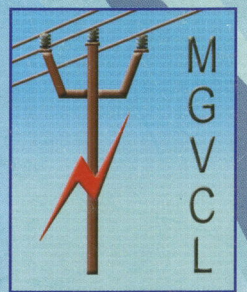




7th

Annual Report 2009 - 2010



MADHYA GUJARAT VIJ COMPANY LIMITED

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

Our Vision

- Customer satisfaction through service excellence

Our Mission

- To provide reliable and quality power at competitive cost
- To reach global standards in reducing distribution losses

Our Core Values

- Customer satisfaction
- Participative work culture
- Pride of belongingness
- Excellence
- Being ethically and socially responsive

**BOARD OF DIRECTORS**

Shri L. Chuaungo, IAS	(As on 21-12-2010) Chairman
Shri H.P. Desai	Director
Prof. Kirankumar Joshi	Director
Shri K. M. Shringarpure	Director
Shri Munindra A. Bhatt	Director
Shri A. N. Khatri, IAS	Managing Director

COMPANY SECRETARY

Shri K.M. Antani

SENIOR EXECUTIVES

Shri S. I. Lamba	(As on 21-12-2010) Chief Engineer (P)
Shri S.M. Godkhindi	Chief Engineer (T&O)
Shri K.R. Shah	General Manager (F&A)

BANKERS

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

AUDITORS

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

CONTENTS**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
Website : www.mgvcl.com
E-mail : info.mgvcl@gebmil.com

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**NOTICE**

Notice is hereby given that the Seventh 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 Friday, 24th December, 2010, at 3.00 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 and Special Business :

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2010, 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 H.P. Desai, who retires by rotation and eligible for re-appointment.
3. To appoint a Director in place of Shri K.M. Shringarpure, who retires by rotation and eligible for re-appointment.
4. 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 2010-11.

SPECIAL BUSINESS

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

"RESOLVED THAT Shri A. N. Khatri, IAS, who was appointed as an Additional Director of the Company effective from 9th September, 2010, under Section 260 of the Companies Act, 1956 and who holds such office up to the date of this Annual General Meeting and who is eligible for re-appointment be and is hereby appointed as a Director of the Company and who shall not be subject to retirement by rotation until such time that he is the Managing Director of the Company".

By Order of the Board

Vadodara
21st December, 2010

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. 5**

Shri A. N. Khatri, IAS, was appointed as an Additional Director by the Board of Directors effective from 9th September, 2010, under Section 260 of the Companies Act, 1956 and he holds office up to the date of this Annual General Meeting. He represents Gujarat Urja Vikas Nigam Limited (GUVNL), the holding Company, pursuant to Article 57 of the Articles of Association of the Company. He was also appointed as the Managing Director of the Company on the same date. On his appointment as Director at this Annual General Meeting, he will continue to be the Managing Director of the Company.

Shri A. N. Khatri, IAS, has to his credit rich experience of more than 3 decades in various capacities.

Your Directors, recommend the resolution for your approval.

None of the Directors, except Shri A. N. Khatri, IAS, is interested or concerned in this resolution.

By Order of the Board

Vadodara
21st December, 2010

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 7th Annual Report of the Company together with the Audited Accounts for the year ended 31st March, 2010.

FINANCIAL RESULTS

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

(₹ in Lacs)

	2009-10	2008-09
Total Income	276214.76	261385.27
Gross Profit before Depreciation, Interest and Tax	18668.71	14854.42
Depreciation	8365.64	6994.28
Interest and Finance Charges	8013.67	7263.26
Profit before Tax	2289.40	596.88
Provision for Tax	583.94	144.10
Profit after Tax and available for appropriation	1705.46	452.78

DIVIDEND

Your Directors do not recommend any dividend on Equity Shares for the year under review.

SHARE CAPITAL

During the year under review, 3,00,00,000 Equity Shares of ₹ 10/- each were allotted to Gujarat Urja Vikas Nigam Limited, the holding Company, on 29th March, 2010, for cash, at par, on right basis.

Accordingly, the Equity Share Capital increased to ₹ 242.64 Crores.

FINANCIAL PERFORMANCE

You will be happy to learn that during the year, the Company made significant improvements in its financial performance.

The key highlights of the financial performance of the Company for the year 2009-10 are as under:

The salient points are:

- ❖ Revenue Assessment (without ED) increased to ₹ 2597.37 Crores during financial year 2009-10 from ₹ 2468.69 Crores in F.Y. 2008-09 registering the increase of ₹ 128.68 Crores (+5.21%) in a year.
- ❖ The average rate of realization per unit sold also touched to ₹ 4.51 per unit (without ED).
- ❖ Total income increased to ₹ 2762.15 Crores as against ₹ 2613.85 Crores in the previous financial year, an increase of 5.67%.



- ❖ Profit before tax increased to ₹ 22.89 Crores as compared to ₹ 5.97 Crores in the previous financial year, an increase of ₹ 16.92 Crores.
- ❖ The average cost to serve per unit sold decreased to ₹ 4.76 per unit during the year compared to ₹ 4.83 per unit of last year.

OPERATIONAL PERFORMANCE

- ❖ Power sales units sold registered a new height of 5759 MUs during the year compared to 5400 MUs showing an increase of 6.65% over last year.
- ❖ Distribution losses as on March, 2010, are 13.08%. During the financial year 2009-10, the Company had provided more hours of power supply to Agricultural feeders, therefore, losses of agriculture dominated feeders have increased and there is a marginal increase in overall distribution losses as compared to distribution losses of 12.98% in the previous financial year 2008-09. However, if the extra units supplied to agriculture dominated feeders are considered as sale of power to unmetered agriculture consumers in addition to normal sale, the overall distribution losses are 12.55% as on March, 2010.
- ❖ Transformer failure rate reduced to 5.06% from 6.11%.
- ❖ Power availability improved to 99.49% (without load shedding).
- ❖ The consumer base increased to 24.05 Lacs from 22.76 Lacs.
- ❖ Under various normal development schemes, 121 HT Industrial, 1,433 LT Industrial and 49,586 domestic connections are released.
- ❖ Continuous efforts are being made for prevention of theft of energy. The vigilance team of the Company carried out intensive inspection drives during the year 2009-10. 3,17,889 connections were checked under the Installation Checking drives and 7,347 connections were detected for theft and mal-practice with total assessment of ₹ 673 lacs and total recovery of ₹ 516 Lacs.

SYSTEM IMPROVEMENT

For strengthening of distribution network and to improve system operations several initiatives are taken during the year under review:

- ❖ Detailed analysis and in-depth study is carried out for feeders having high Ampere loading and low tail end voltages and accordingly, such feeders are bifurcated as per system improvement (SI) norms. Total such 45 feeders are bifurcated under SI.
- ❖ Conductor renovation of 1,283 KM is carried out under system improvement.
- ❖ 121 nos of Transformers are covered under DTC review.
- ❖ 5,430 High Voltage Distribution System (HVDS) is being implemented to reduce hooking in rural areas and to reduce the LT line losses.
- ❖ Geographical Information System (GIS) is implemented and commissioned in 10 nos. of towns.

SCADA

SCADA system is used using core technologies such as data communications, centralized and distributed data base, decision support system, real time computing, power system analysis, Geographical Information processing, Graphics and simulation & forecasting.



SCADA is an effective tool for remote sensing of system parameters. The distribution system can be monitored on a real time basis and also controlled by issuing commands to remote stations where Remote Terminal Units (RTUs) are located. The aim of the system is to have effective load management of the distribution system to improve reliability and efficiency of supply. Because the process is online, supply conditions given by the instant loading and voltage profile are effectively monitored, daily and monthly data are readily aggregated, and the energy flow is easily tracked to individual feeders.

Existing SCADA system in Vadodara City will be up graded under projects approved under R-APDRP Scheme.

IT INITIATIVES

❖ Information Technology

- E payment facility from anywhere;

❖ 'E-urja' end to end ERP Solution

The Company is implementing an 'Enterprise Resource Planning' (a project named as e-URJA) solution. This will help in better housekeeping, billing efficiency, effective maintenance, asset management, consumer relation management, Inventory management, Finance Management, HR Management etc. At present, all the Sub divisions, Divisions and Circles are connected through e-urja and Company envisages that in the current financial year 2010-11, ERP Solution shall be in place in the system on end-to-end basis.

❖ E- gram Panchayats

Government of Gujarat has designated various Gram Panchayats as E-Gram Panchayats (E-GPs), who qualified as per eligibility criteria for e-governance and modernization of various villages of Gujarat. In order to make such E-GPs self-sustained by increasing their income and also to facilitate the consumers of the Company for payment of energy bills in their villages itself, GOG has decided to award the agency of collection of energy bills to such E-GPs. There are 2,809 E-GPs under 5 Districts of the Company. The requisite Agreements are executed with TDOs in all the E-GPs / villages and all these E-GPs have started bill collection work and many villagers are utilizing this new facility of paying their electricity bills through E-GPs.

OTHER PROJECTS / SCHEMES

- ❖ To continue the support to distribution reforms during the 11th Five year Plan, Government of India has continued R-APDRP (Restructured APDRP) with revised terms and conditions. The R-APDRP primarily aims at reducing Aggregate Technical and Commercial (AT&C) losses in urban areas. Projects under the R-APDRP program shall be taken up in Two Parts. Part-A shall include the projects for establishment of baseline data and IT applications for energy accounting/ auditing & IT based consumer service centers. Part-B shall include regular distribution strengthening projects. The R-APDRP program will cover urban areas -towns and cities with population of more than 30,000 (10,000 incase of special category states).

Under Part A of R-APDRP, projects for 17 towns of the Company at an estimated cost of ₹ 93.75 Crores have been sanctioned. (It includes common data centre and Disaster recovery centre for all fellow distribution Companies). The Company has also appointed Consultants and IT implementing agency for implementation of the said projects.



Under Part B, projects for 13 towns of the Company at an estimated cost of ₹ 103.03 Crores are sanctioned during the current year.

- ❖ Under Distribution Reforms Upgrades and Management (DRUM) project, a part of USAID programme, being implemented at Umreth sub-division. Advance technology Surge Arrestors were installed on all the transformer Centre. Work of HVDS and GIS implementation were continued during the year. In order to improve voltage profile of 11 KV feeders, 18 nos. of HT Switched Shunt Capacitors are installed.

The work of installing Remote Monitoring of Reliability Indices by installing units on two Umreth Urban feeders is commenced.

