



GUJARAT STATE ELECTRICITY CORPORATION LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2011

PARTICULARS	SCH	[Rs.IN LAKHS]	
		AS AT 31st MARCH,2011	AS AT 31st MARCH,2010
SOURCES OF FUND			
Shareholder's Funds			
Share Capital	1	145,802.24	91,297.24
Equity Pending Allotment	2	22,300.00	51,783.75
Reserve and Surplus	3	205,421.62	191,067.66
			373,523.86
			334,148.65
Loan Funds			
Secured Loans	4	420,842.71	399,794.25
Unsecured Loans	5	213,164.51	119,511.83
			634,007.22
			519,306.08
Total			1,007,531.08
			853,454.73
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	6	1,091,408.07	1,034,567.93
Less: Accumulated Depreciation		379,984.39	320,267.49
Net Block		711,423.68	714,300.44
Capital Works in Progress		304,065.49	235,877.20
			1,015,489.17
			950,177.64
INVESTMENTS			
Current Assets, Loans and Advances			
Inventories	8	34,805.46	40,571.30
Sundry Debtors	9	135,387.22	145,463.13
Cash and Bank Balances	10	4,044.18	68.98
Loans and Advances	11	51,092.13	42,754.43
			225,328.99
			228,857.84
Less: Current Liabilities and Provisions			
Current Liabilities	12	215,394.85	311,881.60
Provisions		19,944.28	15,751.15
			235,339.13
			327,632.75
Net Current Assets		(10,010.14)	(98,774.91)
Total			1,007,531.08
			853,454.73
Significant Accounting Policies	19		
Notes to the Financial Statements	20		

Schedules referred to above and notes attached thereto form an integral part of Balance sheet

As per attach report of even date

FOR P.PARIKH & ASSOCIATES.

Chartered Accountants

Firm Regn.No.107564W

FOR AND ON BEHALF OF THE BOARD

ASHOK RAJAGIRI

Partner

Mem.No. 046070

D.J.PANDIAN

Chairman

GURDEEP SINGH

Mananging Director

Director

M.B.KAKA

Sr.Chief Genaral Manager (F&A)

V.P.JANI

Company Secretary

Place:

Date :

Place : Gandhinagar

Date :



PROFIT AND LOSS ACCOUNT FOR YEAR ENDED 31ST MARCH, 2011				
PARTICULARS	SCH	[Rs.IN LAKHS]		
		AS AT 31st MARCH,2011		AS AT 31st MARCH,2010
INCOME				
Sales of Electrical Energy		757,771.17		729,948.34
Net Unscheduled Interchange Income		6,377.01		0.00
Other Income	13	19,958.29		13,788.65
			784,106.47	743,736.99
EXPENDITURE				
Generation and Other cost	14	618,064.42		594,923.74
Employees Cost	15	39,399.37		38,250.55
Administrative and Other Expenses	16	5,981.12		6,390.87
			663,444.91	639,565.16
Profit before Depreciation and Interest			120,661.56	104,171.83
Interest	17	42,907.19		36,017.42
Depreciation		57,955.23		51,440.56
			100,862.42	87,457.98
Profit before prior period Adjustments			19,799.14	16,713.85
Prior Period Adjustment	18		1868.05	1,787.37
Profit before tax			17,931.09	14,926.48
Provision for current Taxation			3,577.13	2,520.00
Profit after Tax			14,353.96	12,406.48
Balance brought forward from earlier year			60,438.01	48,031.53
Balance carried to balance sheet			74,791.97	60,438.01
Earning Per Share-Basic			0.98	1.36
Earning Per Share-Diluted			1.01	0.90
Significant Accounting Policies	19			
Note to the Financial Statements	20			

Schedules referred to above and notes attached thereto form an integral part of Balance sheet

As per attach report of even date

FOR P.PARIKH & ASSOCIATES.

Chartered Accountants

Firm Regn.No.107564W

FOR AND ON BEHALF OF THE BOARD

ASHOK RAJAGIRI

Partner

Mem.No. 046070

D.J.PANDIAN

Chairman

GURDEEP SINGH

Mananging Director

Director

M.B.KAKA

Sr.Chief General Manager (F&A)

Place : Gandhinagar

Date :

V.P.JANI

Company Secretary

Place:

Date :

	Year ended March 31, 2011	Previous Year
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit/(Loss) before Tax	17931.09	14926.48
<i>Add/(Less) : Adjustments for</i>		
Loss sale of fixed asset	63.98	2.18
Profit on sale of Fixed Asset	(672.85)	(1.68)
Depreciation	57955.24	51440.56
Interest and Guarantee Fees	42907.18	36017.42
Interest/Dividend received	(110.15)	(89.78)
Prior period adjustments related to Investing & Financing Activities	1889.52	1896.10
Operating Profit before Working Capital Changes	<u>119964.01</u>	<u>104191.28</u>
<i>Add/(Less) : Adjustments for working capital changes</i>		
Trade & Other Receivables	10075.91	(28081.14)
Inventories	5765.86	(631.27)
Trade Payables and other liabilities	(96140.11)	59786.36
Loans and Advances	(4829.23)	1148.47
Cash Generated from operations	<u>34836.44</u>	<u>136413.70</u>
Direct taxes paid (Net of refunds)	(3399.94)	(2293.13)
Net cash generated from operations :	<u>31436.50</u>	<u>134120.57</u>
B NET CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets (including interest cost)	(126788.07)	(167659.74)
Proceeds from Sale of Fixed Asset	2240.65	11.48
Interest/Dividend received	110.15	89.78
Investment	(0.05)	0.00
Net cash used in investing activities :	<u>(124437.32)</u>	<u>(167558.48)</u>
C CASH FLOW FROM FINANCING ACTIVITIES		
(Repayment)/Proceeds from borrowings	114701.11	29212.17
Increase / (Decrease) in Equity	25021.25	14827.15
Capital Grant received from Government of Gujarat	0.00	25000.00
Interest and Guarantee Fees paid	(42746.34)	(35653.26)
Net cash generated from financing activities :	<u>96976.02</u>	<u>33386.06</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	3975.20	(51.85)
CASH AND CASH EQUIVALENTS AS AT APRIL 1, 2010	68.98	120.83
CASH AND CASH EQUIVALENTS AS AT MARCH 31, 2011	4044.18	68.98

- Notes**
- Purchase of Fixed Assets includes the movement in Capital Work-in-progress.
 - Previous year figures have been regrouped, reclassified and reworked wherever necessary for comparative purpose.

