

5th ANNUAL REPORT
2007-2008



MADHYA GUJARAT VIJ COMPANY LIMITED

An ISO Certified Company
(A Wholly Owned Subsidiary of Gujarat Urja Vikas Nigam Ltd.)

MINISTRY OF POWER
NATIONAL AWARDS TO POWER UTILITIES
FOR MERITORIOUS PERFORMANCE



Ministry of Power, Government of India, has awarded GOLD SHIELD to the Company for Power Distribution in recognition of outstanding performance during 2006-07 in a glittering function held on 20th March, 2008, at New Delhi.

BOARD OF DIRECTORS

(As on 19-12-2008)

Shri L. Chuaungo, IAS	Chairman
Dr. M.K. Iyer	Director
Shri H.P. Desai	Director
Prof. Kirankumar Joshi	Director
Shri K. M. Shringarpure	Director
Shri Anoop Shukla, IFS	Managing Director

COMPANY SECRETARY

Shri K.M. Antani

SENIOR EXECUTIVES

Shri R.O. Gandhi	Chief Engineer (T & O)
Shri S.A. Pota	Chief Engineer (P & C)
Shri K.R. Shah	General Manager (F & A)

BANKERS

UCO Bank
State Bank of India
Bank of Baroda
State Bank of Saurashtra
Dena Bank
Bank of India
Central Bank of India
Canara Bank
Syndicate Bank
Union Bank of India
Vijaya Bank
Allahabad Bank
Indian Bank
Indian Overseas Bank
Karur Vysya Bank
Corporation Bank

AUDITORS

M/s. Prakash Chandra Jain & Co.
Chartered Accountants,
Vadodara

COST AUDITORS

M/s. Diwanji & Associates
Cost Accountants
Vadodara

REGISTERED OFFICE

Sardar Patel Vidyut Bhavan
Race Course, Vadodara-390 007.
Phone No. : (0265) 2310582-86
Fax No. : (0265) 2337918, 2338164
E-mail : info.mgvcl@gebmail.com

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NOTICE

Notice is hereby given that the adjourned Fifth Annual General Meeting of the Members of **Madhya Gujarat Vij Company Limited** will be held (at shorter notice under Section 171(2)(i) of the Companies Act, 1956, pursuant to consent received from all the members) on Tuesday, the 31st March, 2009, at 2.45 p.m. at the 'Board Room' of the Company, Third Floor, Sardar Patel Vidyut Bhavan, Race Course Circle, Vadodara – 390 007, to transact the following Ordinary Business :

ORDINARY BUSINESS

- 1 To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2008, Profit & Loss Account for the year ended on that date and the Reports of the Board of Directors and Auditors thereon along with Comments of the Comptroller & Auditor General of India.

By Order of the Board

Vadodara
30th March, 2009

K. M. Antani
Company Secretary

REGISTERED OFFICE :

Sardar Patel Vidyut Bhavan,
Race Course,
Vadodara - 390 007

NOTE:

A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL, INSTEAD OF HIMSELF AND THAT A PROXY NEED NOT BE A MEMBER OF THE COMPANY.



NOTICE

Notice is hereby given that the Fifth Annual General Meeting of the members of **Madhya Gujarat Vij Company Limited** will be held (at shorter notice under Section 171(2)(i) of the Companies Act, 1956, pursuant to consent received from all the members) on Tuesday, the 30th December, 2008 at 11.00 a.m. at the Board Room, Third Floor, Sardar Patel Vidyut Bhavan, Race Course Circle, Vadodara – 390 007, to transact the following Ordinary and Special Business :

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2008, Profit & Loss Account for the year ended on that date and the Reports of the Board of Directors and Auditors thereon along with Comments of the Comptroller & Auditor General of India.
2. To appoint a Director in place of Shri M.K. Iyer, who retires by rotation and being eligible, offers him-self for re-appointment.
3. To decide the remuneration payable to Statutory Auditors appointed by the Comptroller and Auditor General of India (C & AG), New Delhi, for the audit of accounts of the Company for the financial year 2008-09.

SPECIAL BUSINESS

4. To consider and if thought fit, to pass, with or without modification/s, the following resolution as an Ordinary Resolution:

“RESOLVED THAT Shri H.P. Desai, who was appointed as a Director to fill in a casual vacancy under Section 262 of the Companies Act, 1956 and holds such office up to the date of this Annual General Meeting, be and is hereby appointed as a Director of the Company, liable to retire by rotation.”

5. To consider and if thought fit, to pass, with or without modification/s, the following resolution as an Ordinary Resolution:

“RESOLVED THAT Shri K.M. Shringarpure, who was appointed as an Additional Director under Section 260 of the Companies Act, 1956 and holds such office up to the date of this Annual General Meeting, be and is hereby appointed as a Director of the Company, liable to retire by rotation.”

By Order of the Board

Vadodara
19th December, 2008

K. M. Antani
Company Secretary

REGISTERED OFFICE :

Sardar Patel Vidyut Bhavan,
Race Course,
Vadodara - 390 007



NOTES :

- 1 A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL, INSTEAD OF HIMSELF AND THAT A PROXY NEED NOT BE A MEMBER OF THE COMPANY.
- 2 The Explanatory Statement pursuant to the provisions of Section 173(2) of the Companies Act, 1956, is annexed hereto as "Annexure to the Notice".

Annexure to Notice**Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956****Item no. 4**

Shri H. P. Desai was appointed as a Director by the Board of Directors in its meeting held on 28th November, 2006, to fill in a casual vacancy arising out of the resignation of Shri P. K. Taneja, IAS, under Section 262 of the Companies Act, 1956 and he holds office up to the date of this Annual General Meeting. The Board of the company considered him as Independent Directors.

Shri H. P. Desai has worked as an Executive Director (Procurement) with erstwhile Gujarat Electricity Board and has a rich techno commercial experience at senior level.

Your Directors recommend the resolution for your approval.

None of the Directors, except Shri H. P. Desai is interested or concerned in this resolution.

Item no. 5

Shri K.M. Shringarpure was appointed as an Additional Director by the Board of Directors in its meeting held on 19th December, 2008, under Section 260 of the Companies Act, 1956 and he holds office up to the date of this Annual General Meeting. He has been nominated by Gujarat Urja Vikas Nigam Limited (GUVNL), the holding Company, pursuant to Article 57 of the Articles of Association of the Company.

Shri K.M. Shringarpure is presently working as the General Manager (F&A) of GUVNL and responsible for overall financial management of GUVNL and all its subsidiary Companies. He has a rich experience in finance and accounts areas.

Your Directors recommend the resolution for your approval.

None of the Directors, except Shri K.M. Shringarpure is interested or concerned in this resolution.

The Company being a Government Company, the provisions of Section 257 of the Companies Act, 1956, are not applicable. Therefore, a notice in writing along with the requisite fees proposing the candidature of the Directors mentioned in resolution No. 4 and 5 is not required.

Vadodara
19th December, 2008

By Order of the Board

K. M. Antani
Company Secretary

REGISTERED OFFICE :

Sardar Patel Vidyut Bhavan,
Race Course,
Vadodara - 390 007



DIRECTORS' REPORT

To,

The Members,

Your Directors have pleasure in presenting the 5th Annual Report of the Company together with the Audited Accounts for the year ended 31st March, 2008.

FINANCIAL RESULTS

A summary of the financial results for the year under review is as below:

(Rs. in. Lacs)

	2007-08	2006-07
Total Income	207722.81	188484.24
Gross Profit before Depreciation, Interest and Tax	12770.20	13653.34
Depreciation	5913.23	4778.22
Interest and Finance Charges	6506.01	6184.19
Profit before Tax	350.96	2690.93
Provision for Tax (including provision for deferred tax and fringe benefit tax)	109.50	995.90
Profit after Tax and available for appropriation	241.46	1695.03

DIVIDEND

Your Directors have not recommended any dividend on Equity Shares for the year under review.

SHARE CAPITAL

During the year under review, the Company has not issued further shares and there is no change in Share Capital.

An amount of Rs 26790.01 lacs represented as "Equity Share Capital Suspense Account".

The Energy and Petrochemicals Department vide its notification No. GHU-(203) - GUV - 1106 - 590 - K dated 12th December, 2008 partially modified its earlier notification and bifurcated the amount transferred to Share Capital Suspense Account in to Equity Share Capital and Equity Share Premium w.e.f. 01-04-2008 as under, which shall be suitably incorporated in the Accounts for the financial year 2008-09.

Equity Share Capital 6697.50 lacs

Share Premium 20092.51 lacs

FINANCIAL PERFORMANCE

The key highlights of the financial performance of the Company for the year 2007-08 are as under:

- Revenue Assessment (without ED) increased to Rs. 1880.72 crore during F.Y. 2007-08 from Rs. 1716.31 crore in F.Y. 2006-07 registering the increase of Rs. 164.41 crore (+9.58%) in a year.



- ❖ The average rate of realization per unit sold increased to Rs.3.87 per unit (without E.D.) compared to Rs.3.72 per unit in last financial year.
- ❖ Total income increased to Rs.2077.23 crore as against Rs. 1884.84 crore in the previous financial year, an increase of 10.21%.
- ❖ Profit before tax is Rs. 3.51 crore for the financial year 2007-08.

OPERATIONAL PERFORMANCE

- ❖ The sales have increased from 4413 MUs to 4866 MUs registering growth of 453 MUs (+10.27%) over the previous financial year. The corresponding power purchase increased to 6133 MUs with increase of only 9.28% in 2007-08.
- ❖ Implementation of various initiatives and loss reduction measures resulted into reduction in distribution losses to 13.90% as compared to 14.85% in previous financial year.
- ❖ For the reliable power supply, fault passage indicators are installed in some of the pockets to minimize the sustained fault period. For quality power, in the city areas underground cabling, Ring Main Units (RMUs) are provided and Aerial Bunch Conductor (ABC) / Coated Conductor are used on LT as well as HT side. Implementation of Geographical Information System (GIS) in city and town areas has reduced the down time in solving consumer complaints. Further, the implementation of High Voltage Distribution System (HVDS) and balancing of transformer load has reduced the failure rate of transformer which ultimately leads to quality power. Also extensive pre and post monsoon maintenance is carried out on each feeder. Due to the above steps, the availability of power has improved from 99.44% to 99.86% (without load shedding).
- ❖ The consumer base increased from 19.42 lacs to 20.63 lacs.

SYSTEM IMPROVEMENT

The Company is constantly upgrading and augmenting its network to achieve the multi pronged objectives viz. to reduce the technical losses, to improve reliability of the system to serve the consumers for better services and to give uninterrupted quality power. Several initiatives taken are as under:

❖ Reforms in Distribution Network Management:

a. Geographical Information System (GIS)

GIS is implemented in 10 towns and it is envisaged to go for 10 more Towns during the year 2009-2010 under R-APDRP.

b. Completely Self Protected (CSP) Transformers

The Company has introduced an innovative CSP type Transformers for Load Control measure. These Transformers are provided with MCCB (Moulded Case Circuit Breaker) with specific current rating. The protection provided in CSP transformers isolates transformers during LT side fault condition as well as if load more than the specified current is drawn by the consumers, i.e. overloading condition. This will reduce the failure rate of Transformer due to over loading and also during fault condition.

The provision of MCCB has eliminated the use of Distribution Box. This has made difficult for the consumers to go for Direct Connection. Since the Company is implementing KHUSHI (Kisan Hith Urja Shakti Yojana), it is necessary that where ever the transformers are provided, the chances for direct connection from the Distribution Box should be eliminated. This has



been taken care of in CSP Transformers.

c. High Voltage Distribution System (HVDS):

HVDS is being implemented to reduce hooking in rural areas as well as to reduce the LT line losses. In order to implement HVDS system, sum of contracted load of feeders and sum of connected KVA of each TC is worked out and if there is an exorbitant difference between these two, de-augmentation of the transformer is recommended by way of providing appropriate capacity of transformers in accordance with contract load.

To curtail the power theft in Zupadpatti as well as in suburb areas, the Company has started installing 5 KVA single phase transformers. The company has also started installing 10 KVA, 16 KVA transformers to reduce the LT line where the transformer capacity is found more than required. The Company is further planning to install 5 KVA single phase, 10 KVA and 16 KVA transformers.

d. Reconductoring of HT Line.

The old conductor is replaced with the new conductors to reduce the I²R losses and improve voltage profile. Such re-conductoring of existing 11 KV line by DOG conductor has an average pay back period of 2-3 years approx.

The Company has replaced 960 Kms of HT line during 2007-08.

e. Under ground XLPE cable

180 Kms of XLPE under ground Cable was laid during the year under review. It was observed that the Under Ground HT XLPE cable in city area has following advantages over conventional over head line:

- o Reduction in interruptions and thereby increasing system reliability.
- o Reduction in accidents
- o Increase in Customer Satisfaction
- o Enhancing the aesthetic look
- o Reduction in I²R loss due to low resistance

f. Fault Passage Indicator (FPI)

Fault Passage Indicator is installed at beginning of tap line of feeder. At the time of fault in the tap line, LED blink and give signal. The faulty tap line is isolated and power supply to healthy portion is restored. This helps in reducing the power restoration time as also patrolling time of locating the fault.

g. Ariel Bunch Conductor (ABC):

750 KMs of Insulated conductors and ABC are laid in all theft prone areas to minimize the commercial losses.

h. Ring Main Unit (RMU):

SF6 based and oil type Ring Main Units are provided in City areas to switch over power supply from other source to ensure power reliability. Till date of this report, 60 No. of RMUs are installed. It is further planned to provide motorized unit on RMU so that the RMUs can be monitored and operated remotely from central SCADA control room. The electronic logic of



RMU also provides important information on the type and characteristics of load at the time of operation. This feature enables concerned personnel for analysis of line performance and loading characteristics.

i. SCADA

The company has initiated action to introduce SCADA for Baroda City. This will cover monitoring of all the 14 sub-stations to study Demand Side Management as well as interruption. The system will also provide facility for change-over of load from one feeder to another remotely in case of any exigency. This will also guide for balancing of load on each feeder. As we have already implemented GIS system in Baroda city, the SCADA scheme is also integrated with GIS which additionally facilitates pinpointing of fault and its causes. On account of commissioning of SCADA, the interruption period is greatly reduced which eventually saves the loss of revenue.