- ❖ '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. During the year under review, in Anand District 5,216 and in Vadodara District 5,150 BPL beneficiaries are electrified. The work for Panchmahal District is completed in the year 2008-09. For Kheda and Dahod District order already placed and survey work is under progress.
- ❖ Under State Government sponsored Scheme, 22,073 connections are released under Zupadpatti Vijalikaran Scheme, and 13,463 connections are released in 'Kutir Jyoti Scheme' in tribal areas for the year 2009-10.
- ❖ In Agricultural Sector, electrification of wells carried out for -
 - 1,706 wells under Special Project Agriculture (SPA) Scheme
 - 4,292 wells under Tribal Area Sub plan (TASP) Scheme
 - 122 agriculture well in Scheduled Caste Sub Plan (SCSP)
 - 46 in other scheme
- ❖ In tribal areas,
 - electrification carried out for 88 Petaparas under Tribal Area Sub Plan (TASP) and
 - 439 petaparas under Scheduled Caste Sub Plan (SCSP).

CUSTOMER SERVICES

The Company continued its thrust towards improving customer services during the year. Through continuous improvements in systems and processes, the Company has continued to focus on providing reliable and quality power to consumers.

- ❖ 22 Fully computerized All Time Payment Centre (ATP) have been installed in MGVCL (Baroda City-15, Anand-7) to facilitate consumers to pay their energy bills at any time.
- ❖ The Company has launched the e-payment facility in June, 2010, as a part of providing better services to consumers. With the help of this facility, the Consumers shall be able to make the payment of their electricity bill through internet either by using net banking or Credit/debit Card at their own convenience at any time from anywhere within the due date of payment of electricity bill. The above arrangement has been made with more than 20 banks covering all major Public Sector Banks and Private Sector Banks.



- ❖ Monthly billing with hand held instruments is in place in Baroda City, Nadiad, Anand, Godhara, Dahod and Dabhoi towns.
- ❖ The Company's web site is regularly updated to make it more informative and customer friendly.
- ❖ Consumer Grievances Redressal Forum is in place as mandated by the Electricity Act, 2003 and the regulations notified there under.

URJA SHAKTI MONTH

As a part of 'Swarnim Gujarat Celebrations', the month of August, 2010 was celebrated as "Urja Shakti Month" in the Company. During this month, to create awareness on Energy Conservation and safe use of power, various events like Seminar, Essay Competition, Elocution Contest for school children, Drawing Competition for students, Green Gujarat Campaign, Rallies etc. were organized.

AWARDS & ACHIEVEMENTS

Your directors are pleased to inform you that the Ministry of Power, Government of India, has awarded Bronze Shield and Certificate of Appreciation to the Company for meritorious performance in power distribution for the year 2008-09.

The Company has also been awarded ENERTIA Award 2009 for sustainable Energy and Power under category Utilities and T&D Awards-Best Performing PSU Utility.

The Company was the highest amongst all fellow subsidiary distribution Companies in obtaining the performance based incentive decided by Gujarat Urja Vikas Nigam limited (GUVNL), the holding Company.

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 had filed a Multi Year Tariff (MYT) petition with GERC in December, 2009 for Annual Performance Review (APR) for financial year 2009-10 and seeking approval of Aggregate Revenue Requirement (ARR) for financial year 2010-11. Various hearings for the petition are already completed by GERC and Tariff Order is also issued by the Commission effective from 01-04-2010. The Company is also preparing its new MYT Petition for financial years 2011-12 to 2015-16 to file the same with GERC in December, 2010.

INTRA-STATE ABT

Pursuant to Order dated 1st April, 2010, Hon'ble GERC has introduced the concept of Un-scheduled Interchange (UI) mechanism to incentivize the various constituents to maintain grid operation between the specified frequency bands. Accordingly, the Company has also implemented the Intra State ABT (Availability Based Tariff) with effect from 5th April, 2010.

HUMAN RESOURCE DEVELOPMENT

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



DIRECTORS

Since the last Annual General Meeting, Shri M.K. Iyer, resigned as Director and his resignation has been accepted by the Board effective from 04th August, 2010. The Board places on record its appreciation of the valuable services rendered by Shri M.K. Iyer during his tenure as Director of the Company.

Shri A.N. Khatri, IAS, has been appointed as Managing Director of the Company by the Board of Directors of the Company effective from 9th September, 2010, in terms of Article 57 of the Articles of Association of the Company.

Shri R.O. Gandhi, Manager and Chief Engineer of the Company, exercising the powers of Managing Director ceased to be the Manager under the provisions of the Companies Act, 1956, effective from 9th September, 2010, on appointment of Managing Director.

Shri H.P. Desai, and Shri K.M. Shrigarpure, Directors, retire by rotation at the ensuing Annual General Meeting and are eligible for re-appointment. They are proposed to be re-appointed as Directors 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, 2010, 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, 2010 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, 2010, 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 as on the date of report, stands as under

Prof. Kirankumar Joshi	...	Chairman
Shri K. M. Shringarpure	...	Member
Shri Munindra A. Bhatt	...	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. K. C. Mehta & Co., 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, 2011. 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 Auditors' 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, along with the replies of the Management will be circulated as soon as the same are received as Addendum to this report.

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 2009-10 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
21st December, 2010

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

- High-loss feeders have been identified, close monitoring is being done up to the Sub-division level to reduce the technical losses and meters are provided on TCs for better control on systems to identify the weak pockets with high losses.
- Purchase of energy efficient Transformers i.e. Star Rated Transformers by Bureau of Electrical Energy having low losses than current IS level & thereby reduction in power consumption by the transformers which ultimately result in reduction of distribution losses.
- Meters with low burden also significantly reduce distribution losses.
- Cables & conductors with more cross sectional area are utilised to reduce resistance which also reduces distribution losses.
- Regular and periodical maintenance of line and equipments.
- Pamphlets explaining energy saving measures and its efficient use along with energy bills are circulated for public awareness. The seminar on energy conservation was also arranged during the year with participation of all categories of consumers. Mass awareness amongst consumers for energy conservation.
- Under the publicity campaign, printing of pamphlets, posters, banners, telecasting of short films on TV, cable network and on radio, advertisement in print media, depicting hoardings containing Energy saving messages/ slogans etc. have also been carried out during the celebration of "Energy Conservation Week."
- Under the "Swarnim Gujarat Mahotsav", the month of August-2010 was celebrated as "Urja Shakti Month-Aug-2010", under which various programs were organized by the Company for creating awareness of energy conservation with active involvement of the employees and public at large.
- In offices of the Company, all tube lights are replaced from conventional choke tube light to T5 energy conservation tube lights.
- Consumers are educated for reducing energy usage. Domestic consumers are advised to use compact fluorescent lamps, T5 tube lights & agriculture consumers are educated to use energy efficient pumps & capacitors on motors.

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

- Aerial Bunch conductor in place of bare conductor in theft prone areas to reduce pilferage of energy by direct hooking.
- XLPE coated service line in zupadpatti / low income areas to eliminate theft by tapping of service lines



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 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)

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

Many activities have been carried out through indigenous sources for system improvement.

- Concept of single phase transformer of 5 KVA introduced for reduction of technical and commercial losses.
- Utilisation of 2core 4mm² cable instead of conventional 2 Core 2.5mm² cable for single phase service line to reduce technical losses.

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

❖ Advantages of HVDS by 5 KVA single phase T/C over LVDS.

- Reduction of line losses at optimum capital investment.
- Reduction in voltage drop.
- Reduction in failure of DTC.
- Prevention of Theft of energy.
- Improvement in Reliability of supply.

❖ Reduction in technical & commercial losses.

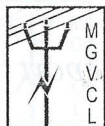
3. Future plan of Action (for system improvement)

- Cable and conductor measuring instruments are proposed for all four Circles of the Company.
- Total 136 Nos. of 11 KV high losses feeders are selected for close monitoring for reduction of commercial and technical losses.
- For reduction in technical losses.

LT line bifurcations, strengthening of LT lines, conversion of long single phase lines into three phase lines and equal load distribution between phases, Load balancing on transformer, 11 KV feeder bifurcation, HVDS etc. are planned.

- For reduction in commercial losses.

Replacement of faulty and old meters, shifting of meter outside the premises, replacement of deteriorated service lines having joints, insulation of HT and LT line crossing for Jyotigram and Agriculture dominant feeders, cross checking of meter readers' activities are planned.



- SCADA System in Vadodara City will be upgraded.
- 4. Expenditure on R & D
Company has incurred Rs. 44 Crores during the year under review for system improvement, HVDS, Aerial Bunch Conductors, Underground Cables.

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

1. Efforts, in brief, made towards technology absorption, adaptation and innovation.
 - Pilot project is initiated for installing roof type solar power system in five sub division offices of the Company.
 - Special Design Transformers (SDT) are invented and introduced for load shading activity on Agriculture dominant feeders.
2. Benefits derived as a result of the above efforts.
 - This will reduce own usage of electricity & contribution to improve environment by reducing carbon use.
 - Reduction in power theft by Ag. Consumers during load shading by phase converters.
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
21st December, 2010

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 for the year ended on 31 March 2010.

The preparation of financial statements of Madhya Gujarat Vij Company Limited for the year ended 31 March 2010 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the Company. The statutory auditor appointed by the Comptroller and Auditor General of India under Section 619 (2) of the Companies Act, 1956 is 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 08 September 2010.

I on behalf of 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 for the year ended 31 March 2010. 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:

Comments on Profitability

Profit and Loss Account

Expenditure

1) Employee Costs (Schedule 21)

Salaries (₹ 97.99 Crore)

The above balance is overstated by ₹ 1.90 Crore, being provision made during the year towards 3rd instalment of 6th Pay Commission arrears for regular employees which was already provided for in 2008-09. Consequently due to the double booking for expenses the liability is overstated and profit is understated to that extent.

2) Interest and Financial Charges (Schedule 25)

Interest to consumers (₹ 20.15 Crore)

The above included a provision towards TDS liability of ₹ 81 Lakh against interest payable to LT/HT consumers on Security Deposits which has already been charged to revenue separately by the Company. This has correspondingly resulted in understatement of profit for the year and overstatement of current liabilities by ₹ 81 Lakh each.