As per attached report of even date

FOR P.Parikh & Co.
Chartered Accountants

FOR AND ON BEHALF OF THE BOARD

Ashok Rajagiri
Partner
Mem. No. 046070

D. J Pandian
Chairman

Gurdeep Singh
Managing Director

Director

M. B. Kaka
Sr. Chief General Manager (F & A)

V. P. Jani
Company Secretary

Place:

Place : Gandhinagar

Date:

Date :

SCHEDULE FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH,2011

SCHEDULE: 1

SHARE CAPITAL

PARTICULARS	[Rs. in lakhs]	
	As at 31st March,2011	As at 31st March,2010
Authorised 350,00,00,000 (P.Y. : 350,00,00,000) Equity Share of Rs. 10/- each	350000.00	350000.00
Issued Share Capital		
148,35,80,189 Equity Shares of Rs. 10 each fully paid up (previous year 91,29,72,424 Equity Shares)	148,358.01	91,297.24
Issued Subscribed and Paid up 145,80,22,424 (.P.Y.: 91,29,72,424) Equity Shares of Rs 10/- each fully paid held by the holding Company Gujarat Urja Vikas Nigam Limited & its nominees.	145,802.24	91,297.24
Total	145,802.24	91,297.24

Note:

- Of the above, 145,80,22,424 (P.Y. 91,29,72,424) Equity Shares are held by "Gujarat Urja Vikas Nigam Ltd ", the holding Company (GUVNL).
- Of the above 330,672,354 Equity shares of Rs. 10/- each have been issued at premium as specified in Govt.GR GHU-(203)-GUV-1106-590-K Dtd. 12.12.2008 for transfer of generation undertaking of erstwhile GEB (now GUVNL)
- Of the above 44,40,00,070 Equity Shares of Rs 10/- each were allotted at par to erstwhile GEB (now GUVNL) on conversion of Unsecured Loan amounting to Rs. 44,400.01 lakhs.
- During the year 54,50,50,000.00 Equity Share of Rs. 10 each have been allotted on right basis to Gujarat Urja Vikas Nigam Limited

SCHEDULE: 2

EQUITY PENDING ALLOTTMENT

PARTICULARS	[Rs. in lakhs]	
	As at 31st March,2011	As at 31st March,2010
(Refer Note No.2 of Schedule no.20) Equity Share Application Money	22,300.00	51,783.75
Total	22,300.00	51,783.75

SCHEDULE: 3

RESERVES AND SURPLUS

PARTICULARS	[Rs. in lakhs]		
		As at 31st March,2011	As at 31st March,2010
Capital Reserve (Capital Grant under FRP)			
Opening Balance	31427.94		6,427.94
Add : Addition during the Year	0.00		25,000.00
		31,427.94	31,427.94
Share Premium		99,201.71	99,201.71
Balance in Profit and Loss Account		74,791.97	60,438.01
Total		205,421.62	191,067.66

SCHEDULE: 4
SECURED LOANS

PARTICULARS	[Rs. in lakhs]		
		As at 31st March,2011	As at 31st March,2010
A. Term Loan from Financial Institution (Refer Note No.1 (a) of Schedule 20)			
Power Finance Corporation Limited	219,933.68		164,459.05
Rural Electrification Corporation Limited	993.42		100,749.12
		220,927.10	265,208.17
B. Term Loan from Bank (Refer Note No.1 (a) of Schedule 20)			
Oriental Bank of Commerce	35,765.32		32,884.61
Indian Bank	4,561.66		2,688.84
Dena Bank	28,013.00		2,704.61
Corporation Bank	7,398.56		5,886.66
Syndicate Bank	6,657.04		5,076.75
Canara Bank	7,633.26		4,250.31
Allahabad Bank	19,252.27		658.21
Andhra Bank	0.00		1,179.32
Kalupur Commercial Co.Op.Bank Ltd	2,727.53		3,369.59
Bank of Baroda	25,041.11		0.00
Vijya Bank	29,461.07		0.00
		166,510.82	58,698.90
C. Working Capital Loans from Banks			
Cash Credit	5,201.97		10,991.11
Bills Discounting Under Line of Credit	0.00		3,653.25
Interest accrued and due	130.11		1.08
Total		5,332.08	14,645.44
D. Loan transferred from GUVNL (Refer note no. 1(b) of Schedule no.20)			
Term Loan from Financial Institution:			
Rural Electrification Corporation Limited	0.00		1,751.38
Term Loan from Banks:			
Central Bank of India	0.00		666.68
Dena Bank	2,922.15		6,279.28
Union Bank of India	685.50		4,288.70
Allahabad Bank	1,599.50		2,513.50
Indian Overseas Bank	1,776.38		3,312.22
Oriental Bank of Commerce	0.00		426.68
State Bank of India	4,584.40		13,137.62
State Bank of Saurashtra	0.00		844.21
Bank of Baroda	3,010.22		11,962.30
Canara Bank	7,340.59		10,573.92
Syndicate Bank	6,153.97		4,719.30
Deffered Payment Guarantee	0.00	28,072.71	765.95
			61,241.74
Total		420,842.71	399,794.25

Note:

- The above Term Loans (referred at A and B) are secured by way of hypothecation on the whole of movable properties of the company including its movable plant and machinery, machinery spares, tools and accessories and other movables, both present and future (save and except book debts) for power generating units of the company, namely Ukai unit 1 & 2, Gandhinagar unit 1 & 2, Dhuvaran CCPP I & II and KLTPS unit no. 1 & 2 for R&M schemes, KLTPS unit 4, Ukai unit 6, Sikka unit 3 & 4, Utran CCPP II as well as Wind Mill 10 MW towards expansion projects of the company. Similarly, the company has raised Term Loan against hypothecation of assets for various minor R&M schemes.
- The above term loans (referred at C above) are further secured by way of mortgage on all immovable properties, both present and future in respect of the power stations of the company as stated above.
- The working capital loans from banks are secured by way of hypothecation of all current assets of the company viz. coal, oil, consumable spares and stores, bills receivable and book debt.
- Loans repayable within a year Rs. 42785.11 lakhs (Previous year Rs.48109.85 lakhs).
- Loans transferred from GUVNL (referred at D above) are loans earlier raised by erstwhile GEB against hypothecation / mortgage of various assets comprising of Transmission and Distribution companies as detailed below.
 - Loan from Bank of Baroda is secured against hypothecation charge on assets of Rajkot, Amreli, Bhuj O&M Circle & Jamnagar Rural Division, Bhavnagar, Junagadh Rural, Botad, Mahuva, Bhavnagar city, Keshod(No.1), Keshod REC & Surendranagar O&M Division of Paschim Gujarat Vij Company Limited.

b Loan from State Bank of India is secured against hypothecation charge on assets of Gondal, Jetpur, Rajkot, Jamnagar, Dhoraji and Ranasan Transmission Division of Gujarat Energy Transmission Corporation Limited (GETCO) as well as assets of Valsad & Surat O&M Circles, Ankleshwar Industrial & O&M Division, Bharuch City and O&M Division and Rajpipla O&M Division of Dakshin Gujarat Vij Company Limited.

c Loan from Indian Overseas Bank is secured against hypothecation charge on assets of Dhrangadhra and Surendranagar O&M Division of PGVCL as well as assets of Vijapur, Mehsana & Chhatral Transmission Division of GETCO.

d Loan from Dena Bank is secured against hypothecation charge on assets of Amreli, Dhasa & Vertej Transmission Division of GETCO.

e Loan from Union Bank of India is secured against hypothecation charge on assets of Soja, Dhansura & Chhatral Transmission Division of GETCO.

f Loan from Allahabad Bank is secured against hypothecation charge on assets of Sabarmati, Gandhinagar & Bavla O&M Division of Uttar Gujarat Vij Company Limited.

g Loan from Syndicate Bank is secured against the hypothecation charge on assets of Palanpur Transmission Circle of GETCO.

h Loan from Canara Bank is secured against hypothecation charge on assets of Godhra & Baroda O&M Division of Madhya Gujarat Vij Company Limited.