❖ DT Metering and AT&C Loss Reduction Activities

a. Automatic Power Factor Controller (APFC):

8,000 nos of Automatic Power Factor Controller (APFC) panels were installed on Urban, Jytigram Yojna (JGY) and Agricultural feeders having low Power Factor. APFC panels were used for improvement in Power Factor, thereby reducing reactive Power. APFC are capable to switch ON and OFF the capacitors in stages and automatically maintain the desired power factor. APFC will improve the supply voltage to the consumer as reactive component is well compensated through adequate capacitors of APFC. The use of APFC is essential not only because it is made mandatory under GERC Regulations for utility to maintain better power factor (0.9), but by improving power factor on the feeder, the utility gets benefited by reduction of technical losses, by reducing loading on line, thereby creating spare capacity and improvement in voltage profile. Thus, APFC is proved beneficial in multifold to distribution utility.

b. Energy Accounting:

Meters are provided on Transformer Centres to find out weak pockets on feeders. Along with regular meter reading programs, meter reading of transformers are taken and TC wise losses are calculated. This helps us to have clear vision of weak pockets and help in qualitative installation checking.

c. Automatic Remote Meter Reading:

All the major Extra High Tension and HT consumers are provided Automatic Remote Metering (AMR) for quick and accurate meter reading without visiting the site of consumer. This will contribute to significant process improvements for load survey and theft billing with on-line monitoring and immediate access to data.

All the HT consumers of the Company (1050 Nos) are billed through AMR only, hence, the Company's staff is not required to visit sites for meter reading. The saved man hours are utilized for other loss reduction activities.

The Company has also planned to install 6,000 nos. of LT AMR in high consumption industrial & commercial consumers on high losses feeders in the year 2008-09.



d. Surveillance

Surveillance team consisting of 72 nos. of Corporate and field Engineers have been formed to collect information of theft and other irregularities adopted by consumers. This helps in identifying theft prone consumers/areas which results in effective installation checking.

e. Sub-Station Monitoring:

Study of ampere loading of each feeder according to the monthly/ seasonal consumption is prepared as well as total contracted load of each feeder is worked out. The loading of feeder should be in accordance with the contracted load. Accordingly, Bench Marking of feeders is decided. These Bench Marks will be reviewed periodically. Field Engineers are directed visit the sub-stations regularly and study loading pattern of feeders. If it does not match the above condition, they are instructed to check the feeder for any irregularities i.e. tapping of power, etc.

IT INITIATIVES**❖ Information Technology**

- o Spot billing with handheld machines have been started in major cities & towns;
- o Cash windows of O&M Sub Divisions computerized;
- o Billing activities have been outsourced;
- o Any Time Payment (ATP) Machines;
- o Consumer complaints redressed through Mobile in Baroda City on pilot basis;
- o In house software development for Consumer Analysis Tool (CAT);

❖ 'e-Urja' end to end ERP Solution

'e-Urja' end to end solution has been implemented by the Company. The benefits are :

- o Substantial reduction in paperwork through online documentation and approval process.
- o Better customer services by having consumer billing, payments data in digital form. System planning and analysis by network analysis, demand side management, asset management etc.
- o Quick disposal of scrap by online scrap auction procedures and disposal process.
- o Inventory tracking and management by Transfer of Stock instead of procurement.
- o Data security and assigned responsibility.
- o User specific rights and responsibilities.

❖ e-tendering

The Company has started implementing e-tendering system for tenders having estimated cost of more than Rs. 10 lacs.

- o e-tendering is the process wherein the physical tendering activity is carried out online using the Internet and associated technologies. E-tendering enables the user to introduce ease and efficiency of operations without compromising on the required procurement policies and procedures of the organization.



o e-tendering provides transparency, results in savings of time and money, shortening of procurement cycle and ease of operation to the implementing organization and to the Vendors.

❖ **High Tech Meter Testing Laboratory – NABL Accredited**

The Company is having high tech meter testing laboratory equipped with fully automatic computerized test bench of accuracy class 0.05 for testing of all type of single phase and three phase static as well as electrometrical meters as per Indian Standard Specification / IEC. The NABL accreditation certificate is received for energy meter testing and calibration during the year 2007-08. The Company has procured class 0.2 universal accucheck meter for testing of LT/HT single phase and three phase all type of meters to check the consumer installation.

OTHER PROJECTS / SCHEMES

- ❖ Under, the Distribution Reforms Upgrades and Management (DRUM), a part of USAID's distribution programme, GIS, 25 nos. of 600 KVAR line capacitors and 50 nos. of pre-paid meters are installed at Umreth.
- ❖ 'Rajiv Gandhi Grameen Vidyutikaran Yojana' (RGGVY), launched by the Ministry of Power, New Delhi, for 100% electrification of villages, habitations in the country and supply of power to Below Poverty Line (BPL) families free of cost, is implemented in all districts areas of the Company. In Panchmahal District, the work of 62,064 beneficiaries, in Vadodara District the work of 5,214 nos. of BPL beneficiaries and in Anand work of 4,376 nos. of BPL beneficiaries is completed. For Kheda District, contract has been awarded and for Dahod District, the tenders were re-invited.
- ❖ Under State Government sponsored Scheme, 48,709 connections were released under Zupadpatti Schemes in non-tribal areas and 6,381 connections were released under ' Kutir Jyoti Scheme' in tribal areas.
- ❖ In tribal areas. 2,134 nos. of Agriculture Wells and 255 nos. of pata paras were electrified.

CUSTOMER SERVICES

The Company has continued its stress on becoming consumer centric organisation. To this end the Company has taken various steps to improve the customers' services.

❖ **Customer Care Centers**

- » Customer care centers are started in all Sub divisions, divisions and Circle Offices of the Company.
- » It takes care of consumer's quarries related to new connection, Change of Name Procedures.
- » It provides guidance for additional load / reduction of load / PDC reconnection.
- » It also guides in billing and technical quarries.

❖ **Trouble Call Management Center (TCM)**

- » Abbreviated number (155333) is provided for launching any power supply related complaints on hunting telephone line.
- » Interactive Voice Response System (IVRS) welcomes each call while they are lending to TCM. (Skilled operators are receiving the calls).

- ▶▶ From consumer no. it is possible to have other detail of a consumer viz. name, address and sub-division and N/W details etc.
- ▶▶ After registering the complaint, it is dispatched to concerned s/dn through CUG mobile for resolving.
- ▶▶ Once the complaint is resolved, feedback is given to/ from site/sub-division to TCM.
- ▶▶ Status of each and every complaint is available.
- ▶▶ Consumers are treated in time to their satisfaction.
- ▶▶ Round the clock, centralized TCM Centre is working at all Circle Offices.
- ▶▶ Complaints from approx. 20 lacs customers will be taken care by TCM Centres.

❖ **Any Time Payment Centre (ATP)**

Any Time Payment Centre was put in to operation in Baroda City area. These Centers are like Bank's ATM Centers, where payment of Energy Bills can be made by the consumers at any time and the Receipt for the amount paid is issued immediately. The Company has started installing ATP machines in small cities like Anand, Umreth, Dakor etc. and planning to install such machines in all major towns as the results in city and town areas are encouraging.

❖ **Monthly Meter Reading using Hand Held Instruments**

After successful implementation in Baroda City, monthly billing is also started in Nadiad and Anand City and in the remaining towns of Anand Circle, monthly billing will be started soon. Monthly Billing in Dabhoi Town of Baroda O&M Circle and urban areas of Godhra Circle is already started.

❖ **Web site**

A Website with full information is designed, so that consumers can send their grievances, check the details of the rules, regulations, and procedures and receive the feed back of the action taken on the complaints sent by them.

❖ **M.E.G.A. / Individual Franchisee**

For improvement in customer services and to improve network through better maintenance, the scheme called MEGA (Management of Electricity with Gramya Associate) has been approved, where in the co-operative societies, NGO, group of prominent villagers would act as distribution franchisee.

Individual franchisee: Individual franchisee for the feeders has been adopted and more than 28 feeders have already been allotted for individual franchisee. Either individual person or group of entrepreneurship can come forward and take up the work for a feeder.

❖ **H.T. Consumer Meet**

The Consumers' Meet for HT and LT Industrial consumers are arranged wherein the representatives of the consumers, Industrial Associations and Federations etc. are invited to raise their grievances in presence of the top officials of the Company. The grievances are looked into by drawing the minutes of the meeting and taking remedial measures.

The Industrial Associations have expressed their satisfaction about such consumers' meetings. 6 Nos. of HT Meets arranged to resolve the problem of HT consumers at various places.



❖ Sampark

A special program called "SAMPARK" is launched by the Company to create awareness to the consumers. This program is very formal and arranged in early morning at public places viz. Gardens, Markets, and Cinema Hall etc where the guidance is given to the general public by giving various details. Also, on the spot bill collection activity, billing issues, power supply related issues etc. are resolved on the spot.

AWARDS & ACHIEVEMENTS

Your Directors are pleased to inform that the Ministry of Power, Government of India, has awarded **GOLD SHIELD** to the Company for Power Distribution in recognition of outstanding performance during 2006-07. The award has been presented by the Union Minister of Power in a glittering function held on 20th March, 2008, at New Delhi.

REGULATORY MANAGEMENT

The Gujarat Electricity Regulatory Commission (GERC) is an authority to regulate the working of electricity utilities in the State and is entrusted with various functions including the determination of retail tariff rates for the end users of electrical energy. Your Company has filed a Multi Year Tariff (MYT) petition with GERC on 31st July, 2008 seeking approval of Aggregate Revenue Requirement (ARR) and tariff determination for the first control period covering the financial years 2008-09, 2009-10 & 2010-11. Various hearings for the petition are already completed by GERC and Tariff Order is expected soon.

HUMAN RESOURCE DEVELOPMENT

To develop competency of employees and thereby enhance organizational effectiveness and productivity, many need based training and development programs are organized with special emphases on fostering a culture of innovation. Industrial Relations continue to be cordial.

DIRECTORS

Shri B.J. Bhatt and Prof. M.S. Sriram, resigned as Directors and their resignations have been accepted by the Board effective from 6th August, 2008 and 19th December, 2008, respectively. The Board places on record its appreciation of the valuable services rendered by Shri B.J. Bhatt and Prof. M. S. Sriram during their tenure as Directors of the Company.

Shri H. P. Desai was appointed as a Director by the Board of Directors in its meeting held on 28th November, 2006, to fill in a casual vacancy arising out of resignation of Shri P. K. Taneja, IAS, under Section 262 of the Companies Act, 1956 and he holds office up to the date of this Annual General Meeting. He is proposed to be appointed as Director of the Company at the ensuing Annual General Meeting.

Shri K. M. Shringarpure was appointed as an Additional Director effective from 19th December, 2008, in accordance with Article 57 of the Articles of Association of the Company and Section 260 of the Companies Act, 1956. He holds his office as such up to the date of ensuing Annual General Meeting. He is proposed to be appointed as Director of the Company at the ensuing Annual General Meeting.

Dr. M.K. Iyer retires by rotation at the ensuing Annual General Meeting and is eligible for re-appointment. The Board of Directors recommends his re-appointment. He is proposed to be re-appointed as Director of the Company at the ensuing Annual General Meeting.



DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217 (2AA) of the Companies Act, 1956, the Directors confirm that:

1. in the preparation of annual accounts for the financial year ended 31st March, 2008, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
2. accounting policies have been selected and consistently applied and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2008 and of profit of the Company for the year ended on that date;
3. proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provision of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
4. the annual accounts for the financial year ended 31st March, 2008, have been prepared on a going concern basis.

AUDIT COMMITTEE

Pursuant to Section 292 A of the Companies Act, 1956, your Company has constituted the Audit Committee of the Board, which at present stands as under

Prof. Kirankumar Joshi ... Chairman

Dr. M.K. Iyer ... Member

Shri H. P Desai ... Member

DISCLOSURES**(a) Particulars of Employees:**

There was no employee during the year drawing remuneration in excess of the ceilings prescribed under the provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, as amended.

(b) Energy Conservation & Technology Absorption:

Information regarding conservation of energy, technology absorption, foreign exchange earnings and outgo required under Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, are given in the Annexure I to this Report and forms part of this report.

(c) Foreign Exchange Earnings & Outgo:

During the year under review, there was no foreign exchange earning or outgo.

AUDITORS

M/s. Prakash Chandra Jain & Company, Chartered Accountants, has been appointed as the Statutory Auditors of the Company by the Comptroller and Auditor General of India, New Delhi, (C & AG) to audit the accounts of the Company for the year ended 31st March, 2009. As per the provisions of Section 224 of the Companies Act, 1956, their remuneration is required to be fixed by the Company in General Meeting.



AUDITORS' REPORT

The notes to the accounts referred to in the Auditor's Report are self-explanatory and therefore, do not call for any further comments.

The comments of the Comptroller & Auditor General of India in pursuance of Section 619(4) of the Companies Act, 1956, will be circulated as soon as the same are received.

COST AUDITORS

In accordance with the requirement of the Central Government and pursuant to Section 233B of the Companies Act, 1956, the Company carries out an Audit of Cost Accounts relating to 'electricity' every year. The Company has re-appointed M/s. Diwanji & Associates, Vadodara as Cost Auditors for the Financial Year 2007-08 and has been approved by the Central Government.

ACKNOWLEDGEMENTS

The Directors are thankful to the Central Government, Government of Gujarat particularly Energy & Petrochemicals Department, Gujarat Electricity Regulatory Commission, holding Company Gujarat Urja Vikas Nigam Limited, Bankers, Financial Institutions, suppliers and other business associates.

Your Directors also wish to place on record the appreciation for the continued support and co-operation of the consumers.

Finally, we appreciate and value the contributions made by all our employees.

For and on behalf of the Board.

Vadodara
19th December, 2008

L. Chuaungo
Chairman



ANNEXURE I TO DIRECTORS' REPORT**PARTICULARS REQUIRED UNDER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988****A CONSERVATION OF ENERGY :****a) Measures taken for Conservation of Energy**

Automatic Power Factor Controller (APFC) Panels are installed for Improvement in Power Factor, there by reducing Reactive Component.

The Energy saving Compact Fluorescent Lamps (CFL), T 5 tube lights etc. provided to all offices.

In all the Below Poverty Line (BPL) category consumers, it is planned to provide CFL lamp instead of conventional incandescent lamp.

Agricultural connections who adopt DRIP / MICRO irrigation are given priority.