**Comments on Financial Position****Balance Sheet****Assets****3) Capital expenditure in progress (Schedule 9)****Capital works in progress (₹ 60.51 Crore)**

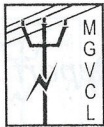
The above balance is overstated by ₹ 11.17 Crore being balance outstanding since 2005-06 for expenditure incurred against WIP of APDRP scheme and work of SPL project LNS and cable in respect of Vishwamitri East Division. As the scheme has been completed in 2008-09, the same should have been capitalized and transferred to completed asset. Due to non capitalization, the fixed asset is understated to the extent of ₹ 11.17 Crore. Consequently depreciation was under provided and profit for the year was overstated each to the extent of ₹ 1.06 Crore (4.75% on 11.17 Crore for two years).

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

Place : Ahmedabad

Date : 23-12-2010

Dr. Prasenjit Mukherjee
Principal Accountant General

**ANNEXURE - II****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, 2010.

Para No.	Comments of the Comptroller and Auditor General of India	Management Reply
	Comments on Profitability Profit and Loss Account Expenditure 1. Employee Costs- (Schedule 21) Salaries (₹ 97.99 Crore) The above balance is overstated by ₹ 1.90 Crore, being provision made during the year towards 3rd instalment of 6th pay commission arrears for regular employees which was already provided for in 2008-09. Consequently due to the double booking for expenses the liability is overstated and profit is understated to that extent.	The audit point is noted and necessary rectification is done in the books during the current year.
	2. Interest and Financial Charges (Schedule 25) Interest to consumers (₹ 20.15 Crore) The above included a provision towards TDS Liability of ₹ 81 Lakh against interest payable to LT/HT consumers on Security Deposit which has already been charged to revenue separately by the Company. This has correspondingly resulted in understatement of profit for the year and overstatement of current liabilities by ₹ 81 Lakh each.	The audit point is noted and necessary rectification is done in the books during the current year.

Annual Report
2009-10

For and on behalf of the Board

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, 2010, 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 2009-10 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 31.
 - (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.

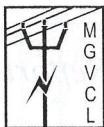


- (f) Attention is invited to the following Note appearing in Schedule 31 to the financial statements:
- i. Note No.4 regarding legal ownership (title) of immovable properties.
- (g) Further to the above, In our opinion and to the best of our information and according to the explanations given to us, 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, 2010
 - (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
Firm Regn. No. : 002438C

P. C. Nalwaya
Partner
M. No. 033710

Place : Vadodara
Date : 08-09-2010

**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 been physically verified by the management during the year and no material discrepancies were observed 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 procedures / 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-clauses (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 there under.

(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, 2010 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 except the dues mentioned below:-

Sr. No.	Nature of demand	Period to which it relates	Tax Amount (in ₹)	Forum in which appeal preferred
1.	Income Tax-Regular Assessment	2005-06	11,92,376.00	CIT (Appeals)-III Baroda

(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.

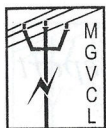
Based on examination of the accounts and as per the information and explanation given to us, the Company is not dealing or trading in shares, securities, debentures and other investments.

(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) Incase 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) Utilization 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 MGVCL 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

Firm Regn. No. : 002438C

P. C. Nalwaya

Partner

M. No. 033710

Place : Vadodara
Date : 08-09-2010


BALANCE SHEET AS AT MARCH 31, 2010

PARTICULARS	SCHEDULE NUMBER	[₹ IN LACS]	
		AS AT 31 ST MARCH, 2010	AS AT 31 ST MARCH, 2009
SOURCES OF FUNDS			
SHAREHOLDERS FUND			
Share Capital.	1	24264.14	21264.14
Share Application Money.	2	-	3000.00
Reserves & Surplus.	3	25928.57	24223.14
Deferred Government Grants, Subsidies and Contributions.	4	47554.08	35370.25
LOAN FUNDS			
Secured Loans.	5	19085.75	20459.68
Unsecured Loans.	6	31575.18	33550.77
TOTAL		148407.72	137867.98
APPLICATION OF FUNDS			
FIXED ASSETS			
Gross Block.	7	191392.03	167913.27
Less : Accumulated Depreciation.		40267.56	31948.40
Net Block		151124.47	135964.87
Assets not in Use.	8	39.35	5.37
Capital expenditure in progress.	9	7241.04	5602.27
TOTAL FIXED ASSETS		158404.86	141572.51
INVESTMENTS		-	-
CURRENT ASSETS, LOANS & ADVANCES			
Inventories.	10	18008.34	15094.82
Sundry Debtors.	11	34566.12	33183.52
Cash & Bank balances.	12	2879.06	3811.07
Loans & Advances.	13	2568.38	3604.37
Other Current Assets.	14	12648.80	24529.91
TOTAL CURRENT ASSETS		70670.70	80223.69
LESS :			
Current Liabilities.		66128.07	66088.18
Provisions.		14539.77	17881.20
TOTAL CURRENT LIABILITIES & PROVISIONS	15	80667.84	83969.38
NET CURRENT ASSETS		(9997.14)	(3745.69)
MISCELLANEOUS EXPENDITURE	16	-	41.16
(To the extent not written off)			
TOTAL		148407.72	137867.98
Significant Accounting Policies.	30		
Notes Forming Part of Accounts.	31		

As per our attached report of even date

For and on behalf of the Board of Directors

For Prakash Chandra Jain & Co.
Chartered Accountants
Firm Regn. No. : 002438C

L. Chuaungo
Chairman

K.M.Shringarpure
Director

R.O.Gandhi
Manager & CE (T&O)

P. C. Nalwaya
Partner
M. No. 033710

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

K. M. Antani
Company Secretary

Place : Vadodara
Date : 08-09-2010

Place : Vadodara
Date : 08-09-2010



MADHYA GUJARAT VIJ COMPANY LIMITED *Annual Report* 2009-10

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

PARTICULARS	SCHEDULE NUMBER	[₹ IN LACS]	
		YEAR ENDED 31 ST MARCH, 2010	YEAR ENDED 31 ST MARCH, 2009
INCOME			
Revenue from Sale of Power.	17	259737.01	246868.73
Revenue Subsidies and Grants.	18	7802.56	7600.50
Other Income.	19	8675.19	6916.04
TOTAL INCOME		276214.76	261385.27
EXPENDITURE			
Purchase of Power.		228712.40	225354.13
Repairs and Maintenance.	20	3606.34	3298.14
Employee Costs	21	23665.79	18754.80
Administration and General Expenses.	22	3649.22	3411.21
Other Miscellaneous Expenses.	23	2196.49	1083.84
Depreciation.	24	8365.64	6994.28
Interest and Finance Charges.	25	8013.67	7263.26
Sub-Total		278209.55	266159.66
Less: Other Expenses Capitalised.	26	5006.55	5433.27
Sub-Total		5006.55	5433.27
Sub-Total		273203.00	260726.39
Extra-ordinary items.	27	-	-
Net Prior Period Expenses / (Income).	28	722.36	62.00
TOTAL EXPENDITURE		273925.36	260788.39
PROFIT / (LOSS) BEFORE TAX		2289.40	596.88
Tax Expenses / (Income).	29	583.94	144.10
Net Profit / (Loss) after Tax available for appropriation		1705.46	452.78
Balance broughtforward from last Balance Sheet.		4130.60	3677.82
Balance broughtforward to the Balance Sheet.		5836.06	4130.60
Earnings per share - (in ₹)			
Basic - Refer Note No:20 of Sch.-31.		0.79	0.67
Diluted - Refer Note No:20 of Sch.-31.		0.70	—
Significant Accounting Policies.	30		
Notes Forming Part of Accounts.	31		

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

For Prakash Chandra Jain & Co.
Chartered Accountants
Firm Regn. No. : 002438C

L. Chuaungo
Chairman

K.M.Shringarpure
Director

R.O.Gandhi
Manager & CE (T&O)

P. C. Nalwaya
Partner
M. No. 033710

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

K. M. Antani
Company Secretary

Place : Vadodara
Date : 08-09-2010

Place : Vadodara
Date : 08-09-2010



CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2010

PARTICULARS	[₹ IN LACS]	
	For the year 31 st March, 2010	For the year 31 st March, 2009
Cash Flow from Operating Activities		
Net Profit Before Tax	2,289.40	596.88
Adjustments For: :Add / (Less) :-		
Prior Period Credit / Charges.	723.75	(2.21)
Other Miscellaneous Expenses.	861.67	873.51
Govt. Grants/Cons. contribution Written Back.	(5,283.71)	(3,930.03)
Bad & Doubtful Debts Written Back.	1,289.23	148.01
Profit on Sale of Fixed Assets.	(18.54)	(15.80)
Loss on Sale of Fixed Assets.	-	1.85
Provision for Leave Encashment.	965.45	2,484.32
Misc Expenditure Written off.	41.15	41.15
Depreciation.	8,365.64	7,061.95
Interest and financing charges.	8,013.67	7,263.26
Exceptional Items.	-	-
Operating Profit Before Working Capital Changes	17,247.71	14,522.89
Adjustments for Changes in Working Capital.		
(Increase) /Decrease in Current Assets.	6,801.36	(20,877.87)
Increase /(Decrease) in Current Liabilities.	(5,004.59)	10,838.09
CASH GENERATED FROM OPERATIONS	19,044.48	4,483.11
Direct Tax Paid.	(331.33)	(152.20)
CASH FLOW BEFORE EXTRAORDINARY ITEMS	18,713.15	4,330.91
Exceptional Items.	-	-
Prior Period Credit / (Charges).	(570.09)	66.02
A. NET CASH FROM OPERATING ACTIVITIES	18,143.06	4,396.93
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets.	(23,620.65)	(28,780.18)
Sale of Fixed Assets.	113.96	22.85
(Increase)/Decrease in CWIP.	(1,638.77)	1,683.71
(Increase)/Decrease in Assets not in use.	(33.98)	1.88
B. NET CASH FROM IN INVESTING ACTIVITIES	(25,179.44)	(27,071.74)
CASH FLOW FROM FINANCING ACTIVITIES		
Increase in Equity Share Capital (including share premium).	-	17,561.63
(Repayment) / Proceeds From Borrowings.	(3,349.51)	(2,191.89)
(Repayment) / Proceeds from Cons. Contri./ Grants/subsidies.	17,467.54	15,555.01
Interest Paid.	(8,013.67)	(7,263.26)
C. NET CASH USED IN FINANCING ACTIVITIES	6,104.36	23,661.49
NET INCREASE IN CASH & CASH EQUIVALENTS (A+B+C)	(932.02)	986.68
CASH AND CASH EQUIVALENT (OPENING BALANCE)	3,811.08	2,824.40
CASH AND CASH EQUIVALENT (CLOSING BALANCE)	2,879.06	3,811.08

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 Cash flow & Cash Equivalent as on 01-04-2009 & 31-03-2010 are as per Schedule 12 to the Balance Sheet. One of the components of cash & cash Equivalent is Remittance in transit of ₹ 1.36 crore as on 31-03-2010. (3) Previous year's figures have been regrouped/reclassified wherever applicable. (4) Proceeds from Loan Funds, Consumer Contributions, Subsidy and Grants have been shown as net of receipt/payment.

