15th ANNUAL REPORT

2017-18

MADHYA GUJARAT VIJ COMPANY LIMITED

An ISO Certified Company

(A Wholly Owned Subsidiary of Gujarat Urja Vikas Nigam Limited)

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

Madhya Gujarat Vij Company Limited

CIN – U40102GJ2003SGC042907

15th Annual Report 2017-18

MGVCL
An ISO 9001:2008 Certified Company

Board of Directors	**(As on 21-12-2018)**
Shri Pankaj Joshi, IAS	Chairman
Shri Rajesh Manjhu, IAS	Managing Director
Ms. Dayalan Thara, IAS	Director (Woman)
Shri Shersingh B. Khyalia	Director
Shri Kiritkumar M. Bhuva	Director
Shri Chandrakant J. Macwan	Director
Shri P. H. Rana	Independent Director (w.e.f. 06/11/2018)
Shri S. K. Joshi	Independent Director (w.e.f. 06/11/2018
Shri Sunil Sharma	Independent Director (w.e.f. 06/11/2018

Company Secretary

Shri K. M. Antani

Senior Executives

Shri K. R. Shah	Sr. Chief General Manager (F&A) & CFO
Shri B.J. Upadhyay	Chief Engineer (Tech & Operation)
Shri T. C. Chokshi	Chief Engineer (Projects)
Shri M. G. Pandya	General Manager (HR)

Bankers

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

Auditors
M/s. JLN US & Co.
Chartered Accountants
Ahmedabad.

Secretarial Auditors
M/s. Sandip K. Shukla
Company Secretaries
Vadodara.

Cost Auditors
M/s. Dalwadi & Associates
Cost Accountants
Ahmedabad.

Registered Office
Sardar Patel Vidyut Bhavan,
Race Course, Vadodara- 390007.
Phone No. : (0265) 2310582-586
Fax No. : (0265) 2337918, 2338164
Website : www.mgvcl.com
E-mail : info.mgvcl@gebmail.com
CIN : U40102GJ2003SGC042907

NOTICE

Notice is hereby given that the 15th Annual General Meeting of the Members of **Madhya Gujarat Vij Company Limited** will be held (at shorter notice under Section 101(1) of the Companies Act, 2013, pursuant to consent received from all the members) on Wednesday, the 26th December, 2018 at 11.00 a.m. at the 'Board Room' of the Company, Third Floor, Sardar Patel Vidyut Bhavan, Race Course Circle, Vadodara – 390 007, to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Financial Statement of the Company for the financial year ended 31st March, 2018, together with the Board's Report and Report of Auditors' thereon along with Comments of the Comptroller & Auditor General of India.

2. To authorize the Board of Directors of the Company to fix the remuneration payable to Statutory Auditors of the Company 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 2018-19 and if thought fit, to pass, with or without modification, the following resolution as an Ordinary Resolution.

"**RESOLVED THAT** pursuant to Section 142 of the Companies Act, 2013, the Board of Directors of the Company be and is hereby authorized to decide and fix the remuneration and other terms and conditions including out of pocket expenses, to the Statutory Auditors appointed by the Comptroller and Auditor General of India, to audit the accounts of Company for the financial year 2018-19."

SPECIAL BUSINESS

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

"**RESOLVED THAT** pursuant to the provisions of Section 148, all other applicable provisions of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the Cost Auditors, M/s Dalwadi & Associates, Cost Accountants, Vadodara, (Firm Registration No.000338), appointed by the Board of Directors of the Company as Cost Auditors of the Company to conduct the audit of the Cost Accounts / Records maintained by the Company in respect of Electricity Industry for the financial year ending 31st March, 2019, be paid remuneration of ₹ 67,500/- (Rupees sixty Seven thousand five hundred Only) per annum as cost audit fees inclusive of out of pocket expenses plus applicable GST;

RESOLVED FURTHER THAT the Board of Directors of the Company (including any Committee thereof) be and is hereby authorized to do all such acts, deeds, matters and things and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

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

"**RESOLVED THAT** pursuant to the provisions of Section 149, 152, read with Schedule IV and all other applicable provisions, if any, of the Companies Act, 2013, the Companies (Appointment and Qualification of Directors) Rules, 2014, (including any statutory modification(s) or re-enactment thereof for the time being in force), Shri Praful H Rana (DIN:00020411) who was appointed as an Additional Director and also as an Independent Director of the Company by the Board of Directors with effect from 6th November, 2018, and who holds the said office pursuant to the provisions of Section 161 of the Companies Act, 2013 upto the date of this Annual General Meeting and who is eligible for appointment under the relevant provisions of the Companies Act, 2013, be and is hereby appointed as Independent Director of the Company, not liable to retire by rotation, to hold office for a for a term of 2 (two) consecutive years with effect from 6th November, 2018."

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

" **RESOLVED THAT** pursuant to the provisions of Section 149, 152, read with Schedule IV and all other applicable provisions, if any, of the Companies Act, 2013, the Companies (Appointment and Qualification of Directors) Rules, 2014, (including any statutory modification(s) or re-enactment thereof for the time being in force), Prof. Sunil Sharma (DIN 06781655), who was appointed as an Additional Director and also as an Independent Director of the Company by the Board of Directors with effect from 6th November, 2018, and who holds the said office pursuant to the provisions of Section 161 of the Companies Act, 2013 upto the date of this Annual General Meeting and who is eligible for appointment under the relevant provisions of the Companies Act, 2013, be and is hereby appointed as Independent Director of the Company, not liable to retire by rotation, to hold office for a for a term of 2 (two) consecutive years with effect from 6th November, 2018."

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

" **RESOLVED THAT** pursuant to the provisions of Section 149, 152, read with Schedule IV and all other applicable provisions, if any, of the Companies Act, 2013, the Companies (Appointment and Qualification of Directors) Rules, 2014, (including any statutory modification(s) or re-enactment thereof for the time being in force), Dr. Satishkumar Joshi (DIN 08262317), who was appointed as an Additional Director and also as an Independent Director of the Company by the Board of Directors with effect from 6th November, 2018, and who holds the said office pursuant to the provisions of Section 161 of the Companies Act, 2013 upto the date of this Annual General Meeting and who is eligible for appointment under the relevant provisions of the Companies Act, 2013, be and is hereby appointed as Independent Director of the Company, not liable to retire by rotation, to hold office for a for a term of 2 (two) consecutive years with effect from 6th November, 2018."

By Order of the Board

Date : 21st December, 2018
Place : Vadodara

K.M. Antani
Company Secretary

<u>REGISTERED OFFICE:</u>

Sardar Patel Vidyut Bhavan,
Race Course,
Vadodara – 390 007
CIN : U40102GJ2003SGC042907

NOTES:

1. **A member entitled to attend and vote at the Annual General Meeting (the "Meeting") is entitled to appoint a proxy to attend and vote on a poll instead of himself and the proxy need not be a member of the Company. The instrument appointing the proxy should, however, be deposited at the registered office of the Company not less than forty-eight hours before the commencement of the Meeting.**

2. A Statement pursuant to Section 102(1) of the Companies Act, 2013, relating to the Special Business to be transacted at the Meeting is annexed hereto.

ANNEXURE TO THE NOTICE
EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

Item no. 3

The Board has approved the re-appointment of the Cost Auditors, M/s Dalwadi & Associates, Cost Accountants, Vadodara at a remuneration of ₹ 67,500/- (Rupees sixty Seven thousand five hundred Only) per annum as cost audit fees inclusive of out of pocket expenses plus GST for the financial year ending 31st March 2019.

In accordance with the provisions of the Section 148 of the Companies Act 2013, read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors has to be ratified by the shareholders of the Company.

Accordingly, consent of the members is sought for passing an Ordinary Resolution as set out at Item No. 3 of the Notice for ratification of the remuneration payable to the Cost Auditors for the financial year ending 31st March, 2019.

None of the Directors and Key Managerial Personnel of the Company and their respective relatives is, in any way, concerned or interested, financially or otherwise, in passing of the Resolution set out at Item No. 3.

The Board recommends the Ordinary Resolution set out in the Item No. 3 of the Notice for approval of the members.

Item no. 4

The second and final term of Shri Harikant P. Desai (DIN-00034128) and Prof Kirankumar Joshi (DIN-00501563), two Independent Directors of the Company expired on 24/03/2018. As per the amendment made to the Companies (Appointment and Qualification of Directors) Rules, 2014 vide Notification dated 05/07/2017, issued by the Ministry of the Corporate Affairs, the Company is not covered under sub-rule (1) of the said Rules regarding appointment of at least two directors as independent director being an unlisted public Company and a wholly owned subsidiary.

Though the Company is so exempted, however, pursuant to letter no GUV-1108-3747-K dated 05/10/2018 of Government of Gujarat and letter no. GUVNL/CS/Ind. Directors/2018/560 dated 09/10/2018 of Gujart Urja Vikas Nigam Limited (GUVNL), the holding Company, the Board of Directors has appointed Shri Praful H. Rana (DIN-00020411), as an Additional Director and also as Independent Director on the Board of the Company with effect from 06/11/2018, subject to approval of the Shareholders.

Shri Praful H. Rana shall hold office up to the date of this Annual General Meeting of the Company in terms of Article 78 of the Articles of Association of the Company and Section 161(1) of the Companies Act, 2013 (the Act) and shall be eligible for appointment to the office of Director.

Shri Praful H Rana, if appointed as an Independent Director, will not be liable to retire by rotation. The Company has received declaration from Shri Praful H. Rana to the effect that he meets the criteria of independence as provided under sub-section (6) of Section 149 of the Act.

Further as per Schedule IV of the Companies Act, 2013 i.e. Code for Independent Directors, the appointment of Independent Director(s) of the Company shall be approved at the meeting of the Shareholders. Hence, this resolution.

Shri Praful. H. Rana, age 75 years, is an Engineering graduate in Electrical Discipline. He retired as Director (Technical) in Gujarat Urja Vikas Nigam Limited. He has a rich experience at senior level and worked in various field at Generation, Transmission & Distribution. He has also contributed in Sardar Sarovar Project of Supervision & Execution of construction of Hydro Power Station. As a Non-executive Director he is entitled to sitting fees for attending meetings of the Board / Committees as may be decided by the Board. He does not hold by himself or for any other person on a beneficial basis, any shares in the Company. He is not related with other Directors /KMP of the Company. He has attended a meeting of the Board after his appointment. He is also a Director in Gujarat Power Corporation Limited (CIN – U40100GJ1990SGC013961),Baitarni West Coal Company Limited (CIN – U40102OR2008SGC009955) and Mahaguj Colleries Limited (CIN – U10102MH2006 SGC165327).

Relevant documents in respect of the said item are open for inspection by the members at the Registered Office of the Company during normal business hours on any working day up to the date of this meeting.

Further as per Section 149(6) as applicable to the Govt. Company, in the opinion of the Energy & Petrochemicals Department, Govt. of Gujarat, Shri Praful. H. Rana is a person of integrity and possesses relevant expertise and experience. Moreover, having regard to his qualification, experience and knowledge, the Board considers that his appointment as Independent Director would be of immense benefit to the Company and it is desirable to avail his services as an Independent Director. In the opinion of the Board, he fulfills the conditions for appointment as Independent Directors as specified in the Act and the Rules framed there under and he is independent of the management. Accordingly, the Board recommends the resolution set forth in item no.4 in the accompanying Notice for the approval of the members by way of Ordinary Resolution.

Shri Praful. H. Rana is interested in the resolutions set out at Item Nos. 04 of the Notice with regard to his appointment.

Save and except the above, none of the other Directors and Key Managerial Personnel of the Company and their relatives are, in any way, concerned or interested, financially or otherwise, in this Resolution.

Item no. 5

The second and final term of Shri Harikant P. Desai (DIN-00034128) and Prof Kirankumar Joshi (DIN-00501563), two Independent Directors of the Company expired on 24/03/2018. As per the amendment made to the Companies (Appointment and Qualification of Directors) Rules, 2014 vide Notification dated 05/07/2017, issued by the Ministry of the Corporate Affairs, the Company is not covered under sub-rule (1) of the said Rules regarding appointment of at least two directors as independent director being an unlisted public Company and a wholly owned subsidiary.

Though the Company is so exempted, however, pursuant to letter no GUV-1108-3747-K dated 05/10/2018 of Government of Gujarat and letter no. GUVNL/CS/Ind. Directors/2018/560 dated 09/10/2018 of Gujart Urja Vikas Nigam Limited (GUVNL), the holding Company, the Board of Directors has appointed Prof. Sunil Sharma (DIN 06781655), as an Additional Director and also as Independent Director on the Board of the Company with effect from 06/11/2018, subject to approval of the Shareholders.

Prof. Sunil Sharma shall hold office up to the date of this Annual General Meeting of the Company in terms of Article 78 of the Articles of Association of the Company and Section 161(1) of the Companies Act, 2013 (the Act) and shall be eligible for appointment to the office of Director.

Prof. Sunil Sharma, if appointed as an Independent Director, will not be liable to retire by rotation.
The Company has received declaration from Prof. Sunil Sharma to the effect that he meets the criteria of independence as provided under sub-section (6) of Section 149 of the Act.

Further as per Schedule IV of the Companies Act, 2013 i.e. Code for Independent Directors, the appointment of Independent Director(s) of the Company shall be approved at the meeting of the Shareholders. Hence, this resolution.

Prof. Sunil Sharma, age 51 years, has earned a Fellow (Ph.D) in Business Policy from the Indian Institute of Management, Ahmedabad and Bachelors in Mechanical Engineering from UP Technical University. He is an Associate Professor of Strategic Management at the Indian Institute of Management, Ahmedabad. He has a rich corporate experience of 16 years. Prior to IIM-A, Prof. Sunil Sharma was a consultant with McKinsey & Company where he was involved in projects on strategic planning, leadership development, organization restructuring and cost optimization, for both Indian and multinational companies operating in Oil & Gas, Telecom, Health, and Mining sectors. He has also worked in core industries of power and petroleum as an engineer in charge of operations, procurement, maintenance, performance management, and planning functions. He has presented papers in leading international conferences and his work on capability building and growth challenges has been published in international journals. As a Non-executive Director he is entitled to sitting fees for attending meetings of the Board / Committees as may be decided by the Board. He does not hold by himself or for any other person on a beneficial basis, any shares in the Company. He is not related with other Directors /KMP of the Company. He has not attended any meeting of the Board after his appointment. He is also a Director in Zee Entertainment Enterprises Limited (CIN – L92132MH1982PLC028767).

Relevant documents in respect of the said item are open for inspection by the members at the Registered Office of the Company during normal business hours on any working day up to the date of this meeting.

Further as per Section 149(6) as applicable to the Govt. Company, in the opinion of the Energy & Petrochemicals Department, Govt. of Gujarat, Prof. Sunil Sharma is a person of integrity and possesses relevant expertise and experience. Moreover, having regard to his qualification, experience and knowledge, the Board considers that his appointment as Independent Director would be of immense benefit to the Company and it is desirable to avail his services as an Independent Director. In the opinion of the Board, he fulfills the conditions for appointment as Independent Directors as specified in the Act and the Rules framed there under and he is independent of the management. Accordingly, the Board recommends the resolution set forth in item no.5 in the accompanying Notice for the approval of the members by way of Ordinary Resolution.

Prof. Sunil Sharma is interested in the resolutions set out at Item Nos. 05 of the Notice with regard to his appointment.

Save and except the above, none of the other Directors and Key Managerial Personnel of the Company and their relatives are, in any way, concerned or interested, financially or otherwise, in this Resolution.

Item no. 6

The second and final term of Shri Harikant P. Desai (DIN-00034128) and Prof Kirankumar Joshi (DIN-00501563), two Independent Directors of the Company expired on 24/03/2018. As per the amendment made to the Companies (Appointment and Qualification of Directors) Rules, 2014 vide Notification dated 05/07/2017, issued by the Ministry of the Corporate Affairs, the Company is not covered under sub-rule (1) of the said Rules regarding appointment of at least two directors as independent director being an unlisted public Company and a wholly owned subsidiary.

Though the Company is so exempted, however, pursuant to letter no GUV-1108-3747-K dated 05/10/2018 of Government of Gujarat and letter no. GUVNL/CS/Ind. Directors/2018/560 dated 09/10/2018 of Gujart Urja Vikas Nigam Limited (GUVNL), the holding Company, the Board of Directors has appointed Dr. Satishkumar Joshi (DIN 08262317), as an Additional Director and also as Independent Director on the Board of the Company with effect from 06/11/2018 , subject to approval of the Shareholders.

Dr. Satishkumar Joshi shall hold office up to the date of this Annual General Meeting of the Company in terms of Article 78 of the Articles of Association of the Company and Section 161(1) of the Companies Act, 2013 (the Act) and shall be eligible for appointment to the office of Director. Dr. Satishkumar Joshi, if appointed as an Independent Director, will not be liable to retire by rotation.

The Company has received declaration from Dr. Satishkumar Joshi to the effect that he meets the criteria of independence as provided under sub-section (6) of Section 149 of the Act.

Further as per Schedule IV of the Companies Act, 2013 i.e. Code for Independent Directors, the appointment of Independent Director(s) of the Company shall be approved at the meeting of the Shareholders. Hence, this resolution.

Dr. Satishkumar Joshi, age 59 years, is a professor and head of the Department of Electrical Engineering, Faculty of Technology and Engineering, the Maharaja Sayajirao University of Baroda, Vadodara. He is Ph.D, IIT Kanpur (Power System). He has a vast experience in Teaching, Professor. He is a member of many Professional Organizations IEEE, Institution of Electronics and Telecommunication Engineers, Indian Society of Power Engineers (India).His area of interest is optimal power dispatch and Energy Management, Security analysis and control, Voltage stability Studies & Power System Dynamics, Expert System and Neural network applications to power systems, Power System Protection against under Voltage, Deregulation. As a Non-executive Director he is entitled to sitting fees for attending meetings of the Board / Committees as may be decided by the Board. He does not hold by himself or for any other person on a beneficial basis, any shares in the Company. He is not related with other Directors /KMP of the Company. He has attended a meeting of the Board after his appointment. He is not associated as Director in any other Company.

Relevant documents in respect of the said item are open for inspection by the members at the Registered Office of the Company during normal business hours on any working day up to the date of this meeting.

Further as per Section 149(6) as applicable to the Govt. Company, in the opinion of the Energy & Petrochemicals Department, Govt. of Gujarat Dr. Satishkumar Joshi is a person of integrity and possesses relevant expertise and experience. Moreover, having regard to his qualification, experience and knowledge, the Board considers that his appointment as Independent Director would be of benefit to the Company and it is desirable to avail his services as an Independent Director. In the opinion of the Board, he fulfills the conditions for appointment as Independent Directors as specified in the Act and the Rules framed there under and he is independent of the management. Accordingly, the Board recommends the resolution set forth in item no.06 in the accompanying Notice for the approval of the members by way of Ordinary Resolution.

Dr. Satishkumar Joshi is interested in the resolutions set out at Item Nos. 06 of the Notice with regard to his appointment.

Save and except the above, none of the other Directors and Key Managerial Personnel of the Company and their relatives are, in any way, concerned or interested, financially or otherwise, in this Resolution.

By Order of the Board

Date : 21st December, 2018
Place : Vadodara

K.M. Antani
Company Secretary

REGISTERED OFFICE:

Sardar Patel Vidyut Bhavan,
Race Course,
Vadodara – 390 007
CIN : U40102GJ2003SGC042907

BOARD'S REPORT

To,

The Members,

Directors of your Company have great pleasure in presenting the 15th Annual Report of your Company together with the audited financial statements for the financial year ended 31st March, 2018.

FINANCIAL RESULTS

A summary of the financial performance of the Company for the financial year 2017-18 and of the previous year are summarized below:

(₹ in lakhs)

Particulars	Financial year ended 31st March	
	2018	**2017**
Total Income	5,75,136.81	5,24,697.02
Profit before Depreciation, Interest and Tax	40,718.35	41,756.47
Depreciation	24,147.78	24,278.80
Interest and Finance Charges	6,055.32	7,093.13
Profit before Tax	10,515.25	10,384.54
Provision for Tax	1,210.81	2,504.21
Profit after Tax and available for appropriation	9,304.44	7,880.33

TRANSFER TO RESERVES

No amount has been transferred to General Reserve for the financial year 2017-18. Profit after Tax of ₹ 9,304.44 lakhs for the Financial Year 2017-18 has been carried to Retained Earnings in the Balance Sheet.

DIVIDEND

No amount is recommended for dividend on equity shares for the year under review.

OPERATIONS AND STATE OF COMPANY'S AFFAIRS:

The financial year 2017-18 has remained a remarkable year for your Company. Some of the major highlights for the year 2017-18 are as under:

Financial Performance

- Revenue from Sale of power (excluding Electricity Duty, Power sold to GUVNL and UI Income) has increased to ₹ 5284.26 crores during financial year 2017-18 from ₹ 4,693.28 crores in financial year 2016-17 showing increase of ₹ 590.98 crores.

- Per unit average rate of sales realization from consumers has increased to ₹ 5.69 per unit during financial year 2017-18 (excluding Electricity Duty, Power sold to GUVNL and UI Income) as compared to ₹ 5.63 per unit in financial year 2016-17.

- The profit for the year after tax during financial year 2017-18 levelled to ₹ 93.04 crores as compared to ₹ 78.80 crores in financial year 2016-17 showing an increase of ₹ 14.24 crores.

Operational Performance:

- Units sold to Consumers registered to 9,281 Million Units during financial year 2017-18 as compared to 8,330 Million Units in financial year 2016-17.
- Overall distribution loss during financial year 2017-18 reduced to 10.63% as compared to 11.23% in financial year 2016-17.
- The Consumer base increased from 29.80 lakh to 30.70 lakh consumers.
- Transformer failure rate reduced from 3.75% to 3.74%.
- Power availability maintained at 99.97 % (without load shedding).
- Under various normal development schemes, 153 HT Industrial, 330 LT MD, 15,717 NRGP and 63,000 RGP connections were 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 2017-18. 1,52,405 connections were checked and 19,299 connections were detected for theft and mal-practice with total assessment of ₹ 2,249.15 lacs and total recovery of ₹ 995.46 lacs.

SHARE CAPITAL

The Authorized Share Capital of the Company as on 31/03/2017 is ₹ 500 crore. The subscribed capital of your Company as on 31/03/2018 stood at ₹ 400.69 crore. The Company has allotted 3,14,32,534 no. of Equity shares by way of Right issues at premium during the year under review.

During the current financial year, the Company has also allotted 1,65,97,565 Equity Shares by way of Right Issue at premium till the date of this Report.

During the year under review, the Company has not bought back any of its securities nor issued any shares as Sweat Equity or Bonus Shares or shares with differential voting rights nor granted any Stock options Schemes to employees.

SYSTEM IMPROVEMENT

To strengthen distribution network and to improve system operations, several initiatives taken are as under:

- Detailed analysis was carried out for feeders having high Ampere loading and low tail end voltages and accordingly, such feeders were bifurcated as per system improvement (SI) norms. Total 100 such feeders were bifurcated under SI.
- Conductor renovation of 713.83 KM was carried out under system improvement.
- 539 transformers were installed under High Voltage Distribution System (HVDS) to reduce hooking in rural areas and to reduce the LT line losses on existing AG network.
- 100 Nos of 11 KV Capacitor Bank have been installed in Baroda and Nadiad Circles on AGDOM feeders. After installation of capacitor bank, average power factor of feeders is improved from 0.75 to 0.86.

OTHER PROJECTS / SCHEMES

- **R-APDRP:**
- Under Part- A of R-APDRP (Restructured APDRP), a Central Sector Scheme, all the 17 towns were declared Go- Live and are integrated with Data Centre. The third party Audit was also completed. Part-A Closure Report was submitted to PFC for conversion of loan in to grant.
- Under Part- B of the said R-APDRP Scheme, projects for 13 towns were sanctioned, of which works of all 13 towns were completed. The closure report of all 13 towns was approved by PFC.
- For Part-A SCADA/ DMS project in Vadodara City, the order has been placed on M/s. Chemtrol Industries and the implementation is under progress. M/s. Chemtrol has installed all the hardware / software at common centre and at Sub-stations. The hardware installations at RMU locations are completed. The project is likely to be completed by December, 2018.
- **INTEGRATED POWER DEVELOPMENT SCHEME (IPDS):** Government of India has launched Integrated Power Development Scheme (IPDS) for the Urban/Semi-urban areas.

  This scheme will cover works relating to strengthening of sub transmission system, distribution system, feeders separation, metering of distribution transformer etc.

  Ministry of Power, Government of India, has sanctioned ₹ 373 crore for IPDS. The works under IPDS is under progress. The expenditure booked is ₹ 289 crore.
- **DEENDAYAL UPADHYAYA GRAM JYOTI YOJANA (DDUGJY):** Government of India has launched Deendayal Upadhyaya Gram Jyoti Yojana (DDUGJY) for the rural areas. This scheme will cover works relating to un-electrified village to be electrified, feeders separation, strengthening of sub transmission system etc.

  Ministry of Power, Government of India has sanctioned ₹ 920 crore for DDUGJY for Gujarat state as a whole, of which your company's' share is ₹ 258 crore. The work under DDUGJY is under progress. The expenditure booked is ₹ 222 crore.
- Under State Government sponsored Scheme, 13,542 connections were released under Zupadpatti Vijalikaran Scheme and 4,782 connections were released in 'Kutir Jyoti Scheme' in tribal areas during the financial year 2017-18.
- In Agriculture sector, electrification of wells carried out for-
  - 4,095 wells under Special Project Agriculture (SPA) Scheme.
  - 6,603 wells under Tribal Area Sub Plan (TASP) Scheme.
  - 7 wells under Tatkal Scheme
  - 827 wells under Dark Zone Area
  - 7 wells in other scheme.
  - 112 Wells in SC Ag. Scheme.
- In tribal areas :
  - Electrification carried out for 05 Petaparas under Tribal Area Sub Plan (TASP) and 618 connections under Scheduled Caste Sub Plan (SCSP) were provided.