The re-conductoring has been carried out wherever the conductor is found deteriorated as well as wherever copper conductor exists.

Under the Energy conservation program, the banners, pamphlets, street plays, SAMPARK Program, etc. were carried out for mass awareness amongst consumers.

The farmers are educated to use energy efficient pumps and capacitor on their motor as per the requirement of GERC.

The Company purchases only energy efficient transformers, meters with low burden and ISI mark equipments/ materials.

b) Additional investment and proposal, if any, being implemented for reduction of Consumption of Energy

Nil

c) Impact of the measures at a) and b) above for reduction of energy consumption and consequent impact on the cost of production of Goods.

Improvement in reactive power due to use of APFC, improvement in voltage level, saving in electricity, reliability of power and reduction in technical losses.

B. TECHNOLOGY ABSORPTION:

Efforts made in technology absorption as per Form B.



FORM -B

(Disclosure of particulars with respect to Technology Absorption)

Research and Development (R&D)

The Company did not carry out any R & D work during the year. However, due to various initiatives carried out through indigenous sources, resulted into improvement in the performance.

1. Specific areas in which R & D carried out by the Company.

NIL

2. Benefits derived as a result of above R & D

NIL

3. Future plan of Action

NIL

4. Expenditure on R & D

No expenditure on R & D of capital or recurring nature has been incurred.

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION1. Efforts, in brief, made towards technology absorption, adaptation and innovation

No absorption of new technology.

2. Benefits derived as a result of the above efforts.

Not applicable

3. In case of imported technology (imported during the last five years reckoned from the beginning of the financial year) following information is furnished.

Not Applicable

For and on behalf of the Board.

Vadodara
19th December, 2008

L. Chuaungo
Chairman



COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619 (4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF MADHYA GUJARAT VIJ COMPANY LIMITED, VADODARA FOR THE YEAR ENDED 31 MARCH 2008.

The preparation of financial statements of Madhya Gujarat Vij Company Limited, Vadodara for the year ended 31 March 2008 in accordance with financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the Company. The statutory auditors appointed by the Comptroller and Auditor General of India under Section 619 (2) of the Companies Act, 1956 are responsible for expressing opinion on these financial statements under Section 227 of the Companies Act, 1956 based on independent audit in accordance with the Auditing and Assurance Standards prescribed by their professional body, the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 4 December 2008.

I, on behalf of the Comptroller and Auditor General of India have conducted a supplementary audit under Section 619 (3) (b) of the Companies Act, 1956 of the financial statements of Madhya Gujarat Vij Company Limited, Vadodara for the year ended 31 March 2008. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records. Based on my supplementary audit, I would like to highlight the following significant matters under Section 619 (4) of the Companies Act, 1956 which have come to my attention and which in my view are necessary for enabling a better understanding of the financial statements and the related Audit Report.

Balance Sheet

A Comments on Profitability

Profit & Loss account

1. Other Income-(Schedule-20)

Bad & Doubtful Debt written back Rs.33.98 Crore

(Read with note 9 of schedule 32)

As per prevailing practice the company was following the policy of providing for bad debts at 100 percent on dues from permanently disconnected consumers and at 50 percent for sundry debtors for inter-state sale, miscellaneous debtors and sundry debtors above 30 days. During the year the company has changed the policy and provided for bad debts based on a case to case study of the existing debtors in light of the changed economic scenario. As a result of the change in the accounting policy, the company has written back Rs. 33.98 crore in the current year from the existing provision. The fact of change in accounting policy and its impact on the financial statements has not been disclosed in the notes to accounts. Further the provision that would have been required to be made had the old policy been followed has not been disclosed.

B. Comments on Financial Position.

2. Cash Flow statement for the year ended 31 March 2008

Cash generated from operations : Rs. 128.79 crore

Government Grant / Consumer contribution written back Rs. 23.83 crore

This does not include Rs. 256.52 lakh being the consumer contribution deferred amount written back (schedule-20). This has resulted in overstatement of 'cash flow from operating activities' and understatement of cash flow from financing activities by the same amount.

For and on behalf of
The Comptroller & Auditor General of India

Sd/-

Niranjan Pant

Principal Accountant General

Place : Ahmedabad

Date : 19-03-09



ADDENDUM TO THE DIRECTORS' REPORT

Management Reply to the comments of the Comptroller and Auditor General of India under Section 619 (4) of the Companies Act, 1956 on the Accounts of Madhya Gujarat Vij Company Limited, Vadodara for the year ended March 31 2008.

Comments of the Comptroller and Auditor General of India	Management Reply
A. Comment on Profitability Profit & Loss Account 1. Other Income - (Schedule – 20) Bad & Doubtful Debt written back Rs.33.98 Crore. (Read with note 9 of Schedule 32) As per prevailing practice, the company was following the policy of providing for bad debts at 100 percent on dues from permanently disconnected consumers and at 50% percent for sundry debtors for inter-state sale, miscellaneous debtors and sundry debtors above 30 days. During the year the company has changed the policy and provided for bad & doubtful debts based on case to case study of the existing debtors in light of the changed economic scenario. As a result of the change in the accounting policy, the company has written back Rs. 33.98 Crore in current year from existing provision. The fact of change in accounting policy and its, impact on the financial statements has not been disclosed in the notes on accounts. Further, the provision that would have been required to be made had the old policy been followed has not been disclosed.	The prevailing practice as mentioned in the comment is neither the company's accounting policy nor the prevailing practice of providing for bad debts. It was a method applied for proportionate adjustments for additional provision required to be carried out to reconcile the opening balances for bad & doubtful debts of various accounting units in the field, with the Opening Balance for such provision given by the State Government in the Opening Balance Sheet as notified by the Gov't of Gujarat vide notification No. GHU-2006-91-GUV-1106-590-K dated 3rd October 2006 as a part of financial restructuring plan approved by GoG for erstwhile GEB. While for providing for the bad debts, the company has consistently followed the conventional rules & practices for providing/ reviewing the provision for bad and doubtful debts since erstwhile GEB as per circular No: Accts/Br.:Bad Debts:693 dated 08.04.2003 wherein case to case review of HT consumers was already mentioned. Accordingly, the company has carried out periodic review on case to case basis of debtors for provisioning of bad & doubtful debt as of 31.03.2008, keeping in view the present financial status of the debtors, status of the legal cases and the improved economic scenario etc. & accordingly, excess provision has been written back in the current year. It is only a review of estimate of provision. Hence, there is no change in accounting policy for providing bad & doubtful debts. The company has also disclosed the accounting policy for recognizing provisions based on the reliable estimate as mentioned in point No: 10 of Schedule – 31 "Significant Accounting policies".



Comments of the Comptroller and Auditor General of India	Management Reply
	Also, as per AS-5 clause No: 12 & 14(g), other reversals of provisions are considered as circumstances arising from ordinary activities of the enterprise which requires separate discloser. Accordingly, to comply AS – 5, such fact and its impact on the financial statements is already disclosed in Notes on accounts in Point No:9 of Schedule – 32. which is the sufficient compliance as per Accounting Standard. As there is no change in accounting policy, the impact that would have arisen had the old policy been followed, need not require to be disclosed.
B. Comments on Financial Position 2. Cash Flow Statement for the year ended March 31, 2008 Cash generated from operations Rs.128.79 Crore Government Grant/Consumer contribution written back Rs 23.83 crore. This does not include Rs.256.52 Lakh being the consumer contribution deferred amount written back (Schedule-20). This has resulted in overstatement of 'cash flow from operating activities' and understatement of cash flow from financing activities by the same amount.	There is no impact on 'Net Increase in Cash & cash Equivalent' by not including the amount of Rs.256.52 Lakh. The amount of Rs.256.52 Lakh is not significant as compared to total Cash flow from operating activities i.e. 10321.46 Lakh, which comes to only 2.48%. Also, this is not affecting the profitability of the company in any case. However, the audit point is noted and the write back of consumer contribution will be considered in the 'cash flow from operating activities' in the Cash Flow Statement from the F.Y. 2008-09.

For and on behalf of the Board.

Vadodara
30th March, 2009

L. Chuaungo
Chairman



AUDITORS' REPORT TO THE MEMBERS OF MADHYA GUJARAT VIJ COMPANY LIMITED

1. We have audited the attached Balance Sheet of MADHYA GUJARAT VIJ COMPANY LIMITED as at 31st March, 2008, the Profit and Loss Account and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material mis-statement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures 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 financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. The Company is governed by the provisions of the Electricity Act, 2003 read with rules and the regulations issued there under. The Section 616(C) of the Companies Act, 1956, also provides that special Acts like Electricity Act, will apply to the extent the provisions of the Companies Act are inconsistent with provisions of those Acts. Accordingly, the financial statements of the Company for the year 2007-08 are compiled and reported.
4. As required by the Companies (Auditors' Report) Order, 2003, as amended by the Companies (Auditors' Report) (Amendment) Order, 2004, issued by the Government of India in terms of Section 227 (4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraph 4 and 5 of the said order.
5. Further to our comments in the Annexure referred to in paragraph above, we report that:
 - (a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - (b) In our opinion, the Company has kept proper books of accounts, as required by law, so far as it appears from our examination of those books.
 - (c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.
 - (d) In our opinion, Balance Sheet, the Profit and Loss Account and Cash Flow Statement comply with the Accounting Standards referred to in Sub-section (3C) of Section 211 of the Companies Act, 1956 except where stated otherwise in Schedule 32.
 - (e) According to Notification No. GSR 829 (E) dtd. 21.10.2003 issued by Govt. of India, the provisions of Section 274(1)(g) of the Companies Act, 1956 are not applicable to the Company.
 - (f) Attention is invited to the following Notes appearing in Schedule 32 to the financial statements:
 - i. Note No. 1(B)(ii) regarding Equity Share Capital Suspense Account.



- ii. Note No.3 regarding non- registration of charge on the transferred assets of the Company.
- iii. Note No.4 regarding legal ownership (title) of immovable properties.
- iv. Note No 5.regarding compensation of uses of Inter Company Assets.
- v. Note No 7 regarding adequacy of transferred balances of various staff welfare schemes.
- vi. Note No 10 regarding non-disclosure of dues to prescribed categories of SMEs undertakings.

(g) Further to the above, In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the significant accounting policies and Notes forming part thereof give information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India

- (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2008.
- (ii) in case of the Profit and Loss Account, of the profit for the year ended on that date and
- (iii) in the case of Cash Flow Statement, of the Cash Flows for the year ended on that date.

For Prakash Chandra Jain & Co
Chartered Accountants

P. C. Nalwaya
Partner
M. No. 033710

Place : Vadodara
Date : 04/12/2008



ANNEXURE TO THE AUDITORS' REPORT

(Referred to in Paragraph (4) of our Report of Even Date)

In our opinion and on the basis of such checks as we considered appropriate and in terms of information and explanations given to us, we state that :-

(i) Fixed Assets

- (a) The Company has generally maintained records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Fixed assets have not been physically verified by the management during the year and hence, we are unable to comment on discrepancies between physical and book balances.
- (c) The Company has not disposed off the substantial part of fixed assets during the year.

(ii) Inventory

- (a) We are informed that physical verification of inventory had been conducted by the management on regular basis so as to cover at least once during the year.
- (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management were reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) In our opinion and according to the information and explanations given to us, the Company has maintained proper record of its inventories and no material discrepancies were noticed on physical verification.

(iii) Loans and Advances

- (a) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to / from Companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.

In view of (a) above, sub-clauses (b), (c) and (d) are not applicable.

- (e) In our opinion and according to the information and explanation given to us, the Company has not taken any loans, secured or unsecured, from Companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.

In view of (e) above, sub-clauses (f) and (g) are not applicable.

As per the information and explanations given to us, the provisions of Section 299, 300 and 301 of the Companies Act, 1956 are not attracted to the transactions entered in to by the Company with GUVNL and its subsidiaries and are not liable to be listed in the register maintained under Section 301 of the Companies Act, 1956.

(iv) Internal Control System

In our opinion and according to the information and explanation given to us, there are adequate internal control procedure / system commensurate with the size of the Company and the nature of its business with regard to purchase of inventory, fixed assets and with regard to sale of electricity and other related services. Further, on the basis of our examination of the books



and records of the Company carried out in accordance with the auditing standards generally accepted in India, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system.

(v) Section 301

(a) The Company has entered in to contracts / arrangements with GUVNL being the holding Company. As per the information and explanations given to us, the transactions pursuant to these contracts and / or arrangements are not falling under the provisions of Section 301 of the Companies Act, 1956 and accordingly these transactions are not entered into the register maintained under Section 301 of the Companies Act, 1956.

In view of (a) above, sub-clause (b) is not applicable.

(vi) Deposits from Public

In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits within the meaning of Section 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and the rules framed thereunder.

(vii) Internal Audit

The Company has an in-house internal Audit System and it has also assigned internal audit assignments to practicing firms of Chartered Accountants and this arrangement, in conjunction with the existing internal control and checks, is in our opinion commensurate with the size of the Company and the nature of its business.

(viii) Cost Records

The maintenance of cost records has been prescribed by the Central Government under Section 209 (1) (d) of the Companies Act, 1956. The Company has appointed a firm of Cost Accountants for preparation of cost records. We have broadly reviewed such cost records and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.

(ix) Payment of Statutory Dues

According to the information and explanation given to us in respect of statutory and other dues.

(a) The Company is generally regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Income tax, Wealth Tax, Service Tax, Custom Duty, Cess and other statutory authority during the year. According to the information and explanations given to us there are no undisputed amounts payable in respect of such statutory dues which have remained outstanding as at 31st March, 2008 for a period of more than six months from the date they became payable.

(b) According to the information and explanation given to us, there are no dues or Income Tax, Customs Duty, Wealth Tax, Service Tax and Cess, which have not been deposited on account of any dispute.



(x) Accumulated Losses/ Cash Losses

The Company has neither accumulated losses at the end of the year nor incurred cash losses in the current financial year and in the immediately preceding financial year.

(xi) Repayments of Dues

Based on our audit procedures and on the information and explanation given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to financial institutions and banks in respect of the existing loans, which were originally raised by the Company. As regards the loans transferred from GUVNL, we have been informed that the same have been serviced by GUVNL on behalf of the Company and in view of the above, we are not in a position to opine whether the Company has defaulted in repayment dues to Financial Institutions and Banks.