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

For Prakash Chandra Jain & Co.
Chartered Accountants
Firm Regn. No. : 002438C

L. Chuaungo
Chairman

K.M.Shringarpure
Director

R.O.Gandhi
Manager & CE (T&O)

P. C. Nalwaya
Partner
M. No. 033710

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

K. M. Antani
Company Secretary

Place : Vadodara
Date : 08-09-2010

Place : Vadodara
Date : 08-09-2010



MADHYA GUJARAT VIJ COMPANY LIMITED *Annual Report* 2009-10

SCHEDULES FORMING PART OF BALANCE SHEET AS AT MARCH 31, 2010

SCHEDULE: 1 SHARE CAPITAL

PARTICULARS	[₹ IN LACS]	
	As at 31 st March, 2010	As at 31 st March, 2009
Authorised Share Capital 50,00,00,000 Equity Shares each of ₹ 10 each.	50000.00	50000.00
Issued Share Capital 24,30,18,764 Equity Shares each of ₹ 10 each fully paid-up (Previous year 21,26,41,422 Equity Shares).	24301.88	21264.14
Subscribed and Paid-up Capital 24,26,41,422 Equity Shares each of ₹ 10 each fully paid-up (Previous year 21,26,41,422 Equity Shares) held by the holding company Gujarat Urja Vikas Nigam Limited & its nominees.	24264.14	21264.14
TOTAL	24264.14	21264.14

(i) During the year 3,00,00,000 Shares were allotted to holding company Gujarat Urja Vikas Nigam Limited.

SCHEDULE: 2 SHARE APPLICATION MONEY

PARTICULARS	[₹ IN LACS]	
	As at 31 st March, 2010	As at 31 st March, 2009
Share Application money.	-	3000.00
TOTAL	-	3000.00

See note No: 01 (D) of SCHEDULE : 31

SCHEDULE: 3 RESERVES & SURPLUS

PARTICULARS	[₹ IN LACS]	
	As at 31 st March, 2010	As at 31 st March, 2009
Reserves Share Premium Reserve.	20092.51	20092.51
Surplus Surplus as per Profit & Loss Account.	5836.06	4130.63
TOTAL	25928.57	24223.14

See note No: 01 of SCHEDULE : 31



SCHEDULES FORMING PART OF BALANCE SHEET AS AT MARCH 31, 2010

SCHEDULE: 4

DEFERRED GOVERNMENT GRANTS, SUBSIDIES & CONTRIBUTIONS

PARTICULARS	[₹ IN LACS]	
	As at 31 st March, 2010	As at 31 st March, 2009
GOVERNMENT GRANTS / SUBSIDIES		
Subsidies towards Cost of Capital Assets.	26466.04	16708.48
Grants towards cost of Capital Assets.	5730.65	6366.96
CONSUMER CONTRIBUTIONS		
Consumer Contribution towards Capital Assets.	15357.39	12294.81
TOTAL	47554.08	35370.25

SCHEDULE: 5

SECURED LOANS

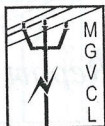
PARTICULARS	[₹ IN LACS]	
	As at 31 st March, 2010	As at 31 st March, 2009
(A) LOAN FROM BANKS		
(I) Term Loans (allocated by GUVNL)	9733.90	12688.29
(Due within one year ₹ 5198 Lacs, Previous year ₹ 2901 Lacs).		
Interest Accrued and Due.	26.59	49.50
(II) Bills Discounting under DPG (allocated by GUVNL)	1082.97	3463.61
(Due within one year ₹ 1083 Lacs, Previous year ₹ 2384 Lacs).		
(B) LOAN FROM FINANCIAL INSTITUTIONS	426.79	1206.68
(Allocated by GUVNL)		
(Due within one year ₹ 247 Lacs, Previous year ₹ 603 Lacs).		
(C) CASH CREDIT FROM BANKS	1152.74	-
(D) LOAN FROM FINANCIAL INSTITUTIONS	3001.13	1565.57
(Raised by MGVCL)		
(Due within one year ₹ 24 Lacs, Previous year ₹ 24 Lacs).		
(E) Bills Discounting under DPG (Raised by MGVCL)	3661.63	1486.03
(Due within one year ₹ 860 Lacs, Previous year ₹ 423 Lacs).		
TOTAL	19085.75	20459.68

See note No: 02 of SCHEDULE : 31

- 1 Loan from Oriental Bank of Commerce (outstanding ₹ 0.86 Crores) is secured against the 1st hypothecation charge on the assets of Baroda City Circle and Jambuva O&M Division of MGVCL -(A)(I).
- 2 Loan from State Bank of India (outstanding ₹ 1.21 Crores) is secured against the 1st hypothecation charge on the assets of Valsad & Surat O&M Circles, Ankleshwar Indl. and O&M Division, Bharuch City and O&M Division and Rajpipla O&M Division of DGVCL-(A) (I).
- 3 Loan from Central Bank of India (outstanding ₹ 1.35 Crores) is secured against the 1st hypothecation charge on the assets of Rajkot Rural Division & Rajkot RSO of PGVCL-(A) (I).

SCHEDULE : 5 SECURED LOANS (Continued)

- 4 Loan from Bank of Baroda (outstanding ₹ 7.69 Crores) is secured against the 1st hypothecation charge on the assets of Rajkot, Amreli, Bhuj O & M Circle & Jamnagar Rural Division of PGVCL-(A) (I).
- 5 Loan from State Bank of India (outstanding ₹ 8.55 Crores) is secured against the 1st hypothecation charge on the assets of Gondal, Jetpur, Rajkot, Jamnagar, Dhoraji and Ranasan TR. Division of GETCO -(A) (I).
- 6 Loan from Indian Overseas Bank (outstanding ₹ 2.46 Crores) is secured against the 1st hypothecation charge on the assets of Dhrangadhra and Surendranagar O & M Division of PGVCL-(A) (I).
- 7 Loan from State Bank of Saurashtra (outstanding ₹ 1.54 Crores) is secured against the 1st hypothecation charge on the Plant & Machinery of Dhrangadhra O & M Division of PGVCL-(A) (I).
- 8 Loan from Dena Bank (outstanding ₹ 6.63 Crores) is secured against the 1st hypothecation charge on the assets of Amreli, Dhasa & Vernej TR. Division of GETCO-(A) (I).
- 9 Loan from Indian Overseas Bank (outstanding ₹ 2.88 Crores) is secured against the 1st hypothecation charge on the assets of Vijapur, Mehsana & Chhatral TR. Division of GETCO-(A) (I).
- 10 Loan from Union Bank of India (outstanding ₹ 2.47 Crores) is secured against the 1st hypothecation charge on the assets of Soja, Dhansura & Chhatral TR. Division of GETCO-(A) (I).
- 11 Loan from Bank of Baroda (outstanding ₹ 4.94 Crores) is secured against the 1st hypothecation charge on the assets of Bhavnagar, Junagadh Rural, Botad, Mahuva, Bhavnagar City, Keshod (No.1), Keshod REC & Surendranagar O & M Division of PGVCL-(A) (I).
- 12 Loan from Allahabad Bank (outstanding ₹ 5.43 Crores) is secured against the 1st hypothecation charge on the assets of Sabarmati, Gandhinagar & Bavla O & M Division of UGVCL-(A)(I).
- 13 Loan from State Bank of India (outstanding ₹ 16.98 Crores) is secured against the 1st hypothecation charge on the assets of Valsad, Surat, Ankleshwar Indl. Divn., Bharuch City Divn., Bharuch O & M Divn. and Ankleshwar O & M Division of DGVCL-(A) (I).
- 14 Loan from Bank of Baroda (outstanding ₹ 9.83 Crores) is secured against the 1st hypothecation charge on the assets of Amreli, Bhuj, Jamnagar Rural Divn. Mahuva O & M Division, Keshod REC Divn., Surendranagar O & M Divn. of PGVCL-(A) (I).
- 15 Loan from Canara Bank (outstanding ₹ 7.71 Crores) is secured against the 1st hypothecation charge on the assets of Halol O & M Divn., Baroda O & M Divn. and Dabhoi O & M Divn. of MGVCL-(A) (I).
- 16 Loan from Syndicate Bank (outstanding ₹ 7.20 Crores) is secured against the hypothecation charge on the assets of Palanpur Transmission Circle of GETCO-(A) (I).
- 17 Loan from Canara Bank (outstanding ₹ 9.60 Crores) is secured against the extension hypothecation charge on the assets of Godhra and Baroda O&M Divisions of MGVCL-(A) (I).
- 18 Bills Discounting limits availed from ICICI Bank, SIDBI, HDFC Bank, State Bank of India, Allahabad Bank, Bank of Baroda & Union Bank of India are secured under the Deferred Payment Guarantees issued by consortium member banks-(A) (II) & (E).
- 19 Cash Credit limit is secured against the 1st hypothecation charge in favour of UCO Bank Consortium on the Stocks and Book Debts of all the Company-(C).
- 20 Loan from Rural Electrification Corporation (outstanding ₹ 1.30 Crores) is secured against the 1st hypothecation charge on the assets of Idar & Talod O&M Divisions of UGVCL-(B).
- 21 Loans from REC under APDRP Scheme [No.41122 to 41130] {outstanding ₹ 2.97 Crores} are secured against charge on the Plant & Machinery & Lines of Asoj Transmission Division, GETCO as well as the movable assets consisting of 3 Phase Meters, Quality / Static Meters, Static Meters on Indl. Consumers with MMB, DTCs, 11KV Feeder Bifurcation / Link Line for New Sub-stations, 66 KV Lines, 66KV Sub-station, 11 KV Conductor at Valsad O & M, Surat O & M and Bharuch O & M of DGVCL, Baroda City, O & M of MGVCL, Bhavnagar O & M, Junagadh O & M and Jamnagar O & M of PGVCL and Sabarmati O & M and Himmatnagar O & M of UGVCL-(B).
- 22 Loans from PFC raised by MGVCL under ADB-DRUM Project, (outstanding ₹ 1.87 crores) is secured against charge movable assets created under DRUM Project of Umreth Sub-Division of MGVCL- (D).
- 23 Loan from PFC raised by MGVCL under R-APDRP Scheme (outstanding ₹ 28.13 crores) is secured against charge of Plant and Machinery and lines and cables of Anand City Division-(D).