SCHEDULE: 5

UNSECURED LOANS

PARTICULARS	[Rs. in lakhs]	
	As at 31st March,2011	As at 31st March,2010
Term Loan from Financial Institution / Banks (Refer note no. 1(a) of Schedule no.20)		
Power Finance Corporation Limited	11,704.20	15,312.65
Gujart State Financial Services Limited	83,333.33	1,666.67
Union Bank of India	15,154.07	0.00
Bank of Baroda	15,000.00	0.00
(Refer note no. 1(a) of Schedule no.20)		
		125,191.60
Loan transferred from GUVNL (Refer note no. 1(b) of Schedule no.20)		16,979.32
Term Loan from Financial Institution:		
Central Electricity Authority	0.00	9.46
Gujarat State Financial Services Limited	28,984.14	35,165.91
Loans /Bonds from Bank		
Karnataka Banks	1,651.76	4,645.44
Bonds	57,337.01	62,711.70
		87,972.91
Total		213,164.51
		119,511.83

Note:

Loans repayable within a year Rs. 105614.34 lakhs (Previous year Rs. 49741.65 lakhs).

GUJARAT STATE ELECTRICITY CORPORATION LIMITED
Schedules forming part of the Balance Sheet as at March 31, 2011

SCHEDULE - 6 FIXED ASSETS

SR. NO.	PARTICULARS	GROSS BLOCK (AT COST)				DEPRECIATION				NET BLOCK	
		As at 1.4.2010	Additions	Deductions/ Adjustment (Note 1)	As at 31.03.2011	As at 1.4.2010	Deductions/ Adjustment (Note 2)	Credit	As at 31.03.2011	As at 31.03.2011	As at 31.03.2010
1	Land & Land rights	1,754.12	227.91	0.00	1,982.03	3.34	0.00	1.34	1,977.35	1,750.78	
2	Buildings	54,082.55	211.27	40.82	54,253.00	11,389.81	12.41	1,809.36	41,066.24	42,692.74	
3	Hydraulic Works	57,252.60	2,138.18	2.58	59,388.20	15,778.04	1.26	3,143.02	40,468.40	41,474.56	
4	Other Civil works	34,943.93	644.66	2.10	35,586.49	4,144.94	0.36	1,180.82	30,261.09	30,798.99	
5	Plant & Machinery	682,576.89	36,645.09	52.87	719,169.11	229,961.78	45.51	39,035.69	450,217.15	452,615.11	
6	Lines & Cable Net works	5,395.47	165.97	0.06	5,561.38	1,337.14	0.06	289.07	3,935.23	4,058.33	
7	Vehicles	674.68	33.55	9.14	699.09	546.22	8.23	14.68	146.42	128.46	
8	Furniture & Fixtures	2,300.85	68.59	55.36	2,314.08	1,048.25	55.08	242.58	1,078.33	1,252.60	
9	Office Equipments	1,536.26	204.07	7.95	1,732.38	621.61	7.90	241.96	876.71	914.65	
	Capital Expenditure resultig in assets not belonging to the Company	187.97	0.00	0.00	187.97				181.67	187.95	
10	Capital Spares at										
	Generating Stations	188,170.19	18,225.64	0.00	206,395.83	55,436.34	0.00	13,882.91	69,319.25	132,733.85	
11	Total fixed assets	1,028,875.51	58,564.93	170.88	1,087,269.56	320,267.49	130.81	59,847.71	379,984.39	708,608.02	
	Assets retired from active use	5,692.42	5.99	1,559.90	4,138.51	0.00	0.00	0.00	4,138.51	5,692.42	
	Total	1,034,567.93	58,570.92	1,730.78	1,091,408.07	320,267.49	130.81	59,847.71	711,423.68	714,300.44	
	Previous Year	789,545.95	246,601.40	1,579.42	1,034,567.93	267,426.23	1,400.71	51,440.56	320,267.49	522,119.72	

Rs. In Lakhs

Note:

- It includes cost of assets sold, retired from active use and discarded assets.
- It includes the amount of depreciation related to prior period resulted due to error in application of depreciation rates in earlier years for certain class of assets.

SCHEDULE: 7
INVESTMENT(LONG TERM, NON TRADE)

PARTICULARS	[Rs. in lakhs]	
	As at 31st March,2011	As at 31st March,2010
Quoted		
Gujarat State Petronet Limited 55,00,000 Equity Shares of Rs.10/- each fully paid	550.00	550.00
Gujarat Industries Power Company Limited 22,05,882 Equity Shares of Rs.10/- each fully paid at premium of Rs. 58/- per share	1,500.00	1,500.00
Unquoted		
Mahaguj Collieries Limited(Joint Venture Company) 20,000 Equity Shares of Rs. 10/- each fully paid	2.00	2.00
Kalapur Commercial Co-Operative Bank Limited 200 Equity Share of Rs. 25 each fully paid	0.05	0.00
Total	2,052.05	2052.00

Note:

Aggregate Market value of quoted investments Rs. 7493.69 Lakhs (Previous year Rs. 7495.37 lakh)

Aggregate Market value of unquoted investments Rs. 2.05 Lakhs (Previous year Rs. 2 lakh)

SCHEDULE: 8
INVENTORIES

PARTICULARS	[Rs. in lakhs]	
	As at 31st March,2011	As at 31st March,2010
As valued and certified by the Management (Refer para 9 of Schedule no. 19 for valuation)		
Fuel	16,661.63	16756.74
Store and Sapres	11,732.05	13714.43
Scrap Materials	579.71	955.05
Materials in Transit	6,949.47	10262.48
[Including material pending inspection Rs. Nil lakh(P.Y.Rs.450.66 lakhs)]	35,922.86	41688.70
Less : Provision for loss	1,117.40	1,117.40
Total	34,805.46	40,571.30