(xii) Secured Loans and Advances

Based on our examination of documents and records and according to the information and explanations given to us, we are of the opinion that the Company has not granted any loans and / or advances on the basis of security by way of pledge of shares, debentures and other securities.

(xiii) Chit Fund / Nidhi / Mutual Benefit Fund / Societies

The provisions of any special statutes applicable to Chit Fund, Nidhi and Mutual Benefit Funds / Societies are not applicable to the Company.

(xiv) Dealing or Trading in Shares, Securities etc.

Based on examination of the accounts and as per the information and explanation given to us, the Company is not dealing or trading in shares, securities, debentures and other investments.

(xv) Guarantee given in respect of loans taken by others

In our opinion and according to the information and explanation given to us, the Company has not given any guarantee in respect of loans taken by others from banks or financial institutions.

(xvi) End Use of Term Loans Taken

(a) Loans allocated to the Company by GUVNL and reimbursement made by the Company during the year of repayments of the principle and the interest on the term loans transferred by GUVNL have been accounted in GUVNL Account without any actual cash inflow or outflow.

(b) In case of loans directly raised by the Company during the year, repayments of principle and interest thereon have been routed through a common pool of funds.

In view of (a) and (b) above and in absence of the relevant information as regards the purpose and other terms and conditions of loans availed through GUVNL, we are unable to comment on the application of such loans for the purpose for which they were obtained.

(xvii) Utilisation of Short Term Funds

The Company has raised term loans during the year and for the reasons given in clause (xvi)

above, it is not possible for us to ascertain whether funds raised on short-term basis have been used for long term investment.

(xviii) Preferential Allotment of Shares

According to the information and explanation given to us, the Company has not made any preferential allotment of shares during the year.

(xix) Secured Debentures

The liabilities under the bonds issued by the erstwhile GEB transferred to the Company are secured either by a charge over the assets or by a guarantee by Government of Gujarat. Similarly the moneys raised by GUVNL and transferred to MGVCCL are also secured by assets or backed by guarantee given by Government of Gujarat. The Company is in the process of creation of security or charge for such bonds.

(xx) Disclosure of End Use

The Company has not raised any money by public issue during the year.

(xxi) Frauds

According to the information & explanation given to us, no fraud / misappropriation on or by the Company has been reported during the year.

For Prakash Chandra Jain & Co
Chartered Accountants

P. C. Nalwaya
Partner
M. No. 033710

Place : Vadodara
Date : 04/12/2008



MADHYA GUJARAT VIJ COMPANY LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2008

PARTICULARS	SCHEDULE NUMBER	[RUPEES IN LACS]	
		AS AT 31 ST MARCH 2008	AS AT 31 ST MARCH 2007
SOURCES OF FUNDS			
SHAREHOLDERS FUND			
Share Capital	1	5.01	5.01
Share Capital Suspense Account	2	26790.01	26790.01
Reserves & Surplus	3	3677.82	3436.35
Deferred Government Grants, Subsidies and Contributions	4	23745.27	25205.26
LOAN FUNDS			
Secured Loans	5	1895.23	2338.87
Unsecured Loans	6	54307.09	50361.57
TOTAL		110420.43	108137.07
APPLICATION OF FUNDS			
FIXED ASSETS			
Gross Block	7	139152.02	118969.99
Less : Accumulated Depreciation.		24895.29	19081.77
Net Block		114256.73	99888.22
Assets not in Use	8	7.25	6.42
Capital works in progress.	9	7285.98	6731.24
TOTAL FIXED ASSETS		121549.96	106625.88
INVESTMENTS		-	-
CURRENT ASSETS, LOANS & ADVANCES			
Inventories	10	10705.68	9844.57
Sundry Debtors	11	31490.00	25773.11
Cash & bank balances	12	2824.41	3423.37
Loans & Advances	13	2855.12	2400.61
Other current assets.	14	11352.01	22230.21
TOTAL CURRENT ASSETS		59227.22	63671.87
LESS :			
Current Liabilities		56255.84	50715.75
Provisions		14183.22	11568.38
TOTAL CURRENT LIABILITIES & PROVISIONS	15	70439.06	62284.13
NET CURRENT ASSETS		-11211.84	1387.74
DEFERRED TAX ASSETS	16	-	-
MISCELLANEOUS EXPENDITURE	17	82.31	123.45
(To the extent not written off or adjusted)			
TOTAL		110420.43	108137.07
Significant Accounting Policies	31		
Notes Forming Part of Accounts	32		

As per our attached report of even date
For Prakash Chandra Jain & Co.
Chartered Accountants

For and on behalf of the Board of Directors

P. C. Nalwaya
Partner
M. No. 033710

L. Chuaungo
Chairman

Anoop Shukla
Managing Director

K. R. Shah
General Manager (F&A)

K. M. Antani
Company Secretary

Place : Vadodara
Date : 04/12/2008

Place : Vadodara
Date : 04/12/2008



PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2008

PARTICULARS	SCHEDULE NUMBER	[RUPEES IN LACS]	
		YEAR ENDED 31 ST MARCH 2008	YEAR ENDED 31 ST MARCH 2007
INCOME			
Revenue from Sale of Power	18	188071.54	171631.47
Revenue Subsidies and Grants	19	5765.94	5772.99
Other Income	20	13885.33	11079.77
TOTAL		207722.81	188484.23
EXPENDITURE			
Purchase of Power		171815.11	151592.83
Repairs and Maintenance	21	3811.57	3909.48
Employee Costs	22	16707.48	20440.79
Administration and General Expenses	23	3219.53	3088.15
Other Miscellaneous Expenses	24	126.99	102.25
Depreciation	25	5913.23	4778.22
Interest and Finance Charges	26	6506.01	6184.19
Sub-Total		208099.92	190095.91
Less: Other Expenses Capitalised	27	4055.80	4462.57
Sub-Total		204044.12	185633.34
Extra-ordinary items	28	0.38	3.59
Net Prior Period Expenses / (-) Income	29	3327.35	156.37
TOTAL		207371.85	185793.30
PROFIT / (LOSS) BEFORE TAX		350.96	2690.93
Tax Expenses / (-) Income	30	109.50	995.90
Net Profit / (Loss) after Tax available for appropriation		241.46	1695.03
Balance brought forward from last Balance Sheet		3436.35	1741.32
Balance carried forward to the Balance Sheet		3677.81	3436.35
Significant Accounting Policies	31		
Notes Forming Part of Accounts	32		

As per our attached report of even date
For Prakash Chandra Jain & Co.
Chartered Accountants

For and on behalf of the Board of Directors

P. C. Nalwaya
Partner
M. No. 033710

L. Chuaungo
Chairman

Anoop Shukla
Managing Director

K. R. Shah
General Manager (F&A)

K. M. Antani
Company Secretary

Place : Vadodara
Date : 04/12/2008

Place : Vadodara
Date : 04/12/2008



CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2008

PARTICULARS	[RUPEES IN LACS]	
	For the year 31 st March 2008	For the year 31 st March 2007
Cash Flow from Operating Activities		
Net Profit Before Tax	350.98	2,690.93
Adjustments For: :Add / (Less) :-		
Prior Period (Credit) / Charges	3,323.77	156.37
Other Miscellaneous Expenses	81.48	60.39
Govt. Grants / Cons. Contribution Written Back	(2,382.99)	(2,593.58)
Bad & Doubtful Debts Written Back	(3,398.31)	-
Profit on Sale of Fixed Assets	(22.16)	(19.80)
Loss on Sale of Fixed Assets	-	0.71
Provision for Leave Encashment	(1.73)	43.45
Misc Expenditure W/off	41.15	2,351.85
Depreciation	5,822.90	4,778.22
Interest and financing charges	6,506.00	6,184.18
Exceptional Items	0.37	3.59
Operating Profit Before Working Capital Changes	10,321.46	13,656.31
Adjustments for Changes in Working Capital		
(Increase) /Decrease In Current Assets	7,392.03	(19,600.75)
Increase /(Decrease) In Current Liabilities	(4,834.85)	17,440.90
CASH GENERATED FROM OPERATIONS	12,878.64	11,496.46
Direct Tax Paid	(229.53)	(205.31)
CASH FLOW BEFORE EXTRAORDINARY ITEMS	12,649.11	11,291.15
Exceptional Items	(0.38)	(3.59)
Prior Period Credit / Charges	(1,457.76)	7.36
A. NET CASH FROM OPERATING ACTIVITIES	11,190.97	11,294.92
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(20,198.59)	(22,302.04)
Sale of Fixed Assets	29.33	160.59
(Increase)/Decrease in CWIP	(554.74)	(757.49)
(Increase)/Decrease in Assets not in use	(0.83)	(0.45)
B. NET CASH FROM INVESTING ACTIVITIES	(20,724.83)	(22,899.39)
CASH FLOW FROM FINANCING ACTIVITIES		
(Repayment) / Proceeds From Borrowings	3,501.89	(2,280.75)
Proceeds from Consumer Contribution/ Grants/subsidies	11,939.00	18,035.46
Interest Paid	(6,506.00)	(6,184.18)
C. NET CASH USED IN FINANCING ACTIVITIES	8,934.89	9,570.53
NET INCREASE IN CASH & CASH EQUIVALENTS (A+B+C)	(598.97)	(2,033.94)
CASH AND CASH EQUIVALENT (OPENING BALANCE)	3,423.37	5,457.32
CASH AND CASH EQUIVALENT (CLOSING BALANCE)	2,824.40	3,423.38

Notes : (1)The above cash flow has been prepared under the Indirect Method as set out in the Accounting Standard -3 on Cash flow statements.
(2) Components of cashflow & Cash Equivealent as on 01-04-2007 & 31-03-2008 are as per Schedule 12 to the Balance Sheet.

As per our attached report of even date
For Prakash Chandra Jain & Co.
Chartered Accountants

For and on behalf of the Board of Directors

P. C. Nalwaya
Partner

M. No. 033710

Place : Vadodara
Date : 04/12/2008

L. Chuaungo
Chairman

K. R. Shah
General Manager (F&A)
Place : Vadodara
Date : 04/12/2008

Anoop Shukla
Managing Director

K. M. Antani
Company Secretary



SCHEDULES FORMING PART OF BALANCE SHEET AS AT MARCH 31, 2008

SCHEDULE: 1
SHARE CAPITAL

PARTICULARS	[RUPEES IN LACS]	
	As at 31 st March, 2008	As at 31 st March, 2007
Authorised Share Capital 50,00,00,000 Equity Shares each of Rs. 10 each	50000.00	50000.00
Issued, Subscribed and Paid-up Capital 50,090 Equity Shares each of Rs. 10 each fully paid-up (Previous year 50,090 Equity Shares)	5.01	5.01
TOTAL	5.01	5.01

SCHEDULE: 2
SHARE CAPITAL SUSPENSE ACCOUNT

PARTICULARS	[RUPEES IN LACS]	
	As at 31 st March, 2008	As at 31 st March, 2007
Equity Share Capital Suspense Account	26790.01	26790.01
TOTAL	26790.01	26790.01

See note No: 01 of SCHEDULE : 32

SCHEDULE: 3
RESERVES & SURPLUS

PARTICULARS	[RUPEES IN LACS]	
	As at 31 st March, 2008	As at 31 st March, 2007
Surplus as per Profit & Loss Account	3677.82	3436.35
TOTAL	3677.82	3436.35

SCHEDULE: 4
DEFERRED GOVERNMENT GRANTS, SUBSIDIES & CONTRIBUTIONS

PARTICULARS	[RUPEES IN LACS]	
	As at 31 st March, 2008	As at 31 st March, 2007
GOVERNMENT GRANTS SUBSIDIES		
Subsidies towards Cost of Capital Assets	7637.86	3726.40
Grants towards cost of Capital Assets	224.88	468.88
CONSUMER CONTRIBUTIONS		
Consumer Contribution	2308.68	1620.66
Consumer Contribution towards Capital Assets	13573.85	19389.32
TOTAL	23745.27	25205.26



SCHEDULES FORMING PART OF BALANCE SHEET AS AT MARCH 31, 2008

SCHEDULE: 5
SECURED LOANS

PARTICULARS	[RUPEES IN LACS]	
	As at 31 st March, 2008	As at 31 st March, 2007
Cash Credit from Banks (Secured against Stocks & Book Debts of the Company)	1895.23	2338.87
TOTAL	1895.23	2338.87

SCHEDULE: 6
UNSECURED LOANS

PARTICULARS	[RUPEES IN LACS]	
	As at 31 st March, 2008	As at 31 st March, 2007
<u>Borrowings for Working Capital</u>		
Term loan - (Indian Overseas Bank) (Corporate Guarantee given by GUVNL)	5000.00	-
Term loan - Other Banks (Allocated by GUVNL)	20301.47	4823.26
Temporary Borrowings (Allocated by GUVNL)	-	8731.35
Interest Accrued & Due on Working Capital	69.92	27.26
<u>Borrowings allocated by GUVNL</u>		
Public Bonds	13297.75	16918.22
Deferred Payment Credit	6601.49	10204.96
Loan from Power Finance Corporation	5.94	17.82
Loan from Rural Electrification Corporation	1224.24	1880.45
<u>Loan from Rural Electrification Corporation (RGGVY)</u>	172.12	86.06
Total Loans	46672.93	42689.38
<u>State Government Loans(Allocated by GUVNL)</u>		
Loan under APDRP	1616.60	1701.99
ADB Programme and Project Loan	6017.56	5970.20
Total State Government Loans	7634.16	7672.19
TOTAL	54307.09	50361.57

See note No: 2 of Schedule : 32

- Amount due within one year Rs.13842 Lacs (previous year Rs. 8181 Lacs.)



