13.83	30.59	24.10
Government	31.17	25.97	31.40
General	618.10	450.53	1230.66
<b>Total</b>	<b>1102.21</b>	<b>918.51</b>	<b>1574.75</b>

ii) Age-wise Classification of Bills Receivable as on 31<sup>st</sup> March 2009:

(Rs. in lakhs)

Sr. No.	Authority	Dues less than one year	Dues for more than one year but less than three years	Dues for more than three years	Total
1.	Mumbai Mahanagarपालिका.	4.10	1.34	88.86	94.30
2.	Commissioner of Police	194.29	0.00	0	194.29
3.	Transport Commissioner.	24.10	0.00	0	24.10
4.	Government	10.77	12.94	7.69	31.40
5.	General	996.57	100.93	133.16	1230.66
	<b>TOTAL</b>	<b>1229.83</b>	<b>115.21</b>	<b>229.71</b>	<b>1574.75</b>

**(F) Sinking Fund**

The position of Sinking Fund investment is shown as below :

(Rs. in Crores)

i)	Amount of Fund as on 1st April 2008	5.82
ii)	Instalments	0.15
iii)	Interest	0.49
iv)	Gain on maturity	0.00
	Total	6.46
Less :		
i)	Amount utilised for repayment of public loan	1.50
ii)	Loss on redumption of Security	0.00
	Balance as on 31.03.2009	<b>4.96</b>

**II) Change in Policy :-**

I) Introduction of Interest During Construction in the Books of Accounts:

1) MERC's Order dated 6<sup>th</sup> June'08 in Case No. 73 of 2007 in the matter of BEST Petition for Annual Performance Review for financial year 2007-08 & Tariff Determination of F.Y. 2008-09, has granted Rs.1.55 crores as Interest During Construction (IDC) for the F.Y. 2006-07. As per the Commission Regulation No. 72.2, 72.4, 72.7, the Interest expenditure towards capitalized scheme after the date of capitalization will have to be treated as Interest expenditure chargeable to Revenue Accounts in accordance with the Regulation No. 76.3 and Interest on Capital Expenditure will have to be treated as Interest During Construction and same should be capitalized in accordance with the above referred Regulation. Clarification was required from MERC in case of IDC i.e. Accounting treatment in the Book of Accounts, due to this, the same was not accounted in F.Y. 2007-08. Now, MERC has clarified the issue and accordingly, asset account is debited under the respective location code of Capital activity by Rs. 1.55 crores and credit is given to Prior Period Adjustment Account being IDC approved by MERC for the year 2006-07.

2. Introduction of Return on Equity instead of Interest on Internal Fund:

As per BCR No. 256 dated 1.9.08 and CR No. 614 dated 18.9.08, it was decided to introduce Return on Equity instead of Interest on Internal Fund from the financial year 2008-09 for the Supply Division and discontinued the Interest on Internal Fund for both divisions i.e. Supply & Bus Division. Return on Equity amounting to Rs. 113.72 crores is booked under the Supply Division.

3) Allocation of General Administration specifically for Interest on Deposit and other investment:

As per MERC's direction, Undertaking is required to submit the Proforma Accounts every year at the time of APR Petition. It has been observed that Interest on deposit and other investment was charged at ratio of 90:10 to Supply & Bus Division respectively. However, in the Books of Accounts, the said Income is divided into 50:50. In order to have uniformity under the Proforma Accounts as well as in the Books of Accounts, it is decided from the financial year 2008-09 to change this ratio from 50:50 into 90:10 for Supply & Bus Division respectively.

II) Treatment for Retrofitment of Buses under Bus Division:

In the captioned subject matter, Accounts Department has already initiated note wherein the policy regarding retrofitment of CNG Engines on Undertaking's buses was initiated and accordingly the concurrence for the same was obtained from MCA. The relevant copies of the same are also enclosed herewith for ready reference. In the financial year 2008-09, only one bus was retrofitted with CNG engine. The policy which was approved for the said concept is now introduced in the financial year 2008-09 under the Bus Division.

2) Policy regarding Statutory and Non Statutory funds :-

There are in all 14 Internal Funds which are created with the permission of BEST Committee and the Corporation for the given purpose and as on 31st March,2009, the total

balance of these funds is Rs. 3275.46 crores. Out of these 14 Funds, there are only 4 funds i.e. Welfare Fund, BEST Betterment Fund, BEST Staff Benefit Fund and Motor Vehicle Third Party Insurance Fund which are Statutory Funds. In case of BEST Staff Benefit Fund, Motor Vehicle Third Party Insurance Fund and Generation of Electricity Fund the amounts are physically kept in separate Bank A/c. In case of all other Funds, the provisions are made by way of accounting entries by charging to the expenditure account and no separate cash is earmarked and kept in a Bank A/c. The detailed movement of these funds are shown under appendix E-9.

H) Stock and Material

I) From F.Y.2006-07 capital stock in hand for Supply & Bus Division are brought under capital work in progress. Thus the balance Revenue stores material as on 31-3-2009 is valued Rs. 2004.42 lakhs as against Rs.2057.98 lakhs at the close of the year 2007-2008 which includes capital stock in hand.

The detailed Stock of materials under various stores as on 31st March 2008 and 31st March, 2009 is as under :-

Particulars of Stores	Balance as on 31-3-2008	Balance as on 31-3-2009	(Rs. in Lacs)	
			(+) Increase	(-) Decrease
<b><u>Supply Division</u></b>				
Mains and Distribution	2765.40	2082.47	(-) 682.93	
Meters	445.68	1017.79	(+) 572.11	
Sales Depot	10.17	11.63	(+) 1.46	
<b><u>Bus Division</u></b>				
Bus	563.81	497.76	(-) 66.05	
Workshop	492.01	554.95	(+) 62.94	
Fuel	132.76	72.69	(-) 60.07	
<b><u>General Administration</u></b>				
Petrol Sub Stores Stock Account	0.00	5.35	(+) 5.35	
General Stores	41.72	47.25	(+) 5.53	
Medical	15.99	12.47	(-) 3.52	
<b><u>Advisory Service</u></b>				
Clothing Material	52.07 Cr.	28.25 Cr.	(-) 23.82	
<b>TOTAL</b>	<b>4415.47</b>	<b>4274.11</b>		

**II) DETAILED INVENTORY LEVEL POSITION :-**

Inventory Level for the financial year 2008-09 is calculated as per monthly/issued closing balances.

PARTICULARS	2007-08	2008-09
<b><u>Inventory Level (Months)</u></b>		
Bus Stores	5.38	4.04
Workshop Stores	0.41	0.44
Mains & Distribution Stores (Kussara)	3.27	2.58
Fuel Stores	0.10	0.06
General Stores	0.64	0.59
Meter Stores	1.00	(-) 20.25
Petrol Sub stores	0.83	0.78
Clothing Stores	2.29	3.08
Medical Stores	1.71	2.34
DEA Stores		(-) 79.32
<b><u>Service Level (Percent)</u></b>		
Bus Stores	96.20%	96.02%
Workshop Stores	96.63%	96.04%
Mains & Distribution Stores (Kussara)	95.58%	94.91%
General Stores	94.97%	93.74%