SCHEDULE: 9
SUNDRY DEBTORS

PARTICULARS	[Rs. in lakhs]	
	As at 31st March,2011	As at 31st March,2010
Unsecured ,Considered good		
Debts outstanding for the period exceedings six months		
Others	135,387.22	145,463.13
Total	135,387.22	145,463.13

Note : Due from holding company Rs.135387.22 lakhs (Previous year Rs.145463.13 lakhs)

SCHEDULE: 10
CASH AND BANK BALANCES

PARTICULARS	[Rs. in lakhs]	
	As at 31st March,2011	As at 31st March,2010
Cash and Stamp on hand	0.87	1.13
Balance with Scheduled Banks		
- In Current Accounts	24.37	14.85
Remittance in Transit (Refer Note No. 5 of Schedule 20)	4,018.94	53.00
Total	4,044.18	68.98

SCHEDULE: 11
LOANS AND ADVANCES

PARTICULARS	[Rs. in lakhs]	
	As at 31st March,2011	As at 31st March,2010
(Unsecured, considered good unless otherwise stated)		
Loan to Joint Venture Company	990.34	909.13
Advances recoverable in cash or kind or for value to be received		
Claims and receivable		
Fuel related (Refer note no. 3 of Schedule-'20')	13,937.19	11,143.50
Advance to / for and recoverable from		
O&M Supplies and Works	17,174.57	18,728.71
Staff (including interest receivable)	5,069.83	4,421.91
Deposits/Balances with		
Government and Local Bodies	160.80	475.25
Others	5,798.51	2,752.92
Advance Tax, TDS and FBT	8,260.44	4,751.97
Prepaid Expenses	211.64	380.87
Inter Company Receivable	54.90	266.66
Other Receivable	1.59	123.51
	51,659.81	43,954.43
Less: Provision for doubtful advances (Refer note no. 15 of Schedul-'20')	567.68	1,200.00
Total	51,092.13	42,754.43

SCHEDULE: 12
CURRENT LIABILITIES AND PROVISIONS

PARTICULARS	[Rs. in lakhs]	
	As at 31st March,2011	As at 31st March,2010
Current Liabilities		
Liabilities /related		
Fuel	45,871.93	44,046.46
Capital supplies/Works	1,951.44	6,806.88
O&M Supplies/Works	4,322.83	5,181.06
Staff(including of Welfare Scheme)	3,156.59	3,014.23
Expenses	936.07	2,136.82
Deposit and Retentation from Suppliers/Contractors	33,335.85	23,876.38
Interest accrued but not due	8,958.44	8,797.60
Inter Company payable	100,690.00	194,466.11
Provision for Expenses	14,852.69	23,043.83
Other Liabilites	1,319.01	512.23
	215,394.85	311,881.60
Provisions for		
Leave Encashment Liability	11,773.08	10,761.05
Obsolence of asset	21.31	525.87
Taxation		
Income Tax	8,015.66	4,330.00
Fringe Benefit Tax	134.23	134.23
	19,944.28	15,751.15
Total	235,339.13	327,632.75

SCHEDULES FORMING PART OF PROFIT AND LOSS ACCOUNT
THE YEAR ENDED MARCH 31, 2011

FOR

SCHEDULE: 13
OTHER INCOME

PARTICULARS	[Rs. in lakhs]	
	As at 31st March,2011	As at 31st March,2010
Interest		
On Advance to staff	345.55	211.37
Others	1.72	0.00
		211.37
Dividend		89.78
		110.15
Operatation & Maintenance	1,600.19	1,621.80
Penalty recovered from suppliers/Contractors	262.13	874.13
Income from Sales of Scrap/Stock	102.05	209.00
Profit on sale of assets	672.85	1.68
Provision no longer required	8,701.35	353.58
Fly Ash Income	6,719.96	8,493.18
Miscellaneous receipts	1,442.34	1,934.13
Total	19,958.29	13,788.65

SCHEDULE: 14
GENERATION AND OTHER COST

PARTICULARS	[Rs. in lakhs]	
	As at 31st March,2011	As at 31st March,2010
Materials / Fuel consumed		
Coal	479,192.04	454,360.49
Oil	13,395.37	34,686.20
Gas	83,822.61	74,547.26
Water	9,725.76	9,723.53
		573,317.48
		586,135.78
Other Fuel related cost	1,491.98	203.73
Lubricant and consumable	803.51	690.37
Station supplies	764.77	635.42
		1,529.52
		3,060.26
Repairs and Maintenance		
Plant and Machinery (Refer Note No. 6 of Sch.20)	23,602.54	14,788.05
Building and Civil works	4,405.93	4,631.70
Others	859.91	656.99
		20,076.74
		28,868.38
Total	618,064.42	594,923.74

SCHEDULE: 15
EMPLOYEES COST

PARTICULARS	[Rs. in lakhs]	
	As at 31st March,2011	As at 31st March,2010
Salaries, Wages and Bonus	33,678.14	31,304.39
Contribution and other Funds	3,015.59	2,901.68
Retirement and other benefits	6,357.25	10,571.00
Staff Welfare expenses	1,098.56	788.44
		45,565.51
		44,149.54
Less: Allocated to capital works	4,750.17	7,314.96
Total	39,399.37	38,250.55

SCHEDULE: 16
ADMINISTRATION AND OTHER EXPENSES

PARTICULARS	[Rs. in lakhs]	
	As at 31st March,2011	As at 31st March,2010
Rent, Rates and Taxes	284.73	284.36
Insurances	687.28	415.49
Communications	110.38	109.42
Fees and Legal charges	1,047.76	946.20
Auditors Remuneration	17.65	17.65
Travelling and conveyances	136.68	126.65
Others expenses	3,190.44	2,786.76
Misc.loss write-off	1,231.45	925.74
Provision for Loss	0.00	1,554.26
	6,706.37	7,166.53
Less : Allocated to capital works	725.25	775.66
Total	5,981.12	6,390.87

SCHEDULE: 17
INTEREST AND FINANCIAL CHARGES

PARTICULARS	[Rs. in lakhs]	
	As at 31st March,2011	As at 31st March,2010
INTEREST		
On Loans, Bonds and other (Refer Note No.7 of Sch.20)	60,682.62	55,179.54
Others	0.00	6.68
	60,682.62	55,186.22
Financial charges		
Gurante Fees/Charges	719.63	981.95
Bank charges and commission	234.26	179.83
Others	150.29	63.10
	1,104.18	1,224.88
	61,786.80	56,411.10
Less : Allocated to capital works	18,879.61	20,393.68
	42,907.19	36,017.42