SCHEDULES FORMING PART OF BALANCE SHEET AS AT MARCH 31, 2010

SCHEDULE: 6 UNSECURED LOANS

PARTICULARS	[₹ IN LACS]	
	As at 31 st March, 2010	As at 31 st March, 2009
Term loan from Banks (Allocated by GUVNL)	1946.02	2134.69
Interest Accrued and Due.	-	4.32
(Due within one year ₹ 1101 Lacs, Previous year ₹ 1113 Lacs).		
Loans from Financial Institutions	6018.04	9030.03
(Allocated by GUVNL)		
(Due within one year ₹ 5566 Lacs, Previous year ₹ 5359 Lacs).		
Public Bonds (Allocated by GUVNL)	9436.25	11162.70
(Due within one year ₹ 809 Lacs, Previous year ₹ 1726 Lacs).		
Borrowings by MGVCL		
Term Loan from Bank	6500.00	3500.00
(Corporate Guarantee given by GUVNL)		
(Due within one year ₹ 2125 Lacs, Previous year ₹ 2000 Lacs).		
Loan from Financial Institution (Raised by MGVCL)	633.68	341.12
Total Loans	24533.99	26172.86
State Government Loans (Allocated by GUVNL)		
Loan under APDRP	1428.14	1536.67
ADB Programme & Project Loan	5613.05	5841.24
(Due within one year ₹ 435 Lacs, Previous year ₹ 308 Lacs).		
Total State Government Loans	7041.19	7377.91
TOTAL	31575.18	33550.77

See note No: 02 of SCHEDULE : 31

SCHEDULES FORMING PART OF BALANCE SHEET AS AT MARCH 31, 2010
**SCHEDULE: 7
FIXED ASSETS**

[₹ IN LACS]

Particulars	GROSS BLOCK			ACCUMULATED DEPRECIATION				NET BLOCK	
	Gross Block as on 01-04-09	Additions during the year	Deletion / Adujstment during the year	Balance at the end of This year	Balance as on 01-04-09	Charge during the year	Deletion / Adujstment during the year	Balance at the end of This year	Net Assets at the end of This year
Land & Land rights.	37.49	-	-	37.49	-	-	-	-	37.49
Buildings.	2236.58	504.68	-	2741.26	245.33	40.70	-	286.03	2455.23
Hydraulic works.	17.16	-	-	17.16	5.47	0.82	-	6.29	10.87
Other Civil works.	657.28	124.14	-	781.42	35.51	11.55	-	47.06	734.36
Plant & Machinery.	24832.50	4562.25	117.41	29277.34	5222.46	1242.86	40.51	6424.81	22852.53
Lines & Cable Net Works.	137767.18	18082.70	14.31	155835.57	25342.15	6819.58	(1.67)	32163.40	123672.17
Vehicles.	95.24	-	6.35	88.89	52.48	9.85	4.09	58.24	30.65
Furniture & Fixtures & Electrical Lightings.	533.28	124.74	2.36	655.66	99.51	36.97	1.18	135.30	520.36
Office Equipments.	1267.23	222.13	1.45	1487.91	499.62	203.31	2.37	700.56	787.35
Assets taken over from licensees pending final valuation. *	469.33	-	-	469.33	445.87	-	-	445.87	23.46
Total	167913.27	23620.64	141.88	191392.03	31948.40	8365.64	46.48	40267.56	151124.47
Total of the Previous year	139152.02	28780.18	18.93	167913.27	24895.29	7061.92	8.81	31948.40	135964.87

* The value and life of Assets taken over from the Licensee (Vadodara Mahanagar Seva Sadan) 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, 2010

SCHEDULE: 8 ASSETS NOT IN USE

PARTICULARS	[₹ IN LACS]	
	As at 31 st March, 2010	As at 31 st March, 2009
Written down Value of Obsolete / Scrapped Assets...		
Plant & Machinery.	37.37	1.33
Lines & Cable Net Works.	-	0.48
Vehicles.	1.87	2.94
Furniture & Fixtures.	0.03	0.25
Office Equipments.	0.08	0.37
TOTAL	39.35	5.37

SCHEDULE: 9 CAPITAL WORKS IN PROGRESS

PARTICULARS	[₹ IN LACS]	
	As at 31 st March, 2010	As at 31 st March, 2009
Capital Works-in-progress.	6050.82	5491.01
Interest Charges to be Capitalised.	325.79	27.69
Provision for completed works.	98.69	45.46
Total Assets at Construction Stage	6475.30	5564.16
Advances to Suppliers / Contractors (Capital).	765.74	38.11
TOTAL	7241.04	5602.27

SCHEDULE: 10 INVENTORIES

PARTICULARS	[₹ IN LACS]	
	As at 31 st March, 2010	As at 31 st March, 2009
Stock of materials at Other Stores.	13888.39	9339.83
Material under pending Inspection.	27.10	-
Materials at Site (O&M).	581.38	1724.36
Materials in Transit.	293.43	81.19
Other Materials Accounts.	3014.78	3780.50
Materials Stock Excess / Shortage Pending Investigation.	203.26	168.94
TOTAL	18008.34	15094.82



SCHEDULES FORMING PART OF BALANCE SHEET AS AT MARCH 31, 2010

SCHEDULE: 11
SUNDRY DEBTORS

PARTICULARS	[₹ IN LACS]	
	As at 31 st March, 2010	As at 31 st March, 2009
Sundry Debtors for Sale of Power.	12767.77	11383.94
Provision for Unbilled Revenue.	23247.73	22098.03
Dues from PDC (Net of SD forfeited).	10036.64	10410.25
Sundry Debtors for Miscellaneous Receipts from Consumers.	605.15	621.44
Sub-Total	46657.29	44513.67
Less : Unposted Receipts.	8.37	9.00
Sub-Total	46648.92	44504.67
Less : Provision for Doubtful Dues from Consumers.	9314.58	8392.15
Sub-Total	37334.34	36112.52
Less : Deferred ED & TSE from Consumers.	2768.22	2929.00
TOTAL	34566.12	33183.52

Out of the above -

- Outstanding for a period exceeding six months

- Others

Total

14963.60 12824.43

31693.69 31689.24

46657.29 44513.67

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

SCHEDULE: 12
CASH AND BANK BALANCES

PARTICULARS	[₹ IN LACS]	
	As at 31 st March, 2010	As at 31 st March, 2009
Cash on hand.	391.29	363.44
Balance with Scheduled Banks.	2352.04	2728.93
Remittance in Transit.	135.73	718.70
TOTAL	2879.06	3811.07



SCHEDULES FORMING PART OF BALANCE SHEET AS AT MARCH 31, 2010

SCHEDULE: 13 LOANS AND ADVANCES

PARTICULARS	[₹ IN LACS]	
	As at 31 st March, 2010	As at 31 st March, 2009
<u>Unsecured considered Good for which Company holds no security other than the personal security.</u>		
Advances for O&M Supplies / Works.	240.43	465.55
Loans & Advances to Staff -Interest Bearing.	859.31	949.59
Interest Accrued & Due on Staff Loans & Advances.	80.80	69.83
Loans & Advances to staff -Interest free.	156.45	177.01
Advance Income Tax / deduction at source.	780.66	466.18
Advance Fringe Benefit Tax - 2005-06.	63.07	63.07
Advance Fringe Benefit Tax - 2006-07.	144.40	127.55
Advance Fringe Benefit Tax - 2007-08.	61.27	61.27
Loans & Advances - Others.	181.99	1224.32
TOTAL	2568.38	3604.37

SCHEDULE: 14 OTHER CURRENT ASSETS

PARTICULARS	[₹ IN LACS]	
	As at 31 st March, 2010	As at 31 st March, 2009
Income accrued but not due.	810.75	810.49
Amount recoverable from Employees / Ex-Employees.	26.19	23.96
Electricity Duty & Tax on sale of Electricity.	57.46	-
Receivables from Government.	0.36	0.36
Other Claims & Receivables.	0.26	0.26
Other Miscellaneous Receivable from Government Departments, Local Bodies.	22.71	19.47
Deposits.	31.21	27.62
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.	-	521.29
- Gujarat Urja Vikas Nigam Limited.	11549.23	23018.46
- Gujarat Energy Training & Research Institute.	135.34	92.71
TOTAL	12648.80	24529.91



SCHEDULES FORMING PART OF BALANCE SHEET AS AT MARCH 31, 2010

SCHEDULE: 15

CURRENT LIABILITIES AND PROVISIONS

PARTICULARS	[₹ IN LACS]	
	As at 31 st March, 2010	As at 31 st March, 2009
CURRENT LIABILITIES		
Liability for Purchase of Power -Wind Farms.	426.84	2.58
Liability for Capital Supplies / Works.	7.17	5.00
Liability for O & M Supplies / Works.	5245.47	4104.76
Staff related Liabilities.	348.25	40.77
Welfare Schemes.	1842.07	1802.21
Deposits & Retentions from Suppliers & Contractors.	3860.52	4284.45
Electricity Duty & Tax on sale of Electricity Payable to Government.	-	280.81
Interest Accrued But Not Due.	1046.67	868.69
Other Liabilities and Provisions.	5816.61	4873.14
Security Deposit from Consumers in Cash.	39755.30	34794.39
Interest payable on Security Deposit from Consumers.	1783.97	1503.72
Deposits for Electrification & Service Connections etc.	5991.62	5529.50
Financial Participation from Consumers.	3.58	4.66
<u>Other Inter/ Intra-Company payables to the Companies under the same management</u>		
- Paschim Gujarat Vij Company Limited.	-	611.98
- Uttar Gujarat Vij Company Limited.	-	5282.68
- Dakshin Gujarat Vij Company Limited.	-	662.93
- Gujarat Energy Transmission Corporation Limited.	-	1435.91
Sub Total	66128.07	66088.18
PROVISIONS		
Provision for Leave Encashment.	6987.15	6021.71
Provision for Bonus.	34.56	73.88
Provision for Expenses.	6130.74	10982.23
Provision for MAT.	1099.89	515.95
Provision for Wealth Tax.	1.76	1.76
Provision for Fringe Benefit Tax.	285.67	285.67
Sub- Total	14539.77	17881.20
TOTAL	80667.84	83969.38