IT INITIATIVES

- Web Application "IT Helpdesk and Asset Management System (I-HAMS)" has been developed and implemented. The system will help to track inventory and movement of all the IT assets across the Company. It will further work as a single window for reporting any IT assets/hardware related complaints in the system. The complaints can be tracked by the user, IT staff and AMC vendor till its resolution.

- Mobile based billing application rolled out across the Company for meter reading and implemented in all the sub-divisions of the Company.

- Intranets revamped with new look.

- Daily Activity Report (DAR) was modified with Team wise Master creation of DTR and Team wise DTR Maintenance activity, Complaint Monitoring. Automated pushing of complaint and feeder interruption data for CM dashboard. Slab wise consumer details as per GERC requirement for the year 2017-18.

- Energy Bill collection from end consumers through second payment gateway i.e. M/S Paytm has been integrated with billing without any third party service provider.

- Meter Data Acquisition System (MDAS) for HT & LT is developed for capturing real time meter data of High revenue Consumers.The open, standardized interfaces offer the utility a high degree of flexibility for analytical purpose of meter data. As per requirements of end Users modifications are implemented in the system. ASCII generation of selected HT consumers are done in MDAS and the same is uploaded in HT Billing successfully for Bill generation.

RENEWABLE ENERGY INITIATIVES

- Your Company has installed 519 nos. of Solar Pump sets (246 nos. of 3 HP and 177 nos. of 5 HP & 96 nos. 7.5 HP) for Agriculture purpose during the year 2017-18 at an estimated expenditure of ₹ 1842.16 lakhs.

DEMAND SIDE MANAGEMENT (DSM) :

- Distribution of pamphlets, on Energy Conservation, Safety issue and consumer grievances redressal procedure among residential consumers with energy bills.

- Celebration of Energy Conservation Day thereby inculcation mass awareness among consumers, employees, etc. through organizing rallies, exhibitions, distributing pamphlets etc.

- Camps were arranged for promoting and disseminating the features of Solar Pump set, Solar Home-Light Scheme, Energy Conservation and Safety.

- Teams of employee at Sub-Division level visited areas under their jurisdiction for educating people regarding Energy Conservation and Efficient usage of Energy.

- Various competitions like Debates, Essay, Slogan competition and Rangoli competition were organized on various topics related to Energy conservation & Energy Efficiency.

- 59,44,604 nos. of 9 w LED bulb; 2,27,621 nos. of 20 w Tube light and 96,021 nos. of energy efficient star rated fans have been distributed under UJALA Scheme of Ministry of Power, Government of India.

- A rally was organized by Baroda (O&M), Anand and Nadiad circles on 14/12/2017 with banners and play-cards displaying messages regarding energy conservation / efficiency and safety to create awareness and to inculcate sense of safety & usage of Energy Efficient appliances.

CUSTOMER SERVICES

Your Company continued its thrust towards improving customer services through continuous improvements in system and processes.

- Fully computerized 24x7 single window customer care centre. Consumer can access any details like documents required for various process, information relating to metering and billing, new service connection, status of fill transformer, change of name etc. from toll free call centre. The call centre is multi-lingual, if required.
- SMS are forwarded to consumers providing information of bill amount, due date of payment, new connection / load extension registration, complaint registration and closing alerts and for shutdown / planned outages.
- Consumer Grievance Redressal Forum is in place as mandated by the Electricity Act, 2003 and regulations notified there under.
- The Company's website is regularly updated to make it more consumers friendly.
- All sub-division offices are equipped with PoS Machines to facilitate consumers to pay their energy bills through Debit/Credit Card.

AWARDS & ACHIEVEMENTS

During the FY 2017-18, the Company has been conferred following Awards & Ratings.

- Ministry of Power, Government of India, has accredited **A+** Rating to the Company. The Integrated Rating reflects the very high operational and financial health of the distribution entities based on the rating framework approved by Ministry of Power.
- Indian Chambers of Commerce has conferred 2nd rank to the Company under the category of UDAY PERFORMANCE AWARD based on the evaluation by Jury Panel.
- Independent Power Producers Association of India(IPPAI) has conferred 'Best Performing Distribution Company' as one of the **Joint Winner** along with Dakshin Gujarat Vij Company Ltd.(DGVCL), Uttar Gujarat Vij Company Ltd.(UGVCL), Paschim Gujarat Vij Company Ltd. (PGVCL), the fellow subsidiary Companies, under the nominated category.

REGULATORY MANAGEMENT

The petition for filing the true up for FY 2016-17 and Tariff determination for FY 2018-19 was filed before the Gujarat Electricity Regulatory Commission (GERC) on 15/01/2018 under the provisions of Section 62 of the Electricity Act, 2003 and regulations made there under. GERC had issued tariff order on 31/03/2018.The revised rates of tariff are effective from 1/04/2018.

OPEN ACCESS

Under the various provisions of state regulatory and legal framework, GUVNL (petitioner) along with MGVCL and other distribution utilities (co petitioners) had filed petition before Hon'ble GERC to determine additional surcharge and to make applicable the additional surcharge on power purchased by open access consumers. GERC has issued Order on 3/04/2017 and decided the rate of additional surcharge as ₹ 0.49 /kWh leviable from the consumers of distribution utilities who avail power through open access from any source other than respective DISCOM for open access transaction for the period commencing from 01/04/2017 to 30/09/2017 and by Order dated 29/09/2017, determined the rate of additional surcharge as ₹ 0.61 /kWh open access transaction for the period commencing from 01/10/2017 to 31/03/2018.

The Gujarat Electricity Regulatory Commission (Terms and Conditions of Intra-State Open Access) Regulations, 2011 allows the consumers seeking open access for capacity of 1 MW and above. Accordingly, during the year 2017-18, total 537.960 MUs were scheduled under open access transactions.

SAFETY

Following steps are being taken for safety to avoid accidents:-

- Safety slogan advisory is sent through SMS on every Monday to all line staff.
- Celebration of safety week in each sub division with competition and arranging a small drama, slogans, documentary etc.
- On every Monday all Sub-divisional heads address their line staff on safety.
- On the last Wednesday of every month at Division office, the concerned divisional head address the meeting with 4 line staff from each sub division. The divisional head sensitize the line staff about use of safety appliances and adopting safe work practices through the audio/visual aids like short films, video clipping etc.
- All circle head arrange the meeting with atleast 2 line staff from each subdivision on last Wednesday of each quarter. Circle head also invite guest faculty and impart training to the line staff with use of audio/visual aids.
- Before the festival of Uttarayan/Ganesh Chaturthi/Navratri/Dipavali advertisements are given in media through newspapers, radio, television cable network etc for creating awareness in the consumers for safe celebrations.
- Published advertisement with pictures in daily leading local newspaper for awareness regarding safety for general public as well as consumer.
- Advisory circulars are issued from time to time regarding implementation of safety measures for prevention of accidents and imposing penalty upon the defaulter staff.
- Activity of reactivation of earthing in case of existing transformers and providing of fencing around the transformer centre is taken up.
- Disc/ Internet cables are reoved from the distribution network for safety aspects.
- The work of replacement of old/detoriated conductors and verification of insulation of AB cable is taken up to avoid the conductor snapping and leakages of current.
- The work of cutting of tree branches at regular interval is done to avoid snapping of conductors due to falling of tree branches on line.
- Training is imparted to newly appointed staff as well as existing staff at regular intervals as per new revised Safety module training and refresher traing arranged for exsiting line staff.
- Prepared safety film on the theme of few actual accidents that occured during current year to show the employee how a minor lapess/error creates major occurance of the accident. So that employee can take care while working and prevents the accidents.

HUMAN RESOURCES

Your Company lays great emphasis on upgrading the skills of its Human Resources. Many need based training and development programs are organized to develop competency of employees and thereby enhance organizational effectiveness and productivity.

Your Company regularly interacts with the employee representatives to ensure cordial and harmonious employee employer relations. Due to positive work culture in the organization, no man days were lost during the year under review.

DIRECTORS

A. Changes in Directors and Key Managerial Personnel

- Since the 14th Annual General Meeting held on 21st December, 2017:

- The second and final term of Shri Harikant. P. Desai (DIN-00034128) and Shri Kirankumar Joshi (DIN-00501563), the existing non- executive Independent Directors, was expired on 24/03/2018, therefore, they ceased to be the Independent Directors of the Company.

- Gujarat Urja Vikas Nigam Limited (GUVNL), the holding Company, has withdrawn the nomination of Shri Mitesh. B. Parikh (DIN 07086891) w.e.f. 31/07/2018 as a Director of pursuant to the provisions of Article 70 of the Articles of Association of the Company.

- The Board places on record its appreciation of contribution and valuable services rendered by Shri Harikant. P. Desai, Shri Kirankumar Joshi and Shri Mitesh. B. Parikh, during their tenure as Directors on the Board of the Company.

- Pursuant to the provisions of Section 167(1)(b) of the Companies Act, 2013, the office of a Director by Shri Chandravadan Macwan (DIN 03596652) has become vacated effective from 15/09/2018.

- GUVNL by letter dated 23/10/2018 re-nominated him as Director of the Company pursuant to the provisions of Article 70 of the Articles of Association of the Company.

- As per the amendment in the Companies (Appointment and Qualification of Directors) Rules, 2014 vide Notification dated 05/07/2017 issued by the Ministry of the Corporate Affairs, the Company is exempted from the requirement of appointment of two Independent Directors being wholly owned subsidiary and public unlisted Company. However, as per letter No. GUV-1108-3747-K dated 05/10/2018 of Government of Gujarat received through GUVNL vide its letter No. GUVNL/CS/Ind. Directors/2018/560 dated 09/10/2018, for appropriate balance of skill, experience and knowledge in the Board, the Board has appointed Shri Praful H. Rana (DIN 00020411), Prof. Sunil Sharma (DIN 06781655) and Dr. Satishkumar Joshi (DIN 08262317) as Independent Directors (Additional Directors) effective from 06/11/2018 for a period of 02 consecutive years subject to the approval of shareholders.

B. Declaration of Independent Directors :

Pursuant to Section 149 (7) of the Companies Act, 2013, the Company has received necessary declaration the Company has received necessary declarations from each Independent Director for the FY 2017-18 as also from each newly appointed Independent Directors confirming that they meet the criteria of independence as prescribed under the Act.

C. Board Evaluation

The Board of Directors has carried out an annual evaluation of its own performance, Board committees and individual directors pursuant to the provisions of the Act.

The performance of the Board was evaluated by the Board after seeking inputs from all the directors on the basis of the criteria such as the Board composition and structure, effectiveness of board processes, information and functioning, etc.

The performance of the committees was evaluated by the board after seeking inputs from the committee members on the basis of the criteria such as the composition of committees, effectiveness of committee meetings, etc.

The Board reviewed the performance of the individual directors on the basis of the criteria such as the contribution of the individual director to the Board and committee meetings like preparedness on the issues to be discussed, meaningful and constructive contribution and inputs in meetings, etc.

In a separate meeting of Independent Directors, performance of non-independent directors, performance of the board as a whole and performance of the Chairman was evaluated, taking into account the views of directors. The same was discussed in the Board Meeting at which the performance of the Board, its committees and individual directors was also discussed.

D. Policy on Directors' Appointment etc.

The Company being a Government Company, the provisions of Section 134(3)(e) of the Companies Act, 2013 are not applicable in view of the Gazette notification dated 05/06/2015 issued by Ministry of Corporate Affairs, Government of India.

E. Meetings of the Board and Committees thereof

Six meetings of the Board of Directors were held during the financial year 2017-18 on 20/04/2017, 06/07/2017, 18/08/2017, 21/09/2017, 12/12/2017, and 21/03/2018.

Four meetings of the Audit Committee were held on 20/04/2017, 21/09/2017, 12/12/2017 and 21/03/2018.

A meeting of the Corporate Social Responsibility Committee was held on 12/12/2017.

Details of the meetings attended by each Director / member during the financial year 2017-18 are as under.

Sr. No		Board Meeting	Audit Committee	Corporate Social Responsibility Committee	Nomination and Remuneration Committee
	Meetings Held	06	04	01	-
	Directors' Attendance				
1	Shri Pankaj Joshi, IAS, Chairman	06	NA	NA	-
2	Shri Rajesh Manjhu, IAS Managing Director	06	04	01	-
3	Ms. D Thara, IAS Woman Director	02	NA	NA	-
4	Shri S.B Khyalia	06	NA	NA	-
5	Shri Kiritkumar M Bhuva (from 1/09/2017)	03	NA	NA	-
6	Shri C.J Macwan Director	01	00	NA	-
7	Shri M.B Parikh Director	06	NA	01	-
8	Shri H.P Desai Independent Director (up to 24/03/2018)	06	04	01	-
9	Shri K.M Joshi Independent Director (up to 24/03/2018)	06	04	01	-

DIRECTORS' RESPONSIBILITY STATEMENT:

To the best of its knowledge, belief and according to the information received, the Board of Directors confirms as under for the financial year 2017-18 in terms of Section 134(3)(c) of the Companies Act, 2013.

a) in the preparation of the Annual Accounts, the applicable Accounting Standards have been followed along with proper explanation relating to material departures;

b) the Directors had selected such accounting policies and applied them consistently 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 at the end of the financial year and of the profit and loss of the company for that period;

c) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

d) the Directors had prepared the Annual Accounts on a going concern basis;

e) the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

AUDIT COMMITTEE

The Audit Committee has been constituted as per the terms of reference, prescribed under Section 177 of the Companies Act, 2013 read with Rule 6 of the Companies (Meetings of the Board and its Powers) Rules, 2014. The Chairman of the Audit Committee is an independent Director. There have been no instances where the recommendations of the Audit Committee were not accepted by the Board of Directors.

Composition of Audit Committee as on 23/03/2018 is as under:

Shri Kirankumar Joshi	(DIN 00501563)	...	Chairman
Shri C.J. Macwan	(DIN 03596652)	...	Member
Shri H P Desai	(DIN 00034128)	...	Member

The second and final term of Shri Harikant P. Desai and Shri Kirankumar Joshi, the existing non- executive Independent Directors, was expired on 24/03/2018. Therefore, they ceased to be the member of the Audit Committee.

On appointment of new Independent Directors by the Board effective from 06/11/2018, the Audit Committee was re-constituted.

NOMINATION AND REMUNERATION COMMITTEE AND POLICY

Pursuant to the provisions of Section 178 of the Companies Act, 2013, the Board of Directors has constituted Nomination and Remuneration Committee. The Ministry of Corporate Affairs, Govt. of India has vide Notification dated 05-Jun-2015 has modified the application of provisions of Section 178 for Government companies so as to apply the same with regard to appointment of 'senior management' and other employees. The Board has on the recommendation of the Committee formulated Remuneration Policy for senior management and other employees.

By Notification dated 13-Jul-2017, the Ministry of Corporate Affairs, Govt. of India amended Rule 6 of the Companies (Meetings of Board and its Powers) Rules, 2014. Consequently, the Company has been exempted from the requirement of constituting an Audit Committee and a Nomination and Remuneration Committee of the Board being wholly owned unlisted Company.

RISK MANAGEMENT

The elements of risk threatening the Company's existence are very minimal. However, as required by Section 134(3)(n) of the Companies Act, 2013, the Company has framed Risk Management Policy to identify various elements of risk and steps taken to mitigate the same. As an enterprise engaged in distribution of electricity, the Company has always had a systems-based approach to Business Risk Management. The risk management includes identifying types of risks and their assessment, risk handling and monitoring and reporting. The Risk Management framework primarily focuses on following elements:

- Risk to Company Assets and Property
- Employees Related Risks
- Risks associated with Non-Compliance of Statutory enactments
- Risks of Inflation and Cost Structure
- Credit Risks
- Liquidity Risks
- Operational Risks
- Regulatory Risk
- Network Risk
- Fuel availability and price fluctuation
- Risk of monsoon failure
- Risk of compensation to third parties due to electrical accidents and burning of crop.
- Dependence on government for grants and sub-sidy.

CORPORATE SOCIAL RESPONSIBILITY

The Company has constituted a 'Corporate Social Responsibility (CSR) Committee' in accordance with Section 135 of the Companies Act, 2013. The Annual Report on CSR activities for the financial year 2017-18 is attached as Annexure 'A' which forms part of this Report.

CSR Policy adopted by the Company is placed on the Company's website www.mgvcl.com.

VIGIL MECHANISM / WHISTLE BLOWER POLICY

As required under the provisions of Section 177(9) of the Companies Act, 2013, the Company has established a Vigil Mechanism (Whistle Blower Policy). All employees of the Company and Directors on the Board of the Company are covered under the mechanism.

The Vigil Mechanism/Whistle Blower Policy may be accessed on the Company's website at the link www.mgvcl.com

During the year, no complaint were received under Whistle Blower Policy.

EXTRACT OF ANNUAL RETURN

The information required to be disclosed pursuant to Section 134(3)(a) of the Companies Act, 2013 with respect to extract of Annual Return pursuant to the provisions of Section 92 read with Rule-12 of the Companies (Management and Administration) Rules, 2014 is furnished in Form MGT-9 as Annexure 'B' and attached to and forms part of this Report.

RELATED PARTY TRANSACTIONS

All transactions entered with Related Parties for the year were on arm's length basis and in the ordinary course of business. The Company has adopted a Related Party policy and procedure.

All Related Party Transactions were placed before the Board. Omnibus approval was obtained for transactions which are of repetitive nature.

INTERNAL FINANCIAL CONTROLS

The Company has in place adequate internal financial controls with reference to financial statements commensurate with the size and nature of its business.

DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORK PLACE (PREVENTION, PROHOBITION AND REDRESSAL) ACT, 2013.

The Company has in place an Anti Sexual Harassment Policy in line with the requirements of The Sexual Harassment of Women at the Workplace (Prevention, Prohibition and Redressal) Act, 2013. Your Company has set up an Internal Complaints Committee (ICC) to redress complaints received regarding sexual harassment.

During the year under review, the Company had received no complaint.

REPORT ON ENERGY CONSERATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS

The information pertaining to Conservation of Energy, Technology Absorption and Foreign Exchange Earnings & Outgo as required under Section 134(3)(m) of the Companies Act, 2013 read with Rule-8(3) of the Companies (Accounts) Rules, 2014 is furnished in Annexure 'C' and attached to and forms part of this Report.

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS:

GERC by tariff order dated 31/03/2018 has determined retail tariff to be recovered for financial year 2018-19 from consumers.

GERC vide order dated 3/04/2017 and 29/09/2017 has determined Additional Surcharge to be recovered by Distribution Companies from Consumers opting to purchase power from other than our Company in order to mitigate our Company's fixed cost burden.

OTHER DISCLOSURES

a) The Company has not declared any dividend and therefore, there was no unpaid or unclaimed dividend and hence no disclosure is required to be made pursuant to the provisions of Section 125 of the Companies Act, 2013.

b) There was no change in the nature of business of the Company during the year.

c) No material changes and commitments affecting the financial position of the Company occurred between the end of the financial year to which these financial statements relate and the date of this Report.

d) The Company is engaged in distribution of power which is covered under the exemption provided under Section 186(11) of the Companies Act, 2013. Accordingly, the details of loan given, or guarantee or security given by the company is not required to be reported. The Company has not made any investment during the year.

e) The Company has no subsidiary or joint venture or associate company as defined under the Companies Act, 2013.

f) The Company being a Government Company is exempted as per Gazette notification dated June 05, 2015 issued by the Ministry of Corporate Affairs, Govt. of India, to furnish information as required under Section 197 of the Companies Act, 2013 read with the Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014,

g) During the year under review, the Company has neither accepted nor renewed any deposits covered/as defined under Chapter-V of the Companies Act, 2013 read with the Companies (Acceptance of Deposits) Rules, 2014.

h) There were no instances of frauds identified or reported by the Statutory Auditors during the course of their audit pursuant to Section 143(12) of the Companies Act, 2013.

However, an instance of material fraud by the ATP operators /employees has been reported during the year. The Company has outsourced the work of collection of energy bills to an external agency (ATP operator). It is the duty of ATP operator to remit daily collection to respective sub division office and also duty of Sr. Assistant (billing) to ensure the amount remitted matches with the cash collection. Instead of that, the ATP operator was remitting cash directly to the Company's bank Account. During the financial year 2017-18, there was short remittance of ₹. 64.19 lacs by Sardar Estate and Indrapuri sub-divisions and ATP operator. The fraud was detected during reconciliation of bank accounts. FIR has been lodged and investigation in the matter is going on.

i) No significant or material orders were passed by the regulators or Courts or Tribunals which impact the going concern status and Company's operations in future except as stated elsewhere in this Report.

j) The Company has complied with the applicable Secretarial Standards.

AUDITORS:

A. Statutory Auditors:

The Statutory Auditors are appointed by the Comptroller & Auditor General of India (C&AG), New Delhi. M/s. JLN US & Co., Chartered Accountants, Ahmedabad, were appointed as Statutory Auditors of the Company for the financial year 2017-18. They have audited the Financial Statements along with Balance Sheet for the Financial Year ended 31/03/2018 and submitted their report which forms part of this report. There is no qualification, reservation or adverse remarks in the Auditors Report.

B. Secretarial Auditors:

Your Company has appointed M/s. Sandip K Shukla, Practicing Company Secretaries, Vadodara for conducting Annual Secretarial Audit for the year 2017-18 pursuant to Section 204 of the Companies Act, 2013. M/s. Sandip K Shukla, Practicing Company Secretaries, Vadodara have issued Annual Secretarial Audit Report (Form MR-3) for the year 2017-18 which forms part of this report and is furnished as Annexure 'D'. The Secretarial Auditor Report does not contain any qualification, observation or adverse remarks.

C. Cost Auditors:

Pursuant to Section 148 of the Companies Act, 2013 read with the Companies (Cost Records and Audit) Amendment Rules, 2014, the cost audit records maintained by the Company in respect of "Electricity" are required to be audited. Accordingly, the Board of Directors has appointed M/s Dalwadi & Associates, Cost Accountants, Vadodara, as Cost Auditor of the Company for the financial year 2017-18. The Cost Audit Report for the F.Y 2017-18 was filed with the Registrar of Companies on 19th October, 2018, within the stipulated time.

The Board has appointed M/s Dalwadi & Associates, Cost Accountants, Vadodara, as Cost Auditors for the financial year 2018-19. As required under the provisions of the Companies Act, 2013, the Directors recommend their remuneration for the Financial Year 2018-19 for your ratification.

The Company has maintained the cost accounting records as prescribed under the Companies (Cost Records and Audit) Rules, 2014 as amended by the Companies (Cost Records and Audit) Rules, 2017.

D. Auditors' Report on the Accounts

The comment of the Comptroller & Auditor General of India (C&AG) and Reply of the Management thereto form part of this Report and are attached as Annexure 'E'.

ACKNOWLEDGEMENTS

Your Directors wish to thank and acknowledge the support, guidance and continued co-operation extended by Central Government, Government of Gujarat particularly Energy & Petrochemicals Department, Gujarat Electricity Regulatory Commission.

Your Directors gratefully acknowledge support and directions provided by the parent company, Gujarat Urja Vikas Nigam Ltd. Your Directors are also grateful to the Bankers, Financial Institutions, Suppliers and other business associates for their continued patronage and confidence in the Company.

Your Directors also recognize the contribution of the esteemed consumers in the growth of the Company and takes this opportunity to pledge the Company's commitment to serve them better.

Your Directors wish to express its sincere appreciation to all employees for the valuable services and co-operation extended by them and are confident that they will continue to contribute their best towards achieving still better performance in future.

For and on behalf of the Board of Directors,

(Pankaj Joshi)
Chairman
DIN : 01532892

Place : Vadodara.
Date : 21st November, 2018.

ANNEXURE " A" TO BOARD'S REPORT

Annual Report on Corporate Social Responsibility (CSR) activities for the Financial Year 2017-18.