SCHEDULE: 18
PERIOR PERIOD ADJUSTMENTS

PARTICULARS	[Rs. in lakhs]	
	As at 31st March,2011	As at 31st March,2010
INCOME		
Other Income	23.89	979.97
Depreciation	5.99	20.57
Others	4.87	452.32
	34.75	1,452.86
EXPENSES		
Others Generation Cost	0.00	1,031.34
Employees cost	0.42	307.56
Depreciation	1,895.51	1,898.49
Others	6.87	2.84
	1,902.80	3,240.23
Net Expenses/(Income)	1,868.05	1,787.37

SCHEDULE - '19' SIGNIFICANT ACCOUNTING POLICIES

1. Basis of Preparation of Financial Statements

- (a) The Company is a Public Limited Company registered under the Provisions of The Companies Act, 1956 and has applied provisions of the said act for the preparation of its financial statements, unless otherwise stated. The financial statements are prepared and presented under the historical cost convention on accrual basis of accounting as going concern, in accordance with the accounting principles generally accepted in India and comply with the mandatory Accounting Standards issued by the Institute of Chartered Accountants of India. Accounting policies have been followed consistently except stated specifically.
- (b) The Government of Gujarat, under the provisions of the Gujarat Electricity Industry (Reorganization and Regulation) Act, 2003 had framed the “Gujarat Electricity Industry Reorganization and transfer of Gandhinagar Thermal Power Station Scheme, 2003” and “ The Gujarat Electricity Industry Reorganization and Comprehensive Transfer Scheme, 2003” for the purpose of providing and giving effect to the comprehensive transfer and vesting of all Assets, Liabilities and Proceedings of all the power stations of erstwhile Gujarat Electricity Board and revesting the same in the Company.

The Government of Gujarat vide Notification No.GEB-1105-1749-K dated March 31, 2005, has declared the date of transfer under the schemes referred to above as final with effect from 01/04/2005. In pursuance of the said notification and the final transfer of functions and activities relating to, generation of power to the Company, the entire operations have been undertaken by the Company (GSECL) with effect from 01/04/2005 and, the opening balance sheet of the company has been accordingly incorporated as on 01.04.2005 in the books of accounts of the company.

- (c) The material known liabilities are provided for on the basis of available information / estimates unless otherwise stated.

2. Use of Estimates

The presentation of financial statements requires certain estimates and assumptions. These estimates and assumptions affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual result and estimates are recognized in the period in which the results are known/ materialized.

3. Fixed Assets

- (a) Fixed Assets are stated at cost of acquisition or construction less accumulated depreciation. The Fixed Assets of transferred generating undertaking of erstwhile Gujarat Electricity Board are stated as specified in said Notification No.GEB-1105-1749-K dated March 31, 2005 issued by the Government of Gujarat.

In case of Fixed Assets for new projects/extensions/renovation and modernization, the related expenses and interest cost up to the date of commissioning, attributable to such projects/ expansions/renovation and modernization are capitalized.

Recoveries of liquidated damages for construction delays are recorded as a reduction in the related project's construction costs as and when accepted/settled.

- (b) The amounts contributed towards the cost of Dam and Canal in respect of Ukai Power station transferred to the Company as per the scheme of restructuring of erstwhile Gujarat Electricity Board is treated as Capital Expenditure and is depreciated as "Hydraulic work dam, slipway etc."
- (c) The Company is capitalizing the capital spares purchased initially with the equipment or purchased subsequently in accordance with the provisions of Accounting Standard 10 read with Accounting Standard Interpretation 2 issued by the Institute of Chartered Accountants of India.

4. Capital Work In Progress

- (a) Cost of material consumed, erection charges and the incidental expenses incurred for the project, pending for capitalization are shown as capital work in progress till the capitalization of assets/project.
- (b) In case of Capital Work in Progress for work against Deposits/work contract where the final settlement of bills with contractor is yet to be effected, capitalization is done on provisional basis subject to necessary adjustment in the year of final settlement.
- (c) Claims for price variation/exchange rate variation in case of capital contracts are accounted for on acceptance thereof by the Company.
- (d) A portion of overhead expenses of Corporate Office and Plant Offices determined on rational basis are allocated to the project, pro-rata to their capital expenditure for the year and the same are apportioned to respective capital work in progress accounts on the basis of accretion thereto.
- (e) Capital Expenditure on assets not owned by the Company are reflected in fixed assets and the same are depreciated at relevant rates.
- (f) The cost incurred and revenue generated during the Trial Run Stage of the Project/Power Station are capitalized.

5. Borrowing Cost

Borrowing cost including interest, guarantee fees, commitment charges etc., that is directly attributable to the acquisition, construction or production of a qualifying asset is capitalized as part of the cost of that asset up to period the project is commissioned or asset is put to use. The borrowing cost incurred on common funds borrowed generally and used for the purpose of obtaining a qualifying asset, is apportioned on rational basis, the remaining borrowing cost is charged to revenue.

6. Impairment of Assets

The impairment of Assets i.e. “The cash generating unit” as defined in accounting standard-28 issued by The Institute of Chartered Accountants of India on “Impairment of Assets” are identified at the balance sheet date with respect to carrying amount of the asset vis-à-vis its estimated revenue generation during balance useful life of that asset and the loss, if any, is recognized in profit & loss account. Impairment loss, if any, to be reversed subsequently is accounted for in the year of reversal.

The company has adopted the policy of carrying out impairment test once in every three financial years.

7. Depreciation and Amortisation

- (a) The Company is providing depreciation on straight line method on pro rata basis at the rates specified by the Central Electricity Regulatory Commission (CERC), the statutory authority established under the Electricity Act, 2003, in terms of notification No. 23/2/2005 R & R (Vol. III) dated 6th January, 2006 issued by the Ministry of Power, Government of India.
- (b) Capital spares with the company are mostly capable of being used in the group of power stations with near identical or similar technology using similar plants and machineries and are expected to be used during more than one accounting period. These spares are, therefore, depreciated over the residual useful life of the plant in accordance with Accounting Standard 10 issued by The Institute of Chartered Accountants of India.
- (d) Plant & Machinery, loose tools and items of any appliances included under different head of assets costing Rs.5,000/- or less are charged to the revenue account.

8. Investments

Investments are classified into current and long term investments. Current investments are stated at the lower of cost and fair value. Long term investments are stated at cost price. Provision for diminution in the value of Long Term Investment is made only if such decline is not temporary in nature in the opinion of the management.

9. Inventories

- (a) The Inventories of Coal and Oil are valued at lower of grade based purchase cost plus freight and other fuel related cost on monthly weighted average basis or net realisable value (NRV).
- (b) Stores and spares are valued at lower of the weighted average cost inclusive of freight and other allocable overheads or net realisable value.
- (c) Scrap/Obsolete assets are valued at estimated cost or net realisable value, whichever is less.

- (d) Coal, Oil and Stores and spares in Transit are valued at Cost plus Freight and other Incidental expenses.