SCHEDULES FORMING PART OF BALANCE SHEET AS AT MARCH 31, 2008

SCHEDULE: 7
FIXED ASSETS

FIXED ASSETS		[RUPEES IN LACS]									
Particulars	GROSS BLOCK				ACCUMULATED DEPRECIATION				NET BLOCK		
	Gross Block as on 01-04-07	Additions during the year	Deletion / Adujustment during the year	Balance at the end of This year	Balance as on 01-04-07	Charge during the year	Deletion / Adujustment during the year	Balance at the end of This year	Net Assets at the end of This year	Net Assets at the beginning of the year	
Land & Land rights	37.49	-	-	37.49	-	-	-	-	37.49	37.49	
Buildings	1691.67	171.22	-	1862.89	184.27	28.55	-	212.82	1650.07	1507.40	
Hydraulic works	15.21	2.18	-	17.39	3.95	0.79	-	4.74	12.65	11.26	
Other Civil works	232.68	133.99	-	366.67	22.60	4.34	-	26.94	339.73	210.08	
Plant & Machinery	17660.26	3616.42	2.84	21273.84	3285.17	882.01	2.56	4164.62	17109.22	14375.09	
Lines & Cable Net Works	97390.74	16038.02	0.04	113428.72	14946.41	4651.27	0.04	19597.64	93831.08	82444.33	
Vehicles	108.41	-	11.33	97.08	39.95	10.47	5.77	44.65	52.43	68.46	
Furniture & Fixtures & Electrical Lightings	280.20	133.96	2.17	411.99	50.77	20.82	1.00	70.59	341.40	229.43	
Office Equipments	1084.00	102.77	0.15	1186.62	166.78	160.64	-	327.42	859.20	917.22	
Assets taken over from licensees pending final valuation *	469.33	-	-	469.33	381.87	64.00	-	445.87	23.46	87.46	
Total	118969.99	20198.56	16.53	139152.02	19081.77	5822.89	9.37	24895.29	114256.73	99888.22	
Total of the Previous year	96847.36	22302.06	179.43	118969.99	14177.78	4941.93	37.94	19081.77	99888.22	82669.58	

* The value and life of Assets taken over from the Licensee (Vadodara Mahanagarpalika) is provisional and subject to approval of the State Government. The provisional value of the assets has been directly debited to the respective account head of the fixed assets.



SCHEDULES FORMING PART OF BALANCE SHEET AS AT MARCH 31, 2008

SCHEDULE: 8
ASSETS NOT IN USE

PARTICULARS	[RUPEES IN LACS]	
	As at 31 st March, 2008	As at 31 st March, 2007
Written down Value of Obsolete / Scrapped Assets...		
Plant & Machinery	1.33	1.39
Lines & Cable Net Works	-	0.51
Vehicles	5.30	3.89
Furniture & Fixtures	0.25	0.25
Office Equipments	0.37	0.38
TOTAL	7.25	6.42

SCHEDULE: 9
CAPITAL WORKS IN PROGRESS

PARTICULARS	[RUPEES IN LACS]	
	As at 31 st March, 2008	As at 31 st March, 2007
Capital Works-in-progress.	7216.46	6648.38
Interest Charges to be Capitalised	6.71	2.11
Provision for completed works	42.49	77.64
Total Assets at Construction Stage	7265.66	6728.13
Advances to Suppliers / Contractors (Capital).	20.32	3.11
TOTAL	7285.98	6731.24

SCHEDULE: 10
INVENTORIES

PARTICULARS	[RUPEES IN LACS]	
	As at 31 st March, 2008	As at 31 st March, 2007
Stock of materials at Other Stores	5440.24	5898.04
Materials at Site (O&M).	500.40	824.15
Materials in Transit.	333.43	257.57
Other Materials Accounts.	4357.03	2684.05
Materials Stock Excess / Shortage Pending Investigation	74.58	180.76
TOTAL	10705.68	9844.57

SCHEDULES FORMING PART OF BALANCE SHEET AS AT MARCH 31, 2008
**SCHEDULE: 11
SUNDRY DEBTORS**

PARTICULARS	[RUPEES IN LACS]	
	As at 31 st March, 2008	As at 31 st March, 2007
Sundry Debtors for Sale of Power	13041.90	12155.89
Provision for Unbilled Revenue	18835.39	18011.41
Dues from PDC (Net of SD forfeited)	11423.71	11602.03
Sundry Debtors for Misc. Receipts from Consumers	664.90	653.49
Sub-Total	43965.90	42422.81
Less : Unposted Receipts	4.11	3.24
Sub-Total	43961.79	42419.57
Less : Provision for Doubtful Dues from Consumers	8514.39	12040.07
Sub-Total	35447.40	30379.50
Less : Deferred ED & TSE from Consumers	3957.40	4606.39
TOTAL	31490.00	25773.11
Out of the above -		
- Outstanding for a period exceeding six months	18327.77	18959.71
- Others	25638.13	23463.10
Total	43965.90	42422.81

Debtors are secured and considered good to the extent of security deposit received from the respective consumers.

**SCHEDULE: 12
CASH AND BANK BALANCES**

PARTICULARS	[RUPEES IN LACS]	
	As at 31 st March, 2008	As at 31 st March, 2007
Cash on hand	722.86	286.88
Balance with Scheduled Banks	1068.95	1035.80
Remittance in Transit	1032.59	2099.77
Fixed deposits with Scheduled Banks	0.01	0.92
TOTAL	2824.41	3423.37



SCHEDULES FORMING PART OF BALANCE SHEET AS AT MARCH 31, 2008

SCHEDULE: 13
LOANS AND ADVANCES

PARTICULARS	[RUPEES IN LACS]	
	As at 31 st March, 2008	As at 31 st March, 2007
<u>Unsecured considered Good for which Company holds no security other than the personal security</u>		
Advances for O&M Supplies / Works	95.31	151.81
Loans & Advances to staff -Interest Bearing	1032.59	1105.03
Interest Accured & Due on Staff Loans & Advances	82.02	41.76
Loans & Advances to staff -Interest free	170.09	79.20
Advance Income Tax / deduction at source	387.76	161.76
Advance Fringe Benefit Tax - 2005-06	63.07	63.07
Advance Fringe Benefit Tax - 2006-07	53.76	50.23
Advance Fringe Benefit Tax - 2007-08	61.27	-
Loans & Advances - Others	909.25	747.75
TOTAL	2855.12	2400.61

SCHEDULE: 14
OTHER CURRENT ASSETS

PARTICULARS	[RUPEES IN LACS]	
	As at 31 st March, 2008	As at 31 st March, 2007
Debtors for sale of scrap	-	24.53
Income accrued but not due	792.01	811.43
Amount recoverable from emp./ ex-employees	21.67	16.63
Receivables from Government	4.30	4.30
Other Claims & Receivables	0.26	0.26
Other Misc. Receivable from Govt. Dept., Local Bodies	29.45	263.22
Deposits	140.15	169.42
Amount recoverable from Licensees Account	15.29	15.29
<u>Other Inter/Intra-company receivables from companies under the same management</u>		
- Gujarat State Electricity Corporation Limited	454.49	357.71
- Gujarat Energy Transmission Corporation Limited	941.28	432.63
- Gujarat Urja Vikas Nigam Limited	8904.29	20119.99
- Gujarat Energy Training and Research Institute	48.82	14.80
TOTAL	11352.01	22230.21

SCHEDULES FORMING PART OF BALANCE SHEET AS AT MARCH 31, 2008

SCHEDULE: 15

CURRENT LIABILITIES AND PROVISIONS

PARTICULARS	[RUPEES IN LACS]	
	As at 31 st March, 2008	As at 31 st March, 2007
CURRENT LIABILITIES		
Liability for Capital Supplies / Works	10.73	63.35
Liability for O & M Supplies / Works	4456.45	5481.62
Staff related Liabilities	68.55	49.31
Welfare Schemes	1330.43	1268.46
Deposits & Retentions from Supp. & Contractors	2230.20	1836.78
Electricity Duty & Tax on sale of Electricity Payable to Government.	388.87	1673.37
Interest Accured But Not Due	1210.02	1228.92
Other Liabilities and Provisions	4139.39	3004.50
Security Deposit from Consumers in Cash	28790.34	22612.66
Security Deposit from Consumers other than Cash	10.55	10.15
Interest payable on Security Deposit from Consumers	1207.34	865.81
Deposits for Electrification & Service Connection etc.	5355.27	5374.83
Financial Participation from Consumers	6.80	10.31
Other Inter/Intra-company payables to the Companies under the same management		
- Paschim Gujarat Vij Company Limited	591.28	512.38
- Uttar Gujarat Vij Company Limited	5291.10	4947.49
- Dakshin Gujarat Vij Company Limited	696.86	1256.04
- Inter unit balances	471.66	519.77
Sub Total	56255.84	50715.75
PROVISIONS		
Provision for Leave encashment	3537.38	3539.12
Provision for Bonus	83.50	4.40
Provisions for expenses	9903.08	7475.02
Charge / Credit during the year	-	-
Provision for MAT	451.61	415.36
Provision for Income Tax (2004-05)	-	0.08
Provision for Wealth Tax	1.58	1.21
Provision for Fringe Benefit Tax	206.07	133.19
Sub- Total	14183.22	11568.38
TOTAL	70439.06	62284.13



SCHEDULES FORMING PART OF BALANCE SHEET AS AT MARCH 31, 2008

SCHEDULE: 16
DEFERRED TAX

PARTICULARS	[RUPEES IN LACS]	
	As at 31 st March, 2008	As at 31 st March, 2007
DEFERRED TAX ASSET		
Deferred Tax Asset emerging out of;		
Carrying amount of fixed Assets	-	-
Provision for Leave Encashment	-	-
Provision for Gratuity	-	-
Deferred Tax Asset / (Liability)	-	-

SCHEDULE: 17
MISCELLANEOUS EXPENDITURE
(to the extent not written off or adjusted)

PARTICULARS	[RUPEES IN LACS]	
	As at 31 st March, 2008	As at 31 st March, 2007
Preliminary Expenses		
Opening Balance	123.09	164.11
Less: Written off during the year	41.03	41.03
Closing Balance	82.06	123.08
Pre-operative Expenses		
Opening Balance	0.37	0.49
Less: Adjusted during the year	0.12	0.12
Closing Balance	0.25	0.37
Deferred Leave Encashment Liability		
Addition during the year	-	2310.70
Less: Adjusted during the year	-	2310.70
Closing Balance	-	-
TOTAL	82.31	123.45

SCHEDULES FORMING PART OF PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2008

SCHEDULE: 18

REVENUE FROM SALE OF POWER

PARTICULARS	[RUPEES IN LACS]	
	Year Ended 31 st March, 2008	Year Ended 31 st March, 2007
Revenue from Sale of Power		
Domestic or Residential	37233.29	33696.75
Commercial	19856.45	17189.33
Industrial low & medium voltage	20379.30	18507.27
Industrial high voltage	75786.49	70554.36
Public lighting	1862.92	1735.19
Traction railways	15729.76	14427.12
Irrigation agricultural	7909.12	7108.61
Public water works and sew. pumps	3131.51	2868.78
Total revenue from sale of power	1818 88.84	166087.41
Electricity Duty & Tax on Sale of Electricity		
Electricity Duty - assessed	22756.89	23799.34
Tax on Sale of Electricity assessed	0.01	0.03
Total Duties & Taxes	22756.90	23799.37
Miscellaneous Revenue from Consumers		
Meter Rent / Service Line Rental	2803.96	2775.07
Recoveries for Theft of Power / Malpractices Non-Consumers	654.36	610.14
Wheeling charges Recoveries	165.72	617.96
Misc. charges from consumers	2558.66	1540.89
Total Miscellaneous revenue	6182.70	5544.06
Gross revenue from sale of power	210828.44	195430.84
Less: Electricity Duty assessed (contra)	22756.89	23799.34
Tax on Sale of Electricity assessed (contra)	0.01	0.03
TOTAL	188071.54	171631.47



SCHEDULES FORMING PART OF PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2008

SCHEDULE: 19

REVENUE SUBSIDIES AND GRANTS

PARTICULARS	[RUPEES IN LACS]	
	Year Ended 31 st March, 2008	Year Ended 31 st March, 2007
Agricultural Subsidy	5440.94	5472.99
Grant for Energy Conservation	325.00	300.00
R.E. Subsidies	-	-
TOTAL	5765.94	5772.99

SCHEDULE: 20

OTHER INCOME

PARTICULARS	[RUPEES IN LACS]	
	Year Ended 31 st March, 2008	Year Ended 31 st March, 2007
Interest on Staff Loans and Advances.	121.61	123.81
Interest from Consumers	-	3.46
Delayed Payment Charges from Consumers	1633.45	1540.00
Income from Trading (Sale of Scrap)	167.62	237.03
Gain on sale of Fixed Assets	22.16	19.80
Income from Staff Welfare Activities	0.53	0.48
Subsidies against Losses on account of Flood, Fire, Cyclone etc.	-	342.09
APDRP Incentive	4056.88	5193.30
Govt. Grants - Capital (Deferred amount 10% Written Back)	2382.99	2593.58
Cons. Contribution (Deferred amount 10% Written Back)	256.52	180.07
Bad & Doubtful Debts Written Back	3398.31	-
Interest on Government Loans (refer Note : 2 (c) Sch :32)	1158.01	-
Miscellaneous Receipts.	687.25	846.15
TOTAL	13885.33	11079.77



SCHEDULES FORMING PART OF PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2008

SCHEDULE: 21

REPAIRS & MAINTENANCE

PARTICULARS	[RUPEES IN LACS]	
	Year Ended 31 st March, 2008	Year Ended 31 st March, 2007
Repairs and Maintenance to...		
Plant and Machinery	375.31	286.90
Buildings	36.97	39.47
Civil Works	89.31	119.60
Hydraulic Works	0.11	-
Lines, Cable Network etc.	3163.65	3404.34
Vehicles	15.95	16.93
Furniture, Fixtures	35.45	28.97
Office Equipments	94.82	13.27
TOTAL	3811.57	3909.48

SCHEDULE: 22

EMPLOYEE COSTS

PARTICULARS	[RUPEES IN LACS]	
	Year Ended 31 st March, 2008	Year Ended 31 st March, 2007
Salaries	7757.31	9340.63
Overtime	17.65	24.82
Dearness allowance & Dearness Pay	4208.98	3857.51
Other allowances	2160.44	2871.41
Bonus	161.48	4.59
Total emoluments	14305.86	16098.96
Medical Expenses Reimbursement	339.06	257.30
Leave Travel Assistance	3.19	1.46
Earned leave encashment	97.34	72.44
Leave Salary Contribution - Deputation Staff	2.39	4.39
Waival of O/s.HBA Loan & interest	18.81	7.20
Death & accident compensation	2.73	2.14
Payment under Workmen's Compensation Act	3.56	4.07
Interim Relief to Staff	-	-
Company's contri.Bombay Labour welfare Act	0.53	0.52
EDLI - Administration charges	0.17	0.16
Total Other Staff Costs	467.78	349.68
Staff Welfare Expenses	260.64	165.27
Terminal Benefits		
C.P.F. Employer's Contribution	682.90	588.13
Gratuity	468.52	358.20
Pension Fund - Employer's Contribution	331.19	339.24
Leave Encashment on Retirement	175.66	2528.41
Other Terminal Benefits	14.93	12.90
TOTAL	16707.48	20440.79