1	**A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.**
	Corporate Social Responsibility (CSR) Policy of Madhya Gujarat Vij Company Limited (MGVCL)' encompasses the Company's philosophy for delineating its responsibility as a corporate citizen and lays down the guidelines and mechanism for undertaking socially relevant programs for welfare and sustainable development of the community at large. This Policy shall apply to all CSR initiatives and activities taken up by the Company at the Company's areas of operations and also within the State of Gujarat and in any other parts of the country, for the benefit of the different segments of the society provided that the preference shall be given to the local areas and areas where the Company operates for undertaking the CSR activities. In alignment with vision of the Company, MGVCL, through its CSR initiatives, shall continue to enhance value creation in the society and in the community in which it operates, through its services, conduct and initiatives, so as to promote sustained growth for the society and community. The CSR Projects and Programmes undertaken will be within the broad frame work of Schedule VII of the Companies Act, 2013 and will be identified and funds allocated, on a yearly basis, as per the need assessment specific to the location, target beneficiary and agency partnering for the implementation. The CSR Policy may be assessed on the Company's website: www.mgvcl.com
2	**The Composition of the CSR Committee**
	1. Shri Rajesh Manjhu, IAS, … Managing Director …. Chairman 2. Shri Mitesh B. Parikh, … Director …. Member 3. Shri Kirankumar Joshi … Independent Director …. Member (up to 23/03/2018) 4. Shri Harikant P Desai … Independent Director …. Member (up to 23/03/2018) The final term of two non-executive Independent Directors who were members of the CSR Committee ended on 24/03/2018. The three Independent Directors appointed by the Board of Directors were inducted in the CSR Committee as members.
3	**Average net profit of the Company for last three financial years** Average Net Profit (2014-15 to 2016-17) ₹ 6,718.93 Lacs
4	**Prescribed CSR Expenditure** **(two percent of the amount as in item 3 above)** ₹ 134.38 Lacs
5	**Details of CSR spent during the financial year**:- a) Total amount to be spent for the financial year … ₹ 134.38 lacs b) Amount unspent, if any … ₹ 37.34 lacs

C) Manner in which the amount spent during the financial year as given below :

(₹. in lakhs)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sr. No.	**CSR Project or activity identified**	**Sector in which the project is covered**	**Projects or programs Projects or programs (1) Local area or other (2) specify the state and district where projects or programs was undertaken**	**Amount outlay (budget) project or programs wise (Estimated Cost)**	**Amount spent on the projects or programs (1) Direct expenditure on projects or programs (2) Overhead**	**Cumulative expenditure upto the reporting period**	**Amount spent: Direct or though implementing agency**
1.	Modernization of Gotri Crematorium (For two financial years 2016-17 and 2017-18	Ensuring environmental sustainability, ecological balance, conservation of Natural Resources	Local Area Vadodara District Gujarat	121.00	97.04 Overhead Nil	111.63	Direct
	Total			121.00	97.04	111.63	

6.	**In case, the Company has failed to spend two percent of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board Report:** During the financial year 2017-18, the Company has spent ₹ 97.04 lakhs on CSR project which is equivalent to 1.44 % of its average net profits of the last three financial years and has endeavored to meet the budgeted expenditure by contributing to eligible CSR project. The Company is committed to continually explore new projects / activities which create maximum impact and incrementally invest in CSR activities to spend the prescribed CSR amount in the subsequent years.
7.	**Responsibility statement, of the CSR Committee, that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company duly signed by Director and Chairperson of the CSR Committee.** The CSR Committee of the Company hereby confirms that the implementation and monitoring of CSR activities of the Company are in compliance with CSR objectives and CSR Policy of the Company.

(Rajesh Manjhu, IAS)
Managing Director
&
Chairman - CSR Committee
(DIN 06904033)

Vadodara
21st December, 2018

ANNEXURE "B" TO BOARD'S' REPORT

Form No.MGT-9

EXTRACT OF ANNUAL RETURN

AS ON THE FINANCIAL YEAR ENDED ON 31ST MARCH, 2018

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

i.	CIN	U40102GJ2003SGC042907
ii.	Registration Date	15/09/2003
iii.	Name of the Company	MADHYA GUJARAT VIJ COMPANY LIMITED
iv.	Category/ Sub-Category of the Company	Public Limited Company, Govt. Company
v.	Address of the Registered office and contact details	Sardar Patel Vidyut Bhavan Race Course,Vadodara-390007 Ph. NO: (0265) 2310583-86 Website :www.mgvcl.com
vi.	Whether listed Company	No
vii.	Name, Address and Contact details of Registrar and Transfer Agent, if any	NA

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the Company shall be stated:-

Sr. No.	Name and Description of main products/ services	NIC Code of the Product/ Service	% to total turnover of the Company
1	Distribution of Electricity	35109	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	Name And Address Of The Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	Gujarat Urja Vikas Nigam Limited Sardar Patel Vidyut Bhavan Race Course, Vadodara.	U40109GJ2004SGC045195	Holding	100%	Sec. 2(46)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

(i) Category-wise Share holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoter									
1) Indian	0	0	0	0	0	0	0	0	0.00
a) Individual / HUF	0	0	0	0	0	0	0	0	0.00
b) Central Govt	0	0	0	0	0	0	0	0	0.00
c) State Govt(s)	0	0	0	0	0	0	0	0	0.00
d) Bodies Corp	-	36,92,57,067	36,92,57,067	100	-	40,06,89,601	40,06,89,601	100	0.00
e) Banks / FI	0	0	0	0	0	0	0	0	0.00
f) Any Other	0	0	0	0	0	0	0	0	0.00
Sub-total(A)(1):-	-	36,92,57,067	36,92,57,067	100	-	40,06,89,601	40,06,89,601	100	0.00
2) Foreign	0	0	0	0	0	0	0	0	0.00
a) NRIs-Individuals	0	0	0	0	0	0	0	0	0.00
b) Other-Individuals	0	0	0	0	0	0	0	0	0.00
c) Bodies Corp.	0	0	0	0	0	0	0	0	0.00
d) Banks / FI	0	0	0	0	0	0	0	0	0.00
e) Any Other....	0	0	0	0	0	0	0	0	0.00
Sub-total(A)(2):-	0	36,92,57,067	36,92,57,067	100	0	40,06,89,601	40,06,89,601	100	0.00
B. Public Shareholding	0	0	0	0	0	0	0	0	0.00
1. Institutions	0	0	0	0	0	0	0	0	0.00
a) Mutual Funds	0	0	0	0	0	0	0	0	0.00
b) Banks / FI	0	0	0	0	0	0	0	0	0.00
c) Central Govt	0	0	0	0	0	0	0	0	0.00
d) State Govt(s)	0	0	0	0	0	0	0	0	0.00
e) Venture Capital Funds	0	0	0	0	0	0	0	0	0.00
f) Insurance Companies	0	0	0	0	0	0	0	0	0.00
g) FIIs	0	0	0	0	0	0	0	0	0.00
h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0.00
i) Others (specify)	0	0	0	0	0	0	0	0	0.00
Sub-total(B)(1)	0	0	0	0	0	0	0	0	0.00
2. Non-institutions									
a) Bodies Corp. (i) Indian (ii) Overseas	0	0	0	0	0	0	0	0	0.00
b) Individuals (i) Individual shareholders holding nominal share capital upto ₹ 1 lakh (ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	0	0	0	0	0	0	0	0	0.00
c) Others	0	0	0	0	0	0	0	0	0.00
d) (Specify)	0	0	0	0	0	0	0	0	0.00
Sub-total(B)(2)	0	0	0	0	0	0	0	0	0.00
Total Public Shareholding (B)=(B)(1)+ (B)(2)	0	0	0	0	0	0	0	0	0.00
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0	0	0	0	0	0.00
Grand Total (A+B+C)	0	36,92,57,067	36,92,57,067	100	0	40,06,89,601	40,06,89,601	100	0.00

(ii) Shareholding of Promoters

Sr. No	Share-holder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	
1	Gujarat Urja Vikas Nigam Limited, (holding Company) and its Nominees	36,92,57,067	100	-	40,06,89,601	100	Nil	Nil
	Total	36,92,57,067	100	-	40,06,89,601	100	Nil	Nil

(iii) Change in Promoters' Shareholding (please specify, if there is no change)

Sr. No		No. of Shares	% of total shares of the Company
1	**Shareholding at the beginning of the year** Gujarat Urja Vikas Nigam Limited	**36,92,57,067**	100%
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase/ decrease (e.g. allotment / transfer / bonus / sweat equity etc): **DATE** **REASON** 10/08/2017 ALLOTMENT 08/01/2018 ALLOTMENT	 **2,24,86,839** **89,45,695**	
	Cumulative Shareholding during the year	**40,06,89,601**	100%
	Shareholding at the end of the year	**40,06,89,601**	100%

(iv) Shareholding Pattern of top ten Shareholders:
(Other than Directors, Promoters and holders of GDRs and ADRs):

Sr. No	For Each of the Top 10 Shareholders	No. of shares	% of total shares of the Company
	Shareholding at the beginning of the year	Not Applicable	
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase/ decrease (e.g. allotment / transfer / bonus/ sweat equity etc):		
	Cumulative Shareholding during the year		

(v) Shareholding of Directors and Key Managerial Personnel:

Sr. No.	Shareholding of each Directors and each Key Managerial Personnel	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	DIRECTORS				
1	Shri Pankaj Joshi, IAS	0		0	
2	Shri Rajesh Manjhu, IAS	0		0	
3	Ms. D. Thara, IAS	0		0	
4	Shri Shersingh B. Khyalia	0		0	
5	Prof. Kirankumar Joshi	0		0	
6	Shri Harikant.P. Desai	0		0	
7	Shri Chandravadan J. Macwan	0		0	
8	Shri Mitesh B. Parikh	0		0	
9	Shri Kiritkumar M. Bhuva	0		0	
10	**KEY MANAGERIAL PERSONNEL**				
1	Shri Kamlesh R. Shah - CFO	0		0	
2	Shri Ketan M. Antani - Company Secretary	0		0	

V INDEBTEDNESS

Indebtness of the company including intent outstanding / accrued but not due for payment.

(₹ in lakhs)

Particulars	Secured Loans excluding deposits	UnSecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
I) Principal Amount	15872.61	5406.46	-	21279.07
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	2604.06	327.18	-	2931.24
Total(i+ii+iii)	**18476.67**	**5733.64**	**-**	**24210.31**
Change in Indebtedness during the financial year				
Addition	1320.75	-	-	1320.75
Reduction	(8574.81)	(151.94)	-	(8726.75)
Net Change	**(7254.06)**	**(151.94)**	-	**(7406.00)**
Indebtedness at the end of the financial year				
i) Principal Amount	10758.43	4327.06	-	15085.49
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	4307.37	162.38	-	4469.75
Total (i+ii+iii)	**15065.80**	**4489.44**	-	**19555.24**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and / or Manager

Sr. No.	Particulars of Remuneration	MD- Shri Rajesh Manjhu, IAS	Total Amount (₹ in lakhs)
1	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act,1961 (b) Value of perquisites u/s 17(2)Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	 **16.12** **1.62** -	 **16.12** **1.62** -
2	Stock Option	-	-
3	Sweat Equity	-	-
4	Commission - as % of profit - Others, specify…	-	-
5	Others, please specify	-	-
6	**Total (A)**	**17.74**	**17.74**
	Ceiling as per the Act	Not Applicable as Section 197 of Companies Act, 2013 shall not apply to Government Companies.	

B. Remuneration to other Directors:

Particulars of Remuneration	Name of Directors									Total Amount (Rupees)
	Shri Pankaj Joshi	Shri Rajesh manjhu	Ms. D. Thara	Shri M. B. Parikh	Shri K. M. Joshi	Shri K M Bhuva	Shri H. P. Desai	Shri C J Macwan	Shri S. B. Khyalia	
Independent Directors										
·Fee for attending Board committee meetings	Nil	Nil	Nil	Nil	45000	Nil	25000	Nil	Nil	Nil
·Commission	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Others	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Total(1)	Nil	Nil	Nil	Nil	45000	Nil	25000	Nil	Nil	Nil
Other Non-Executive Directors										
·Fee for attending Board committee meetings	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
·Commission	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
·Others, please specify	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Total(2)	0	0	0	0	0	0	0	0	0	0
Total(B)=(1+2)	-	-	-	-	45,000	25,000		-	-	70,000
Total Managerial Remuneration	-	-	-	-	45,000	25,000		-	-	70,000
Overall Ceiling as per the Act	**Not Applicable as Section 197 of Companies Act, 2013 shall not apply to Government Companies.**									

C. Remuneration to Key Managerial Personnel Other than MD/Manager/WTD

(₹ in lakhs)

Sr. No.	Particulars of Remuneration	Key Managerial Personnel		Total
		CFO	Company Secretary	
1	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act,1961 (b) Value of perquisites u/s 17(2)Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	**29.76** - -	**24.24** - -	**54.00** - -
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission - as % of profit - Others, specify...	-	-	-
5	Others, please specify	-	-	-
6	**Total**	**29.76**	**24.24**	**54.00**

VII. PENALTIES/ PUNISHMENT/ COMPOUNDING OF OFFENCES:

There are no cases if any penalty, punishment or compounding of offences under the Companies Act, 2013 and Rules made thereunder reported during 2017-18.

For and on behalf of the Board of Directors,

(Pankaj Joshi)
Chairman
DIN : 01532892

Vadodara.
21st December, 2018

ANNEXURE "C" TO TO BOARD'S REPORT

Conservation of energy, technology absorption and foreign exchange earnings and outgo

[Section 134 (3) (m) of the Companies Act, 2013 read with Rule 8 (3) of the Companies (Accounts) Rules, 2014.]

A. CONSERVATION OF ENERGY –

i) The steps taken or impact on conservation of energy:

- HVDS system is implemented to reduce LT / HT ratio for reduction of technical losses.
- Feeder bifurcations are being done to reduce line length with the aim of reduction in HT line loss and improvement in reliability of supply.
- Celebration of Energy Conservation Day thereby inculcation mass awareness among consumers, employees etc through organizing rallies, exhibitions, distributing pamphlets etc.
- Camps were arranged for promoting and disseminating the features of Solar Pump set, Solar Home-light Schemes, Energy Conservation and Safety.
- 59,44,604 nos. of 9 w LED bulb; 2,27,621 nos. of 20 w Tube light and 96021 nos. of energy efficient star rated fans have been distributed under UJALA Scheme of Ministry of Power, Government of India.
- Teams of employees at sub-division level visited areas under their jurisdiction for educating people regarding Energy Conservation and Efficient usage of Energy.
- A rally was organized by Baroda (O&M), Anand and Nadiad circles on 14/12/2017 with banners and play-cards displaying messages regarding energy conservation /efficiency and safety to create awareness and to inculcate sense of safety & usage of Energy Efficient appliances.
- Various competitions like Debates, Essay, slogan competition and Rangoli competition were organized on various topics related to Energy conservation & Energy Efficiency.

ii) The steps taken by the Company for utilizing alternate sources of energy:

- Installed 519 nos of Solar Pump sets (246 nos. of 3 HP and 177 nos. of 5 HP and 96 nos 7.5 HP) for Agriculture purpose during the year 2017-18 at an estimated expenditure of ₹ 1842.16 lakhs.

• **iii) The capital investment on energy conservation equipments:**

Provisions have been made during FY 2018-19 for different energy conservation / Demand side Management Scheme.

B. TECHNOLOGY ABSORPTION –

i) the efforts made towards technology absorption:

The Company continuously makes efforts towards research and developmental activities and has been constantly active in tapping the best technology in the industry.

ii) the benefits derived:

- Safe working environment.
- Reduction in losses.
- Better consumer satisfaction.

iii) Information regarding imported technology –

Nil

iv) the expenditure incurred on Research and Development.

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

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

Description	**₹ in lakhs**
Foreign Exchange Earned	Nil
Foreign Exchange Used (Actual Outflow)	Nil

(a) Import of Capital Goods
(b) Import of Fuel, Components, Stores and Spare Parts
(c) Travelling, Subscription and Others

For and on behalf of the Board of Directors,

(Pankaj Joshi)
Chairman
DIN : 01532892

Vadodara
21st December, 2018

ANNEXURE "D" TO BOARD'S' REPORT
FORM NO. MR – 3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2018

[Pursuant to Section 204(1) of the Companies Act, 2013 read with Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
Madhya Gujarat Vij Company Limited,
Sardar Patel Vidyut Bhavan, Race Course,
Vadodara – 390007.

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Madhya Gujarat Vij Company Limited (CIN U40102GJ2003SGC042907) (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/ statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of the Secretarial Audit, **I hereby report that** in my opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2018, complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter :

I have examined the books, papers, minutes books, forms and returns filed and other records maintained by the Company having its registered office at Sardar Patel Vidyut Bhavan, Race Course, Vadodara - 390 007 for the financial year ended on 31st March, 2018, according to the provisions of:

(i) The Companies Act, 2013 ("the Act") and the Rules made there under;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made there under;
- **NOT APPLICABLE**

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under; - **NOT APPLICABLE**

(iv) Foreign Exchange Management Act, 1999 and the applicable rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- **NOT APPLICABLE**

(v) The Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (SEBI Act).
- **NOT APPLICABLE - The Company being an unlisted Company.**

(vi) The other following laws to the extent specifically applicable to the Company:

a) The Electricity Act, 2003,

b) The Gujarat Electricity Industry (Re-organization and Regulation) Act, 2003,

c) The Gujarat Electricity Duty Act, 1958, I have also examined compliance with the applicable clauses of the following:

(i) Secretarial Standards issued by the Institute of Company Secretaries of India

(ii) The Listing Agreement

NOT APPLICABLE - The Company being an unlisted Company

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, standards etc mentioned above. For non spending of amount on Corporate Social Responsibility activities as per Section 135 of the Act, the Company has ensured to specify the reasons for non spending the amount in its Board Report pursuant to the provisions of Section 135 of the Act and the Companies (Corporate Social Responsibility Policy) Rules, 2014.

I further report that

The Company is a wholly owned subsidiary of a Government company. The Company is a Government Company under the provisions of the Act.

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act and as per the directives issued by the Government of Gujarat from time to time. The final term of two non-executive Independent Directors ended on 24/03/2018. The proposal for appointment of Independent Directors was submitted to State Government by the holding Company, Gujarat Urja Vikas Nigam Limited, which was under consideration of the Government as on 31st March, 2018.

Adequate notice is given to all Directors to schedule the Board Meetings, Agenda and detailed notes on agenda were sent at least seven days in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

There were no dissenting views on any matter.

I further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the audit period, there were no specific events/ actions having a major bearing on the Company's affairs except the following:

1. Allotment of 2,24,86,839 Equity Shares of ₹ 10/- each for cash, at premium of ₹ 58/- per share, on rights basis on 10/08/2017 u/s 62 of the Act.

2. Allotment of 89,45,695 Equity Shares of ₹ 10/- each for cash, at premium of ₹ 62/- per share, on rights basis on 08/01/2018 u/s 62 of the Act.

SANDIP K SHUKLA
COMPANY SECRETARIES
FCS No: 2386
C.P No: 3335

Place: Vadodara
Date: 15/11/ 2018

This report is to be read with our letter of even date which is annexed as Annexure and forms an integral part of this report.

Annexure

To,
The Members,
Madhya Gujarat Vij Company Limited,
Sardar Patel Vidyut Bhavan, Race Course,
Vadodara – 390007.

My Secretarial Audit Report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.

2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial Records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices, I followed provide a reasonable basis for my opinion.

3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.

4. Wherever required, I have obtained the management's representation about the compliance of laws, rules and regulations and happening of events etc.

5. The Compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of procedures on test basis.

6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

SANDIP K SHUKLA
COMPANY SECRETARIES
FCS No: 2386
C.P No: 3335

Place: Vadodara
Date : 15 -11-2018

ANNEXURE "E" TO BOARD'S' REPORT

Management Reply to the comment of the Comptroller and Auditor General of India received from AG Office, Ahmedabad under Section 143(6)(b) of the Companies Act, 2013 on the Accounts of the Madhya Gujarat Vij Company Limited, Vadodara for the year ended March 31, 2018

Comment of the Comptroller and Auditor General of India	Management Reply
Balance Sheet, Equity and Liabilities, **Deferred Government Grants, Subsidies and Contribution (Note No.18) ₹ 1259.42 crore** A reference is invited to the Comments of the Comptroller and Auditor General (C&AG) of India under Section 143(6) of the Companies Act, 2013 on the financial statements of Madhya Gujarat Vij Company Limited (Company) for the year ended 31 March 2017. The Company with effect from 01 April 2016, has changed the method of computing the grants/consumer contribution received against depreciable assets to be recognized in Statement of Profit and Loss from reducing balance method to the straight line method and consequently the rates at which grant is recognized in the Statement of Profit and Loss. The Company has determined that the change to recognize grants in proportion of the depreciation expenses is a change in accounting estimates and is to be applied prospectively. As per paragraph No. 8.4 of AS-12, Grants related to depreciable assets are treated as deferred income which is recognised in the Profit and Loss Statement on a systematic and rational basis over the useful life of the asset. As per paragraph 17 of Ind AS 20, grants related to depreciable assets are usually recognised in Profit or Loss over the periods and in the proportions in which depreciation expense on those assets is recognised. **The above change in method**	It is to point out with reference to Audit comment issued last year, and as brought out in this comment, that this is a repeat comment. The matter commented upon had been thoroughly addressed by MGVCL as well as GUVNL, our holding company. In this regard MGVCL has made detailed submissions and the matter had also been discussed with C&AG Office stating our position and reasons behind our position with specific reference to both Ind AS and Previous GAAP (Indian GAAP) requirements. We summarise the issue as also brought out in bold text in comment issued by C&AG Office as follows: 1. The Company has changed the method as there was a mismatch of grants recognized in Statement of Profit and Loss versus the related depreciation expense; and 2. The change in the method is to correct an error as the change was not mandated by Ind AS 20. We would like to reiterate as already discussed and responded to earlier: 1. Firstly, as per error definition, **for anything to be recognised as a correction of error in any year, it must be first, an error in the earlier/prior year**. To label any accounting treatment as a prior period error, it usually warrants substantive corroboration and evidence explicitly demonstrating the accounting treatment being an error in view of the specific accounting framework as applicable. However, **as can be noted from the audited financial statements of the earlier year i.e. financial year ended 31 March 2016 including consideration of C&AG additional comments, the accounting treatment was found to be in compliance with the relevant accounting framework – Previous GAAP. The accounting treatment was found to be compliant not just for the financial year ended 31 March 2016, but even for previous 5-year financial statements.** Here, it is to point out that, had the accounting treatment – method adopted, were to be an error, based on an objective review of the relevant accounting framework, given the nature and impact of such an error, would have been a subject matter of audit qualification by the statutory auditors in addition to C&AG comments on the financial statements to that effect. Hence, MGVCL is of the firm view that the change from WDV method to SLM method for recognition of government grants is perfectly appropriate in terms of generally accepted accounting principles, both Ind AS and Previous GAAP, and cannot be construed as a correction of error by any means.

was made by the Company as there was a mismatch of the grants recognized in the Statement of Profit and Loss versus the related depreciation expense. Thus, the Company has changed the method of recognition of deferred income in order to align the recognition of deferred income with the related depreciation expense. As the provision for treatment of deferred income to be recognised in the Profit and Loss Statement on a systematic and rational basis over the useful life of the asset are same in AS-12 and Ind AS 20, the change was not mandated by Ind AS 20. **Hence, the Company changed the method in order to correct an error.** Since the depreciable assets related to which grants/ consumer contribution received have been capitalized in the books of accounts, the effect of such change should be worked out retrospectively and accounted for in the opening balance of Deferred Government Grants, Subsidies and Consumer contribution. This has resulted in overstatement of retained earnings and understatement of balances of Deferred Government Grants, Subsidies and Consumer Contribution towards Capital Assets by ₹ 249.30 crore as at 31st March 2017. Despite being pointed out in previous year, no corrective action has been taken by the Company during 2017-18.	2. Thus, though there was no apparent error, as already clarified in our previous submission, GUVNL Group Companies noted that the WDV method of recognizing grants though in compliance with AS-12 as well as IndAS 20, results into a variation in the depreciation expense recognized and the amount of grant recognized in Statement of Profit & Loss every year. It was also considered that using the same method of recognizing grants would reduce the variation of depreciation and grants recognized during any year. Accordingly, GUVNL group companies has changed the method of recognizing Grants in the Statement of Profit & Loss w.e.f 01.04.2016 to more appropriately match with the method used to depreciate the assets against which the grants were received. 3. MGVCL disagree with the view of C&AG that the change in the method was in order to correct an error because such a change is not mandated by IndAS 20. Here, **it is to point out that IndAS 20 does not mandate any specific basis / method to recognize grants, it only mandates a systematic basis**. So, C&AG's office view that IndAS 20 does not mandate the change of a base used is not appropriate as there is no mandate for any specific base even otherwise. **4. As also noted in C&AG's comment that the change is not a change in accounting policy but a change in method i.e., a change in accounting estimate.** It may be further pointed out that as per Ind AS, the use of reasonable estimates is an essential part of the preparation of financial statements and does not undermine their reliability. **An estimate may need revision if changes occur in the circumstances on which the estimate was based or as a result of new information or more experience. By its nature, the revision of an estimate does not relate to prior periods and is not the correction of an error**. Hence, MGVCL disagree with the view of C&AG that a change in method is occasioned to correct an error particularly when an estimate has to be reviewed and revised even otherwise. 5. Lastly, our accounting is as required by Ind AS, both in the previous year as well as in the current year. In our considered view, the proposition by C&AG that the change in methodology should be adjusted retrospectively would be a non-compliance of Ind AS itself, as Ind AS 8 has clearly laid down how to account for a change in accounting policy versus change in accounting estimate.

For and on behalf of the Board of Directors,

(Pankaj Joshi)
Chairman
DIN : 01532892

Vadodara
21st December, 2018

INDEPENDENT AUDITOR'S REPORT

To the members of
MADHYA GUJARAT VIJ COMPANY LIMITED

Report on the Ind AS Financial Statements

1. We have audited the accompanying Ind AS financial statements of Madhya Gujarat VIJ Company Limited ('the company'), which comprise the Balance Sheet as at 31st March, 2018, the Statement of Profit and Loss account (including other comprehensive income), the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ('the Act') with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India.

   This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these Ind AS financial statements based on our audit.

   In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder and the Order issued under Section 143(11) of the Act.

   We conducted our audit of the financial statement in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements is free from material misstatement.

4. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the Auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements.

5. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

Opinion

6. The Company is governed by the provisions of the Electricity Act, 2003 read with the rules and regulations issued there-under. The Section 129 of the Companies Act, 2013, also provides that the special Acts like Electricity Act, 2003 will apply to the extent the provisions of the Companies Act, 2013 are inconsistent with provisions of those Acts. Accordingly, the Ind AS financial statements of the Company for the year 2017-18 is compiled and reported.