10. Retirement Benefits

- (a) The Company has Defined Contribution Plan for its employees' retirement benefit comprising of provident fund (administered through trust) and, Employees' Pension Scheme and Employees Death Linked Insurance scheme.
 - (i) The company and eligible employees make monthly contributions to provident fund trust equal to specified percentage of the covered employees' salary.
 - (ii) The amounts towards accrued liabilities for pension to employees are deposited with the Regional Provident Fund Commissioner office as per provisions of Employee Pension Act.

The company has no further obligations to the above referred plans beyond its monthly contributions.

- (b) The Defined Benefit Plan comprising of Gratuity (administered through trust and funded through Life Insurance Corporation of India) and Leave Encashment. The liability for the gratuity and leave encashment is determined and accrued on the basis of independent actuarial valuation done at year end.

11. Revenue Recognition

- (a) Energy sales are recognised on the basis of amount of invoices for supply of energy determined in accordance with the Techno-Commercial parameters approved in the relevant Power Purchase Agreement/Tariff orders by Gujarat Electricity Regulatory Commission. Revenue is recognised when there is no significant uncertainty as to the measurability and ultimate collection. In case of Unscheduled Interchange (UI) charges income, the similar treatment is given.
- (b) Income from sale of scrap, administration charges of fly ash, Interest income, Income on O & M contract and Carbon Emission Reduction (CERs) are accounted for on accrual basis and insurance claims and dividend are accounted for on their receipt.

12. Expenditure

All expenses are reflected in revenue accounts under their natural heads. Expenses shown under the generation of power, repairs & maintenance, employee cost, depreciation, administration and general expenses and interest and finance charges, are disclosed separately. In case of Long Term Service Contract entered into for the maintenance of the plants, yearly provisions are made for the expenditure to be incurred.

13. Grant from the Government

- (a) In accordance with the Accounting Standard 12 on 'Accounting for government Grants', issued by The Institute of Chartered Accountants of India, Grants and

Subsidies received from Government are recognised on reasonable certainty of its realisability.

- (b) Grant and subsidies received for the specific assets are reduced from the cost of concerned specific assets.
- (c) Capital Grants received under Financial Restructuring Plan (FRP) as promoters Contributions are treated as Capital Reserve forming part of “Shareholders Fund”.
- (d) Grants & Subsidies on Revenue account are disclosed separately as Income in the Profit & Loss Account.

14. Taxation

Current Tax provision is determined on the basis of estimated taxable income under the Income Tax Act, 1961 after considering permissible tax exemption, and reduction/disallowance. In the absence of any prospective taxable income for the year, the tax liability is calculated at the minimum alternate tax rate under section 115JB of the Income Tax Act, 1961.

15. Transactions in Foreign Currency

- (a) Transactions denominated in foreign currencies are normally recorded at the exchange rate prevailing at the time of the transaction.
- (b) Any income or expense on account of exchange rate difference either on settlement or on transaction is recognised in the profit and loss account.

16. Prior Period Items and Extra - Ordinary Items

Adjustments arising due to errors or omission in the financial statements of earlier years are accounted as “Prior Period” Items. Items of Income & Expenditure, which are not of recurring nature viz., damages due to floods, earth quakes etc., are disclosed as Extra Ordinary items.

17. Provisions, Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognized but are disclosed in the notes. Contingent Assets are neither recognized nor disclosed in the financial statements.

SCHEDULE-“20” NOTES TO THE FINANCIAL STATEMENTS FORMING PART OF ACCOUNTS

1. Secured and Unsecured Loans

(a) Loans directly raised by company

During the year, the Company raised, Secured and Unsecured long term loans from Power Finance Corporation Limited (PFC): ₹ 64241.71 lakhs, Nationalised Banks: ₹ 112094.27 lakhs,(including loan availed for repayment of outstanding loan of Rural Electrification Corporation Limited (REC): ₹ 96000 lakhs and Gujarat State Financial Services Limited (GSFS): ₹ 50000 lakhs aggregating to ₹ 226335.98 lakhs. As these loans are secured against charge/ security of fixed assets described in Schedule-4 “Secured Loans” the same are classified as secured loans (except loans from GSFS). The charge thereof has been registered with the Registrar of Companies. The balance amount of ₹ 11704.20 lakhs from PFC has been classified as unsecured loans in Schedule-5 though guaranteed by Government of Gujarat.

The Company achieved the Financial Closure for Sikka 2*250 MW Power project and executed the Security Documents for the entire Term Loans raised from Nationalised Banks including ₹ 22444.70 lakhs were availed during previous year and were classified as unsecured loans pending documentation. The same is now shown as secured loans.

During the year, loans outstanding from REC were swapped by obtaining fresh loans from Nationalized Banks.

The Company raised Short Term finance from GSFS (₹ 50000 lakhs), Union Bank of India (₹ 30000 lakhs) and from Bank of Baroda (₹ 15000 lakhs), aggregating to ₹95000.00 lakhs shown as Unsecured Loans.

(b) Loans transferred under the Financial Restructuring Plan (FRP) Scheme

(i) The loans transferred under Clause 3 (ii) of the Gujarat Electricity Industrial Re-organization & Regulation Act 2003 comprises of secured and unsecured loans. These are the loans earlier raised by erstwhile GEB against hypothecation / mortgage of various assets of Transmission Company and Distribution Companies, as per the details given at Schedule 4 – Secured Loans. Other loans are classified as unsecured loans.

(ii) Balance under loans and bonds transferred from GUVNL and interest thereon received / receivable from GUVNL are accounted as per the intimations received from GUVNL.

2. Share Application Money

The sum of ₹ 22300.00 lakhs received from Gujarat Urja Vikas Nigam Limited towards equity capital has been classified as Share Application Money pending allotment as on 31st March, 2011.

3. Claim Settlement / Pending Reconciliation

(a) The reconciliation of the Coal Suppliers accounts, namely South Eastern Coalfields Limited (SECL) is reconciled up to 31st December, 2010 and Western Coalfields Limited (WCL) is reconciled up to 31st March 2011. The necessary adjustments upon reconciliation, if any, would be made in the year of reconciliation.

(b) There were total 6792 missing railway wagons of the company as on 31st March 2011. The matter regarding its adjustment is under pursuance with the competent railway authority. Necessary Gain/Loss would be booked in the year of adjustment given by Railways.

4. Fixed Assets and Depreciation

- (a) Adhering to significant accounting policy, the depreciation on assets is provided at rates prescribed by Central Electricity Regulatory Commission (CERC), which are similar to the rates as referred to in Schedule-XIV to the Companies Act, 1956 after its revision with effect from 1-04-2009, however, the depreciation provided by the Company is higher by ₹ 555.52 lakhs considering the rates prescribed in the Companies Act.
- (b) During the year there was an accident at Dhuvaran CCPP-I on 2nd May 2010. The Company has lodged an Insurance Claim for Material Damage: ₹3566.51 lakhs and for Business Interruption: ₹ 1789.60 lakhs aggregating ₹ 5356.11 lakhs. The said claim is under final stage of acceptance.