SCHEDULES FORMING PART OF PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2008

SCHEDULE: 23

ADMINISTRATION & GENERAL EXPENSES

PARTICULARS	[RUPEES IN LACS]	
	Year Ended 31 st March, 2008	Year Ended 31 st March, 2007
Administration Expenses		
Rent including Lease rentals	18.38	14.82
Rates and Taxes	35.91	33.82
Penalties on Statutory Levies	-	-0.02
Insurance.	1.91	1.90
Testing Charges	12.72	13.82
Annual Inspection & Installation Checking fees to Collector of ED	41.79	30.04
Telephone, Postage, Telegram, Telex, Mobile Charges	139.28	123.54
Legal Charges	57.77	30.27
Audit Fees	5.62	4.49
Consultancy Charges	4.97	13.58
Technical Fees	0.70	1.39
Other Professional fees and expenses	53.80	63.30
Conveyance & Travel	1018.62	953.57
Total Administration Expenses	1391.47	1284.52
Other Expenses		
Admn. Charges for Restoration of damages	0.30	1.37
Fees & Subscription	3.58	7.06
Books & Periodicals	2.73	1.47
Printing & Stationery	138.76	173.23
Expenses on Computer Billing & EDP Charges	108.20	141.97
Advertisements (Other than purchase related)	19.47	82.87
Xerox copy Charges	28.95	31.87
Donation	50.00	-
Electricity Charges	502.43	403.25
Water Charges	2.96	3.35
Maintenance to Tree Plantations	0.12	-
Entertainment	4.16	2.19
Expenses on Meetings & Conferences	1.52	0.97
Expenses for CISF	0.18	0.29
Guest House Expenses	15.79	12.85
Security Expenses	157.68	188.55
Miscellaneous Expenses	432.56	395.84
Total Other Expenses	1469.39	1447.13
Freight & Other Purchase related expenses		
Freight	139.09	110.16
Other Purchase Related Expenses	134.73	230.37
Fabrication ch. Less:amt. absorbed in cost of fabrication	26.81	5.11
Total Freight & Other Purchase related expenses	300.63	345.64
General Expenses		
Rev.Stamps on Receipts issued by the Company	2.65	2.10
Expenditure on Training to Staff	55.39	8.76
Total General Expenses	58.04	10.86
TOTAL	3219.53	3088.15



SCHEDULES FORMING PART OF PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2008

SCHEDULE: 24

OTHER MISCELLANEOUS EXPENSES

PARTICULARS	[RUPEES IN LACS]	
	Year Ended 31 st March, 2008	Year Ended 31 st March, 2007
Small & Low Value Items Written - off	1.26	1.55
Loss on Sale of Fixed Assets	-	0.71
Misc. Energy Conservation and R&D Expenses	4.35	-
Miscellaneous Losses & Written - offs	80.23	58.84
Deferred Revenue Expenses Write - off / Sundry Expenses	41.15	41.15
TOTAL	126.99	102.25

**SCHEDULE: 25
DEPRECIATION**

PARTICULARS	[RUPEES IN LACS]	
	Year Ended 31 st March, 2008	Year Ended 31 st March, 2007
Depreciation on Buildings	28.51	27.81
Depreciation on Hydraulic Works	0.79	0.71
Depreciation on Other Civil Works	4.34	3.31
Depreciation on Plant & Machineries	869.76	734.44
Depreciation on Lines & Cable Net Works	4753.90	3763.26
Depreciation on Vehicles	10.47	13.89
Depreciation on Furniture & Fixtures	20.82	15.04
Depreciation on Office Equipments	160.64	93.33
Depreciation on Assets taken over from Licensee	64.00	126.43
TOTAL	5913.23	4778.22



SCHEDULES FORMING PART OF PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2008
SCHEDULE: 26
INTEREST AND FINANCE CHARGES

PARTICULARS	[RUPEES IN LACS]	
	Year Ended 31 st March, 2008	Year Ended 31 st March, 2007
Interest on State Government Loans	240.65	784.04
Interest on Bonds	1487.53	1736.15
Interest on other Loans/Deferred Credits		
Interest on others	67.85	-
Interest on REC Loans	292.56	327.10
Interest on DPG	473.08	605.44
Interest to Consumers on advance Payment	24.79	17.76
Interest on FP by Consumers	0.22	0.64
Interest on Loans from PFC	1.09	8.34
Interest on Loans from ICICI	190.53	-
Interest to Consumers.	1276.89	970.48
Total Interest on Capital Liabilities	4055.19	4449.95
Interest on Borrowing for Working Capital.	1764.56	1032.27
Other Interest & Finance Charges		
Discount to Consumers for Timely Payment of Bills	-	6.13
Interest Charges - Licencees Account	40.15	30.06
Other Interest	88.79	88.47
Cost of raising finance	5.00	33.65
Other charges		
Other Charges	389.46	337.09
Guarantee Fees	158.17	204.10
Banking Cash Transaction Tax	4.69	2.47
Sub - Total	2450.82	1734.24
TOTAL	6506.01	6184.19

SCHEDULE: 27
OTHER EXPENSES CAPITALISED

PARTICULARS	[RUPEES IN LACS]	
	Year Ended 31 st March, 2008	Year Ended 31 st March, 2007
Repairs and Maintenance Capitalised	4.86	0.29
Employee Costs Capitalised	3420.83	3644.11
Administration & General Expenses Capitalised	625.51	816.06
Interest & Other Finance Charges Capitalised	4.60	2.11
TOTAL	4055.80	4462.57



SCHEDULES FORMING PART OF PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2008

SCHEDULE: 28
EXTRAORDINARY ITEMS

PARTICULARS	[RUPEES IN LACS]	
	Year Ended 31 st March, 2008	Year Ended 31 st March, 2007
Extraordinary Debits		
Losses on account of Flood, Cyclone, Fire etc.	0.38	3.59
TOTAL	0.38	3.59

SCHEDULE: 29
NET PRIOR PERIOD EXPENSES / (INCOME)

PARTICULARS	[RUPEES IN LACS]	
	Year Ended 31 st March, 2008	Year Ended 31 st March, 2007
Prior period expenses / losses		
Other generation costs	0.10	-
Employee costs	28.93	36.90
Depreciation under provided	3.75	165.70
Interest & Other Finance Charges	68.94	5.33
Other Chrges related to Prior Periods	90.55	3.43
Provision for Unbilled Revenue	1504.27	-
Grants (Jyotigram Gram Yojna)	1742.57	-
Other Prior Period Adjustments	27.83	31.72
Total prior period expenses & losses	3466.94	243.08
Prior period Income / Gains		
Interest income Prior Period	-	0.03
Excess provision for depreciation	0.16	1.97
Other excess provision	58.55	8.24
Other income	15.99	76.38
Excess Provision of Interest & Other Finance Charges	64.89	0.09
Total prior period income	139.59	86.71
Net Prior period Credits /(Charges)	3327.35	156.37

SCHEDULE: 30
TAX EXPENSES

PARTICULARS	[RUPEES IN LACS]	
	Year Ended 31 st March, 2008	Year Ended 31 st March, 2007
Income Tax (MAT)	36.25	298.43
Deferred Tax	-	640.52
Wealth Tax	0.37	0.53
Fringe Benefit Tax	72.88	56.42
TOTAL	109.50	995.90



SCHEDULES FORMING PART OF BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

SCHEDULE: 31

SIGNIFICANT ACCOUNTING POLICIES.

A) Introductory:

Transfer of undertaking as per the Financial Reconstruction plan of The Government of Gujarat :

Pursuant to the enactment of the Electricity Act, 2003 and the Gujarat Electricity Industry (Reorganization and Regulation) Act, 2003, Government of Gujarat (the Government) has issued various notifications, Government resolutions and Transfer Schemes for vesting of the assets, liabilities, proceedings and personnel from erstwhile Gujarat Electricity Board (GEB-erst) to the Government of Gujarat and then to revest the same into initially six companies i.e. one Generation Company, one Transmission Company and four Distribution Companies. Madhya Gujarat Vij Company Ltd (MGVCL) is one of these four Distribution Companies, registered under the provisions of Companies Act, 1956.

On reorganization of GEB by the Government, the existing shares issued and allotted by the Company in the name of GEB were transmitted w.e.f 1st April, 2005, by operation of law, in the name of Gujarat Urja Vikas Nigam Limited (GUVNL), a Company promoted by Government to carry out the residual functions of GEB-erst.

Consequent on such transmission and transfer of shares to the nominees of GUVNL, the entire share capital of the Company is held by GUVNL and the Company has become the wholly owned subsidiary of GUVNL, a Government Company within the meaning of Section 617 of the Companies Act, 1956. The Company having become the subsidiary of the Government Company (GUVNL) w.e.f 1st April 2005, it also became a Government Company by virtue of the operation of the provisions of the said Section 617.

As a major step for implementation of Financial Restructuring Plan (FRP), Government of Gujarat issued notification No.GHU-2006-91-GUV-1106-590-K dated 3rd October, 2006 notifying the final opening balance sheet of the Company as on 1-4-2005 containing the values of the assets and liabilities of the Distribution activities which stood transferred from erstwhile Gujarat Electricity Board to the Company as specified in Annexure-E appended to the notification. Accordingly, the said values of the assets & liabilities had been taken as opening balances while preparing the Final Accounts for the year 2005-06, which was the first year of operation of the Company.

B) Accounting Policies/Principles:

- (1) The Company is engaged in the business of electricity distribution in Central Gujarat area and is governed by the provisions of the Electricity Act, 2003 and Gujarat Electricity Industry (Reorganization & Regulation) Act, 2003. The provisions of these Act, read with the rules made thereunder, prevail wherever the same are inconsistent with the provision of the Companies Act, 1956.

The Company prepares its financial statements under historical cost basis in accordance with Generally Accepted Accounting Principles (GAAP) and the Accounting Standards issued by the Institute of Chartered Accountants of India unless otherwise stated.

(2) Revenue Recognition:

- (i) Revenue from sale of power:

Revenue from sale of power is recognized on accrual basis of energy supplied in accordance with the tariff orders awarded by the Gujarat Electricity Regulatory Commission (GERC) as applicable to the consumers.

(ii) Misc. revenue from consumers.

Meter rent, recoveries from theft of power/malpractices, wheeling charges recoveries are recognized on accrual basis. Misc. charges from consumers are recognized on cash basis except when ultimate realization of such income is certain.

(iii) Revenue subsidies:

Revenue Subsidies are accounted for as allocated by GUVNL(Holding Company) and credited to profit and loss account.

(iv) Other income:

(a) Income from sale of scrap, insurance claims are accounted for on the basis of actual realization and income received in respect of delayed payment charges is accounted for in the subsequent bill, upon realization of the delayed payment made by the consumer.

(b) Other income except mentioned above is recognized on accrual basis except when ultimate realization of such income is uncertain.

(v) Amount in respect of unclaimed Security Deposit, Earnest Money Deposit and Misc. Deposit of suppliers and contractors which is pending for more than three years and which, as per policy of management, is not payable, is considered as income.

(3) Fixed Assets:

a) Fixed assets are stated at cost including all attributable charges properly incurred in erecting and bringing the asset into beneficial use. The opening gross value of fixed assets, accumulated depreciation and net block of fixed assets are stated at values notified by Govt. of Gujarat notification No. GUV-2006-91-GW-1106-590-K dt. 3rd October, 2006.

b) Capital work - in - progress:

Capital work - in - progress includes the cost incurred on fixed assets that are not yet ready for the intended use and is capitalized whenever ready for use. All expenditures are allocated to the projects on pro rata basis to the accretion made to respective projects. However, common expenditure of Corporate Office and field offices are allocated to Capital work – in – progress at the predetermined rate.

(4) Depreciation:

i) Depreciation is provided on Straight Line Method as per rates prescribed in Schedule XIV to the Companies Act, 1956.

ii) Any depreciable assets having original cost upto Rs. 5000/- (except Furniture & Fixtures and Office Equipments) have been fully charged to revenue in the year in which assets are purchased.

iii) Depreciation on addition of fixed assets is provided on pro rata basis from the quarter, next following the quarter in which the asset is put to use.



(5) Preliminary Expenses / Pre-Operative Expenses:

Preliminary Expenses as well as Pre-Operative Expenses are amortized over a period of five years commencing from the financial year 2005-06.

(6) Inventories:

The Inventories of the Company have been valued on the following basis:

- (a) Consumable Stores and Spares - At cost (Weighted Average Method.)
- (b) Scrap - Net Realizable Value.

(7) Retirement Benefits:

- i) **Provident Fund** : Retirement benefit in the form of Provident Fund is defined contribution scheme and the contribution is charged to the profit and loss account of the year when the contributions to the fund is due. There are no other obligations other than the contribution payable to the Trust.
- ii) **Gratuity**: Gratuity Liability is defined benefit obligation and is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year. Employees Gratuity Scheme is administered through 'GEB Employees Group Gratuity Trust' and the trust has taken an insurance policy under the Group Gratuity Scheme with Life Insurance Corporation of India (LIC) to cover the gratuity liability of the employees. Amount contributed to the gratuity fund is charged to the profit and loss account every year.
- (iii) **Leave Benefits** : The company has provided for leave encashment liability at the year end on account of unavailed earned leave as per actuarial valuation as per the Projected Unit Credit Method.
- (iv) **Leave Travel Concession** : Expenditure on Leave Travel Concession to eligible employees is recognized on the basis of actual claim for reimbursement.

(8) Borrowing Costs:

Borrowing Cost specifically identified to the acquisition or construction of qualifying assets is capitalized as part of such asset. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to Profit and Loss Account.

(9) Taxation:

Tax expense for the current year, comprising current tax, deferred tax, fringe benefit tax, wealth tax are included in determining the net profit after tax for the year.

Provision is made for the current tax based on the tax liability computed in accordance with relevant tax rates and tax laws.

Deferred Tax is recognized subject to the consideration of prudence, on timing differences, being the differences between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. The deferred tax asset is recognized and carried forward only to the extent that there is a reasonable certainty except for carried forward losses and unabsorbed depreciation which is recognized on virtual certainty that the asset will be realized in future (see note 24 of Schedule 32).