   In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the state of affairs of the Company as at 31st March, 2018, and its financial performance including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Emphasis of Matter

7. We draw your attention to note 20.1 to the financial statements which describes that security deposit of consumers is updated, to the extent discrepancies brought to the notice of the Company, in subsidiary records and further reconciliation of the same with that as per books is under process.

   Our opinion is not qualified in respect of this matter.

Report on Other Legal and Regulatory Requirements

8. As required by the Companies (Auditors' Report) Order, 2016 ('the Order') issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the 'Annexure I', a statement on the matters specified in paragraphs 3 and 4 of the Order.

9. As required by the Directions/Sub-directions under Section 143(5) of the Companies Act, 2013, we give in the 'Annexure II', a report on compliance thereof.

10. As required by Section 143 (3) of the Act, based on our audit, we report that:

    a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

    b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

    c) The Balance Sheet, the Statement of Profit and Loss, the Statement of Cash Flows and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.

    d) In our opinion, the aforesaid Ind AS financial statements comply with the applicable Accounting Standards specified under Section 133 of the Act, read with relevant rules issued thereunder.

    e) According to the Notification No. G.S.R. 463(E) dated05/06/2015 issued by Government of India, the provisions of Section 164(2) of the Companies Act, 2013 are not applicable to the Company.

    f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in 'Annexure III'. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:

i. The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements- refer to Note 43 to the Ind AS financial statements.

ii. The Company did not have any long term contracts including derivative contracts for which there are any material foreseeable losses.

iii. There has not been an occasion in case of the Company during the year under report to transfer any sums to the Investor Education and Protection Fund. The question of delay in transferring such sums does not arise.

For JLN US & Co.
Chartered Accountants
Firm Registration No. : 101543W

CA. Abhishek Nagori
Partner
Membership No. : 107954

Place: Vadodara
Date : 20/09/2018

"ANNEXURE I" TO THE AUDITOR'S REPORT

The Annexure referred to in paragraph 8of Independent Auditor's Report to the members of Madhya Gujarat Vij Company Limited on the Ind AS financial statements for the year ended 31st March, 2018

On the basis of such checks as we considered appropriate and according to the information and explanations given to us during the course of our audit, we report that:

(i) In respect of the Company's fixed assets:

(a) The Company has generally maintained proper records of fixed Assetsshowingshowinglocation of assets as Sub- Division. However, exact locations are not mentioned.

(b) As explained to us, certain fixed assets have been physically verified by the management at reasonable intervals and as informed to us no material discrepancies were noticed on such verification.

(c) The details in respect of title deeds of immovable properties are as under:

Balance Transferred from erstwhile Gujarat Electricity Board (GEB) on 1st April, 2005-

Government of Gujarat, vide Notification No. GHU–2006 –91– GUV – 1106-590 K dated 3rd October, 2006 notified the final opening Balance Sheet of the 7 Companies as on 1st April, 2005 whereby certain assets and liabilities of the erstwhile Gujarat Electricity Board (GEB) has been transferred to the Company, MGVCL. As informed to us, the company has received value of Land & Land Rights of ₹ 154.37 lakhs and building and other civil work of ₹ 1842.09 lakhs as on 1st April 2005 vide the said notification.

The above balance of Land & Land Rights and building include ₹ 116.99 lakhs and ₹ 104.25 lakhs respectively taken over from Vadodara Municipal Corporation vide Order No. GU / 88 / 9 /LBM / 1185 / 4503 / K dated 5th March, 1988.

The above balances have been transferred from erstwhile Gujarat Electricity Board (GEB) vide notification and as informed to us, the procedure for the registration and / or transfer in the name of the Company is under progress.

Land & Land Rights Purchased / Acquired on or after 1st April, 2005

According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company. The company has acquired Land & Land Rights Purchased / Acquired on or after 1st April, 2005 for ₹ 2508.00 lakhs (₹ 372.95 lakhs through acquisition mode and ₹ 2135.05 lakhs as lease from Government agencies).

However, as informed to us, the company has letter of Allotment from Government agencies, Municipal Tax and possession receipts for respective lands but does not have any registered sale deed/ transfer deed/ conveyance deed in respect of Land & Land Rights Purchased / Acquired on or after 1st April, 2005.

Building Constructed / Acquired on or after 1st April, 2005

As per the information and explanations given to us, all the existing buildings of the Company are constructed (not purchased) on the land either acquired/purchased by the Company itself or allotted by erstwhile GEB and its group Companies.

(ii) The Management of the Company has conducted physical verification of the inventory at the year end and no material discrepancies were noticed on such verification. In our opinion, the frequency of verification is reasonable.

(iii) In our opinion and according to information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013. Thus, paragraph 3(iii) of the Order is not applicable to the Company.

(iv) In our opinion and according to information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Act in respect of grant of loans, making investments and providing guarantees and securities, as applicable.

(v) The Company has not accepted deposits during the year and does not have any unclaimed deposits as at 31st March, 2018. Accordingly, the provisions of the clause 3 (v) of the Order are not applicable to the Company.

(vi) The Central Government has prescribed the maintenance of cost records for the Company under Sub-section (1) of section 148 of the Act. Accordingly, the Company has appointed firm of Cost Accountant for the preparation of cost records. We have however not made detailed examination of records with a view to determine whether they are accurate or complete.

(vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/accrued in the books of accounts in respect of undisputed statutory dues including Provident Fund, Employees' State Insurance, Income- Tax, Sales-Tax, Service Tax, Duty of Customs, Duty of Excise, Goods and Service Tax, Value Added tax, Cess and other material statutory dues, as applicable, have been regularly deposited during the year by the Company with the appropriate authorities.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income- Tax, Sales-Tax, Service Tax, Duty of Customs, Duty of Excise, Goods and Service Tax, Value Added tax, Cess and other material statutory dues, were in arrears as at 31stMarch, 2018, for a period of more than six months from the date they became payable.

(b) As per notification of the Gujarat Electricity Industry (Reorganization and Regulation) Act 2003, the Statutory liability which may arise in regard to the dealings before the date of transfer shall vest in the Company and therefore we are unable to comment on whether there are any unpaid dues on account of dispute in respect of Income Tax, Wealth Tax, Service Tax, Sales Tax, Duty of Customs and Duty of Excise;

(c) According to the information and explanations given to us, dues of Income Tax, Sales Tax, Service Tax, Duty of Customs, Duty of Excise and Value Added Tax, which have not been deposited by the Company on account of pending disputes during the year under audit are given in following table:

(₹ in Lakhs)

Sr. No.	Name of the statue	Nature of dues	Amount	Period to which amount relates	**Forum where dispute is pending**
1	Income Tax, 1961	Income Tax	37.80	A.Y. 2009-2010	The Commissioner of Income Tax (Appeals) -II, Vadodara
2	Income Tax, 1961	Income Tax	376.96	A.Y. 2008-2009	The Commissioner of Income Tax (Appeals) -II, Vadodara
3	Income Tax, 1961	Income Tax	1277.29	A.Y. 2015-2016	The Commissioner of Income Tax (Appeals) -II, Vadodara
4	Income Tax, 1961	Income Tax	581.02	A.Y. 2014-2015	The Commissioner of Income Tax (Appeals) -II, Vadodara
5	Income Tax, 1961	Income Tax	1100.07	A.Y. 2013-2014	The Commissioner of Income Tax (Appeals) -II, Vadodara
6	Income Tax, 1961	Income Tax	544.85	A.Y. 2008-2009	The Commissioner of Income Tax (Appeals) -II, Vadodara
7	Income Tax, 1961	Income Tax	196.15	A.Y. 2008-2009	Income Tax Appellate Tribunal, Ahmedabad
8	Service Tax	Service Tax	264.94	F.Y. 2010-2011 to F.Y. 2014-2015	CESTAT, Ahmedabad

(viii) According to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowing to financial institutions, banks, Government in respect of existing loans, which were originally raised by the Company. As regards the loans transferred from GUVNL, as certified by GUVNL, there has been no default in repayment of principal and interest.

(ix) In our opinion and according to the information and explanations given to us, the Company has not raised moneys by way of initial public offer or further public offer (including debt instruments). However, according to information and explanations given to us, the Company has applied the term loans for the purposes for which they were obtained.

(x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company has been noticed or reported during the year.

According to the information and explanations given to us, an instance of materialfraud by the employees has been reported during the year. The Company has outsourced the work of collection of energy bills to an external agency (ATP operator). It is duty of ATP operator to remit daily collection to respective sub division office and also duty of Sr. Assistant (Billing) to ensure the amount remitted matches with the cash collection. Instead of that, the ATP operator was remitting cash directly to the Company's bank Account. During F.Y. 2017-18, there was short remittance of ₹ 64.19 Lakhs by Sardar Estate and Indrapuri Sub-Division and ATP operator. The fraud was detected during reconciliation of bank statements. FIR has been lodged and investigation in the matter is going on.

(xi) According to Notification No. G.S.R. 463 (E) dated 05.06.2015 issued by Government of India, the provision of Section 197 of the Companies Act, 2013 are not applicable to the Company. Accordingly, paragraph 3 (xi) of the Order is not applicable to the Company.

(xii) The Company is not a Nidhi company and hence, reporting under Clause 3 (xii) of the order is not applicable to the Company.

(xiii) In our opinion and according to the information and explanations given to us, the Company is in compliance with Sections 177 and 188 of the Companies Act, 2013 where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the Ind AS financial statements as required by the applicable Accounting Standards.

(xiv) During the year, the Company has not made any preferential allotment or private placement of share or fully or partly paid convertible debentures and hence, reporting under Clause 3 (xiv) of the Order is not applicable to the Company.

(xv) In our opinion and according to the information and explanation given to us, during the year the Company has not entered into any non – cash transactions with its directors or persons connected to its directors and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the Company.

(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For JLN US & Co.
Chartered Accountants
Firm Registration No. : 101543W

CA. Abhishek Nagori
Partner
Membership No. : 107954

Place: Vadodara
Date: 20/09/2018

"ANNEXURE II" TO THE AUDITOR'S REPORT

The Annexure referred to in paragraph 9 under 'Report on Other Legal and Regulatory Requirements' section of Independent Auditor's Report to the members of Madhya Gujarat Vij Company Limited on the Ind AS financial statements for the year ended 31st March, 2018

Report under Section 143(5) of the Companies Act, 2013

For the Financial Year 2017-18

Sr. No.	Directions/Sub-directions	Response/Remedial Measures
A. Directions		
1	Whether the company has clear title/lease deeds for freehold and leasehold respectively? If not please state the area of freehold and leasehold land for which title/lease deeds are not available?	Government of Gujarat, vide notification No. GHU-2006-91-GUV-1106-590K dated 3rd October, 2006 notified the final opening Balance Sheet of the 7 Companies as on 1st April, 2005, whereby certain assets and liabilities of the erstwhile Gujarat Electricity Board (GEB) has been transferred to the Company, MGVCL. As informed to us, the company has received value of Land & Land Rights of ₹ 154.37 Lakhs as on 1st April, 2005 vide the said notification. The above balance of Land & Land Rights include ₹ 116.99 Lakhs taken over from Vadodara Municipal Corporation vide order NO. GU/88/9/LBM/1185/4503/K dated 5th March, 1988. The above balances have been transferred from erstwhile Gujarat Electricity Board (GEB) vide notification and as informed to us, the procedure for the registration and/or transfer in the name of company is under progress. The management of the company has provided following documents in respect of Land & Land Rights Purchased / Acquired by the company after 1st April, 2005 – **(₹ in lakhs)** **Name of Division in which Land & Land Rights Reflected** / **Amount** / **Documents Provided** Dahod Division / 4.04 / Municipal Tax Receipt Lalbaug Division / 59.85 / Letter of allotment form GIDC Vishwamitri East / 99.04 / Letter of allotment from Vadodara Municipal Corporation Vishwamitri West / 1,976.16 / Letter of allotment from Vadodara Municipal Corporation Nadiad Division / 368.91 / Possession Receipt form Nagarpalika The Company has acquired these lands through Government acquisition mode/ on lease from Government agencies and in these cases acquisition/lease process is going on and copies of competent authority orders (as proof of ownership and possession) in this regards are available.
2	Whether there are any cases of waiver / write off of debts / loans / interest etc. If yes, the reasons there for and the amount involved.	During the year the company has waived off delayed payment charges amounting to ₹ 17.74 lakhs through Lok-Adalat& Jurisdictional Court for consumers. Further, the Company has also waived off HBA outstanding from employees amounting to ₹ 25.34 lakhs due to death of employee as per Company's Policy.
3	Whether proper records are maintained for inventories lying with third parties & assets received as gift / grant(s) from the Govt. or other authorities	On the basis of information and explanations produced before us, the company is maintaining proper records for inventories lying with third parties. The Company has not received any assets as gifts/grants from the Government or other Authorities.

Sr. No.	Directions/Sub-directions	Response/Remedial Measures
B. Sector specific Sub-directions		
1	Has the company entered into agreements with franchise for distribution of electricity in selected areas and revenue sharing agreements adequately protect financial interest of the company?	The company has neither entered into any agreements with franchise for distribution of electricity nor for revenue sharing.
2	Report the efficacy of the system of billing and collection of revenue in the company	The Company comprises two categories of consumers i.e. HT and LT consumers: The HT category consumers are billed and maintained at divisional level. The meter readings are collected by the Deputy / Junior Engineers physically visiting the premises. Moreover, the high valued consumers connections are equipped with AMR based meters, which are monitored regularly from division offices by engineers and also readings are fetched from those meters for the monthly billing purpose. Meter reading activity, bill preparation and serving of bill is carried out regularly from 15th to 18th of the month for normal consumers. In case of open access consumers, billing is done on the 1st of the every month by division offices. The billing activity of LT category consumers are mainly bifurcated in two parts, i.e. monthly billing (low tension high valued customers) and bi-monthly billing (LT residential and other low valued category consumers). The billing activity is carried out by trained meter readers. The billing activity of LT consumers are carried out between 20th and 10th of the next month. The bills are served to the consumers on the spot only, by the meter readers. Such spot billing method results into saving in time, money and energy and also entails early realization of revenue by 5-7 days. Also, the company has initiated the GPRS mobile based spot billing, in which the energy bills are calculated automatically through computerized program and calculated bill data are transferred through GPRS based servers to mobile PDA of meter readers and a print out of calculated bill is generated and served to the consumer on the spot, which ensures the correctness of energy bill calculations. As explained by the management, the company has initiated the process of endowing the mobile PDA GPRS based devices of all the Sub-Divisions. Moreover, to ensure the correctness of meter readings, every month the meter readers are interchanged within one Sub-Division, i.e. if a meter reader has carried out the meter reading activity in a particular area this month, then in next month other meter reader will be performing the billing activity of that particular area. This ensures automatic cross verification of opening and closing meter readings. To improve the efficacy of collection of revenue, the company has made arrangements in system so that any consumer of any sub division can pay his energy bill at any sub division / division / circle / corporate office. Moreover company has provided collection rights to post offices, private cash collection agencies, e-gram panchayats and also has provided facility of any time payment (ATP Kiosks and various ATMs of Banks). Also company has provided online payment options on its website as well as on various banks and payment wallets websites , where consumers can pay their bills online from any place through Credit Card / Debit Card / Net banking facilities. The Company also conducts disconnection drives, arranges for LOK-ADALATs for pending disputed arrears regularly to improve collection efficacy.

3	Whether tamper proof meters have been installed for all consumers? If not then, examine how accuracy of billing is ensured	Company has installed 26,16,839 numbers of tamperproof static meters out of total 30,70,072 numbers of consumers as on 31-03-2018 (85.24%).The detail of installations of tamperproof static meters for various categories of consumers is as below:

Category of consumer	No. of Consumers	No. of Electro-Mechanical Meters	No. of Electronic Meters (Static)	% of Static Meters Installation
Residential	25,58,658	3,90,664	21,67,994	84.73
GLP	23,964	-	23,964	100.00
LT Industrial and Commercial	3,03,531	36,424	2,67,107	87.99
HT Industrial	2,067	-	2,067	100.00
Public Lighting	7,758	-	7,758	100.00
Agriculture	1,53,653	-	1,27,508	82.98
Public Water Works	20,441	-	20,441	100.00
Total	**30,70,072**	**4,27,088**	**26,16,839**	**85.24**

From the above table, it is clear that tamperproof static meters have been installed for all consumers (100%) in case of consumer's category GLP, HT Industrial, Public Lighting and Public Water Works consumers. In case of Residential consumers, the process of replacing the existing electro mechanical meters with tamperproof meters is continued and 21,67,994 Nos. of tamperproof static meters have been installed out of total 25,58,658 Nos. of Residential consumers.

Further, in case of Agricultural consumers, 26,145 Nos. are of the category of AG unmetered consumers, for which GERC has ordered separate Flat rate HP based tariff.

In order to ensure accuracy of billing, company has taken the following measures:-

1. It is ensured that all the meters (either Static or Electro-Mechanical) are properly housed and covered by Metal Meter Boxes or by SMC Boxes. Also, this boxes are sealed with a specialized plastic seals to avoid direct access to the basic meters.

2. The company's meter readers, who used to take regular visits of consumers installations during their regular spot billing programs, are instructed to examine and observe the physical status of meters especially for reporting as to broken seals, tampered meter boxes, faulty meters, burnt meters, zero consumption meters, over consumption meters, locked premises etc. on regular basis for reporting to their concerned sub divisional heads. On the basis of meter readers report, the corrective actions are immediately initiated by the Deputy Engineer of concerned sub division to ensure accuracy of metering.

3. The Company also arranges surprise theft checking drives periodically and the meter installations are being checked for tampering. Sub - divisional theft drives are done twice in a week, to ensure the minimum theft of electricity. Mostly the areas comprising of high loss feeders are targeted.

4	Whether the Company recovers and accounts, the State Electricity Regulatory Commission (SERC) approved Fuel and Power Purchase Adjustment Cost (FPPCA)?	Yes, based on approval of FPPCA formula by GERC on quarterly basis, the additional FPPCA charges are levied or rebate is given in subsequent billing cycles to all the consumers. The FPPCA additional charges are being assessed through computerized system and are duly debited / refunded in consumers account. The FPPCA being a tariff item, the additional charges calculated is also accounted automatically along with other tariff items in the books of accounts. Moreover, the additional FPPCA charges are being proportionately calculated from its date of effectiveness.
5	Whether the reconciliation of receivables and payables between the generation, distribution and transmission companies has been completed. The reasons for difference have been examined.	The receivables and payables between the generation, transmission and distribution companies has been reconciled and confirmed by each of the associate companies.
6	Whether the company is supplying power to franchisees, if so, whether the company is not supplying power to franchisees at below its average cost of purchase.	The Company has no franchisees for distribution of power.
7	How much tariff roll back subsidies have been allowed and booked in the accounts during the year? Whether the same is being reimbursed regularly by the State Government shortfall if any may be commented.	During the year, the following tariff subsidies have been recognized in the books of accounts as per budgetary allocation made by GOG as per details as under: (see tables below)

(₹ in lakhs)

Sr. No.	Particulars	Amount
1	GERC Tariff compensation	4,852.29
2	FPPPA	11,438.32
3	Water Works	4,679.99
4	50% AG Subsidy	-
5	HP Based Subsidy	7,380.69
6	Primary Schools	481.41
	Total	**28,832.70**

The GUVNL, on behalf of MGVCL deals with GOG in respect of subsidy claims (except primary schools) and the outstanding position in GUVNL books as at 31st March, 2018 is as under:

(₹ in lakhs)

Particulars of Subsidy	Opening balance as on 1st April, 2017	Recognized in books during the year	Amount received during the year from GOG	Closing outstanding as on 31st March, 2018 from GOG
GERC Tariff compensation	2,840.20	4,852.29	4,852.29	2,840.20
FPPPA	21,698.39	11,438.32	11,438.32	21,698.39
Water Works	4,141.36	4,679.99	4,679.99	4,141.36
50% AG Subsidy	2,881.74	-	-	2,881.74
HP Based Subsidy	-	7,380.69	7,380.69	-
Primary Schools	324.13	481.41	481.41	324.13
Total	**31,885.82**	**28,832.70**	**28,832.70**	**31,885.82**

For JLN US & Co.
Chartered Accountants
Firm Registration No. : 101543W

CA. Abhishek Nagori
Partner
Membership No. : 107954

Place: Vadodara
Date: 20/09/2018

"ANNEXURE III" TO THE AUDITORS' REPORT

The Annexure referred to in paragraph 10(f) under 'Report on Other Legal and Regulatory Requirements' section of Independent Auditor's Report to the members of Madhya Gujarat Vij Company Limited on the Ind AS financial statements for the year ended 31stMarch, 2018

Report on the Internal Financial Controls over financial reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Madhya Gujarat Vij Company Limited ('the Company') as of 31st March, 2018 in conjunction with our audit of the IndInd AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

1. The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

2. Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the 'Guidance Note') issued by Institute of Chartered Accountants of India and the Standards on Auditing prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls.Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

3. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error.

4. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

5. A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control

over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

6. Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

7. In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For JLN US & Co.
Chartered Accountants
Firm Registration No. : 101543W

CA. Abhishek Nagori
Partner
Membership No. : 107954

Place: Vadodara
Date : 20/09/2018

BALANCE SHEET AS AT 31ST MARCH, 2018

(₹ in lakhs)

Particulars	Note No.	AS AT 31ST MARCH, 2018	AS AT 31ST MARCH, 2017
ASSETS			
(1) Non-Current Assets			
(a) Property, Plant and Equipments.	2	321,154.94	3,05,821.93
(b) Capital work-in-progress.	3	4,383.63	6,097.41
(c) Intangible assets.	2	1,569.31	2,407.97
(d) Financial Assets.			
(i) Investments.	4	-	0.03
(ii) Loans.	5	2,062.11	2,601.34
(iii) Other Financial Assets.	6	1,845.65	1,649.63
(e) Other non-current assets.	7	1,634.52	1,701.19
Total Non-current Assets		**3,32,650.16**	**3,20,279.50**
(2) Current Assets			
(a) Inventories.	8	17,506.59	15,850.58
(b) Financial Assets.			
(i) Trade receivables.	9	33,776.07	27,543.38
(ii) Cash and cash equivalents.	10	10,332.15	6,767.48
(iii) Loans.	11	903.95	460.92
(iv) Other Financial assets.	12	72,663.10	37,820.17
(c) Current Tax Assets (net).	13	1,412.88	-
(d) Other current assets.	14	1,226.00	408.35
(e) Assets classified as held for sale.	15	46.06	-
Total Current Assets		**1,37,866.80**	**88,850.88**
Total		**4,70,516.96**	**4,09,130.38**
EQUITY AND LIABILITIES			
Equity			
(a) Equity Share Capital.	16	40,068.96	36,925.71
(b) Other Equity.	17	1,41,988.99	119,575.99
Total Equity		**1,82,057.95**	**1,56,501.70**
Deferred Government Grants, Subsidies & Contributions.	18	1,25,942.10	1,06,871.33
Liabilities			
(1) Non-Current Liabilities			
(a) Financial Liabilities.			
(i) Borrowings.	19	13,259.79	11,418.73
(ii) Other Financial liabilities.	20	80,523.37	73,580.19
(b) Provisions.	21	14,758.71	13,129.46
(c) Deferred tax liabilities (Net).	22	-	-
(d) Other Non Current Liabilities.	23	6,708.17	7,662.06
Total Non-current Liabilities		**1,15,250.04**	**1,05,790.44**
(2) Current Liabilities			
(a) Financial Liabilities.			
(i) Borrowings.	24	1,161.59	250.60
(ii) Trade payables.	25	127.84	50.79
(iii) Other Financial liabilities.	26	42,053.99	36,807.45
(b) Other current liabilities.	27	2,433.34	432.28
(c) Provisions.	28	1,490.11	1,280.92
(d) Current Tax Liabilities (net).	29	-	1,144.87
Total Current Liabilities		**47,266.87**	**39,966.91**
Total		**4,70,516.96**	**4,09,130.38**
Refer accompanying notes forming part of Financial Statements.	1-52		

As per our report of even date attached
For JLNUS & Co.
Chartered Accountants
FRN : 101543W

Abhishek Nagori
Partner
Membership No. : 107954
Place : Vadodara.
Date : 20th September, 2018.

For and on behalf of the Board

Pankaj Joshi
Chairman
DIN : 01532892

Rajesh Manjhu
Managing Director
DIN : 06904033

K.R. Shah
Sr. Chief General Manager (F&A) & CFO

K.M. Antani
Company Secretary

Place : Vadodara.
Date : 20th September, 2018.

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2018

(₹ in lakhs)

	Particulars	Note No.	For the year ended 31st March, 2018	For the year ended 31st March, 2017
I	Revenue from operations.	30	5,61,753.26	5,12,564.05
II	Other income.	31	13,383.55	12,132.97
III	**Total income (I+II)**		**5,75,136.81**	**5,24,697.02**
IV	**EXPENSES**			
	Purchase of Power.	32	4,78,020.14	4,27,266.15
	Employee Benefits Expense.	33	42,873.57	41,045.02
	Finance Costs.	34	6,055.32	7,093.13
	Depreciation and amortization expense.		24,147.78	24,278.80
	Other Expenses.	35	13,524.75	14,629.38
	Total expenses (IV)		**5,64,621.56**	**5,14,312.48**
V	Profit before exceptional items and tax **(III-IV).**		**10,515.25**	**10,384.54**
VI	Exceptional items.		**-**	-
VII	**Profit before tax (V-VI)**		**10,515.25**	**10,384.54**
VIII	Tax expense:	36		
	(a) Current tax.		1,210.81	2,504.21
	(b) Deferred tax.		-	-
IX	**Profit for the year (VII-VIII)**		**9,304.44**	**7,880.33**
X	**Other comprehensive income (OCI)**			
	(a) Items that will not be reclassified to profit or loss.			
	(i) Re-measurement of the defined benefit plans.		(5,480.13)	(1,737.36)
	Total of Other comprehensive income (OCI) (X)		**(5,480.13)**	**(1,737.36)**
XI	**Total comprehensive income for the year (IX+X)**		**3824.31**	**6,142.97**
XII	**Earnings per equity share:**			
	Basic (in ₹) (Refer note no.37).		2.41	2.31
	Diluted (in ₹)		2.41	2.31%
	See accompanying notes to the Financial Statements	**1-52**		

As per our report of even date attached
For JLNUS & Co.
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Place : Vadodara.
Date : 20th September, 2018.