5. Cash and Bank balance

Remittance in transit includes cheques amounting ₹ 4018.94 lakhs received after working ours from GUVNL on 31.03.2011 has been accounted under the head. The same has been deposited by the company on 02.04.2011.

6. Repairs & Maintenance

During the year, the Company has made provision towards Long Term Service Contract Agreement for maintenance of 374 MW Utran Gas Based Power Plant amounting to ₹.3167.75 lakhs.

7. Interest on loans and bonds

Interest on loans includes prepayment charges paid during the years amounting to ₹ 3211.57 lakhs (previous year Rs. Nil)

8. Provision for Employees' remuneration and benefits:

i) Salaries and Wages

Employees of erstwhile GEB were transferred under the scheme with complete benefit of continuation of service on same terms and conditions as were prevailing on the effective date of transfer. The employee costs in respect of the transferred employees have been accordingly accounted.

ii) Employee Benefits

(a) Defined contribution to Provident fund, Employee Pension Scheme and Employees Death Linked Insurance.

The Company makes contribution towards Employees' Provident Fund, Employees' Pension Scheme and Employees Death Linked Insurance. In accordance with the provisions of these schemes, the Company is required to contribute a specified percentage of payroll costs. The Company has, during the year, recognized the sum of ₹ 3015.59 lakhs (P.Y. ₹ 2901.68 lakhs) as an expense towards contributions to these plans.

(b) Defined contribution towards retirement benefits:

The liability on account of Gratuity (retirement benefit in the nature of defined benefit plan) is accounted as per Accounting Standard -15 dealing with Employee Benefits.

The following table sets out the status of the gratuity and leave encashment scheme plans as at 31st March, 2011.

(₹ In Lakhs)

Particulars	Gratuity		Leave Encashment	
	2010-11	2009-2010	2010-11	2009-2010
Changes in the present value of obligation				
Present value of obligation (Opening)	19257.45	11604.64	10761.05	9367.59
Interest cost	1540.60	928.37	860.88	749.41
Past service cost	NIL	7154.15	NIL	NIL
Current service cost	742.84	673.43	394.41	322.00
Curtailement Cost / (Gain)	NIL	NIL	NIL	NIL
Settlement Cost / (Gain)	NIL	NIL	NIL	NIL
Benefits paid	(1641.18)	(666.54)	(798.36)	(520.64)
Actuarial (Gain) / Loss	1937.82	(436.60)	555.10	842.69
Present value of obligation (Closing)	21837.52	19257.45	11773.08	10761.05
Changes in the fair value of plan assets				
Present value of plan assets (Opening)	7548.33	4846.20	NIL	NIL
Expected return on plan assets	807.40	562.73	NIL	NIL
Actuarial Gain / (Loss)	(45.29)	(15.04)	NIL	NIL
Employers Contributions	3542.40	2820.98	NIL	NIL
Employees Contributions	NIL	NIL	NIL	NIL
Benefits paid	(1641.18)	(666.54)	NIL	NIL
Fair Value of Plan Assets (Closing)	10211.66	7548.33	NIL	NIL
Percentage of each category of plan assets to total fair value of plan assets at the year end				
Bank Deposits (Special Deposit Scheme,1975)	NIL	NIL	NIL	NIL
Debt Instruments	NIL	NIL	NIL	NIL
Administered by Life Insurance Corporation of India	100%	100%	-	-
Others	NIL	NIL	NIL	NIL
Reconciliation of the present value of defined benefit obligation and the fair value of assets				
Present value of funded obligation as at the year end	10211.66	7548.33	NIL	NIL
Fair value of plan assets as at year end	10211.66	7548.33	NIL	NIL
Funded (Asset)/ Liability recognised in the balance sheet	NIL	NIL	NIL	NIL
Present value of unfunded obligation as at the year end	11625.86	11709.12	11773.09	10761.05
Unrecognized past service cost	NIL	NIL	NIL	NIL
Unrecognized Actuarial (Gains) / Losses	NIL	NIL	NIL	NIL
Unfunded net liability recognised in the balance sheet	11625.86	11709.12	11773.09	10761.05
Amount recognised in the balance sheet (Through holding company GUVNL)				
Present value of obligation as at the year end	21837.52	19257.45	11773.09	10761.05
Fair value of plan assets as at the year end	10211.66	7548.33	NIL	NIL
(Asset) / Liability recognised in the balance sheet	(11625.86)	(11709.12)	(11773.09)	(10761.05)
Expenses recognised in the profit & loss account				
Current service cost	742.84	673.43	394.41	322.00
Past service cost	NIL	7154.15	NIL	NIL
Interest cost	1540.60	928.37	860.88	749.41
Expected return on plan assets	(807.40)	(562.73)	NIL	NIL
Curtailement Cost / (Credit)	NIL	NIL	NIL	NIL
Settlement Cost / (Credit)	NIL	NIL	NIL	NIL
Net Actuarial (Gain) / Loss	1983.10	(421.56)	555.10	842.69
Employee's Contribution	NIL	NIL	NIL	NIL
Total expenses recognised in the profit and loss account	3459.14	7771.66	1810.39	1914.10
Principal actuarial assumption (Rate of Discounting)				
Rate of discounting	8.00%	8.00%	8.00%	8.00%
Expected return on plan assets	9.50%	9.50%	-	-
Rate of increase in salaries	5.00%	5.00%	5.00%	5.00%
Attrition Rate (Employees opting for early retirement)	3% to 1%		-	-

9. Borrowing and other cost related to project

During the year under consideration the Company has capitalized borrowing costs amounting to ₹ 18879.61 lakhs in accordance with the Accounting Standard 16 “Borrowing Costs” issued by The Institute of Chartered Accountants of India.

The Company has also capitalized ₹ 5475.42 lakhs being the aggregate of the employee cost and administration cost of Projects Department and other general administration costs which are apportioned to the ongoing projects and renovation and modernization schemes.

10. Segment Reporting

The company’s primary business segment is Generation of Electricity. Based on the guiding principles given in Accounting Standard 17 on “Segment Reporting” issued by The Institute of Chartered Accountants of India, this activity falls within a single primary business segment and accordingly the disclosure requirements of Accounting Standard 17 in this regard are not applicable.

11. Related party disclosures

Based on opinion obtained from eminent consultants and in accordance with the Accounting Standard 18 “Related Party Disclosures” issued by The Institute of Chartered Accountants of India, the disclosure related to the transactions with the related parties is not required and therefore such disclosures are not made.