SCHEDULES FORMING PART OF BALANCE SHEET AS AT MARCH 31, 2010

SCHEDULE: 16

MISCELLANEOUS EXPENDITURE (to the extent not written off)

PARTICULARS	[₹ IN LACS]	
	As at 31 st March, 2010	As at 31 st March, 2009
Preliminary Expenses		
Opening Balance.	41.03	82.06
Less: Written off during the year.	41.03	41.03
Closing Balance	-	41.03
Preoperative Expenses		
Opening Balance.	0.13	0.25
Less: Adjusted during the year.	0.13	0.12
Closing Balance	-	0.13
TOTAL	-	41.16



SCHEDULES FORMING PART OF PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

SCHEDULE: 17

REVENUE FROM SALE OF POWER

PARTICULARS	[₹ IN LACS]	
	Year Ended 31 st March, 2010	Year Ended 31 st March, 2009
Revenue from Sale of Power		
Domestic or Residential.	54315.29	49019.33
Commercial.	28617.79	25398.98
Industrial Low & Medium Voltage.	25829.19	24004.32
Industrial High Voltage.	102572.02	98371.31
Public Lighting.	2418.06	2303.00
Traction Railways.	20652.01	19139.90
Irrigation Agricultural.	14487.73	19530.70
Public Water Works and Sewerage pumps.	4980.22	4408.78
Total Revenue from Sale of Power	253872.31	242176.52
Electricity Duty & Tax on Sale of Electricity		
Electricity Duty - assessed.	31564.55	28931.22
TSE - assessed.	0.22	-
Total Duties & Taxes	31564.77	28931.22
Miscellaneous Revenue from Consumers		
Meter charges / Service Line charges.	3331.97	3084.77
Recoveries for Theft of Power / Malpractices-Non-Consumers.	531.61	714.14
Wheeling charges Recoveries.	-	(1218.05)
Miscellaneous Charges from Consumers.	2001.12	2111.35
Total Miscellaneous Revenue	5864.70	4692.21
Gross Revenue from Sale of Power	291301.78	275799.95
Less: Electricity Duty assessed. (contra)	31564.55	28931.22
TSE assessed. (contra)	0.22	-
TOTAL	259737.01	246868.73

SCHEDULE: 18

REVENUE SUBSIDIES AND GRANTS

PARTICULARS	[₹ IN LACS]	
	Year Ended 31 st March, 2010	Year Ended 31 st March, 2009
Agricultural Subsidy.	7802.56	7600.50
TOTAL	7802.56	7600.50



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SCHEDULES FORMING PART OF PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

SCHEDULE: 19 OTHER INCOME

PARTICULARS	[₹ IN LACS]	
	Year Ended 31 st March, 2010	Year Ended 31 st March, 2009
Interest on Staff Loans and Advances.	93.90	83.52
Interest from Consumers.	-	0.04
Delayed Payment Charges from Consumers.	1811.85	1543.90
Income from Trading (Sale of Scrap).	147.37	168.92
Gain on Sale of Fixed Assets.	18.54	15.80
Income from Staff Welfare Activities.	0.12	0.51
Grant for Energy Conservation.	319.93	350.00
Government Grants - Capital (Deferred amount 10% W.Back).	3577.41	2573.56
Consumers contribution (Deferred amount 10% W.Back).	1706.30	1356.47
Miscellaneous Receipts.	999.77	823.32
TOTAL	8675.19	6916.04

SCHEDULE: 20 REPAIRS & MAINTENANCE

PARTICULARS	[₹ IN LACS]	
	Year Ended 31 st March, 2010	Year Ended 31 st March, 2009
Repairs and Maintenance		
Plant and Machinery.	330.72	327.31
Buildings.	58.93	35.01
Civil Works.	138.02	190.89
Hydraulic Works	0.44	0.04
Lines, Cable Network etc.	2833.41	2661.95
Vehicles.	12.08	9.69
Furniture, Fixtures.	32.52	18.27
Office Equipments.	200.22	54.98
TOTAL	3606.34	3298.14



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SCHEDULES FORMING PART OF PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

SCHEDULE: 21 EMPLOYEE COSTS

PARTICULARS	[₹ IN LACS]	
	Year Ended 31 st March, 2010	Year Ended 31 st March, 2009
Salaries.	9799.10	5380.16
Overtime.	26.15	21.19
Dearness Allowance & Dearness Pay.	3089.44	4970.17
Other Allowances.	3036.63	1743.38
Bonus.	34.45	73.67
Total Emoluments	15985.77	12188.57
Medical Expenses Reimbursement.	398.73	367.69
Leave Travel Assistance.	5.28	11.60
Earned Leave Encashment.	222.80	102.15
Waival of outstanding HBA Loan & interest.	7.53	4.62
Death & Accident Compensation.	7.88	5.78
Payment under Workmen's Compensation Act.	22.59	11.14
Board's contribution under Bombay Labour welfare Act.	0.52	0.55
EDLI - Administration charges.	0.20	0.22
Total Other Staff Costs	665.53	503.75
Staff Welfare Expenses.	163.73	621.00
Terminal Benefits		
C.P.F.- Employers' Contribution.	1251.63	740.00
Gratuity.	3921.76	1653.20
Pension Fund - Employers' Contribution.	335.50	335.75
Leave Encashment on Retirement.	1312.22	2695.69
Other Terminal Benefits.	29.65	16.84
TOTAL	23665.79	18754.80



SCHEDULES FORMING PART OF PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

SCHEDULE: 22

ADMINISTRATION & GENERAL EXPENSES

PARTICULARS	[₹ IN LACS]	
	Year Ended 31 st March, 2010	Year Ended 31 st March, 2009
Administration Expenses		
Rent.	35.72	27.02
Rates and Taxes.	29.09	39.39
Penalties on Statutory Levies.	0.19	0.02
Insurance.	11.27	7.82
Testing Charges.	31.90	21.36
Annual Inspection & Installation Checking fees to Coll. of ED.	121.14	49.72
• Telephone, Postage, Telegram, Telex, Mobile Charges.	284.55	270.11
Legal Charges.	29.24	27.35
Audit Fees.	6.62	6.62
Consultancy Charges.	7.02	5.66
Technical Fees.	4.71	0.23
Other Professional Fees and Expenses.	61.67	66.45
• Conveyance & Travel.	1067.35	1138.77
Total Administration Expenses	1690.47	1660.52
Other Expenses		
Administraion Charges for Restoration of damages.	-	0.31
Fees & Subscription.	11.67	2.54
Books & Periodicals.	1.51	2.25
Printing & Stationery.	180.44	169.33
Expenses on Computer Billing & EDP Charges.	162.89	150.18
Advertisements (Other than purchase related).	16.98	16.62
Xerox copy Charges.	31.09	32.66
• Electricity Charges.	243.38	301.16
Water Charges.	15.05	7.58
Maintenance to Tree Plantations.	0.23	0.76
Entertainment.	2.56	4.88
Expenses on Meetings & Conferences.	2.10	1.69
Expenses for CISF.	0.04	0.20
Guest House Expenses.	16.61	8.55
• Security Expenses.	355.40	191.47
Miscellaneous Expenses.	650.19	519.03
Total Other Expenses	1690.14	1409.21
Freight & Other Purchase related expenses		
Freight.	119.99	168.69
Other Purchase Related Expenses.	89.87	97.65
Fabrication charges Less: Amount absorbed in cost of fabrication.	52.22	0.65
Total Freight & Other Purchase related expenses	262.08	266.99
Revenue Stamps on Receipts issued by the Board.	2.89	2.38
Expenditure on Training to Staff.	3.64	72.11
Total General Expenses	6.53	74.49
TOTAL	3649.22	3411.21



SCHEDULES FORMING PART OF PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

**SCHEDULE: 23
OTHER MISCELLANEOUS EXPENSES**

PARTICULARS	[₹ IN LACS]	
	Year Ended 31 st March, 2010	Year Ended 31 st March, 2009
Small & Low Value Items Written - off.	3.90	1.49
Written down value of assets scrapped.	-	1.20
Loss on Sale of Fixed Assets.	-	1.85
Misc. Energy Conservation and R&D Expenses.	4.45	19.32
Bad & Doubtful Debts Provision / Written off.	1289.23	148.01
Miscellaneous Losses & Write-offs.	857.75	870.82
Deferred Revenue Expenses W.off/Sundry Expenses.	41.16	41.15
TOTAL	2196.49	1083.84

**SCHEDULE: 24
DEPRECIATION**

PARTICULARS	[₹ IN LACS]	
	Year Ended 31 st March, 2010	Year Ended 31 st March, 2009
Depreciation on Buildings.	40.71	32.50
Depreciation on Hydraulic Works.	0.81	0.82
Depreciation on Other Civil Works.	11.55	8.56
Depreciation on Plant & Machineries.	1242.86	1056.21
Depreciation on Lines & Cable Net Works.	6819.58	5682.51
Depreciation on Vehicles.	9.85	10.05
Depreciation on Furniture & Fixtures.	36.97	29.40
Depreciation on Office Equipments.	203.31	174.23
Depreciation on Assets taken over from Licensee.	-	-
TOTAL	8365.64	6994.28



SCHEDULES FORMING PART OF PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

SCHEDULE: 25

INTEREST AND FINANCE CHARGES

PARTICULARS	[₹ IN LACS]	
	Year Ended 31 st March, 2010	Year Ended 31 st March, 2009
Interest on State Government Loans.	241.83	69.01
Interest on Bonds.	987.75	1166.78
Interest on other Loans/Deferred Credits		
Interest on others.	25.29	43.40
Interest on REC Loans.	113.68	121.01
Interest on Bills Discounting under DPG.	445.07	276.61
Interest to Consumers on advance Payment.	31.30	46.30
Interest on FP by Consumers.	-	0.15
Interest on Loans from PFC.	266.50	17.62
Interest on Loans from ICICI.	13.50	64.36
Interest to Consumers.	2015.08	1683.14
Total Interest on Capital Liabilities	4140.00	3488.38
Interest on Borrowing for Working Capital.	3079.80	3032.33
Other Interest & Finance Charges		
Discount to Consumers for Timely Payment of Bills.	0.98	0.01
Interest Charges - Licencees A/c.	31.82	30.34
Other Interest.	120.81	93.13
Cost of raising finance.	54.13	0.70
Other charges		
Other Charges.	475.59	491.76
Guarantee Fees.	110.09	123.83
Banking Cash Transaction Tax.	0.45	2.78
Sub - Total	3873.67	3774.88
TOTAL	8013.67	7263.26