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2018

(₹ in lakhs)

	Particulars	For the year ended 31st March, 2018	For the year ended 31st March, 2017
[A]	**CASH FLOW FROM OPERATING ACTIVITIES**		
	Net Profit before tax.	10,515.25	10,384.54
	Adjustments to reconcile profit before tax to net cash flows:		
	Depreciation and amortisation.	24,147.78	24,278.80
	Loss on sale of PPE (net).	(3.74)	17.92
	Deferred Income Written Back.	(11,164.71)	(9,568.27)
	Finance costs.	6,055.32	7,093.13
	Waiver of delayed payment charges.	17.74	48.14
	Impairment for Doubtful receivables.	526.83	2,731.89
	OCI.	(5,480.13)	(1,737.36)
	Interest on Income tax.	-	148.22
	Working capital adjustments:		
	(Increase) / Decrease in Current Assets:		
	Inventories.	(1,656.01)	927.27
	Trade receivables.	(6,777.26)	(490.96)
	Other financial assets.	(34,942.73)	(24,152.90)
	Other non financial assets.	(797.54)	390.91
	Increase / (Decrease) in Current Liabilities:		
	Trade Payables.	77.05	(9,487.15)
	Other Financial Liabilities.	16,246.80	5672.84
	Other non Financial Liabilities & Provisions.	2885.61	6,321.48
	Income tax (paid) / Refund.	(3,768.57)	(2,386.35)
	Net cash flows from operating activities (A)	**4,118.30**	**10,192.15**
[B]	**Investing activities**		
	Purchase of property, plant and equipment (including CWIP).	(38,380.14)	(42,985.23)
	Sale of fixed assets.	1,191.08	175.56
	Bank Balances not considered as Cash and Cash Equivalents.		
	Net cash flows used in investing activities (B)	**(37,189.06)**	**(42,809.67)**
[C]	**Financing activities**		
	Proceeds from Issue of Shares / Share Application Money.	21,731.94	29,703.99
	Deferred Government Grants, Subsidy & Contributions.	30,235.48	17,057.18
	Proceeds / (Repayment) from borrowing (net).	(827.03)	(9,491.64)
	Interest & financial charges.	(6,268.36)	(5,639.88)
	Net cash flows from / (used in) financing activities (C)	**44,872.03**	**31,629.65**
[D]	**Net increase in cash and cash equivalents (A+B+C)**	**3,564.67**	**(987.87)**
	Cash and cash equivalents at the beginning of the year.	6,767.48	7,755.35
	Cash and cash equivalents at year end	**10,332.15**	**6,767.48**

Notes:

1	**Cash & Bank Balances consists of the following:** **Cash & Cash Equivalents**		
	a. Balances with Banks.	8,955.20	5,900.10
	b. Cash on hand.	1.41	1.53
	c. Others.	1,375.54	865.85
	Closing Cash & Cash Equivalents	**10,332.15**	**6,767.48**
2	The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Indian Accounting Standard (Ind AS) 7 "Cash Flow Statement") prescribed under the Companies (Accounting Standards) Rules, 2015.		
3	Previous Year figures have been regrouped wherever necessary.		

As per our report of even date attached
For JLNUS & Co.
Chartered Accountants
FRN : 101543W

Abhishek Nagori
Partner
Membership No. : 107954
Place : Vadodara.
Date : 20th September, 2018.

For and on behalf of the Board

Pankaj Joshi
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K.M. Antani
Company Secretary

Place : Vadodara.
Date : 20th September, 2018.

Statement of Changes in Equity for the year ended on 31st March, 2018

Equity Share Capital

(₹ in lakhs)

Particulars	Amount
Balance as on 1st April, 2016.	32,087.85
Changes during the year.	4,837.86
Balance as on 31st March,2017.	36,925.71
Changes during the year.	3,143.25
Balance as on 31st March,2018.	**40,068.96**

Other Equity

(₹ in lakhs)

Particulars	Share Application Money	Reserves and Surplus		Total
		Retained Earnings	Securities Premium	
Balance as at 31st March, 2016	**2,617.00**	**24,418.00**	**61,531.89**	**88,566.89**
Profit for the year.		7,880.33	-	7,880.33
Other comprehensive income for the year (net of Tax).	-	(1,737.36)	-	(1,737.36)
Total Comprehensive Income for the year	-	**30,560.97**	**61,531.89**	**6,142.97**
Addition during the year.	(2,617.00)	-	27,483.13	27,483.13
Share issued during the year.	-	-	-	(2,617.00)
Balance as at 31st March, 2017		**30,560.97**	**89,015.02**	**1,19,575.99**
Profit for the year.	-	9,304.44	-	9,304.44
Other comprehensive income for the year (net of Tax).	-	(5,480.13)	-	(5,480.13)
Total Comprehensive Income for the year	-	**34,385.28**	**89,015.02**	**3,824.31**
Addition during the year.	-	-	18,588.70	18.588.70
Share issued during the year.		-	-	-
Balance as at 31st March, 2018		**34,385.28**	**1,07,603.72**	**22,413.01**

As per our report of even date attached

For JLNUS & Co.
Chartered Accountants
FRN : 101543W

Abhishek Nagori
Partner
Membership No. : 107954

Place : Vadodara.
Date : 20th September, 2018.

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K.M. Antani
Company Secretary

Place : Vadodara.
Date : 20th September, 2018.

NOTES TO THE FINANCIAL STATEMENTS

1. NOTES TO THE FINANCIAL STATEMENTS

Corporate information and Critical judgements

A. Corporate information

Madhya Gujarat Vij Company Limited ('MGVCL' or 'the Company') is a limited Company, public not interested, domiciled and incorporated in India having its registered office at Sardar Patel Vidyut Bhavan, Race Course, Vadodara 390007. The Company is mainly engaged in distribution of power. The Principal places of business are located in Gujarat, India.

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

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

Consequent on such transmission and transfer of shares to GUVNL and its nominees, the entire share capital of the Company is held by GUVNL and the Company has become the wholly owned subsidiary of GUVNL, a Government Company within the meaning of the Companies Act, 2013.

GoG issued notification No. : GHU-2006-91-GUV-1106-590-K dated 3rd October, 2006 notifying the final opening balance sheet of the Company as on 01/04/2005 containing the value of the assets and liabilities of the distribution activities which stand transferred from erstwhile GEB to the Company as specified in Annexure-F appended to the notification.

B. Basis of preparation:

1. Statement of Compliance

These financial statements are prepared in accordance with Indian Accounting Standard (Ind AS), under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values, the provisions of the Companies Act, 2013 ('the Act') (to the extent notified) except in so far as the said provisions are inconsistent with the provision of the Electricity Act, 2003. The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment rules issued thereafter.

2. Application of new Indian Accounting Standard

All the Indian Accounting Standards issued and notified by the Ministry of Corporate Affairs under the Companies (Indian Accounting Standards) Rules, 2015 (as amended) till the financial statements are authorized have been considered in preparing these financial statements. There is no other Indian Accounting Standard that has been issued as of that date but was not mandatorily effective.

Recent accounting pronouncements :

Appendix B to Ind AS 21, Foreign currency transactions and advance consideration: On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency. The amendment is mandatorily effective force from April 1, 2018. This amendment has no effect on the financial statements of the Company.

Ind AS 115- Revenue from Contract with Customers:
On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Ind AS 115, Revenue from Contract with Customers. The core principle of the new standard is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers. This amendment is mandatorily effective force from April 1, 2018. The effect on the financial statements on adoption of Ind AS 115 is being evaluated by the Company.

3. Basis of measurement

The financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained hereunder:

The Financial Statements are presented in Indian Rupees (INR) and all values are rounded off to the nearest lakhs as per the requirement of schedule III of the Companies Act, 2013, except otherwise stated.

All expenses are recognized and accounted for on accrual basis.

Fair Value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

C. Significant accounting policies

1. Property, Plant & Equipment

Property, Plant & Equipment (PPE) comprises of Tangible assets and Capital Work in progress. Items of property, plant and equipment are measured at cost, which includes capitalised borrowing costs, less accumulated depreciation and accumulated impairment losses, if any. Cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use and estimated costs of dismantling and removing the item and restoring the site on which it is located.

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

The cost of a self-constructed item of property, plant and equipment comprises the cost of materials and direct labor, any other costs directly attributable to bringing the item to working condition for its intended use, and estimated costs of dismantling and removing the item and restoring the site on which it is located. PPE are stated at cost, net of tax/duty credit availed, if any, after reducing accumulated depreciation until the date of the Balance Sheet. Directly attributable costs are capitalised until the asset is ready for use in accordance with the Company's accounting policy of capitalisation.

Land and Buildings held for use in the supply of goods or services, or for administrative purposes, are stated in the Balance Sheet at cost less accumulated depreciation and impairment losses, if any. Freehold land is not depreciated.

Subsequent cost are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. Subsequent costs relating to day to day servicing of the item are not recognised in the carrying amount of an item of property, plant and equipment; rather, these costs are recognised in profit or loss as incurred.

An item of PPE is de-recognised upon disposal or when no future economic benefits are expected to arise from the continued use of the PPE. Any gain or loss arising on the disposal or retirement of an item of PPE is determined as the difference between the sales proceeds and the carrying amount of the PPE and is recognised in the Statement of Profit and Loss.

Property Plant & Equipments also includes service equipments; at the time of initial recognition the Company classifies these items as inventory. Subsequently these items are classified either in Property, Plant and Equipment through Capital Work in Progress or capitalised as service equipment.

Transition to Ind AS

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognised as at 1 April 2015, measured as per the previous GAAP, and use the "carrying value" as the deemed cost of such property, plant and equipment.

Depreciation

The Company, being engaged in electricity business, is covered under the Electricity Act, 2003 and provisions of the Electricity Act supersede the provisions of the Companies Act, 2013. Accordingly, the Company charges depreciation on straight line method at the depreciation rates, the methodology and the residual value as prescribed in GERC (MYT) Regulations, 2016.

The rates/range of depreciation of property, plant and equipment are as follows:

Assets Description	Percentage
Buildings	3.34%
Hydraulic Works	5.28%
Other Civil Works	3.34%
Plant & Machinery	5.28%
Lines & Cable Net-Work	Up to 5.28%
Vehicles	9.50%
Furniture-Fixtures & Electric Light & Fan Installations	6.33%
Office Equipments	6.33%

Depreciation of these PPE commences when the assets are ready for their intended use. Depreciation on additions / deletions to PPE during the year is provided for on a pro-rata basis with reference to the date of additions / deletions except low value items not exceeding Rs.5000/- which are fully depreciated at the time of additions. Depreciation on subsequent expenditure on PPE arising on account of Capital improvement or other factor is provided for prospectively over the remaining useful life.

The estimated useful lives, residual values and depreciation method are reviewed on an annual basis and if necessary, changes in estimates are accounted for prospectively.

Intangible Assets Acquired

Computer Software is carried at Cost less accumulated amortisation on accumulated Impairment losses, if any. The Company charges depreciation on Computer Software on straight line method at the depreciation rate of 30%, as per the methodology and residual value in accordance with GERC (MYT) Regulations, 2016.

An item of Intangible asset is de-recognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising from de-recognition of an Intangible asset is measured as the difference between the net disposal proceeds and the carrying amount is recognised in the Statement of Profit and Loss when the asset is de-recognised.

Investment Property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Upon initial recognition, an investment property is measured at cost. Subsequent to initial recognition, investment property is measured at cost less accumulated depreciation and accumulated impairment losses, if any.

Investment property is de-recognised upon disposal or when Investment property is permanently withdrawn from it's current use and no future economic benefits are expected from its disposal. Any gain or loss arising from de-recognition of the Property is measured as the difference between the net disposal proceeds and the carrying amount and is recognised in the Statement of Profit and Loss when the asset is de-recognised.

Investment properties, other than free hold land, are depreciated using straight line method over their estimated useful lives.

2. Impairment of tangible and intangible assets other than Goodwill

The Company reviews at each reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset.

For impairment testing assets that do not generate independent cash inflows are grouped together into cash-generating units (CGUs). Each CGU represents the smallest group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of a CGU (or an individual asset) is the higher of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the CGU (or the asset).

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 Statement of Profit & Loss. Impairment loss recognised in respect of a CGU is allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets of the CGU for group of CGUs on a pro rata basis.

If at the reporting period, there is an indication that there is change in the previously assessed impairment loss, the recoverable amount is reassessed and the asset is reflected at the recoverable amount.

3. Non-current assets held for sale

The Company classifies non-current assets as held for sale if their carrying amounts will be recovered principally through a sale rather than through continuing use of the assets and actions required to complete such sale indicate that it is unlikely that significant changes to the plan to sell will be made or that the decision to sell will be withdrawn. Also, such assets are classified as held for sale only if the management expects to complete the sale within one year from the date of classification.

Non-current assets or disposal groups classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell.

Property, plant and equipment and intangible assets are not depreciated or amortized once classified as held for sale.

4. Government Grant and Consumer Contribution

Government grants (including subsidies) are not recognized until there is reasonable assurance that it will be received and the Company will comply with the conditions associated with the grant.

Grants that compensate the Company for the cost of an asset and contributions by consumers towards items of property, plant and equipment, which require an obligation to provide electricity connectivity to the consumers are initially set up as deferred income at fair value and recognized in profit or loss on a systematic basis over the period and in proportions of depreciation expense of the assets. Grants that compensate the Company for expenses incurred are recognized over the period in which the related costs are incurred and shown separately.

5. Inventories

(A) The inventories of the Company have been valued on following basis:
(a) Capital Inventory, Stores and Spares - on Weighted Average Method
(b) Scrap - on Book value or Net Realizable Value (NRV) whichever is lower

(B) Inventory consists of stock of items which are used interchangeably for capital expenditure or for regular repairs and maintenance purposes. Since ultimate use of such stock items are indeterminate at the initial recognition, the Company classifies such items as inventory. These items are classified subsequently either in Property, Plant and Equipment through Capital Work in Progress / as service equipment or expense in the Statement of Profit and Loss as and when it is so used.

The cost of inventories is on the Weighted average method formula, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their present location a condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

6. Revenue Recognition

Revenue is recognized when no significant uncertainty as to the measurability or collectability exists. Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for rebates and other similar allowances.

Revenue from sale of power

Revenue from power supply(including Deviation Settlement Mechanism (Unscheduled Interchange) are accounted for on the basis of billings to consumers in accordance with the tariff orders awarded by Gujarat Electricity Regulatory Commission (GERC) as applicable. Revenue recognised in excess of billing has been reflected under "other financial assets" as unbilled revenue.

Other revenue from power related activities

Surplus power, sold to GUVNL is accounted on the basis of credit notes received from GUVNL.

Miscellaneous revenue from consumers

Bills raised for theft of energy on consumer are recognized in full as soon as assessment order is received from the competent authority of the Company.

Meter rent, recoveries against theft of power/malpractices, wheeling charges are recognised on accrual basis, except Misc. charges from consumers which are recognised on cash basis.

Insurance Claims

Claims lodged with the Insurance Company in respect of risks covered are accounted for as and when the claim is received.

Interest Income

Interest on financial assets is recognised when it is probable that the economic benefits will flow to the

Company and the amount can be measured reliably.

Other income

Other incomes are recognized on accrual basis except when ultimate realization of such income is uncertain.

Income from sale of scrap is accounted for on the basis of actual realization.

Income in respect of delayed payment charges is accounted for in the subsequent bill, upon realization of the delayed payment made by the consumer against outstanding energy bills.

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, in the opinion of management, is not payable, is considered as income.

Revenue Subsidies as allocated by GUVNL (Holding Company) are accounted on accrual basis and credited to Profit & Loss account.

7. Foreign Exchange Transactions

The financial statements are prepared in Indian rupee (INR) which is functional as well as presentation currency of the Company.

Transactions in currencies other than the Company's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are translated using closing exchange rate prevailing on the last day of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences on monetary items are recognized in the Statement of profit and loss in the period in which they arise.

8. Employee Benefits

Employee benefits include salaries, wages, contribution to provident fund, gratuity, leave encashment, compensated absences and retirement benefits.

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid.

Long-term employee benefits

Defined contribution plans

Retirement benefit plans in the form of provident fund, pension fund and superannuation schemes are charged as an expense on an accrual basis when employees have rendered the service.

Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan ('the asset ceiling'). In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements.

Re-measurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any. excluding interest), are recognised in OCI. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service ('past service cost' or 'past service gain') or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

9. Leases

Leases (including lease arrangements for land) are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. The leased assets are measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the assets are accounted for in accordance with the accounting policy applicable to similar owned assets.

Operating Lease (The Company as Lessee): Lease payments under an operating lease are recognized as expense in the statement of profit and loss, on a straight-line or other systematic basis over the lease term. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the Lessor's expected inflationary cost increases, such increases are recognised in the year in which such liability accrues.

10. Taxes on Income

Income tax expense represents the sum of the current tax expense and deferred tax.

Current Tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date. Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

Deferred Tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be utilised.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Minimum Alternate Tax (MAT) credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. Such asset is reviewed at each Balance Sheet date and the carrying amount of the MAT credit asset is written down to the extent there is no longer a convincing evidence to the effect that the Company will pay normal income tax during the specified period.

Current and Deferred Tax for the year

Current and deferred tax are recognized in Statement of profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively.

11. Borrowing Costs

Borrowing Cost specifically identified and directly attributable to the acquisition or construction of qualifying assets is capitalized as part of such assets. 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 the Statement of Profit and Loss.

Income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

(i) In respect of general borrowing cost, not directly attributable to qualifying assets, general weighted average of interest cost is capitalized and apportioned on the average balance of capital work in progress for the year.

(ii) Other borrowing cost is recognized as expense in the period in which they are incurred.

12. Provisions, Contingent Liabilities and Contingent Assets

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

A possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the enterprise are disclosed as contingent liability. Contingent liabilities are disclosed in the financial statements by way of notes to accounts, unless possibility of an outflow of resources embodying economic benefit is remote.

A contingent asset is a possible asset that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the enterprise. Contingent assets are not recognized but disclosed in the financial statements when an inflow of economic benefits is probable.

Provisioning for Bad & Doubtful debts is made by class / group wise trade receivable based on periodic review of trade receivable as well as considering decisions of Lok Adalats / settlement schemes held during the year.

13. Material prior period errors

Material prior period errors are corrected retrospectively by restating the comparative amounts for the prior periods presented in which the error occurred. If the error occurred before the earliest period presented, the opening balances of assets, liabilities and equity for the earliest period presented, are restated.

14. Earnings per share

Basic earnings per share is computed by dividing the profit / (loss) by the weighted average number of equity shares outstanding during the year.

Diluted earning per share is computed by adjusting the figures used in the determination of basic EPS to take into account:

- After tax effect of interest and other financing costs associated with dilutive potential equity shares.
- The weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

15. Segment Reporting

In accordance with Ind AS 108, the operating segments used to present segment information are identified on the basis of internal reports used by the Company's Management to allocate resources to the segments and assess their performance. The Board of Directors is collectively the Company's 'Chief Operating Decision Maker' or 'CODM' within the meaning of Ind AS 108.

16. Events Occurring After The Date Of Balance Sheet

Material adjusting events (that provides evidence of condition that existed at the balance sheet date) occurring after the balance sheet date are recognized in the financial statements. Non adjusting events (that are indicative of conditions that arose subsequent to the balance sheet date) occurring after the balance sheet date that represents material change and commitment affecting the financial position are disclosed in the reports of the Board of Directors.

17. Financial Instruments

Financial assets and financial liabilities are recognized when Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value, except when the effect of applying them is immaterial. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in the Statement of profit and loss.

18. Financial Assets

Classification and measurement of financial assets

Cash and cash equivalents

The Company considers all highly liquid financial instruments, which are readily convertible into known amounts of cash that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase, to be cash equivalents. Cash and cash equivalents consist of balances with banks which are unrestricted for withdrawal and usage.

Financial assets at amortized cost

Financial assets are subsequently measured at amortized cost using the effective interest method if these financial assets are held within a business whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through other comprehensive income

Financial assets (including investments) are subsequently measured at fair value through other comprehensive income if these financial assets are held within a business whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Company has made an irrevocable election to present in other comprehensive income subsequent changes in the fair value of equity investments not held for trading.

Financial assets at fair value through profit or loss

All financial assets not classified as amortized cost or at fair value through other comprehensive income on initial recognition are subsequently measured at fair value through profit or loss.

Impairment of Financial assets

In accordance with Ind As 109, Company applies Expected credit Loss (ECL) model for measurement and recognition of impairment loss on the following financial assets considering the credit risk exposure;

Financial assets that are debt instruments, and are measured at amortised cost e.g. loans, debt securities, deposits, trade receivables and bank balances.

The Company assesses on a forward looking basis the expected credit losses associated with it's financial assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 18 only, the Company follows 'simplified approach' for recognition of impairment loss and always measures the loss allowance at an amount equal to lifetime expected credit losses.

Further, for the purpose of measuring lifetime expected credit loss allowance for trade receivables, the Company has used a practical expedient as permitted under Ind AS 109 i.e. expected credit loss allowance as computed based on historical credit loss experience.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Company's balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset

On derecognition of a financial asset in its entirety, (except for equity instruments designated as FVTOCI), the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in statement of profit and loss.

19. Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is a contract that evidences residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Financial liabilities

The Company's financial liabilities include trade and other payables, loans and borrowings including derivative financial instruments.

Subsequent measurement

All the Company's financial liabilities, except for financial liabilities at fair value through profit or loss, are measured at amortized cost. The carrying amounts of financial liabilities, that are subsequently measured at amortised cost, are determined based on the effective interest method.

The Effective Interest Rate Method (EIR) is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Loans and borrowings

Loans and borrowings are initially recognized at fair value, net of transaction cost incurred. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or waived off or have expired. An exchange between the Company and the lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

20. Critical Accounting Judgments and Key Sources of Estimation Uncertainty

In the course of applying the policies outlined in all notes under note 1 above, the management of the Company are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and future periods are affected.

Critical judgments and Estimates in applying accounting policies

The following are the critical judgements and estimations, that the Management have made in the process of applying the Company's accounting policies and that have the significant effect on the amounts recognized in the Financial Statements.

(a) Useful life of property, plant and equipment [2]

The estimated useful life of property, plant and equipment is based on a number of factors including the effects of obsolescence, demand, competition and other economic factors (such as the stability of the industry and known technological advances) and the level of maintenance expenditures required to obtain the expected future cash flows from the asset.

Useful life of the assets of the generation/transmission/distribution of electricity business is determined by the CERC/GERC Tariff Regulations.

The Company reviews at the end of each reporting date the useful life of property, plant and equipment, other than the assets of generation/transmission/distribution of electricity business which are governed by CERC/GERC Regulations.

(b) Evaluation of directly attributable costs [2]

The Company capitalizes the directly attributable costs to bring the Property, Plant and Equipment into the location and condition necessary for it to be capable of operating in the manner intended by the management. In assessing the directly attributable costs other than borrowing costs, the management has exercised judgement to evaluate a number of factors including the resources applied for direct construction related activity, enabling activities, ordinary operations of the Company, level of construction related activity compared to Company's operating activity, consideration of the costs charged to external parties for similar works undertaken as well as experience of group companies engaged in distribution business. Based on this assessment and particularly considering experience across the group companies engaged in distribution business, the management estimates a capitalisation rate of directly attributable costs to be applied on the expenditures on the relevant assets. The management reviews this capitalization rate on a periodic basis and any change in the rate is applied prospectively.

(c) Evaluation of indicators for impairment of Property, Plant and Equipment [2]

The evaluation of applicability of indicators of impairment of assets requires assessment of external factors (significant decline asset's value, economic or legal environment, market interest rates etc.) and internal factors (obsolescence or physical damage of an asset, poor economic performance of the asset etc.) which could result in significant change in recoverable amount of the Property, Plant and Equipment.

(d) Regulatory deferral accounts [1]

Ind AS - 114 "Regulatory Deferral Accounts" permits the Company to apply the requirements of this standard in its first Ind AS financial statements if and only if it conducts rate-regulated activities and recognised amounts that qualify as regulatory deferral account balances in its financial statements in accordance with its previous GAAP. As the Company had consistently elected not to recognise the regulatory deferral balances in its previous GAAP, the requirement of IND AS 114 does not apply to the Company.

(e) Security deposits [1]

Considering the historical experience and practical expediency, the Company has exercised its judgement on timing of settlement of security deposit collected from the customers and has accordingly classified the security deposit as non-current liability or current liability as the case may be.

(f) Impairment of Trade receivables [2]

The Company estimates the credit allowance as per practical expedient based on historical credit loss experience as enumerated in note9.2

(g) Impairment of Investment [2]

At the end of each reporting period, the Company reviews the carrying amounts of it's investments when there is indication for impairment. If the recoverable amount is less than its carrying amount, the impairment loss is accounted for.