(10) Provisions and contingent liabilities:

The Company recognizes a provision when there is a present obligation as a result of past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation that the likelihood of outflow of resources is remote, no provision or disclosure is made.

(11) Capital Grants from Government & Consumer Contributions:

Consumers' Contribution and capital grants towards cost of capital assets are not reduced from cost of assets. All receipts of consumer contributions and capital grants are treated as deferred credit and 10% of the year end balance is transferred to profit & loss account.

(12) Impairment of Assets:

Consideration is given at each Balance Sheet date to determine whether there is any indication of impairment of the carrying amount of the Company's fixed assets. If any indication of impairment exists, recoverable amount of the asset is estimated. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the Profit & Loss Account. If at the Balance Sheet date, there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount so reassessed.

(13) Segment Reporting:

- (i) Business Segments: The Company has only one activity namely 'Distribution of Electricity'. Accordingly, the Accounting Standard 17 – Segment Reporting issued by the Institute of Chartered Accountants of India has been considered as not applicable.
- (ii) Geographical Segments: The Company's operations are mainly confined within the State of Gujarat. The Company does not have material earnings outside Gujarat or outside India. As such, there are no reportable geographical segments.

(14) Prior period items:

All identifiable items of income and expenditure pertaining to prior period comprising within period starting from the commencement of commercial operations are accounted through net prior period credits/ (charges) as stipulated in the Accounting standard number 5 dealing with "Prior period items etc..."



SCHEDULES FORMING PART OF BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

SCHEDULE: 32

NOTES FORMING PART OF ACCOUNTS

1. Financial Restructuring Plan:

A) Allocation of, "Final Opening Balance Sheet", as transferred by erstwhile Gujarat Electricity Board (GEB-erst) effective from 1st April, 2005, (referred to in paragraph (A) contained in Schedule-31 of Schedules forming part of these Financial Statements).

(i) Value of assets, so transferred, were allocated in the books of the account of the Company as follows :

Sr. No.	Allocation of Assets	Basis of Allocation
1	Fixed Assets	The gross values (cost of acquisition), accumulated depreciation and the net values are taken as per the fixed assets registers maintained at the Division/Circle Offices of the Central Distribution Zone of the GEB-erst.
2	Capital work in progress	As per register maintained at the Division/Circle Offices of the Central Distribution Zone of the GEB-erst.
3	Total other Assets	As per register/records maintained at the Division/Circle Offices of the Central Distribution Zone of the GEB-erst.
4	Current assets	Allocated to individual items of Current Assets on the basis of their respective values (balances) on 31.03.2005 as per the register / records maintained at the Division/Circle Offices of the Central Distribution Zone of the GEB-erst
5	Subsidy receivable from Government of Gujarat	As per records maintained at the Division/Circle Offices of the Central Distribution Zone of the GEB-erst.
6.	Investment	As per records maintained at the Division/Circle Offices of the Central Distribution Zone of the GEB-erst.

(ii) Value of liabilities so transferred were allocated in the books of the account of the company as follows :

Sr. No.	Allocation of Liabilities	Basis of Allocation
1	Share Capital	Divided in to two parts :- a) Equity Share capital – Balance as per balance sheet as on 31-03-05 b) Equity Share Capital Suspense account – Pending determination of the nature/extent of the equity capital and other consideration, by GUVNL in consultation with the Government
2	Long term loans and Short Term Loans (Unsecured Loan)	a) Those directly identifiable with the distribution undertaking of the Central Distribution Zone of the GEB-erst have been taken at those specific values

Sr. No.	Allocation of Liabilities	Basis of Allocation
		b) Those borrowing standing in common for generation, transmission and distribution functions as well as borrowings those were not identifiable with any of these specific activities have been taken at the value apportioned by the Government
3	Security Deposits from consumers	As per register maintained at the Division/Circle Offices of the Central Distribution Zone of the GEB-erst.
4	Current Liabilities	Allocated to individual items of Current Liabilities on the basis of their respective values (balances) on 31.03.2005 as per the records maintained at the Division/Circle Offices of the Central Distribution Zone of the GEB-erst
5	Apportionment of total Loans of GEB-erst Long Term Rs.377.87 crores and Short Term Loans Rs. 107.08 crores	In absence of specific Govt. order for apportionment of Secured Loans or Multilateral Facility or of any Securities Sharing Agreement between GUVNL, transferee companies as well as the lenders, these loans have been considered as Unsecured allocated Loans from GUVNL. Note : Action has been initiated for execution of Facilities & Securities agreement between GUVNL, transferee companies and the lenders.

B) Consideration for transfer of undertaking by GEB-erst

The said consideration has been divided into two parts :

(i) Equity Share Capital :

This represent the equity share capital of Rs. 10 each actually allotted by the Company in the year 2004-05 in the name of GEB-erst which were transmitted w.e.f 1st April 2005 by operation of law in the name of Gujarat Urja Vikas Nigam Limited (GUVNL-Holding company)

(ii) Equity Share Capital Suspense Account :

Equity Share Capital Suspense Account represents the consideration payable, by the Company to GUVNL for the transfer of portion of net worth related to the Distribution undertaking from GEB-erst to be discharged in the form of issue of Equity Shares of Rs.10/-each. However in absence of any decision from the Government in-respect of the actual division of the said amount in to face value and otherwise, the entire amount is shown as "equity share capital suspense account." On decision from the Government, statutory formalities will be complied.

2. Secured and unsecured Loans.

a) Loan transferred under the Financial Restructuring Plan as on 01.04.2005

- (i) As per clause 3(2) of the Gujarat Electricity Industries (Reorganization & Regulation) Act and Comprehensive Transfer Scheme, 2003 if the assets of the undertaking transferred are subject to security document in favour of third party (Lender) for any financial obligation or arrangement entered in to by GEB-erst and the said loans are required to be apportioned to different transferee companies, the Government may,



by order, do so and upon such apportionment, the Security will be applicable only to those apportioned liabilities, by operation of Law.

- (ii) The Government has in FRP notification apportioned total Loans of erstwhile GEB as Long Term and Short Term Loans Rs. 48495.87 Lacs (balance of such loans as on 31.03.2008 Rs. 49134.99 lacs) respectively have been transferred to the Company. In absence of specific Government order for apportionment of Secured Loans or Multilateral Facility and Securities Sharing Agreement between GUVNL transferee companies and Lenders, these loans have been considered as unsecured allocated Loans from GUVNL transferee Companies and Lenders.
- (iii) The loans which were raised by erstwhile GEB from Bonds, Banks, PFC, REC, LIC, Financial Institutions and other Lenders against the assets relating to generation transmission and distribution activities and were used for common purposes are continued in the Books of GEB / (now GUVNL) on behalf of all transferee Companies and the same have been apportioned under FRP Notification dated 3rd October 2006, based on their purpose and usage amongst all transferee companies and the same loans have been accounted by the Company as "Loans allocated from GUVNL Lenderwise" in separate accounts. The repayments and interest thereon are reimbursed by the Company to GUVNL.

b) Additional Loans raised by GUVNL during 2007-08.

GUVNL has raised several loans during the year 2007-08 for common usage of transferee Companies. GUVNL has apportioned Rs. 13841.97 lacs out of these loans to the Company. The repayments and interest thereon are reimbursed by the Company to GUVNL. These loans are also shown as "Unsecured Loans" for reasons mentioned under a (ii) above.

c) Govt vide G R No. GEB-1104-7319-K dtd. 07.11.2008 has resolved to waive the interest on outstanding Govt. loans of Rs.5478.99 lakhs (as on 31.03.2005) which was earlier deferred till 2010-11 while approving the Financial Restructuring Plan of erstwhile GEB. Accordingly, the interest of Rs. 1158.01 lakhs provided for 2005-06 and 2006-07 on the loans retained in the Company has been withdrawn whereas no provision is required to be made on these loans for 2007-08 till 2010-11.

d) Joint consortium agreement between the Company and UCO Bank, lead Bank is executed in 2006-07, cash credit from banks is secured against hypothecation charge on the stocks and book debts of the Company ranking pari-passu interse.

3. Registration of charge in-respect of proportionate Secured Loans transferred by GEB-erst:-

The Company has, under a scheme of transfer, acquired the properties, which are subjected to charges created by the GEB-erst, a transferor entity. As per the provisions of the Companies Act, the Company is required to register the charges in respect of all such assets with the Registrar of Companies, Gujarat. Due to the common funds for all the operations of GEB-erst funds were raised against the charge over all its assets. However, the amount of Secured Loans of GEB-erst which are secured against the separate properties transferred to each transferee Company has yet to be identified. The Company, therefore, has not registered the charge on these properties with the Registrar of Companies, Gujarat.

4. Legal ownership (titles) of immovable properties:

The immovable properties, in respect of which the account balances have been transferred, are held in the name of GEB-erst. The procedure for the registration and /or transfer in the name of the Company is under process.

5. Compensation of usage of inter Company assets

Consequent upon unbundling of business of GEB-erst, various assets including lands and buildings belonging to the Companies are used by Holding Company/other fellow subsidiary Companies. Common expenses for maintenance/usage of such assets have been apportioned and debited to Holding Company/other fellow subsidiary Companies based on reasonable basis. However, for such other un-identifiable expenses or income, no provision has been made for any such charges receivable or payable to or by the Company.

6. Employee Cost:

The discussion with recognized employees' unions on the charter of demands submitted by them for wage revision from its due date is in the process of finalisation. The additional liability in this respect would be ascertained when the settlement would be reached. However, reasonable provision has been made towards the same during the year based on the past experience.

Employee Benefits

(i) Defined contribution to Provident Fund, Employees' Pension Scheme and Employees' Deposit Linked Insurance Scheme.

The Company makes contribution towards employees' provident fund, employees' pension scheme and deposit linked insurance in accordance with the provisions of these schemes, the Company is required to contribute a specified percentage of salary.

(ii) Defined contribution towards Gratuity

The following table summaries the components of net benefit expenses recognized in the profit and loss accounts and amounts recognized in the balance sheet for the Gratuity Scheme Plans as at 31st March, 2008

(Rs. in Lacs)

Particulars	2007-08
Changes in the present Value of obligation	
Present value of obligation (opening)	5934.95
Interest Cost	474.80
Past Service Cost	Nil
Current Service Cost	169.71
Curtailment Cost / (Gain)	Nil
Settlement Cost / (Gain)	Nil
Benefits Paid	(552.93)
Actuarial Losses / (Gain)	(7.11)
Present Value of obligation (Closing)	6019.42
Changes in the fair Value of Plan Assets	
Present value of plan assets (opening)	1667.28



Particulars	2007-08
Expected Return on Plan Assets	175.32
Actuarial Gain / (Losses)	(5.07)
Employer's Contributions (*)	1114.27
Employees' Contributions	Nil
Benefits paid	(552.93)
Fair Value of Plan Assets (Closing)	2398.87
Percentage of each category of plan assets to total fair value of Plan Assets at the year end	
Government of India Securities	Nil
High quality corporate bonds	Nil
Equity shares of listed Companies	Nil
Property -	Nil
Policy of insurance	100%
Bank Balance	Nil
Amount recognized in the balance sheet (Through holding company GUVNL)	
Present Value of funded obligation as at the year end	6019.42
Fair value of plan assets as at the year end	2398.87
Funded (Asset)/Liability recognized in the Balance Sheet	Nil
Present Value of Unfunded obligation as at the year end	3620.55
Un recognised past service cost	Nil
Un recognized Actuarial (Gains) / Losses	Nil
Unfunded net Liability recognized in the balance sheet	3620.55
Amount recognized in the balance sheet (Through holding company GUVNL)	
Present Value of obligation as at the year end	6019.42
Fair Value of Plan assets as at the year end	2398.87
(Asset) / Liability recognized in the balance sheet	3620.55
Expenses recognized in the profit and loss account	
Current Service Cost	169.71
Past Service Cost	Nil
Interest Cost	474.80
Expected Return on Plan Assets	(175.32)
Curtailment Cost / (Credit)	Nil
Net Actuarial (Gain) / Loss	(2.04)
Employees Contribution	Nil
Total Expenses recognised in the profit and loss account	467.15
Principal Actuarial assumption (Rate of Discounting)	
Rate of Discounting	8.00%
Expected Return on Plan Assets	9.00%
Rate of Increase in Salary	5.00%
Attrition Rate (Employees opting for early retirement)	3% to 1%

This being the first year in which the Company has adopted the revised Accounting Standard 15 on Employee Benefits hence comparative figures are not applicable.

Para 143 of AS-15 containing transitional provision has not been worked out.

(*) Apportioned based on the ratio of closing liabilities of holding and fellow subsidiary Companies

7. Staff Welfare schemes:

The employees are entitled to benefits from contributory welfare scheme for which part of the accumulated fund has been transferred to the Company by GUVNL in the ratio of allocation of Voluntary Retirement cum Death Benevolent Fund (VRDBF) of the GEB-erst. as it stood on 31.03.2005.

Actual Balance under this scheme as on 31.03.2008 is yet to be determined. Upon determination of the same, the adjustment will be made in the profit and loss account to bring it to the extent of actual liability as determined.

8. Inter Division & Circle / Inter Company Account :

- (i) During the year there are various transactions between divisions, circles and corporate office and the net balances pending reconciliation as on 31.03.2008 are as under;

Sr. No.	Particulars	Balance under reconciliation [Rs. in Lacs]
1	Inter Division	0.60 Dr.
2	Inter Circle	Nil
3	Between Circle & Corporate Office	472.26 Cr.
	Net Total	471.66 Cr.

- (i) During the year there are also various transactions with Holding/Fellow Subsidiary Companies which are reconciled except Gujarat Energy Transmission Corporation Limited which is under reconciliation.

9. During the year, after periodic review, the Company has written back the excess provision of doubtful debts amounting Rs.33.98 crores, which has been credited to profit and loss account, under the head "Other Income" (Schedule No: 20).
10. Disclosure of the prescribed details in respect of the dues to SME's (as required by Schedule VI of the Companies Act, 1956) could not be given in view of their large number and difficulty of segregating / obtaining detailed information.
11. Balance in respect of sundry creditors, sundry debtors, loans and advances (debit / credit) as at 31.3.2008 have been taken as shown in the books of accounts and are subject to independent confirmation and reconciliation.