SCHEDULE: 26

OTHER EXPENSES CAPITALISED

PARTICULARS	[₹ IN LACS]	
	Year Ended 31 st March, 2010	Year Ended 31 st March, 2009
Employee Costs Capitalised.	4080.90	4580.32
Administration & General Expenses Capitalised.	627.54	831.97
Interest & Other Finance Charges Capitalised.	298.11	20.98
TOTAL	5006.55	5433.27



7th Annual Report 2009-10

MADHYA GUJARAT VIJ COMPANY LIMITED

SCHEDULES FORMING PART OF PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

SCHEDULE: 27 EXTRAORDINARY ITEMS

PARTICULARS	[₹ IN LACS]	
	Year Ended 31 st March, 2010	Year Ended 31 st March, 2009
Extraordinary Debits		
Losses on account of Flood, Cyclone, Fire etc.	-	-
TOTAL	-	-

SCHEDULE: 28 NET PRIOR PERIOD EXPENSES / (INCOME)

PARTICULARS	[₹ IN LACS]	
	Year Ended 31 st March, 2010	Year Ended 31 st March, 2009
Prior Period Expenses / Losses		
Short Provision for Power Purchase (wind Farm).	860.87	16.18
Employee Costs.	13.04	9.07
Depreciation under provided.	-	64.26
Interest & Other Finance Charges.	9.18	25.73
Other Charges related to Prior Periods.	0.49	104.12
Other Prior Period Adjustments.	1.99	21.96
Total Prior Period Expenses & Losses	885.57	241.32
Prior Period Income		
Receipt from consumers Prior Period.	0.73	-
Excess Provision for Depreciation.	1.39	0.06
Other Excess Provision.	71.93	22.45
Other Income.	7.43	115.45
Excess Provision of Interest & Finance Charges.	81.73	41.36
Total Prior Period Income	163.21	179.32
Net Prior Period Charges / (Credits)	722.36	62.00

SCHEDULE: 29 TAX EXPENSES

PARTICULARS	[₹ IN LACS]	
	Year Ended 31 st March, 2010	Year Ended 31 st March, 2009
Income Tax (MAT).	583.94	64.33
Wealth Tax.	-	0.17
Fringe Benefit Tax.	-	79.60
TOTAL	583.94	144.10

**SCHEDULES FORMING PART OF BALANCE SHEET AND PROFIT AND LOSS ACCOUNT****SCHEDULE: 30****SIGNIFICANT ACCOUNTING POLICIES****Accounting Policies/Principles:**

- (1) The Company is one of the subsidiary Companies of Gujarat Urja Vikas Nigam Limited. It was promoted as a public limited Company registered under the provisions of Companies act, 1956 as a part of restructuring plan of Gujarat Electricity Board. 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 this Act, read with the rules made there under, 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 charges, 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) Assets having original cost up to ₹ 5000/- have been fully charged to revenue in the year in which assets are purchased.
- (iii) Depreciation on addition/deletion of fixed assets is provided on pro rata basis from the date on 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 determined by the actuary to the gratuity fund is charged to the profit and loss account.



(iii) Leave Benefits: The Company has provided for leave encashment liability at the year end on account of unavailed earned leave on the basis of actuarial valuation on Projected Unit Credit Method at the end of each financial year.

(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 22 of Schedule 31).

(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: 31

NOTES FORMING PART OF ACCOUNTS

1. Equity Share Capital

50090 Nos of Equity Shares of ₹ 10 each were allotted by the Company in the year 2004-05 to the GEB-erst & its nominees, 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) & its nominees. The 6,69,75,018 Equity Shares of ₹ 10 each were allotted to GUVNL & its Nominees as a consideration for transfer of undertaking by GEB-erst, in light of GoG Notification No: GHU-(203)-GUV-1106-590-K dated 12.12.2008 for bifurcating & notifying revised equity structure effective from 01.04.2008 by splitting of equity capital into equity share capital & share premium in the ratio of 25:75.

Equity Share Capital issued during 2008-09 & 2009-10

During the year 2008-09, the Company had issued Equity shares worth of ₹ 145.63 Crores of ₹ 10 each at par to the Holding Company(GUVNL) towards the financial assistance received for implementation of Jyoti Gram Yojna in non tribal area. During the year 2009-10 the Company has issued Equity Shares worth of ₹ 30 Crores towards the financial assistance received under the Financial Restructuring Plan.

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 up-on 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 ₹ 48495.87 Lacs (balance of such loans as on 31.03.2010 ₹ 35685.16 Lacs) respectively have been transferred to the Company.
 - (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.

The said Loans are reclassified and regrouped either as Secured Loans or Unsecured Loans as per the classification & charges on the assets created by erstwhile GEB.



b) **Additional Loans raised by GUVNL after 01-04-2005:**

After 01-04-2005, GUVNL has raised several loans for common usage of transferee Companies. During the year 2009-10, GUVNL has apportioned ₹ 5472.99 Lacs. (previous year ₹ 15183.64 Lacs). The repayments and interest thereon are reimbursed by the Company to GUVNL.

The said Loans are reclassified and regrouped either as Secured loans or Unsecured Loans as per the classification & charges on the assets created by GUVNL (Holding Company) and its subsidiary Companies.

c) **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 movable Plant & Machinery under Baroda City Circle, which are subjected to charge created by the GEB erst, a transferor entity. As per the provisions of the Companies Act, the Company is required to register the charge in respect of these 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 common assets. The Company, therefore, has not registered the charge on the above mentioned assets with the Registrar of Companies, Gujarat. (Allocated loan to MGVCL outstanding as on 31.03.2010 is ₹ 2.97 Crores.)

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.

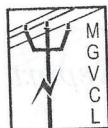
6. Employee Cost

The Company has reached a settlement with the recognized employees unions on the demands submitted by them for wage revision. As per the last settlement reached with the employees unions the wage revision is due effective from 01.01.2006.

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 Leave Encashment & Gratuity

The following table summarizes the components of net benefit expenses recognized in the profit and loss accounts and amounts recognized in the balance sheet for the Leave Encashment & Gratuity Scheme Plans as at 31st March, 2010.

(₹ In Lakhs)

Particulars	Gratuity		Leave Encashment	
	2009-10	2008-09	2009-10	2008-09
Amounts recognized in the balance sheet				
Changes in the present Value of obligation				
Present value of obligation (opening).	7325.65	6019.42	6021.71	3537.38
Interest Cost.	586.05	481.55	481.74	282.99
Past Service Cost.	3431.31	Nil	Nil	Nil
Current Service Cost.	410.91	155.09	95.72	94.24
Curtailement cost / (Gain).	Nil	Nil	-	-
Settlement Cost / (Gain).	Nil	Nil	-	-
Benefits Paid.	(616.63)	(563.46)	(569.58)	(313.52)
Actuarial Losses / (Gain).	(164.42)	1233.05	957.56	2420.61
Present Value of obligation (Closing).	10972.87	7325.65	6987.15	6021.71
Changes in the fair Value of Plan Assets				
Present value of plan assets (opening).	3063.34	2398.87	-	-
Expected Return on Plan Assets.	333.31	249.12	-	-
Actuarial Gain / (Losses).	12.43	(31.60)	-	-
Employer's Contributions (*).	1506.91	1010.41	-	-
Employees' Contributions.	Nil	Nil	-	-
Benefits paid.	(616.63)	(563.46)	-	-
Fair Value of Plan Assets (Closing).	4299.36	3063.34	-	-
(*) Apportioned based on the ratio of closing liabilities of holding and fellow subsidiary Companies.				
Percentage of each category of plan assets to total fair value of Plan Assets at the year end				
Government of India Securities.	Nil	Nil	-	-
High quality corporate bonds.	Nil	Nil	-	-
Equity shares of listed Companies.	Nil	Nil	-	-
Property.	Nil	Nil	-	-
Policy of Insurance.	100%	100%	-	-
Bank Balance.	Nil	Nil	-	-
Amount recognized in the Balance Sheet (Through holding Company GUVNL)				
Present Value of funded obligation as at the year end.	4299.36	3063.34	Nil	Nil
Fair value of plan assets as at the year end.	4299.36	3063.34	Nil	Nil
Funded (Asset)/Liability recognized in the Balance Sheet.	Nil	Nil	Nil	Nil
Present Value of Unfunded obligation as at the year end.	6673.52	4262.31	6987.15	6021.71
Un recognised past service cost.	Nil	Nil	Nil	Nil



(₹ In Lakhs)

Particulars	Gratuity		Leave Encashment	
Un recognized Actuarial (Gains) / Losses.	Nil	Nil	Nil	Nil
Unfunded net Liability recognized in the Balance Sheet.	6673.52	4262.31	6987.15	6021.71
Amount recognized in the balance sheet (For Gratuity-through holding Company GUVNL)				
Present Value of obligation as at the year end	10972.87	7325.65	6987.15	6021.71
Fair Value of Plan assets as at the year end	4299.36	3063.34	-	-
(Asset) / Liability recognized in the Balance Sheet.	6673.52	4262.31	6987.15	6021.71
Expenses recognized in the profit and loss account				
Current Service Cost.	410.92	155.09	95.72	94.24
Past Service Cost.	3431.31	Nil	481.74	282.99
Interest Cost.	586.05	481.55	Nil	Nil
Expected Return on Plan Assets.	(333.31)	(249.12)	-	-
Curtailment Cost / (Credit).	Nil	Nil	Nil	Nil
Net Actuarial (Gain) / Loss.	(176.85)	1264.65	957.56	2420.61
Employees Contribution.	Nil	Nil	Nil	Nil
Total Expenses recognized in the Profit and Loss account	3918.12	1652.25	1535.02	2797.84
Principal Actuarial Assumption (Rate of Discounting)				
Rate of Discounting.	8.00%	8.00%	8.00%	8.00%
Expected Return on Plan Assets.	9.50%	9.50%	-	-
Rate of Increase in Salary.	5.00%	5.00%	5.00%	5.00%

(iii) Government of India vide notification No. 10071 dtd. 24.05.2010 published in Govt. Gazette amended the Payment of Gratuity Act, 1972 with revision in the gratuity limit from existing ₹ 3.50 Lacs to ₹ 10 Lacs w.e.f. 24.05.2010. Consequent upon such amendment, the Company has recognized the gratuity liability with a ceiling of ₹ 10 Lacs based on actuarial valuation as carried out by LIC. On account of such amendment to the Act, the Company has provided incremental liability to the tune of ₹ 3431.31 Lacs and charged to P & L Account for the year.