(h) Deferred tax assets [2]

Deferred tax assets are recognised for unused tax losses / credits to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

(i) Government Grants, Subsidies and Consumer Contribution [1,2]

The grants i.e. revenue subsidies are not recognized until there is reasonable assurance that the Company will receive the grants and will comply with the conditions attached to them. Management judgement is required to determine when reasonable assurance is attained, based on historical experience of receipts including the quantum of aggregation, approved budget estimates of Government of Gujarat, likely timing and consideration of claim acceptance/rejection. Based on this assessment, the Company judges that in the case of revenue subsidies, there is reasonable assurance of complying with the conditions and receiving the subsidies as approved in the budget estimates of every year and the remaining subsidies which are receivable/claimable would be recognized when reasonable assurance is attained.

The Company is required to recognise grants/consumer contribution that compensate the cost of assets to profit or loss on a systematic basis considering the amount of periodic consumption of the assets. This is based on the assessment of the present status of, and expected future benefits from the assets. The Company recognizes grants and consumer contributions that compensate the cost of an asset in the Statement of Profit and Loss on the basis of straight line method and consequentially the rates at which grant/consumer contribution is recognised in income.

(j) Defined benefit obligation (DBO) [2]

Management's estimate of the DBO is based on a number of critical underlying assumptions such as standard rates of inflation, medical cost trends, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the DBO amount and the annual defined benefit expenses.

(k) Contingent liabilities [2]

In the normal course of business, contingent liabilities may arise from litigation and other claims against the Company. Potential liabilities that are possible but not probable of crystallising or are very difficult to quantify reliably are treated as contingent liabilities. Such liabilities are disclosed in the notes but are not recognised. Potential liabilities that are remote are neither recognized nor disclosed as contingent liability. The management decides whether the matters needs to be classified as 'remote', 'possible' or 'probable' based on expert advice, past judgements, experiences etc.

[1] **Critical accounting judgments**
[2] **Key sources of estimation uncertainties**

NOTES TO THE FINANCIAL STATEMENTS

NOTE NO. : 2 PROPERTY, PLANT AND EQUIPMENT

(₹ in lakhs)

	TANGIBLE ASSETS										INTANGIBLE ASSETS		
Particulars /Assets	Free Hold Land	Buildings	Hydraulic works	Other Civil works	Plant & Machinery	Lines & Cable Net Works	Vehicles	Furniture & Fixtures & Ele. Lightings	Office Equipments	Total	Computer Softwares	Total	Grand Total
GROSS BLOCK													
At 1st April, 2016	527.32	4720.62	6.41	1938.45	60393.11	230895.54	161.44	785.61	7289.59	306718.09	4085.29	4085.29	310803.38
Additions	-	346.69	-	365.84	8109.49	34406.94	109.84	130.90	118.19	43587.89	-	-	43587.89
Deduction/Adjustments	-	46.91	-	-	124.19	417.58	12.80	-	0.26	601.74	-	-	601.74
At 31st March, 2017	527.32	5020.40	6.41	2304.29	68378.41	264884.90	258.48	916.51	7407.52	349704.24	4085.29	4085.29	353789.53
Additions	-	593.82	-	311.63	6458.85	33886.20	79.83	30.56	119.76	41480.65	-	-	41480.65
Deduction/Adjustments	-	-	-	-	1364.17	-	-	8.45	-	1372.62	-	-	1372.62
At 31st March, 2018	**527.32**	**5614.22**	**6.41**	**2615.92**	**73473.09**	**298771.10**	**338.31**	**938.62**	**7527.28**	**389812.27**	**4085.29**	**4085.29**	**393897.56**
ACCUMULATED DEPRECIATION													
At 1st April, 2016	-	181.68	0.90	63.63	3831.13	15578.47	17.22	71.78	1092.61	20837.42	838.66	838.66	21676.08
Charge for the year	-	198.60	0.90	77.04	4341.39	17624.86	34.70	75.15	1100.51	23453.15	838.66	838.66	24291.81
Deduction / Adjustments	-	17.31	-	-	73.38	310.16	7.18	-	0.23	408.26	-	-	408.26
At 31st March, 2017	-	362.97	1.80	140.67	8099.14	32893.17	44.74	146.93	2192.89	43882.31	1677.32	1677.32	45559.63
Charge for the year	-	212.97	0.90	92.54	4613.65	18815.13	31.59	87.15	1106.37	24960.30	838.66	838.66	25798.96
Deduction / Adjustments	-	-	-	-	185.27	-	-	0.01	-	185.28	-	-	185.28
At 31st March, 2018	**-**	**575.94**	**2.70**	**233.21**	**12527.52**	**51708.30**	**76.33**	**234.07**	**3299.26**	**68657.33**	**2515.98**	**2515.98**	**71173.31**
Net Block													
At 31st March, 2017	527.32	4657.43	4.61	2163.62	60279.27	231991.73	213.74	769.58	5214.63	305821.93	2407.97	2407.97	308229.95
At 31st March, 2018	**527.32**	**5038.28**	**3.71**	**2382.71**	**60945.57**	**247062.80**	**261.98**	**704.55**	**4228.02**	**321154.94**	**1569.31**	**1569.31**	**322724.25**

2.a The Company has elected to continue with the carrying value of its other Property, Plant & Equipment (PPE) recognised as of 1st April, 2015 (transition date) measured as per the Previous GAAP and used that carrying value as its deemed cost as on the transition date as per Para D7AA of Ind AS 101 'First –time Adoption of Indian Accounting Standards'.

2.b The Company being engaged in electricity distribution business, is covered under the Electricity Act, 2003 and provisions of the Electricity Act supersede the provisions of the Companies Act, 2013. Accordingly the Company has charged depreciation on fixed assets of the Company at the rates prescribed in GERC (MYT) Regulations, 2011 with effect from 1st day of April, 2011.

2.c The immovable properties, which have been transferred to Company are held in the name of GEB-erst or Vadodara Mahanagar Seva Sadan (VMSS). The procedure for the registration and / or transfer in the name of the Company is under process.

2.d Certain premises of the Company have been given on lease. The Company does not have any information regarding its gross block, depreciation block and net block, and hence, disclosure for leased out property have not been given separately as required as per Revised Schedule-VI.

NOTES TO THE FINANCIAL STATEMENTS

NOTE NO. : 3 CAPITAL WORKS-IN-PROGRESS

(₹ in lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Capital works-in-progress.	4,383.63	6,097.41
TOTAL	**4,383.63**	**6,097.41**

3.1 The Company has evaluated the directly attributable cost capitalisation rate for the current Financial Year ended 31st March, 2018 and applied this to the expenditure on the relevant assets and the total expenditure thus capitalised during the current Financial Year is ₹ 4,743.63 lakhs (Previous Year ₹ 5,312.73 lakhs).

3.2 Borrowing costs amounting to ₹ 99.83 lakhs (Previous Year ₹142.02 lakhs).has been capitalised during the year. Interest rate of 9.00% (Previous Year 9.00%) is considered for capitalisation.

NOTE NO. : 4 NON CURRENT INVESTMENTS

(₹ in lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Investments in Equity Instruments (Unquoted) - measured at cost Kalupur Commercial Bank Ltd. (Nil Share of ₹ 10 each as at 31st March, 2018, (Previous Year 250 Share of ₹ 10 each as at 31st March, 2017).	-	0.03
TOTAL	**-**	**0.03**

NOTE NO. : 5 LOANS

(₹ in lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Secured, Considered Good Loans & Advances to staff.	2,062.11	2,601.34
TOTAL	**2,062.11**	**2,601.34**

NOTE NO. : 6 OTHER FINANCIAL ASSETS

(₹ in lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Secured, Considered Good		
Interest Accrued but not due on Staff Loans	1,766.00	1,588.80
Interest Accrued and due on Staff Loans	30.64	31.99
Unsecured, Considered Good		
Deposits with Others	49.01	28.84
TOTAL	**1,845.65**	**1,649.63**

NOTES TO THE FINANCIAL STATEMENTS

NOTE NO. : 7 OTHER NON-CURRENT ASSETS

(₹ in lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Capital Advances to Suppliers / Contractors	0.50	1.00
Other Deposits.	104.77	99.62
Pre-Payments Leasehold Land	1,529.25	1,600.57
TOTAL	**1,634.52**	**1,701.19**

NOTE NO. : 8 INVENTORIES

(₹ in lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Stores , Spares and Scrap		
Stock of materials at stores.	11,799.34	10,857.08
(Net of provision for non moving stock of ₹ 50.72 lakhs, 31st March, 2017 ₹ 147.91 lakhs).		
Materials at Site (O&M).	872.48	883.86
Materials in Transit.	73.93	98.64
Other Materials Accounts.	4,760.84	4,011.00
Materials Stock Pending Investigation.	232.46	504.94
Less : Provision for Stock Pending Investigation.	(232.46)	(504.94)
TOTAL	**17,506.59**	**15,850.58**

Above Inventories are as valued, taken and certified by the Management. For basis of valuation Refer Note No. 1 - C - (5).

NOTE NO. : 9 TRADE RECEIVABLES

(₹ in lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Unsecured (*)		
(Unless otherwise & to the extent stated)		
Considered Good	33,929.67	28,933.11
Less : Provision for Doubtful Dues (Refer Note - 9.2 below).	(1,028.16)	(1,039.75)
Less : Unposted Receipts	(0.38)	(1.53)
(A)	**32,901.13**	**27,891.83**
Considered Doubtful		
Dues from Permanently Disconnected Consumers.	13,265.99	12,105.49
Dues from Miscellaneous Consumers	2,651.50	2,050.19
Less : Provision for Doubtful Dues (refer note – 9.2 bolow).	(13,600.12)	(13,061.70)

NOTES TO THE FINANCIAL STATEMENTS

(B)	**2,317.37**	**1,093.98**
(A + B)	**35,218.50**	**28,985.81**
Less : Deferred ED & TSE from Consumers	(1,442.43)	(1,442.43)
TOTAL	**33,776.07**	**27,543.38**

(*) Trade receivables are secured and considered good to the extent of Security Deposit & Bank Guarantee received from the respective consumers.

9.1 Age of receivables:

(₹ in lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Less than or equal to 6 months.	27,932.16	25,373.86
More than 6 months.	21,915.01	17,713.41
TOTAL	**49,847.17**	**43,087.27**

9.2 As there is large no. of consumers, it is impracticable to obtain confirmation of all the balances. Furthermore, since there is a stringent recovery mechanism of consumers' dues as per GERC Regulations, the outstanding balances are considered good & recoverable except those provided for.

The Company provides for Bad & Doubtful Debts @ Minimum 2% for Normal Debit Arrears of LT consumers.

Arrears of Permanently disconnected consumers and non-consumers (theft detected individuals / entities) are periodically reviewed and provided for on the merit of each case and past experience of recovery ratio of such category.

The Company assesses expected credit loss to be provided for from its customers by using a practical expedient as permitted under Ind AS 109 i.e. expected credit loss allowance as computed based on historical credit loss experience and the ageing of the receivable balances.

Generally, the credit period on sales of electrical energy is 15 to 30 days. Interest is charged at agreed rate as per contract terms on the overdue balance.

NOTE NO. : 10 CASH AND CASH EQUIVALENTS

(₹ in lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Balances with Banks.	8,955.20	5,900.10
Cheques on Hand.	859.37	687.12
Cash on Hand.	1.41	1.53
Remittance in Transit.	480.63	178.73
Other Bank Balances – Deposits with Banks.	35.54	-
TOTAL	**10,332.15**	**6,767.48**

NOTES TO THE FINANCIAL STATEMENTS

NOTE NO. : 11 LOANS

(₹ in lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Unsecured Considered Good		
Loans to staff.	587.53	214.66
Other Loans and Advances.	316.42	246.26
TOTAL	**903.95**	**460.92**

NOTE NO. : 12 OTHER FINANCIAL ASSETS

(₹ in lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Unsecured Considered Good		
Interest Accrued & Due on Staff Loans.	129.86	117.07
Amount recoverable from staff.	35.03	36.35
Subsidy Receivable from Government.	1,075.21	633.20
Unbilled Revenue.	17,207.36	14,686.87
Deposits	242.32	183.61
Other Recoverables.	161.07	55.89
Receivables from Gujarat Energy Training & Research Institute.	41.29	83.19
Receivable from Holding Company – GUVNL.	53,770.96	22,023.99
TOTAL	**72,663.10**	**37,820.17**

NOTE NO. : 13 CURRENT TAX ASSETS (NET)

(₹ in lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Current Tax Assets		
Tax Refund Receivable.	11,389.24	-
Current Tax Liability		-
Income Tax Payable.	(9,976.35)	
TOTAL	**1,412.89**	**-**

NOTES TO THE FINANCIAL STATEMENTS

NOTE NO. : 14 OTHER CURRENT ASSETS

(₹ in lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Unsecured Considered Good		
Prepaid Expenses.	36.36	158.07
Postage and Stamped Agreement on hand.	6.33	7.07
Advances for O&M Supplies / Works.	148.93	119.91
Electricity Duty & Tax on sale of Electricity	963.07	51.99
Pre-Payments Leasehold Land.	71.31	71.31
TOTAL	**1,226.00**	**408.35**

NOTE NO. : 15 ASSETS CLASSIFIED AS HELD FOR SALE

(₹ in lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Obsolete / Scrap Assets	46.06	-
TOTAL	**46.06**	**-**

During the current year, the assets have been sold for total consideration of ₹ 10.07 lakhs resulting in profit on sale of non-current asset of ₹ 3.74 lakhs recorded under "Other Income" (Note No.31).

NOTE NO. : 16 EQUITY SHARE CAPITAL

a. Equity share capital consist of the following :

(₹ in lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Share Capital		
Equity Share Capital		
Authorised Share capital		
50,00,00,000 (P.Y.: 50,00,00,000) Equity Shares each of ₹ 10 each.	50,000.00	50,000.00
Issued		
40,06,89,601 (P.Y. 36,92,57,067) Equity Shares of ₹ 10 each fully paid.	40,068.96	36,925.71
Subscribed & Paid up		
40,06,89,601 (P.Y. 36,92,57,067) Equity Shares of ₹ 10 each fully paid.	40,068.96	36,925.71
TOTAL	**40,068.96**	**36,925.71**

NOTES TO THE FINANCIAL STATEMENTS

b. A reconciliation of number of shares outstanding at the beginning and at the end of reporting period is as under:

Particulars	No. of Shares	Share Capital (₹ in lakhs)
As at 1st April,2016	32,08,78,472	32,087.85
Additions / (Reductions)	4,83,78,595	4,837.85
As at 31st March,2017	36,92,57,067	36,925.70
As at 1st April,2017	**36,92,57,067**	**36,925.70**
Additions / (Reductions)	3,14,32,534	3,143.25
As at 31st March,2018	**40,05,89,601**	**40,068.95**

c. Details of shares held by the holding Company are classified as under:

All the 40,06,89,601 nos. of Equity Shares (Previous Year 36,92,57,067) are held by Gujarat Urja Vikas Nigam Limited, the holding company & its Nominees.

d. Shares in the Company held by share holders holding more than 5% is as under:

Particulars	As at 31st March, 2018	
	No. of shares	Extent of Holding
Gujarat Urja Vikas Nigam Limited & its' Nominees.	**40,06,89,601**	**100%**

Particulars	As at 31st March, 2017	
	No. of shares	Extent of Holding
Gujarat Urja Vikas Nigam Limited & its' Nominees.	**36,92,57,067**	**100%**

e. Right, preferences and restrictions attached to shares :

For all matters submitted to vote on a poll in a shareholders meeting of the Company, every holder of an equity share as reflected in the records of the Company on the date of the shareholders meeting shall have voting right in proportion to his share in the paid up Equity Share Capital of the Company. Any dividend declared by the Company shall be paid to each holder of Equity shares in proportion to the number of shares held to total equity shares outstanding as on that date. In the event of liquidation of the Company all preferential amounts if any shall be discharged by the Company. The remaining assets of the Company shall be distributed to the holders of equity shares in proportion to the number of shares held to the total equity shares outstanding as on that date.

NOTES TO THE FINANCIAL STATEMENTS

NOTE NO. : 17 OTHER EQUITY

17.1 Other equity consists of the following:

(₹ in lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Securities Premium Account.	1,07,603.71	89,015.02
Retained Earnings.	34,385.28	30,560.97
TOTAL	**1,41,988.99**	**1,19,575.99**

17.2 Particulars relating to Other Equity:

(₹ in lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Share Application Money		
Opening Balance.	-	2,617.00
Add : Increase during the year.	-	-
Lees : Share Issued during the year.	-	(2,617.00)
(A)	-	-
Securities Premium Account		
Opening Balance.	89,015.02	61,531.89
Add : Increase during the year.	18,588.70	27,483.13
(B)	1,07,603.72	89,015.02
Retained Earnings		
Opening Balance.	30,560.97	24,418.00
Add : Net profit after tax transferred from Statement of Profit & Loss.	9304.44	7,880.33
Add : Other comprehensive income arising from re-measurement of defined benefit obligation net of Income tax.	(5,480.13)	(1,737.36)
(C)	34,385.28	30,560.97
TOTAL	**1,41,989.00**	**119,575.99**

17.3 Details of Reserves:

Share Application Money

In Previous Financial Year the Company has received share application money against which shares would be issued.

Equity Securities Premium Account

Securities premium reserve is used to record the premium on issue of equity shares. The reserve is utilised in accordance with the provisions of the act.

NOTES TO THE FINANCIAL STATEMENTS

NOTE NO. : 18 DEFERRED GOVERNMENT GRANTS, SUBSIDIES & CONSUMER CONTRIBUTIONS

(₹ in lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Government grants & subsidies towards cost of Capital Assets.	70,304.87	56,268.54
Consumer Contribution towards Capital Assets.	55,637.23	50,602.79
TOTAL	**1,25,942.10**	**1,06,871.33**

Particulars	As at 31st March, 2018	As at 31st March, 2017
Government grants & subsidies towards cost of Capital Assets.		
Opening Balance.	56,268.54	51,735.19
Add : Received during the year (Net)	20,268.82	9,504.99
Less : Written Back to Statement of Profit & Loss	(6,232.49)	(4,971.64)
Closing Balance	**70,304.87**	**56,268.54**
Consumer Contribution towards cost of Capital Assets.		
Opening Balance.	50,602.79	47,647.23
Add : Received during the year (Net)	9,966.66	7,552.19
Less : Written Back to Statement of Profit & Loss	(4,932.21)	(4,596.63)
Closing Balance	**55,637.23**	**50,602.79**
Total	**1,25,942.10**	**1,06,871.33**

Nature of Government grant received during the year is of capital nature for development of distribution Infrastructure

NOTE NO. : 19 BORROWINGS

(₹ in lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Secured		
(a) Term Loans Raised by the Company		
(i) From Banks.	4,190.00	5,333.00
(ii) From Financial Institutions.	6,376.27	2,500.63
Unsecured		
Term loans		
Raised by the Company		
(i) from Financial Institutions.	-	401.03
Raised through GUVNL		
(ii) State Government Loan under APDRP.	433.56	544.07
(iii) ADB Programme & Project Loan.	2,259.96	2,640.00
TOTAL	**13,259.79**	**11,418.73**

NOTES TO THE FINANCIAL STATEMENTS

Nature of security and terms of repayment for Secured Borrowings

19.01 Loan from Bank of Baroda outstanding ₹ 5,333.00 lakhs (Previous Year ₹ 6,476.00 lakhs) is secured against hypothecation charge on movable assets of projects under NEF scheme. Outstanding amount is repayable in 69 monthly installments of ₹ 95.25 lakhs each commencing from January-2016. Rate of interest is 9.65% p.a. - (a) (i)

19.02 Loans from PFC under ADB-DRUM Project, outstanding ₹ Nil (Previous Year ₹ 142.35 is secured against charge of movable assets created under DRUM Project of Umreth Sub-Division of MGVCL. Outstanding amount is payable in 4 quarterly installments each of ₹ 35.59 lakhs each. Rate of interest is 12.25% p.a. - (a) (ii)

19.03 Loan from PFC under R-APDRP Scheme, outstanding ₹ 6,568.43 lakhs (Previous Year ₹ 6,033.21) is secured against charge of Plant and Machinery and lines and cables of Anand & Nadiad City Division of MGVCL. - (a) (ii)

As per terms of Part-A, the loan of ₹ 5,554.55 lakhs may be converted into capital grant on fulfillment of stipulated conditions. If conditions are not fulfilled, the loan is repayable in remaining 29 monthly installments over a period of 3 years at an average of ₹ 191.54 lakhs each. As per terms of SCADA Part-A, for the loan of ₹ 701.00 lakhs (Previous Year ₹ 747.57 lakhs may be converted into capital grant on fulfillment of stipulated conditions. If conditions are not fulfilled, the loan is repayable in 40 monthly installments over a period of 4 years at an average of ₹ 17.52 lakhs each starting from January-2017.

As per terms of Part-B of R-APDRP Scheme, the loan of ₹ 1,105.20 lakhs will be converted into Grant up to 50% on fulfillment of stipulated conditions. The loan will be repaid in 140 monthly installments over a period of 14 years at an average of ₹ 7.62 lakhs. If conditions are not fulfilled, further ₹ 1,525 lakhs is disbursed for Additional Anand & Dahod towns and SCADA under RAPDRP - Part B, it will be converted into Grant up to 50% on fulfillment of stipulated conditions. The loan will be repaid in 150 monthly installments over a period of 15 years at an average of ₹ 10.17 lakhs, starting from March-2021, if conditions are not fulfilled, starting from June-2021. Rate of Interest is 9% p.a. - (a) (ii)

19.04 Loan from REC under Scheme No. 41150 outstanding ₹ Nil, (Previous Year ₹ 21.85 lakhs) is secured against charge on the movable assets consisting of 3 Phase Meters, Quality / Static Meters, Static Meters on Industrial Consumers with MMB, DTCs, 11KV Feeder Bifurcation / Link Line for New Sub-stations, 11 KV Conductor at Baroda City Circle of MGVCL. The Company has, under scheme of transfer, acquired the movable Plant & Machinery as referred above, which are subjected to charge created by the erstwhile GEB, the 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 application of common funds for all the operations of erstwhile GEB, funds were raised against the charge over common assets. The Company, therefore, has not registered the charge on the assets with the Registrar of Companies, Gujarat. Outstanding amount is repayable in 1 yearly installment of ₹ 21.85 lakhs. Rates of interest is 8.50%, 9.25% & 11% p.a. - (a) (ii)

Terms of repayment for Long term borrowings – Unsecured

19.05 Various loans from REC under RGGVY Scheme of ₹ Nil (Previous Year ₹ 475.49 lakhs) will be repayable in 39 Annual equal installments ranging from ₹ 6.51 lakhs to ₹ 28.86 lakhs payable up to March-2025. Rate of interest is ranging from 11% to 12.50%. Outstanding loan amounting ₹ Nil (Previous Year ₹ 3.31 lakhs) repaid

NOTES TO THE FINANCIAL STATEMENTS

in 4 quarterly installments ranging from ₹ 1.76 lakhs to ₹ 0.83 lakhs. Rate of is interest 9%. - (c) (i)

19.06 State Government loan under APDRP outstanding ₹ 544.07 lakhs (Previous Year ₹ 654.58 lakhs) will be repayable in 8 annual installments ranging from ₹ 110.51 lakhs to ₹1.98 lakhs. Rate of interest is 12.18%. - (c) (ii)

19.07 ADB Programme & project loan amounting ₹ 2,640.00 lakhs (Previous Year ₹ 3,020.03 lakhs) will be repayable in 11 yearly installments ranging from ₹ 380.03 Lakhs to ₹ 6.22 Lakhs. Rate of interest is 10.69%. - (c) (iii)

Secured and Unsecured Loans

GUVNL raises fund by issue of bonds as well as borrowing from Banks, Financial Institutions, GoG and other Public Sector Undertakings for common usages of successor Companies. The repayment and interest of these borrowings are reimbursed by the Company to GUVNL. Facilities sharing agreement between GUVNL and successor Companies have been executed. Consequently, the part amount of loan outstanding from Banks and Financial Institutions are disclosed under the head 'Long Term Borrowings' and maturity pattern, terms of repayment and security as disclosed below are as per the information provided by the GUVNL.

Registration of the Charge on Asset

As per the legal opinion of the counsel, the properties on which the charge is already created by erstwhile GEB and acquired by the Company, the same is required to be registered under the provisions of the Companies Act in force. Due to the common funds for all the operations of erstwhile GEB, funds were raised against the charge over all its assets. However, the amount of secured loans of erstwhile GEB which are secured against the separate properties transferred to each successor company has not yet been identified. The Company, therefore, could not register the charge on these properties with the Registrar of Companies, Gujarat.

Securities against Long Term Borrowings

Some of the assets of the Company viz. Plant and Machinery, Hydraulic works, Lines and cables, Furniture and fixtures and Office equipments are given as security to the Banks for the loans raised by Holding Company i.e. GUVNL. Charges created in respect of these assets as well as charges in respect of loan from Power Finance Corporation (PFC), Bank of Baroda & Bank of India availed by the Company.

19.08 Loan transferred under the Financial Restructuring Plan

(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 erstwhile GEB and the said loans are required to be apportioned to different transferee companies, the Government may, by order, do so and upon such apportionment, the Security will be applicable only to those apportioned liabilities, by operation of Law.

(ii) The Government has in FRP notification apportioned total Loans of erstwhile GEB as Long Term and Short Term Loans amounting to ₹ 48,495.87 lakhs (balance of such loans as on 31st March, 2016 ₹ 6,008.12 lakhs, (Previous Year ₹ 7,880.89 lakhs), which have been transferred to the Company.