12. Treatment of Capital work-in-progress and charge of depreciation:

The assets are sometimes not capitalized for a considerable time for want of, technical certificate and other routine procedural requirements despite being put to use. Accordingly, depreciation on the same has been undercharged. The amount is not ascertainable.

13. The Contingent Liabilities not provided for :
[Rs. in Lacs]

Contingent Liabilities in respect of	As at 31 st March	
	2008	2007
a) Unexpired Bank Guarantees issued by Banks	Nil	Nil
b) Letters of Credit issued by Banks	Nil	Nil
c) Bill discounted with Bank.	Nil	Nil
d) Sales Tax demand in Appeal/Dispute	Nil	Nil
e) Income Tax demand in Appeal / Dispute(not provided for)	Nil	Nil
f) Claims against Company not acknowledged as debt.	1158.03	1066.27

14. Estimated amount of Contracts remaining to be executed on Capital Account and not provided for (net of advances) Rs 4862.64 lakhs (Previous Year Rs. 2815.88 lakhs).

15. Segment Information

The Company is principally engaged in the business of distribution of electricity and ancillary activities. Accordingly there is only one reportable segment as per Accounting Standard 17 issued by the Institute of Chartered Accountants of India on "Segment Reporting".

16. Related Party Disclosures

As per Para 9 of AS 18 on "Related Party Disclosure", no disclosure is required in the financial statements as regards related party relationships with other state-controlled enterprises and transactions with such enterprises.

17 Managerial Remuneration
[Amount in Rs.]

Particulars	For the period ended 31 st March	
	2008	2007
Salaries	5,26,512	4,62,600
Allowances	2,160	4,560
Medical reimbursement	71,880	36,552
Total	6,00,552	5,03,712



18. Auditors' Remuneration

Statutory Auditor

[Amount in Rs.]

Particulars	For the period ended 31 st March	
	2008	2007
Statutory Audit Fee	5,00,000	4,00,000
Certifications	2,50,000	2,00,000
Tax Audit	75,000	-
Out of pocket expenses	75,000	25,000
Total	9,00,000	6,25,000

19. Management is of the opinion that the current assets, loans and advances are good and recoverable and are approximately of the values, if realized in the ordinary courses of business unless and to the extent stated other wise in the Accounts.

20. Subject to the notes hereof and the method of accounting followed by the Company, management is of the opinion that the provision for all known liabilities is adequate and not in excess of amount reasonably necessary and that there are no contingent liabilities except those stated in the notes.

21. Expenses of erstwhile GEB

Any short-fall between the actual payment made by the Company, of liability transferred from GEB-erst, and the corresponding provision made available from GEB-erst, has been debited to Profit & Loss Account. Management is of the opinion that such debits are in nature of the normal business expenditure under the peculiar transaction of split transfer of a running business undertaking.

22. Impairment of Assets

As per assessment made by the management, the Company has not suffered any impairment loss during the current financial year.

23. Borrowing Cost

Borrowing cost capitalized during the year is Rs. 4.59 Lacs (Previous year Rs.2.11 Lacs) for acquisition of long term assets.

24. During the year, based on the expert opinion sought for by GUVNL and adopted by the Company, and in accordance with the AS 22 "Accounting for Taxes on Income" issued by ICAI, the Company has recognized Deferred Tax on the basis of 'Income Approach'. The Company has huge carried forward losses and unabsorbed depreciation under the Income Tax Act. As a matter of prudence and in view of the above, such Deferred Tax Assets have been recognized to the extent of Deferred Tax Liability for the Year. Hence, the Net effect of Deferred Tax in the books of accounts for the year is "NIL".



Further, on account of huge carry forward losses and unabsorbed depreciation as per the income tax, there is no virtual certainty that sufficient future taxable income will be available against which such deferred tax asset can be realized and hence as a matter of prudence the deferred tax assets have not been recognized in the books of accounts.

Deferred Tax on the depreciation on the opening balances of the assets vested by the Government of Gujarat under various notifications and Restructuring Plan have not been recognized considering the permanent difference. Further consequential difference between the amount of depreciation for accounting purpose and tax purpose in respect of such assets in subsequent years would also be considered as permanent difference.

Deferred Tax Liability is worked out as under :

[Rs. in Lacs]

Particulars	Deferred Tax Asset Amount	Deferred Tax Liability Amount
Difference in Depreciation for the year	--	1390.47
Provision for leave encashment		0.58
Net Deferred Tax Assets / (Liabilities)		(1391.05)
Set off against c/f Deferred Tax Asset		1391.05
Net effect of Deferred Tax for the year 2007-08		NIL

25. Valuation of assets retired from active use

As per Para 14 of Accounting Standard – 10 “Accounting for Fixed Assets” an item of fixed asset that has been retired from its active use and is held for disposal is to be stated at the lower of Net Book Value or Net Realizable Value (NRV).

In respect of all those assets of the Companies which are identified as “retired from active use”, the management is of the opinion that the NRV is higher than their Net Book Value and that there was an upward trend in the scrap market. In view of this, the Company does not recognize any expected loss in the Profit & Loss Account.

26. Additional information pursuant to provision of paragraph 3,4C, 4D of the Part-II of Schedule VI to the Companies Act, 1956 is given to the extent possible in view of nature of business of the Company.

- (a) Nature of activity:- the Company is a utility industry and is mainly engaged in distribution of electricity and providing services ancillary to the main activity.

Particulars	Units (MUs)
Units Purchased inclusive of transmission losses	6133
Units Sold	4866
Transmission & Distribution Losses	1267

- (b) C.I.F value of direct import during the year is Rs. Nil (previous year Rs. Nil).

- (c) The value of consumption of directly imported and indigenously obtained raw material, components, stores and spares part and percentage of each to the total consumption.

Particulars	[Amount in Rs.]	
	For the period ended 31 st March	
	2008	2007
Indigenous		
Raw Materials	NIL	NIL
Spares	NIL	NIL
Components	NIL	NIL
Imported		
Raw Materials	NIL	NIL
Spares	NIL	NIL
Components	NIL	NIL

- (d) Expenditure in foreign currency

Particulars	[Amount in Rs.]	
	For the period ended 31 st March	
	2008	2007
Payment for professional / consultancy fees	NIL	NIL
Payment for capital goods	NIL	NIL
Foreign travel expenses	NIL	NIL
Others	NIL	NIL

- e) Earning in foreign currency: Rs. Nil (previous year Nil)

- f) Remittance in foreign currency: Rs. Nil (previous year Nil)

27. The previous year's figures have been recast / restated, wherever necessary, in conformity to the current year's presentation.

SIGNATURES TO SCHEDULE 1 TO 32

As per our attached report of even date For and on behalf of the Board of Directors

For Prakash Chandra Jain & Co.
Chartered Accountants

P. C. Nalwaya
Partner
M. No. 033710

L. Chuaungo
Chairman

Anoop Shukla
Managing Director

K. R. Shah
General Manager (F&A)

K. M. Antani
Company Secretary

Place : Vadodara
Date : 04/12/2008

Place : Vadodara
Date : 04/12/2008



MADHYA GUJARAT VIJ COMPANY LIMITED

STATEMENT PURSUANT TO PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956 BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

1. Registration Details

Registration No.

U 4 0 1 0 2 G J 2 0 0 3 P L C 4 2 9 0 7

Balance Sheet Date

3 1 0 3 2 0 0 8

Date Month Year

State Code

0 4

2. Capital Raised during the year (Amount in Rs. Thousands)

Public Issue

NIL

Right Issue

NIL

Bonus Issue

NIL

Private Placement

NIL

3. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

Total Liabilities

1 1 0 4 2 0 4 3

Total Assets

1 1 0 4 2 0 4 3

Sources of Funds

Paid up Capital

5 0 1

Reserves & Surplus

3 6 7 7 8 2

Share Capital Suspense Account

2 6 7 9 0 0 1

Secured Loans

1 8 9 5 2 3

Unsecured Loan

5 4 3 0 7 0 9

Application of Funds

Net Fixed Assets

1 2 1 5 4 9 9 6

Investments

N I L

Net Current Assets

- 1 1 2 1 1 8 4

Deferred Tax

N I L

Misc. Expenditure

8 2 3 1

4. Performance of Company (Amount in Rs. Thousands)

Turnover

2 0 7 7 2 2 8 1

Total Expenditure

2 0 7 3 7 1 8 5

(+)/(-) Profit / Loss Before Tax

+ 3 5 0 9 6

(+)/(-) Profit / Loss After Tax

+ 2 4 1 4 6

Earning per Share* in Rs.

0.09

*after considering equity share capital suspense account

Dividend Rate %

N I L

5. Generic Names of Three Principal Products / Services of Company

(as per monetary terms) Item Code No. (ITC code)

NIL

Product Description

DISTRIBUTION OF ENERGY

As per our attached report of even date

For Prakash Chandra Jain & Co.

Chartered Accountants

For and on behalf of the Board of Directors

P. C. Nalwaya

Partner

M. No. 033710

L. Chuaungo

Chairman

K. R. Shah

General Manager (F&A)

Place : Vadodara

Date : 04/12/2008

Anoop Shukla

Managing Director

K. M. Antani

Company Secretary

Place : Vadodara

Date : 04/12/2008



MGVCL AT A GLANCE**(AS ON 31-03-2008)**

Total Area (in Sq. Kms.)	23,854
Districts covered	5
No. of Towns	46
No. of Villages	4,404
Population (Census 2001) (Million)	11.18
Total Circles	4
Total Divisions	17
Total Sub-Divisions	83
Total Sub-Stations	112
Total Transformer Centers	40,412
Total No. of Feeders	1,026
Total H.T. Line (Kms.)	31,350
Total L.T. Line (Kms.)	44,384
Ratio L.T./H.T.	1.42
Total Employees	6,072



STATEMENT PURSUANT TO PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

1. Registration Details

Registration No.

U 40102 G J 2003 P L C 4 2 6 0 7

Balance Sheet Date

31

Date

Month

(AS ON 31-03-2008)

State Code

04

Public Issue

NIL

Bonus Issue

NIL

Position of Mobilisation and

Total Liabilities

1 1 0 4 2 0 4 3

Sources of Funds

1 2 1 5 4 9 9 6

Application of Funds

Net Fixed Assets

1 1 2 1 1 8 4

Net Current Assets

2 0 7 7 2 2 8 1

Performance of Company (Report in %)

Turnover

(+/-) Profit / Loss Before Tax

Earning per Share in Rs.

Generic Names of Three Principal Products / Services of Company

(as per monetary terms, item Code No. (ITC code))

Product Description / Distribution of Energy

Product Description / Distribution of Energy

Product Description / Distribution of Energy

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Product Description / Distribution of Energy

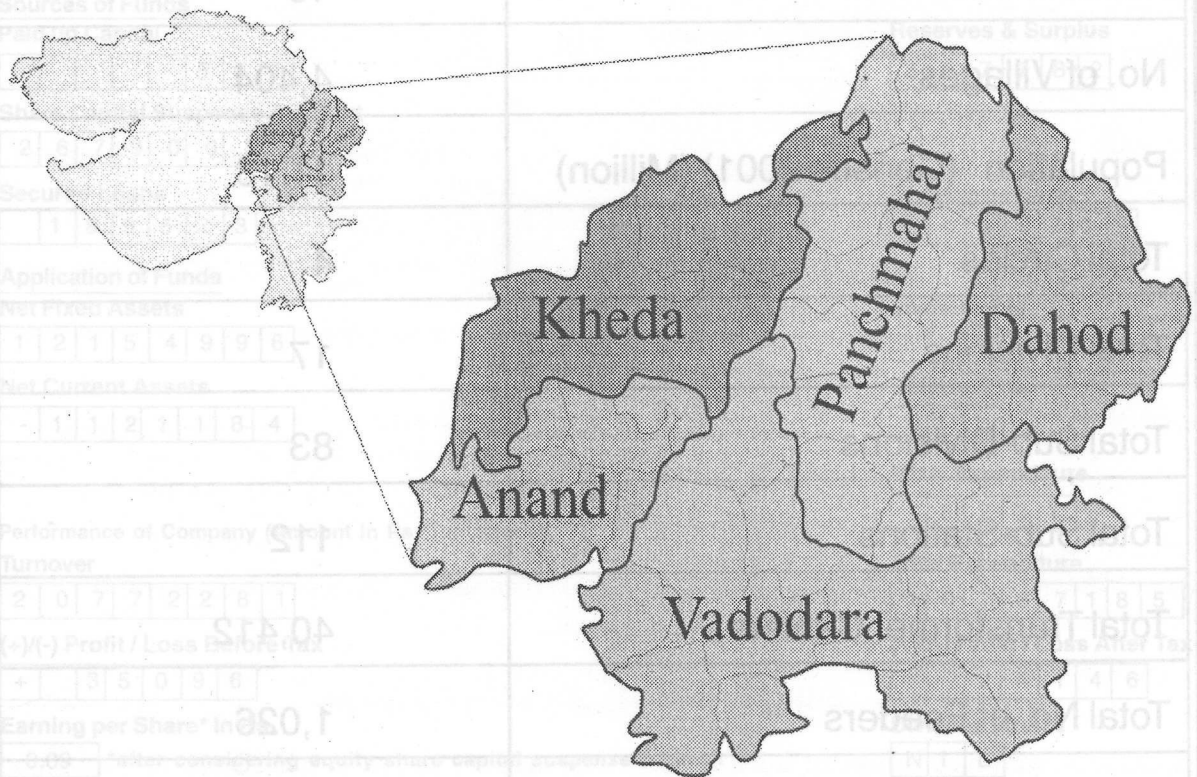
Product Description / Distribution of Energy

Product Description / Distribution of Energy

Product Description / Distribution of Energy

Product Description / Distribution of Energy

Area map of MGVCL



For: Prakash Chandra Jain & Co.

Chartered Accountants

P. C. Nalwadia

Partner

M. No. 033710

Date: 04/12/2008

L. Chaudhary

Chairman

K. R. Shah

General Manager (F&A)

Date: 04/12/2008

Prakash Chandra Jain & Co.

Chartered Accountants

P. C. Nalwadia

Partner

M. No. 033710

Date: 04/12/2008





SCADA Center at Subhanpura, Vadodara



**Automatic Remote Meter Reading Room
at Corporate Office, Vadodara**



Registered Office :
Sardar Patel Vidhyut Bhavan, Race Course, Vadodara - 390 007