7. (i) Based on the details available with the Company regarding the status of the suppliers as defined under the "Micro, Small and Medium Enterprises Development Act, 2006" there are no over dues to micro, small and medium enterprises as at 31st March 2010 on account of principal amount together with interest for delayed payment under the Act (previous year Nil).
- (ii) The Company has not received any claim for interest from any suppliers under the "Interest on Delayed Payments to Small Scale and Ancillary Industrial Undertakings Act 1993".
8. Balance in respect of sundry creditors, sundry debtors, loans and advances (debit / credit) as at 31.3.2010 have been taken as shown in the books of accounts and are subject to independent confirmation and reconciliation.



9. Government of Gujarat has proposed to announce an Amnesty Scheme for various categories of consumers to encourage them to settle their outstanding dues. Accordingly, the Company has made additional provision of ₹ 891.95 Lacs towards Bad & doubtful debts.

10. 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 unascertainable.

Hitherto depreciation was charged on addition/deletion of fixed assets on pro rata basis from the quarter, next following the quarter in which the asset is put to use. During the year Company has modified the methodology of depreciation and accordingly depreciation is being calculated on prorata basis from the date of the asset put to use. The impact due to such modification is unascertainable.

11. The Contingent Liabilities not provided for in respect of

- Various claims by the employees against the erstwhile GEB: Amount is not ascertainable (Previous Year amount is not ascertainable).
- Various Claims against Company not acknowledged as debt is ₹ 1403.25 Lacs (Previous year ₹ 1204.55 Lacs), which are pending before various judicial authorities.
- Disputed demand of Income Tax for the financial year 2005-06 for ₹ 11.92 Lacs for which appeal is pending before Commissioner of Income tax (Appeals)-III, Vadodara (Previous Year ₹ 11.92 Lacs).

12. Estimated amount of Contracts remaining to be executed on Capital Account and not provided for (net of advances) ₹ 14122.67 Lacs (Previous Year ₹ 5656.39 Lacs).

13. 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".

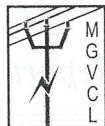
14. Related Party Disclosures

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.

15. Managerial Remuneration

[Amount in ₹]

Particulars	For the period ended 31 st March	
	2010	2009
Salaries.	-	5,07,115
Allowances.	-	1,951
Medical reimbursement.	-	68,364
Total	-	5,77,430



16. Auditors' Remuneration
Statutory Auditor

[Amount in ₹]

Particulars	For the period ended 31 st March	
	2010	2009
Statutory Audit Fee.	6,00,000	6,00,000
Certifications.	2,50,000	2,50,000
Tax Audit.	1,00,000	1,00,000
Out of pocket expenses.	75,000	75,000
Total	10,25,000	10,25,000

17. 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 otherwise in the Accounts.

18. 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.

19. Impairment of Assets

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

20. Borrowing Cost

Government vide G.R. No. GEB-1104-7319-K dtd. 07.11.2008 has resolved to waive the interest on outstanding Govt. loans of ₹ 5478.99 Lacs (as on 31.03.2005) which was earlier deferred till 2010-11 while approving the Financial Restructuring Plan of erstwhile GEB. Accordingly, no provision is required to be made on these loans till 2010-11.

Borrowing cost capitalized during the year is ₹ 298.11 Lacs (Previous year ₹ 20.98 Lacs) for acquisition of long term assets.

21. Earnings per Share

Sr. No.	Particulars	For the period ended 31 st March	
		2010	2009
1	Profit After Tax (₹ in Lacs)	1705.44	452.78
2	Weighted Average number of Equity Shares		
	Basic	214635735	67823006
	Diluted (*)	242641422	—(*)
3	Face Value per Share (₹)	10	10
4	Basic Earnings per Share (₹)	0.79	0.67
5	Diluted Earnings per Share (₹)	0.70	—

(*) As the face value of the shares proposed to be issued from Share Application Money was not decided, diluted EPS was not determined for 08-09.



22. 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;

[₹ in Lacs]

Particulars	Deferred Tax Asset Amount	Deferred Tax Liability Amount
Difference in Depreciation for the year.	—	2257.87
Provision for leave encashment.	516.69	—
Provision for Gratuity.	835.62	—
Net Deferred Tax Assets / (Liabilities).		(905.56)
Set off against c/f Deferred Tax Asset.		905.56
Net effect of Deferred Tax for the year 2008-09.		Nil

23. Valuation of assets retired from active use

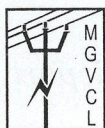
As per Para 14 of Accounting Standard – 10 "Accounting for Fixed Assets" an item of fixed asset that has been retired from its active use and is held for disposal is to be stated at the lower of Net Book Value or Net Realizable Value (NRV).

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.

24. 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	For the period ended 31 st March	
	Units (MUs) 2009-10	Units (MUs) 2008-09
Units Purchased inclusive of transmission losses.	7226	6678
Units Sold.	5759	5400
Transmission & Distribution Losses.	1467	1278



- (b) C.I.F value of direct import during the year is ₹ Nil (previous year ₹ 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 ₹)	
	For the period ended 31 st March	
	2010	2009
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 ₹)	
	For the period ended 31 st March	
	2010	2009
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: ₹ Nil (previous year Nil)

f) Remittance in foreign currency: ₹ Nil (previous year Nil)

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

SIGNATURES TO SCHEDULE 1 TO 31

As per our attached report of even date

For and on behalf of the Board of Directors

For Prakash Chandra Jain & Co.

Chartered Accountants

Firm Regn. No. : 002438C

L. Chuaungo

Chairman

K.M.Shringarpure

Director

R.O.Gandhi

Manager & CE (T&O)

P. C. Nalwaya

Partner

M. No. 033710

K. R. Shah

General Manager (F&A)

K. M. Antani

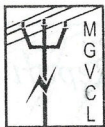
Company Secretary

Place : Vadodara

Date : 08-09-2010

Place : Vadodara

Date : 08-09-2010



MADHYA GUJARAT VIJ COMPANY LIMITED

7thAnnual Report
2009-10

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 1 0

Date Month Year

State Code

0 4

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

Public Issue

N I L

Bonus Issue

N I L

Right Issue

3 0 0 0 0 0

Private Placement

N I L

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

Total Liabilities

1 4 8 4 0 7 7 2

Sources of Funds

Paid up Capital

2 4 2 6 4 1 4

Share Application Money

N I L

Secured Loans

1 9 0 8 5 7 5

Application of Funds

Net Fixed Assets

1 5 8 4 0 4 8 6

Net Current Assets

- 9 9 9 7 1 4

Total Assets

1 4 8 4 0 7 7 2

Reserves & Surplus

2 5 9 2 8 5 7

Unsecured Loan

3 1 5 7 5 1 8

Investments

N I L

Deferred Tax

N I L

Misc. Expenditure

N I L

4. Performance of Company (Amount in ₹ Thousands)

Turnover

2 7 6 2 1 4 7 6

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

+ 2 2 8 9 4 0

Earning per Share in ₹

0.79

Total Expenditure

2 7 3 9 2 5 3 6

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

+ 1 7 0 5 4 6

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

Firm Regn. No. : 002438C

P. C. Nalwaya

Partner

M. No. 033710

Place : Vadodara

Date : 08-09-2010

For and on behalf of the Board of Directors

L. Chuaungo

Chairman

K.M.Shringarpure

Director

R.O.Gandhi

Manager & CE (T&O)

K. R. Shah

General Manager (F&A)

K. M. Antani

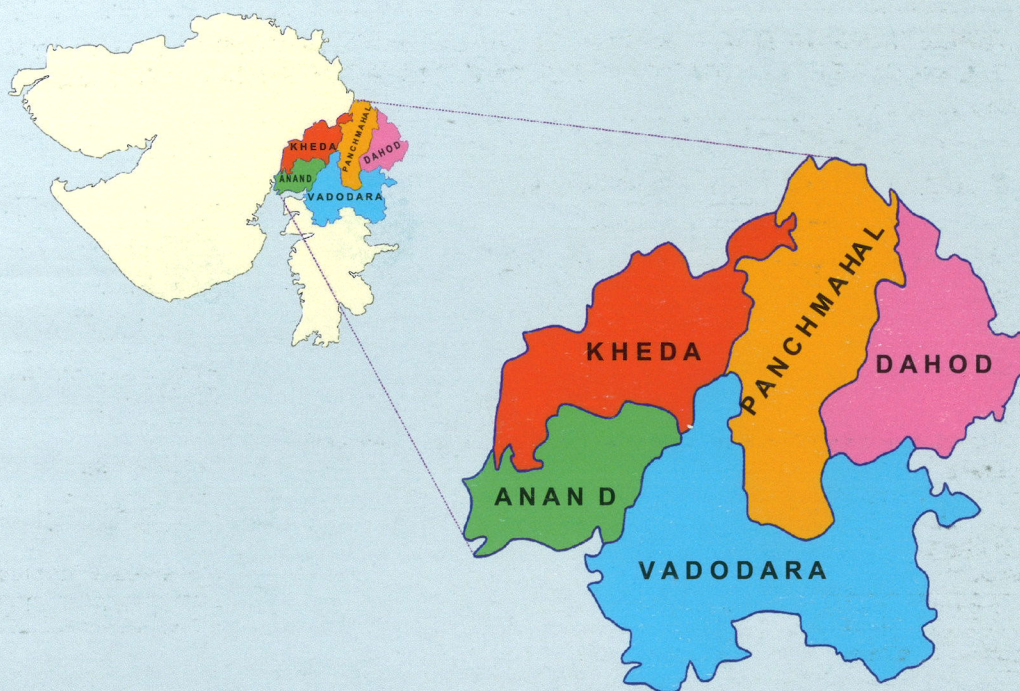
Company Secretary

Place : Vadodara

Date : 08-09-2010

MGVCL

AREA MAP OF MGVCL



MGVCL AT A GLANCE

(AS ON 31-03-2010)

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	18
Total Sub-Divisions	86 (O&M)
Total Sub-Stations	112
Total Transformer Centers	51,446
Total No. of Feeders	1,166
Total H.T. Line (Kms.)	35,766
Total L.T. Line (Kms.)	52,549
Ratio L.T./H.T.	1.47
Total Consumers	24.05 Lacs
Total contracted load in MW	4,176.730
Total Employees	5,766



MADHYA GUJARAT VIJ COMPANY LIMITED

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