NOTES TO THE FINANCIAL STATEMENTS

(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 Lender wise" in separate accounts. The repayments and interest thereon are reimbursed by the Company to GUVNL.

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

NOTE NO. : 20 OTHER FINANCIAL LIABILITIES

(₹ in lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Staff Welfare Schemes.	105.03	98.78
Security deposit from consumers.	78,673.47	71,685.76
Staff Retirement cum Death Benefit Scheme.	1,744.87	1,795.65
TOTAL	**80,523.37**	**73580.19**

20.1 During the current Financial Year, the Company has made repeated public advertisement stating to confirm the security deposit amount as mentioned in last bill served to consumers and accordingly security deposit as per subsidiary records is reconciled and further reconciliation of the same with that of books is under process.

NOTE NO. : 21 PROVISIONS

(₹ in lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Provision for Employee Benefits		
Provision for Leave Encashment.	14,758.71	13,129.46
TOTAL	**14,758.71**	**13,129.46**

NOTE NO. : 22 DEFERRED TAX LIABILITIES (NET)

The following is the analysis of deferred tax assets / (liabilities) presented in the Balance Sheet:

(₹ in lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Deferred tax assets.		
Deferred tax liabilities.	-	-
TOTAL	**-**	**-**

NOTES TO THE FINANCIAL STATEMENTS

Deferred Tax Asset / Liability is worked out as under:

2017-18 **(₹ in lakhs)**

Particulars	Opening Balance	Recognised in profit and loss	Recogni-sed in Other Compre-hensive Income	Closing Balance
Deferred tax liability on account of:				
Depreciation.Prior Period Income.	(32,675.55)	(4,968.57)	-	(37,644.12)
	-	-	-	-
Deferred tax asset on account of:				
Employee Benefits.	7,134.22	(1,236.06)	-	5,898.16
Deferred income on Government grant.	12,134.63	1,565.14	-	13,699.77
Provision on doubtful debts.	4,880.23	231.48	-	5,111.71
Carried forward of unused Tax Losses.	6,398.43	62.12	-	6,460.55
Carried forward of unused Tax Credits.	8,146.31	209.29	-	8,355.60
Net Deferred Tax Asset / (Liability)	**6,018.27**	**(4,136.60)**	-	**1,881.67**
Amounts recognised in Balance Sheet (Refer note 22.1 below)	-	-	-	-

2016-17 **(₹ in lakhs)**

Particulars	Opening Balance	Recognised in profit and loss	Recogni-sed in Other Compre-hensive Income	Closing Balance
Deferred tax liability on account of:				
Depreciation.	(29,005.02)	(3,670.53)	-	(32,675.55)
Prior Period Income.	-	-	-	-
Deferred tax asset on account of:				
Employee Benefits.	6,596.96	537.25	-	7,134.22
Deferred income on Government grant.	5,801.18	6,333.45	-	12,134.63
Provision on doubtful debts.	3,934.77	945.46	-	4,880.23
Carried forward of unused Tax Losses.	8,793.55	(2,395.12)	-	6,398.43
Carried forward of unused Tax Credits.	5,871.69	2,274.62	-	8,146.31
Net Deferred Tax Asset / (Liability)	**1.993.14**	**4,025.13**	-	**6,018.27**
Amounts recognised in Balance Sheet (Refer note 22.1 below)	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

22.1 The Company has net deferred Tax Assets on account of unabsorbed depreciation and Unused Tax Credit. In the absence of virtually certainty and convincing evidence of sufficient future taxable income, net deferred tax asset is not recognised.

NOTE NO. : 23 OTHER NON CURRENT LIABILITIES **(₹ in lakhs)**

Particulars	As at 31st March, 2018	As at 31st March, 2017
Deposits for Electrification & Service connection.	6,708.17	7,662.06
TOTAL	**6,708.17**	**7,662.06**

NOTE NO. : 24 SHORT-TERM BORROWINGS **(₹ in lakhs)**

Particulars	As at 31st March, 2018	As at 31st March, 2017
Secured	1,161.59	250.60
Cash Credit From Banks.		
TOTAL	**1,161.59**	**250.60**

Cash credit from banks under Joint consortium agreement amongst the Company, UCO Bank (lead Bank) & other consortium member banks, is secured against hypothecation charge on the stocks and book debts of the company ranking pari-passu interse.

NOTE NO. : 25 TRADE PAYABLES **(₹ in lakhs)**

Particulars	As at 31st March, 2018	As at 31st March, 2017
Liability for Purchase of Power.	127.84	50.79
TOTAL	**127.84**	**50.79**

NOTE NO. : 26 OTHER FINANCIAL LIABILITIES **(₹ in lakhs)**

Particulars	As at 31st March, 2018	As at 31st March, 2017
Current maturities of long-term debt:		
Secured:		
Term Loans from Banks.	1,143.00	1,143.00
Loan from Financial Institutions.	192.16	3,771.25
Government of Gujarat (Related Party)		
Loan from Asian Development Bank.	380.03	380.03
State Government Loan under APDRP.	110.51	110.51

NOTES TO THE FINANCIAL STATEMENTS

Interest Accrued but not due on Loans.	4,469.75	4,455.55
Interest payable on consumers' security Deposit.	4,274.32	4,501.57
Liability for O&M Supplies / Works.	3,774.48	4,109.65
Staff Related Liabilities.	240.86	252.58
Staff Retirement cum Death Benefit Scheme.	171.33	175.04
Deposits & Retentions from Suppliers & Contractors.	4,230.60	3,871.42
Outstanding liability for expenses.	19,334.78	10,235.80
Liability for Capital Supplies / Works.	137.23	402.18
Deposits for Electrification & Service Connection	2,462.04	2,282.34
Other liabilities.	1,132.90	1,116.53
TOTAL	**42,053.99**	**36,807.45**

NOTE NO. : 27 OTHER CURRENT LIABILITIES

(₹ in lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Statutory Liabilities.	1,606.37	411.79
Other Liability.	39.70	12.85
TSE / Compounding Charges payable to State Government etc.	7.27	7.64
Advance Received from holding Company – GUVNL..	780.00	-
TOTAL	**2,433.34**	**432.28**

NOTE NO. : 28 PROVISIONS

(₹ in lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Provision for Employee Benefits		
Provision for Leave Encashment	1,490.11	1,280.92
TOTAL	**1,490.11**	**1,280.92**

NOTE NO. : 29 CURRENT TAX LIABILITY (NET)

(₹ in lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Current Tax Liability		
Income Tax Payable	-	8,765.54
Current Tax Assets		
Tax Refund Receivable	-	(7,620.67)
TOTAL	**-**	**1,144.87**

NOTES TO THE FINANCIAL STATEMENTS

NOTE NO. : 30 REVENUE FROM OPERATIONS

(₹ in lakhs)

Particulars	For the year ended 31st March, 2018	For the year ended 31st March, 2017
Income from operating Activity		
Revenue from Sale of Power		
Residential General Purpose (Domestic or Residential).	1,33,559.21	1,22,784.07
General Lighting Purpose (Commercial).	3,593.30	3,360.05
Low Tension Maximum Demand and Non Resi. Gen.Purpose (Ind. Low & Medium voltage).	1,05,128.06	96,724.40
Industrial high voltage.	2,45,226.08	2,05,447.80
Public lighting.	3,665.59	3,750.90
Traction railways.	-	2,944.99
Irrigation agricultural.	25,314.00	24,557.85
Public water works and sewerage pumps.	11,939.18	9,758.26
Power to GUVNL.	879.16	232.26
Unscheduled interchange / DSM Income.	6931.68	8,816.69
	5,36,236.26	**4,78,377.36**
Electricity duty		
Electricity Duty Assessed	(72,409.39)	(65,403.67)
Less : Electricity Duty Assessed (Contra)	72,409.39	65,403.67
Sub-Total	**-**	**-**
Other operating Revenue		
Meter charges / Service line charges.	4,667.84	4,509.95
Recoveries for theft of power / Malpractices.	2,671.21	3,116.32
Delayed Payment Charges from consumers.	2,521.52	2,287.12
Cross Subsidy Surcharge.	2,786.16	9,936.76
Additional Surcharge – Open Access Consumers.	853.40	3,031.50
Wheeling charges Recoveries.	64.19	405.41
Agriculture Subsidy.	7,380.69	7,328.31
Miscellaneous charges from consumers.	4,571.99	3,571.32
Sub-Total	**25,517.00**	**34,186.69**
Total	**5,61,753.26**	**5,12,564.05**

NOTE NO. : 31 OTHER INCOME

(₹ in lakhs)

Particulars	For the year ended 31st March, 2018	For the year ended 31st March, 2017
Interest on Staff Loans and Advances.	355.45	291.60
Gain on Sale of Fixed Assets (Net of Loss).	3.74	-
Deferred Income towards Government Grants and Consumer Contribution towards Cost of Capital assets.	11,164.71	9,568.27
Grant for energy conservation.	8.86	525.01
Miscellaneous Income*.	1,850.79	1,748.09
Total	**13,383.55**	**12,132.97**

* None of the items individually account for more than 1% of total revenue or ₹ 10,00,000 whichever is higher.

NOTES TO THE FINANCIAL STATEMENTS

NOTE NO. : 32 PURCHASE OF POWER

(₹ in lakhs)

Particulars	For the year ended 31st March, 2018	For the year ended 31st March, 2017
Purchase of power from GUVNL.*	4,74,493.98	4,23,686.14
Purchase of power from Wind Turbine Generators / CPP.	1,296.67	822.54
Purchase of power from Solar Generators.	1,159.56	1,067.99
Uninterrupted Interchange Charges.	1,069.93	1,689.48
Total	**4,78,020.14**	**4,27,266.15**

* Purchase of power is accounted as billed by GUVNL considering the Bulk Supply Tariff (BST) Mechanism / formula as approved by Gujarat Electricity Regulatory Commission (GERC).

NOTE NO. : 33 EMPLOYEES BENEFIT EXPENSES

(₹ in lakhs)

Particulars	For the year ended 31st March, 2018	For the year ended 31st March, 2017
Salaries and Allowances.	40,201.26	39,721.39
Contribution to PF Trusts	3,429.87	2,999.69
Staff welfare expenses.	762.53	932.12
Retirement and other benefits.	2,579.33	2,008.37
	46,972.99	**45,661.57**
Less : Directly attributable cost capitalised (Refer Note No. 1(C)(20)(b)).	(4,099.42)	(4,616.55)
Total	**42,873.57**	**41,045.02**

NOTE NO. : 34 FINANCE COST

(₹ in lakhs)

Particulars	For the year ended 31st March, 2018	For the year ended 31st March, 2017
Interest Expense		
Interest on State Government Loans.	350.20	401.09
Interest on Bonds.	-	39.62
Interest on cash credit & Working Capital.	509.98	940.06
Interest on Rural Electrification Corporation & Power Finance Corporation Loans.	337.82	484.95
Other Interest Charges.	186.44	183.97
Interest to consumers on security deposits etc.	4,679.82	4,915.45
Interest on Income Tax.	-	148.22
Other Borrowing Costs		
Guarantee Fees / Charges.	-	18.43
Bank Charges, Commission and Others..	90.89	103.36
Less : Directly attributable cost capitalised (Refer Note No. 1(C)(20)(b))..	(99.83)	(142.02)
Total	**6,055.32**	**7,093.13**

Interest on PFC loan is given for R-APDRP Project, as per the terms of the R-APDRP project, the same may be partially converted into Grant by GoI on meeting the conditions of conversion from Loan to Grant and will be treated as forgivable loan to that extent. In view of above, the total fund disbursed by PFC is treated as Borrowings and Interest liability is shown under the head "Other Financial Liabilities".

NOTES TO THE FINANCIAL STATEMENTS

NOTE NO. : 35 OTHER EXPENSES

(₹ in lakhs)

Particulars	For the year ended 31st March, 2018	For the year ended 31st March, 2017
Repairs and Maintenance		
- Building and Civil works.	415.58	319.28
- Plant and Machinery.	1,005.28	833.43
- Lines, Cable Network etc.	3,472.34	2,981.58
- Others.	1,006.57	657.27
Administrative & General Expenses		
Rent, Rates and Taxes.	353.58	209.76
Insurance.	12.51	30.88
Testing Charges.	71.21	99.91
Telephone & Postage Expenses.	188.61	232.53
Remuneration to Collection agencies.	373.27	363.49
Legal and Professional Fees.	151.62	183.21
Auditors' Remuneration.	11.68	11.98
Travelling and conveyances.	2,449.18	2,460.47
Printing and Stationery.	322.42	315.64
Expenses on Computer Billing & EDP Charges.	106.44	116.98
Advertisement.	84.17	83.82
Electricity Charges.	636.75	358.19
Water Charges.	61.98	58.67
Corporate Social Responsibility Expenses.	97.04	37.00
Waiver of Delayed Payment Charges.	17.74	48.14
Security Expenses.	1,011.04	773.47
Freight Expenses.	239.16	247.29
Expenditure on Training to Staff.	117.28	81.04
Loss on Sale of Assets (Net).	-	17.92
Expenses on Energy Conservation.	8.86	530.38
Directors' Sitting Fees.	1.76	0.80
GERC License Fees.	237.53	205.33
SLDC Charges.	179.61	125.31
Other Administration & General Expenses.	434.71	390.85
Bad & Doubtful debts write off.	0.41	0.71
Miscellaneous Expenses (Note No. 35.1)	307.19	360.87
*.Miscellaneous Losses and Write Offs.	266.61	457.47
Provision for:		
- Bad & Doubtful debts.	526.83	2,731.89
Less : Directly attributable cost capitalised.	(644.21)	(696.18)
Total	**13,524.75**	**14,629.38**

Notes:

35.1 None of the items individually accounts for more than ₹ 1 Lakh or 1% of revenue whichever is higher.

NOTES TO THE FINANCIAL STATEMENTS

35.2 Payments to auditors has been classified as follows:

(₹ in lakhs)

Particulars	For the year ended 31st March, 2018	For the year ended 31st March, 2017
Payments to auditors (Excluding service tax / GST)		
As auditors.	9.90	9.90
Tax audit.	-	-

NOTE NO. : 36 TAX EXPENSES

(Rs. in lakhs)

Particulars	For the year ended 31st March, 2018	For the year ended 31st March, 2017
Current Tax.	1,210.81	2,504.21
Deferred Tax.	-	-
Total	**1,210.81**	**2,504.21**

36.1 Reconciliation of current tax

(₹ in lakhs)

Particulars	For the year ended 31st March, 2018	For the year ended 31st March, 2017
Profit before tax.	10,515.25	10,532.76
Add:- Interest on Tax included in Finance Cost.	-	148.22
Current tax expense calculated using MAT tax rate at 21.342% (Previous year : 21.342%).	2,244.12	2,279.49
Add:		
Other Comprehensive Expenses.	(1,169.54)	(370.78)
Adjustment of tax on prior period.	23.80	23.80
Provisions for unascertained liabilities.	112.43	583.18
Amount withdrawn from reserves.	-	(0.15)
Others.	-	(11.33)
Current Tax expense	**1,210.81**	**2,504.21**

NOTE NO. : 37 EARNINGS PER EQUITY SHARE

(₹ in lakhs)

Particulars	For the year ended 31st March, 2018	For the year ended 31st March, 2017
Profit after tax for the year attributable to equity shareholders.	9,304.44	7,880.33
Weighted Average number of Equity Shares for Basic EPS.	38,64,84,717	34,13,53,592
Weighted Average number of Equity Shares for Diluted EPS.	38,64,84,717	34,13,53,592
Basic Earnings per equity shares (₹ 10 each).	2.41	2.31
Diluted Earnings per equity shares (₹ 10 each).	2.41	2.31
Face value per equity share (₹).	10	10

NOTES TO THE FINANCIAL STATEMENTS

NOTE NO. : 38 LEASE

Operating Leases

The Company does not have any non-cancellable operating lease commitments.

The Company has taken various premises under operating lease or leave and license agreement. The lease term in respect of such premises are on the basis of individual agreements entered into with the respective land lords. The lease payments are recognised in the Statement of Profit and Loss under `Rent' in Note 35.

NOTE NO. : 39 EMPLOYEE BENEFIT PLANS

A. Defined Contribution plans:

The Company has certain defined contribution plans. The Company makes contribution towards Employees' Provident Fund, Employees' Pension Scheme and Employees' Death Linked Insurance Scheme. Contributions are made at specified percentage of salary as per regulations. The contributions are made to registered provident fund administered by the Government. The obligation of the Company is limited to the amount contributed and it has neither further contractual nor any constructive obligation. The expense recognised during the period towards defined contribution plan is ₹ 3,368.89 lakhs (31st March, 2017, ₹ 2,954.03 lakhs).

B. Other long term benefit plan

The Company accounts for leave encashment on the basis of actuarial valuation carried out by Life Insurance Corporation of India (LIC) at each year end.

Liability for the current year of ₹ 3,140.75 lakhs (Previous Year ₹ 3,990.39 lakhs) has been charged to statement of Profit & Loss. Leave obligation as at 31st March, 2018 is ₹ 16,248.81 lakhs and as at 31st March, 2017 is ₹ 14,410.38 lakhs) respectively.

The Company has a Staff Voluntary Retirement-Cum-Death Benevolent Fund Scheme wherein an employee can become a member voluntarily. A monthly contribution is to be made by the members. Upon retirement, employee will be eligible to get an amount equivalent to his total "Contribution" along with simple interest at a specified rate from the date of joining the scheme or ₹ 10,000/- whichever is higher. In case of death of an employee, the nominee of the member shall be eligible to get a determined amount of compensation out of the fund, if the employee was the member of the scheme. The charge to the statement of Profit and loss for the year ended is ₹13.12 lakhs (Previous Year ₹ 80.91 lakhs). The balance of such fund as at 31st March, 2018 is ₹ 1,916.20 lakh and as at 31st March, 2017 is ₹ 1,970.69 lakhs) respectively.

NOTES TO THE FINANCIAL STATEMENTS

C. Defined Benefits Plan

Gratuity

The Company provides for gratuity for employees as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement / termination is the employee's last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of service. The gratuity plan is a funded plan and the Company makes contributions to LIC. The Company does not fully fund the liability and maintains a target level of funding to be maintained over a period of time based on estimations of expected gratuity payments.

Scheme is managed through own Gratuity Trust. The liability for gratuity is recognized on the basis of actuarial valuation.

D. These plans typically expose the Company to actuarial risks such as: investment risk, interest rate risk, longevity risk and salary risk.

Investment risk	The Present value of the Defined benefit obligation is calculated using the discount rate determined by the LIC of India as the fund is being managed under Gratuity Assurance Plan.
Interest risk	A decrease in the interest rate will increase the liability and increase will decrease the liability.
Salary risk	The present value of obligation is calculated by reference to future salary.

No other post-retirement benefits are provided to these employees.

In respect of the above plans, the most recent actuarial valuation of the plan assets and the present value of the defined benefit obligation were carried out as at 31st March, 2018 by a member firm of the Institute of Actuaries of India. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the projected unit credit method.

The principal assumptions used for the purposes of the actuarial valuations were as follows:

Assumptions (Current Period)

Particulars	For the year ended 31st March, 2018	For the year ended 31st March, 2017
Expected Return on Plan Assets	8.00%	8.00%
Rate of Discounting	7.50%	7.50%
Rate of Salary Increase	10.00%	10.00%
Rate of Employee Turnover	1 to 3 % depending on Age	

NOTES TO THE FINANCIAL STATEMENTS

(₹ in lakhs)

Particulars	For the year ended 31st March, 2018	For the year ended 31st March, 2017
Gratuity		
I) Reconciliation in present value of obligations (PVO) – defined benefit obligation :		
Opening defined benefit obligation	17,466.32	15,858.65
Current Service Cost	1,044.05	599.24
Interest Cost	1,397.31	1,268.69
Re-measurement (gains) / losses :		
Actuarial gains and losses arising from experience adjustments	5,746.12	1,717.39
Benefits paid	(2,051.62)	(1,977.65)
Past service cost, including losses / (gains) on curtailments	56.28	-
Closing defined benefit obligation	**23,658.45**	**17,466.32**
Current obligation	**2,853.83**	**1,935.04**
Non-Current obligation	**20,804.62**	**15,531.28**
II) Change in fair value of assets :		
Opening fair value of plan assets	11,465.02	8,690.99
Expected return on plan assets	917.20	775.00
Re-measurement gain (loss):		
Excess Return on plan assets (excluding amounts included in net interest expense) including Actuarial Gain / Loss arising from experience adjustments	265.99	(19.97)
Contributions by the employer	12,595.28	3,996.65
Benefits paid	(2,051.62)	1,977.65
Closing fair value of plan assets	**23,191.87**	**11,465.02**
III) Funded plans in deficit:		
Present value of funded defined benefit obligation	23,658.45	17466.32
Fair Value of planned assets at end of year	23,191.87	11465.02
Funded status	Funded	Funded
Net liability arising from defined benefit obligation	**466.58**	**6001.30**
IV) Service Cost		
Current Service cost	1,044.05	599.24
Net Interest expense	479.54	492.65
Past Service Cost and (gain) / loss from settlements	56.28	-
Total Expenses to be recognised in Profit & Loss	1,579.86	1,091.89
Components of defined benefit costs recognised in Employee Benefit expenses		
Re-measurement on the net defined benefit liability:		
Actuarial (gains) / losses arising from experience adjustments, changes in demographic assumptions and changes in financial assumptions	5,480.13	1,737.36
Total expense to be recognised in OCI	**5,480.13**	**1,737.36**
Total expense (provision for the period)	**7,060.00**	**2,829.25**
V) Category of assets as at 31st March:		
-Life Insurance Corporation	23,191.87	11465.02
Total Gratuity		

NOTES TO THE FINANCIAL STATEMENTS

(₹ in lakhs)

Experience Adjustment	On Plan Liabilities – Loss / (Gain)
As on 31st March, 2018	5,746.12
As on 31st March, 2017	1,717.39

Maturity Analysis of Projected Benefit Obligation are as under:

(₹ in lakhs)

Gratuity	For the year ended 31st March, 2018	For the year ended 31st March, 2017
Gratuity	2,853.83	1,935.04
Less than 1 year	4,913.39	3,185.02
One to Three Years	3,134.17	2,456.94
Three to Five Years	12,757.07	9,889.33
More than Five Years		
Total	**23,658.46**	**17,466.33**

Sensitivity analysis for Gratuity:

(₹ in lakhs)

Significant actuarial assumptions	For the year ended 31st March, 2018	For the year ended 31st March, 2017
Discount Rate		
- Impact due to increase of 50 basis points	(913.90)	(555.35)
- Impact due to decrease of 50 basis points	985.43	551.54
Salary increase		
- Impact due to increase of 50 basis points	985.37	561.22
- Impact due to decrease of 50 basis points	(922.09)	(568.81)

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the balance sheet.

NOTE NO. : 40 OPERATING SEGMENT

A. The Company's operations fall under single segment namely "Distribution of Power", taking into account the different risks and returns, the organization structure and the internal reporting systems.

B. Information about major customers

The Company is not reliant on revenues from transactions with any single external customer and does not receive

NOTES TO THE FINANCIAL STATEMENTS

10% or more of its revenues from transactions with any single external customer.

C. Information about geographical areas:

Segment revenue from "Distribution of Electricity" represents revenue generated from external customers which is fully attributable to the Company's country of domicile i.e. India.

All assets are located in the Company's country of domicile.

D. Information about products and services:

The Company derives revenue from sale of Power. The information about revenues from external customers about each product is disclosed in Note no. 30 of the financial statements.

NOTE NO. : 41 FINANCIAL INSTRUMENTS DISCLOSURE

A. Capital Management

The Company's objective when managing capital is to:

1. Safeguard its ability to continue as going concern so that the Company is able to provide maximum return to stakeholders and benefits for other stakeholders; and

2. Maintain an optimal capital structure to reduce the cost of capital.

The Company maintains its financial framework to support the pursuit of value growth for shareholders, while ensuring a seane financial bore. In order to maintain of adjust the capital structure, the company may adjust the amount of dividends to shareholder, return capital to shareholder, issue new shares or sell assets to reduce debt.

The Company's financial management committee reviews the capital structure on a regular basis. As part of this review, the committee considers the cost of capital, risks associated with each class of capital requirements and maintenance of adequate liquidity.

Gearing Ratio

Consistent with others in the Industry, the Company monitors capital on the basis of the following gearing ratio:

(₹ in lakhs)

Significant actuarial assumptions	For the year ended 31st March, 2018	For the year ended 31st March, 2017
Debt.	15,085.49	16,823.52
Total equity.	3,08,000.05	2,63,373.03
Debt to equity ratio.	0.05	0.06

1. Debt is defined as all long term debt outstanding + current maturity outstanding in lieu of long term debt.
2. Equity is defined as Equity share capital + all reserve (excluding revaluation reserve) + deferred Government grant and consumer contribution.

NOTES TO THE FINANCIAL STATEMENTS

B. Categories of financial instruments **(₹ in lakhs)**

Significant actuarial assumptions	For the year ended 31st March, 2018	For the year ended 31st March, 2017
Financial assets		
Measured at amortised cost		
(a) Trade and other receivables.	33,776.07	27,543.38
(b) Cash and cash equivalents.	10,332.15	6,767.48
(c) Other bank balances.	-	-
(d) Loans.	2,966.06	3,062.26
(e) Other financial assets.	74,508.75	39,469.80
Measured at FVTOCI		
(a) Investments in equity instruments (designated on transition date).	-	0.03
Financial liabilities		
Measured at amortised cost		
(a) Borrowings.	14,421.38	11,669.33
(b) Trade payables.	127.84	50.79
(c) Other financial liabilities.	1,22,577.36	1,10,387.64

C. Financial risk management objectives

The Company's principal financial liabilities comprise borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations, routine and projects capital expenditure. The Company's principal financial assets include loans, advances, trade and other receivables and cash and cash equivalents that derive directly from its operations.

The Company's activities expose it to a variety of financial risks viz. regulatory risk, interest rate risk, credit risk, liquidity risk etc. The Company's primary focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The Company's senior management oversees the management of these risks. It advises on financial risks and the appropriate financial risk governance framework for the Company.

Regulatory Risk

The Company's substantial operations are subject to regulatory interventions, introduction of new laws and regulations including changes in competitive framework. The rapidly changing regulatory landscape poses a risk to the Company.
Regulations are framed by Central / State Regulatory Commission as regard to Standard of Performance for utilities, Terms & Conditions for determination of tariff, obligation of Renewable Energy purchase, grant of Open Access, Deviation Settlement Mechanism, Indian Electricity Grid Code / Gujarat Grid Code, Power Market Regulations etc. Moreover, the State / Central Government are notifying various guidelines and policy for growth of the sector. These Policies / Regulations are modified from time to time based on need and development in the sector. Hence the policy / regulation is not restricted only to compliance but also have implications for operational performance of utilities, Return on Equity, revenue, competitiveness, scope of supply as consumer of 1 MW and above have an option to select the supplier, ceiling on trading margins, Regulatory charges, market etc.

NOTES TO THE FINANCIAL STATEMENTS

To protect the interest of Utilities, State Utilities are actively participating while framing of Regulations. ARR is regularly filed & FPPPA is levied on quarterly basis for any increase / decrease in power purchase cost.

Interest rate risk management

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates in negligible as primarily to the Company's long-term debt obligations with fixed interest rates.

Credit risk management

Credit risk arises from cash and cash equivalents and deposits with banks as well as customers including receivables. Credit risk management considers available reasonable and supportive forward-looking information including indicators like external credit rating (as far as available), macro-economic information (such as regulatory changes, Government directives, market interest rate).

The concentration of credit risk is limited due to the fact that the customer base is large. None of the customers accounted for more than 10% of the receivables and revenue for the year ended 31st March, 2018 and 31st March, 2017.

Bank balances are held with reputed and creditworthy banking institutions.

Liquidity risk management

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are required to be settled by delivering the cash or another financial asset. The Company manages liquidity risk by maintaining sufficient cash and cash equivalents including bank deposits and availability of funding through an adequate amount of committed credit facilities to meet the obligations when due. The management prepares annual budgets for detailed discussion and analysis of the nature and quality of the assumption, parameters etc. Daily and monthly cash flows are prepared, followed and monitored at senior levels to prevent undue loss of interest and utilize cash in an effective manner.

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The information included in the tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows. The contractual maturity is based on the earliest date on which the Company may be required to pay.

NOTES TO THE FINANCIAL STATEMENTS

(₹ in lakhs)

Particulars	Less than 1 year	Between 1 and 5 years	More than 5 years	Total
As at 31st March, 2018				
Non - current financial liabilities				
Borrowings.	-	7,484.51	5,775.28	13,259.79
Other Financial Liabilities.	-	1,744.87	78,778.50	80,523.37
		9,229.38	**84,553.78**	**93,783.16**
Current financial liabilities				
Borrowings.	1,161.59	-	-	1,161.59
Trade Payables.	127.84	-	-	127.84
Other Financial Liabilities.	42,053.99	-	-	42,053.99
	43,343.42	**-**	**-**	**43,343.42**
Total financial liabilities	**52,572.80**	**-**	**84,553.78**	**1,37,126.58**
As at 31st March, 2017				
Non - current financial liabilities				
Borrowings.	-	9,083.59	2,335.14	11,418.73
Other Financial Liabilities.	-	1,795.65	71,784.54	73,580.19
		10,879.24	**74,119.68**	**84,998.92**
Current financial liabilities				
Borrowings.	250.60	-	-	250.60
Trade Payables.	50.79	-	-	50.79
Other Financial Liabilities.	36,807.45	-	-	36,807.45
	37,108.84	**-**	**-**	**37,108.84**
Total financial liabilities	**37,108.84**	**10,879.24**	**74,119.68**	**1,22,107.76**

The Company has access to committed credit facilities as described below, of which ₹ 2,138.41 lakhs were unused at the end of the reporting period (Previous Year ₹ 3,049.40 lakhs). The Company expects to meet its other obligations from operating cash flows and proceeds of maturing financial assets.

(₹ in lakhs)

Unsecured bank overdraft facility, reviewed annually and payable at call:	As at 31st March, 2018	As at 31st March, 2017
Amount used.	1,161.59	250.60
Amount unused.	2,138.41	3,049.40

D. Fair value measurement

Fair value of the Company's financial assets that are measured at fair value on a recurring basis.

Some of the Company's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined.

NOTES TO THE FINANCIAL STATEMENTS

Financial assets at fair value through other comprehensive income (FVTOCI)

Financial assets/ financial liabilities	Fair value		Fair value hierarchy	Valuation technique(s) and key input(s)
	As at 31st March, 2018	As at 31st March, 2017		
Investment in equity instruments (quoted)	0.00	0.03	Level 3	Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

Financial assets and liabilities at amortised cost

The carrying amounts of cash and cash equivalent, other bank balances, trade receivables, loans, other financial assets, current borrowings, trade payables, other financial liabilities are considered to be the same as their fair values, due to their short-term nature.

NOTE NO. : 42 Disclosure under Indian Accounting Standard 36 – Impairment of Assets

In accordance with the Indian Accounting Standard (Ind AS 36) on "Impairment of Assets" the Company during the year carried out an exercise of identifying the assets that may have been impaired in respect of cash generating unit in accordance with the said Indian Accounting Standard. Based on the exercise, no impairment loss is required as at 31/03/2018.

NOTE NO. : 43 CONTINGENT LIABILITIES, CONTINGENT ASSETS AND CAPITAL COMMITMENTS:

A. Claims against the Company/ disputed demands not acknowledged as debt:-

(₹ in lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017
a) Income Tax demand in Appeal / dispute (not provided for)	4,114.00	414.76
b) Service Tax demand (excluding interest) in Appeal / dispute (not provided for)	264.94	265.15
c) Claims against Company not acknowledged as debt (legal matters)	2,802.54	2,645.97
d) Others (FMS Charges)	-	1,742.39
Sub Total (A)	**7,181.57**	**5,068.27**

In respect of the above, the expected outflow will be determined at the time of final resolution of the dispute. No reimbursement is expected.

B. A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. During the normal course of business, several unresolved claims are currently outstanding. The inflow of economic benefits, in respect of such claims cannot be measured due to uncertainties that surround the related events and circumstances.

NOTES TO THE FINANCIAL STATEMENTS

C. Capital Commitments:

Estimated amount of contracts remaining to be executed on capital account:-

(₹ in lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017
A. Capital Commitments Estimated amount of Contract remaining to the executed on capital accounts (Net of Advances)	16,189.72	7,825.73
Total	**16,189.72**	**7,825.73**

NOTE NO. : 44 CSR Expenditure:

(₹ in lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017
The CSR expenditure comprises the following:		
a) Gross amount required to be spent by the Company during the year	134.38	82.26
b) Amount spent during the year on	97.04	37.00

(₹ in lakhs)

(c) Particulars	For the year ended 31st March, 2018			For the year ended 31st March, 2017		
	In Cash	Yet to be paid in cash	Total	In Cash	Yet to be paid in cash	Total
(i) Construction / acquisition of any asset. (ii) On purpose other than (i) above.	97.04	-	97.04	37.00	-	37.00
Total	**97.04**	**-**	**97.04**	**37.00**	**-**	**37.00**

NOTE NO. : 45 Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act, 2006)

DUES TO MICRO, SMALL AND MEDIUM ENTERPRISES

In view of their large number of accounts and in absence of segregated information, total outstanding dues to Micro, Small and Medium Industrial Undertaking as defined under Micro, Small & Medium Enterprises Development Act, 2006 have not been disclosed separately.

However, based on the details available with the Company in respect of transactions incurred during the year, there are no undisputed over dues as such to Micro, Small and Medium enterprises as at 31st March 2018.

NOTES TO THE FINANCIAL STATEMENTS

NOTE NO. : 46

The Company has a system of physical verification of Inventory, Fixed assets and Capital Stores in a phased manner to cover all items over a period of three years. Adjustment differences, if any, are carried out on completion of reconciliation.

NOTE NO. : 47

The Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses. Further, some balances of Trade and other receivables, Trade and other payables and Loans are subject to confirmation/reconciliation. Adjustments, if any, will be accounted for on confirmation/reconciliation of the same, which will not have a material impact.

NOTE NO. : 48 RELATED PARTY DISCLOSURES

Name of Related Parties	Nature of Relationship
Gujarat Urja Vikas Nigam Limited	Holding Company
Gujarat State Electricity Corporation Limited	Fellow - Subsidiary Company
Gujarat Energy Transmission Corporation Limited	Fellow - Subsidiary Company
Dakshin Gujarat Vij Company Limited	Fellow - Subsidiary Company
Paschim Gujarat Vij Company Limited	Fellow - Subsidiary Company
Uttar Gujarat Vij Company Limited	Fellow - Subsidiary Company
Gujarat Industries Power Company Limited	Associate Company
Shri Rajesh Manjhu, IAS	Key Management Personnel (KMP)
Shri K. R. Shah	CFO
Shri K. M. Antani	CS

B. The following transactions were carried out with the related parties in ordinary course of business during the year:

(₹ in lakhs and Previous Year's figures are in bracket)

Nature of Transaction	Holding Company	Fello-Subsidiary Company	KMP	Enterprise over which KMP is having Significant Influence	Total
<u>**Transactions during the year**</u>					
Allocation of Disaster Recovery Site Expenses	- -	- (118.45)	- -	- -	- (118.45)
Uttar Gujarat Vij Company Limited	- -	- (118.45)	- -	- -	- (118.45)
Purchase of Asset	- -	**1,548.99** -	- -	- -	**1,548.99** -
Uttar Gujarat Vij Company Limited	- -	**1,548.99** -	- -	- -	**1,548.99** -

NOTES TO THE FINANCIAL STATEMENTS

Purchase of Burnt Oil	- -	**8.05** (3.36)	- -	- -	**8.05** (3.36)
Gujarat Energy Transmission Corporation Limited	- -	**8.05** (3.36)	- -	- -	**8.05** (3.36)
Reactive Charges Receivable	- -	**40.76** (31.58)	- -	- -	**40.76** (31.58)
Gujarat Energy Transmission Corporation Limited	- -	**40.76** (31.58)	- -	- -	**40.76** (31.58)
SLDC Charges	- -	**179.48** (125.31)	- -	- -	**179.48** (125.31)
Gujarat Energy Transmission Corporation Limited	- -	**179.48** (125.31)	- -	- -	**179.48** (125.31)
Delayed Payment Charges on SLDC Charges	- -	**0.13** -	- -	- -	**0.13** -
Gujarat Energy Transmission Corporation Limited	- -	**0.13** -	- -	- -	**0.13** -
Unscheduled Interchange Charges Payable	- -	**1,069.93** (1,689.48)	- -	- -	**1,069.93** (1,689.48)
Gujarat Energy Transmission Corporation Limited	- -	**1,069.93** (1,689.48)	- -	- -	**1,069.93** (1,689.48)
Unscheduled Interchange Charges Receivable	- -	**6,931.68** (8,816.69)	- -	- -	**6,931.68** (8,816.69)
Gujarat Energy Transmission Corporation Limited	- -	**6,931.68** (8,816.69)	- -	- -	**6,931.68** (8,816.69)
Allocation of Working Cap. Processing Ch. , etc.	- (24.44)		- -	- -	- (24.44)
Gujarat Urja Vikas Nigam Limited	- (24.44)		- -	- -	- (24.44)
Sale of Scrap	**0.17** -	- -	- -	- -	**0.17** -
Gujarat Urja Vikas Nigam Limited	**0.17** -	- -	- -	- -	**0.17** -
Allocation of e-Urja Expenses	**252.00** (309.86)	- -	- -	- -	**252.00** (309.86)
Gujarat Urja Vikas Nigam Limited	**252.00** (309.86)	- -	- -	- -	**252.00** (309.86)
Allocation of Interest	**350.20** (329.08)	- -	- -	- -	**350.20** (329.08)
Gujarat Urja Vikas Nigam Limited	**350.20** (329.08)	- -	- -	- -	**350.20** (329.08)
Government of Gujarat Guarantee Fees	- 18.43)	- -	- -	- -	- 18.43)
Gujarat Urja Vikas Nigam Limited	- (18.43)	- -	- -	- -	- (18.43)

NOTES TO THE FINANCIAL STATEMENTS

Purchase of Power	**474493.98**	-	-	-	**474493.98**
	(423686.14)	-	-	-	(423686.14)
Gujarat Urja Vikas Nigam Limited	**474493.98**	-	-	-	**474493.98**
	(423686.14)	-	-	-	(423686.14)
Sale of Excess Power	**879.16**	-	-	-	**879.16**
	(232.26)	-	-	-	(232.26)
Gujarat Urja Vikas Nigam Limited	**879.16**	-	-	-	**879.16**
	(232.26)	-	-	-	(232.26)
Sale of Material	-	**3.57**	-	-	**3.57**
	-	-	-	-	-
Gujarat Energy Transmission Corporation Limited	-	**3.57**	-	-	**3.57**
	-	-	-	-	-
Allocation of Dispensary Expenses	-	-	-	-	-
	-	(128.82)	-	-	(128.82)
Gujarat State Electricity Corporation Limited	-	-	-	-	-
	-	(128.82)	-	-	(128.82)
Allocation of Common Maintenance Expenses	-	-	-	-	-
	(305.03)	(333.99)	-	-	(639.02)
Gujarat State Electricity Corporation Limited	-	-	-	-	-
	-	(62.89)	-	-	(62.89)
Gujarat Urja Vikas Nigam Limited	-	-	-	-	-
	(305.03)	-	-	-	(305.03)
Gujarat Energy Transmission Corporation Limited	-	-	-	-	-
	-	(271.10)	-	-	(271.10)
Remuneration **Total**	-	-	**71.74**	-	**71.74**
	-	-	(58.00)	-	(58.00)
Shri Rajesh Manjhu, IAS	-	-	**17.74**	-	**17.74**
	-	-	(10.78)	-	(10.78)
Shri K.R. Shah	-	-	**29.76**	-	**29.76**
	-	-	(26.29)	-	(26.29)
Shri K.M. Antani	-	-	**24.24**	-	**24.24**
	-	-	(20.93)	-	(26.29)

Balance as at: 31st March, 2018

Receivable / Payable	Holding Company	Fellow-Subsidiary Company	KMP	Total
Receivables	**53,770.96**	-	-	**53,770.96**
Gujarat Urja Vikas Nigam Limited	53,770.96	-	-	53,770.96
Payables	**-**	**-**	**-**	**-**
Gujarat Urja Vikas Nigam Limited	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

The above transactions with the Government related entities cover transactions that are significant individually and collectively. The Company has also entered into other transactions with above mentioned and other various Government related entities. These transactions are insignificant individually and collectively and hence not disclosed.

NOTE NO. : 49

As Per requirements of the Electricity Act, 2003, captive power units are exempted from cross subsidy and additional surcharge. Such exemption is available as and when captive unit status is confirmed by the Chief Electrical Inspector, Gandhinagar based on factual records verification. Pursuant to granting of Captive Status by the Chief Electrical Inspector (CEI), Gandhinagar to the Power Plant of OPGS Gujarat Power Pvt. Ltd (OPGS) and its captive users situated in the State of Gujarat for F.Y 2015-16, 2016-17 and 2017-18, the users situated in the jurisdiction of the Company have become eligible for exemptions available in accordance with the orders of the CEI, Gandhinagar. Accordingly, the Cross-Subsidy Surcharge and Additional Surcharge recovered during the said years is to be refunded along with differential Electricity Duty.

The aforesaid refundable amounts aggregating to ₹ 2645.50 Lakhs have been recognised as a current liability - (Note no. 26) in the current year financial statements with a consequential adjustment of ₹ 4080.67 Lakhs in the revenues.- (Note no. 30)

NOTE NO. : 50

The subsidy claims on Government of Gujarat are made by Gujarat Urja Vikas Nigam Limited (GUVNL), the Holding Company on behalf of our Company including all other Distribution Subsidiaries. The subsidy receivable balances are recorded, reflected and presented as such in GUVNL's standalone financial statements. Subsidies being government grants are recognised as revenue in the Statement of Profit or Loss in accordance with the accounting policy on government grants as stated in Note 1-C-4 to the financial statements

NOTE NO. : 51

The previous years' figures have been regrouped / reclassified, wherever necessary to correspond with the current years' classification / disclosures.

NOTE NO. : 52

The Financial Statements were approved for issue by the Board of Directors on 20th September, 2018.

As per our report of even date attached

For JLNUS & Co.
Chartered Accountants
FRN : 101543W

Abhishek Nagori
Partner
Membership No. : 107954

Place : Vadodara.
Date : 20th September, 2018.

For and on behalf of the Board

Pankaj Joshi
Chairman
DIN : 01532892

Rajesh Manjhu
Managing Director
DIN : 06904033

K.R. Shah
Sr. Chief General Manager (F&A) & CFO

K.M. Antani
Company Secretary

Place : Vadodara.
Date : 20th September, 2018.

MGVCL AT A GLANCE

PHYSICAL DATA

Sr. No.	PARTICULARS	2017-18	2016-17
1	Total Area (in Sq. Kms)	23,854	23,854
2	Districts Covered	7	7
3	No. of Towns	46	46
4	No. of Villages	4,404	4,404
5	Population (Census 2001)(in Million)	13.06	13.06
6	Total Circles	5	5
7	Total Divisions	18	18
8	Total Sub-Divisions+Sectional Offices	113	112
9	Total Sub-Stations	241	216
10	Total Transformers	1,33,702	1,24,443
11	Total No. of Feeders	2,082	1,947
12	Total H.T. Line (in CKms.)	59,496	56,552
13	Total L.T. Line (in CKms.)	69,717	67,476
14	Ratio of L.T. / H.T.	1.17	1.19
15	Total Consumers (in lakhs)	30.75	28.81
16	Total Contracted Load (in MW)	6,777	6,256
17	Total Employees	7,316	7,574

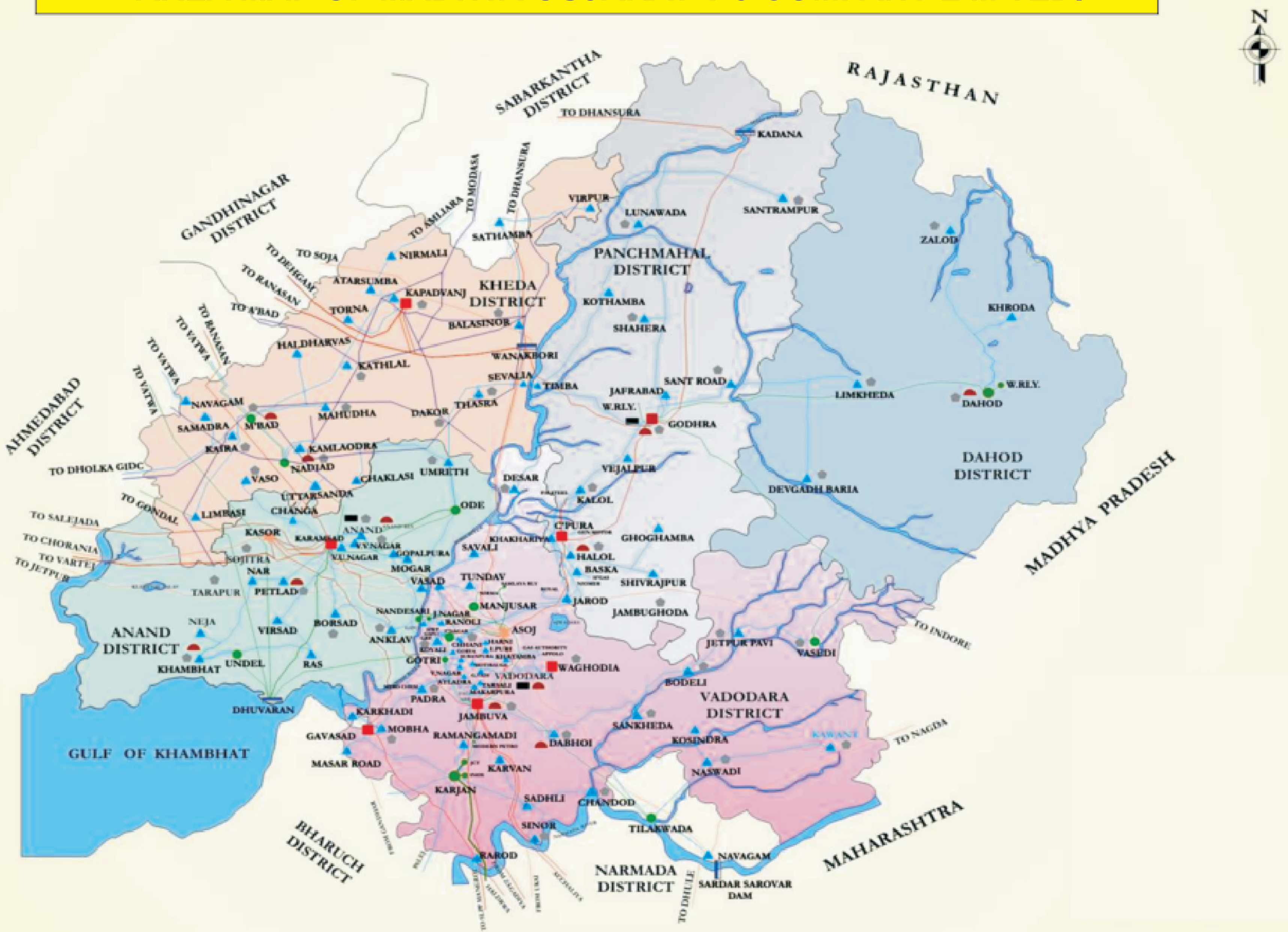
POWER PURCHASE & DISTRIBUTION LOSS DATA

Sr. No.	PARTICULARS	Units in Million (MU) 2017-18	2016-17
1	Units Purchased from GUVNL	11319.576	10410.184
2	Add : UI Over-drawal	23.059	43.488
3	Less : UI Under-dwaral	351.890	490.964
4	Less: Sale through trading	31.576	8.889
5	**Net Pur. from GUVNL (1+2+3+4)**	**10959.169**	**9953.819**
6	Add : Power purchase from Wind farm	60.221	47.762
7	**Total Power Purchase (5+6)**	**11019.390**	**10001.581**
8	Central Sector Power Purchase	232.833	239.555
9	Transmission Losses	401.833	378.700
10	**Total Transmission Loss (8+9)**	**634.666**	**618.255**
11	Transmission Loss (%)	5.76%	6.18%
12	**Units Available for Sale (7-10)**	**10384.724**	**9383.326**
13	**Units sold to Consumers**	**9280.858**	**8330.159**
14	Distribution Loss (12-13)	1103.866	1053.167
15	Distribution Loss (%)	10.63%	11.22%
16	T&D Loss (10+14)	1738.532	1671.422
17	T&D Loss (%)	15.77%	16.71%

2017-18			Sr. No.	Category of Consumers	2016-17		
Units in MUs	**Average Rate** (₹ / Unit)	**Revenue** (₹. in crores)			**Units in MUs**	**Average Rate** (₹ / Unit)	**Revenue** (₹ in crores)
2475.481	5.40	1335.59	1	Residential General Purpose	2330.680	5.27	1227.84
60.216	5.97	35.93	2	General Lighting Purpose	57.838	5.81	33.60
1464.855	7.18	1051.28	3	Non Residential General Purpose & LTMD	1390.111	6.96	967.24
62.666	5.85	36.66	4	Public Lighting	66.073	5.68	37.51
1228.530*	2.06	253.14**	5	Agriculture with Tariff Comp. & FPPPA Subsidies	1165.543*	2.11	245.58**
285.626	4.18	119.39	6	Water Works	235.208	4.15	97.58
3703.484	6.62	2452.26	7	Industrial HT	3045.960	6.74	2054.49
0.00	0.00	0.00	8	Railways	38.745	7.60	29.45
9280.858	**5.69**	**5284.25**	9	**Sub-Total (1 to 8)**	**8330.159**	**5.63**	**4693.29**
		8.79	10	Sale through GUVNL (STOA)			2.32
		69.32	11	Unscheduled Interchange (Underdrawal)			88.17
		181.36	12	Other Revenue related recoveries			268.58
		73.81	13	Agriculture : HP Based Subsidy			73.28
		5617.53	14	**Total**			**5125.64**

* Agriculture MUs sold during 2017-18 = Metered : 753.370 MUs; Un-metered : 475.160 MUs as per GERC
* Agriculture MUs sold during 2016-17 = Metered : 694.993 MUs; Un-metered : 470.550 MUs as per GERC
**Agriculture Revenue during 2017-18 includes Tariff Compensation Subsidy Rs. 48.52 crores and FPPPA Subsidy Rs. 114.38 crores
**Agriculture Revenue during 2016-17 includes Tariff Compensation Subsidy Rs. 48.00 crores and FPPPA Subsidy Rs. 112.48 crores

AREA MAP OF MADHYA GUJARAT VIJ COMPANY LIMITED.



MADHYA GUJARAT VIJ COMPANY LIMITED

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