12. Earning per share

Earning per share is calculated by dividing the profit attributable to the equity shareholders by the weighted average number of equity shares outstanding during the year. Numbers used for calculating diluted earnings per equity share includes the amount of Equity Share Application Money. The details are under:

Sr. No.	Particulars	2010-11	2009-2010
1.	Profit after tax, prior period adjustments and Extraordinary Items (Rupees in lakhs)	14,353.96	12406.48
2.	Number of equity shares	1458022424	912972424
3.	Face value per share (₹.)	10.00	10.00
4.	Earnings per Share (Basic)	0.98	1.36
5.	Number of dilutive potential equity shares	1424592150	1372933445
6.	Earnings per Share (Diluted)	1.01	0.90

13. Taxation

- (i) According to the legal opinion of an eminent tax consultant, the Company is eligible for the benefit of carry forward of business losses and unabsorbed depreciation of the erstwhile Gujarat Electricity Board under section 72 (A) of the Income Tax Act, 1961 read with Central Government Gazette Notification No. SO-1159(E) dated 26/12/2000. The apportioned amount of ₹ 65,474.83 lakhs and ₹ 52,193.00 lakhs being carry forward of losses and unabsorbed depreciation respectively for the

Company *interalia* have been applied to work out the current tax liabilities as well as deferred tax for the year.

(ii) Current Taxation

In the absence of any taxable income for the year, the tax liability is calculated at Minimum Alternate Tax under Section 115JB of Income Tax 1961 and provision of ₹ 3577.13 lakhs has been made for the same.

(iii) Deferred Taxation

The company is entitled to set off of carried forwarded losses and unabsorbed depreciation against the future taxable income under the Income-tax Act. As a matter of prudence and in the absence of virtual certainty, Company is not recognizing the deferred tax assets in respect of carried forward losses and unabsorbed depreciation as provided by Accounting Standard 22 “Accounting for Taxes on Income”, issued by The Institute of Chartered Accountants of India. Deferred tax assets in respect of other timing differences is also not recognised as in the opinion of the management, there will be no future sufficient income to recover such deferred tax asset.

14. Contingent Liabilities and Capital Commitments

[₹ in Lakhs]

Particulars	2010-11	2009-2010
A. Contingent Liabilities not provided for in respect of :		
i. Claims against the company not acknowledged as debt. (employees related matters)	27154.00	24035.00
ii. Others	400.00	400.00
iii. Disputed Income-tax Matters and VAT matters	2802.34	1660.55
iv. Claims from lessor for disallowance of depreciation on leased assets	17397.00	17397.00
v. Revision in rates of water supplies	0.00	9430.87
vi. Claims against Company pending Court Orders	157.18	157.18
B. Capital Commitments		
Estimated amount of contract remaining to the executed on capital accounts (Net of Advances)	191770.94	21297.89

15. Old outstanding balances.

The amounts receivable (Debit) from and payable (Credit) to various parties, suppliers, contractors etc., on various accounts, which are carried in various Suspense Accounts/Registers at plants, more particularly, those transferred to Company under transfer scheme as on 1-4-2005, required thorough scrutiny to ascertain the precise break up and supporting documents to establish the claims by and/or against the Company of these parties. Pending scrutiny and reconciliations, the Company has identified long outstanding debits and credits, neither recoverable nor payable and made provision for bad and doubtful debts amounting to ₹ 1200.00 lakhs in earlier years. During the year, the company has identified non recoverable amount of ₹ 632.32 lakhs and had written off after obtaining approval of competent authority. Scrutiny of remaining parties is, however, in progress.

16. Remuneration to Managing Director

[₹ in Lakhs]

Sr. No.	Particulars	2010-11	2009-10
1.	Salaries & Allowances	17.98	17.03
2.	Contribution to P.F. & Other Funds	1.75	2.46
3.	Value of Perquisites	1.32	1.32
	Total:	21.05	20.81

17. Statutory Auditors' Remuneration

[₹ in Lakhs]

Sr. No.	Particulars	For the year ended March 31, 2011	For the year ended March 31, 2010
1.	Statutory Audit fees	17.65	17.65
2.	Out of Pocket Expenses	0.00	1.35
	Total:	17.65	19.00
	Note : Inclusive of Service Tax		

18. The particulars in respect of generation of electricity, units sold and consumption of fuel are as under:

A. Generation of Electricity and Units Sold

Particular	2010-11	2009-2010
Installed Capacity (MW)	5006	5226
Gross Generation (in MUs)	27775	28332
Auxiliary Consumption (in MUs)	2496	2469
Units Sold (in MUs)	25279	25941

Note: - Installed capacity is as certified by the Management and has not been verified by the Auditors, this being a technical matter.

B. Consumption of Fuel

[₹ in Lakhs]

Particulars	2010-11		2009-2010	
	Qty.	Amount	Qty.	Amount
Consumption of Coal & Lignite (in '000 MT)	17421.69	479192.05	17511.35	454360.49
Consumption of Gas(Lakh SCM)	7305.86	83822.61	7096.74	74547.26
Consumption of Oil (in '000 Liters)	44.40	13395.37	179.09	34686.20

19. Expenditure in foreign currency

[₹ in Lakhs]

Particulars	2010-11	2009-10
Earnings in Foreign Currency	391.68	277.52
Remittances in Foreign Currency	7712.45	9526.17
CIF Value of Imports	2963.62	5151.17
Foreign Traveling	NIL	NIL

20. The Company has obtained confirmation from suppliers who have been registered themselves under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act, 2006). As on 31st March, 2011, there is no balance outstanding to these suppliers. Hence, there is no payment of interest as required under MSMED Act, 2006.

21. Statement of Management

(a) The current assets, loans and advances are good and recoverable and are approximately of the values, if realized in the ordinary courses of business unless and to the extent stated other wise in the Accounts. Provision for all known liabilities is adequate and not in excess of amount reasonably necessary. There are no contingent liabilities except those stated in the notes.

(b) Balance Sheet, Profit & Loss Account and Cash Flow statement read together with the schedules to the accounts and notes thereon, are drawn up so as to disclose the information required under The Companies Act, 1956 as well to as give a true and fair view of the statement of affairs of the Company as at the end of the year and results of the Company for the year under review.

22. Previous year figures have been regrouped, reclassified and reworked wherever necessary for comparative purpose.

FOR P.PARIKH & ASSOCIATES

Chartered Accountants

Firm Regd. No. 107564W

FOR & ON BEHALF OF BOARD

Ashok Rajagiri

Partner

Membership No.046070

D.J.PANDIAN

Chairman

GURDEEP SINGH

Managing Director

Director

M. B. KAKA

Sr. Chief General Manager (F&A)

V. P. JANI

Company Secretary

Place:

Place: Gandhinagar

Date:

Date:

GUJARAT STATE ELECTRICITY CORPORATION LIMITED
18th Annual Report 2010-11

**BALANCE SHEET ABSTRACTS AND COMPANY'S GENERAL BUSINESS PROFILE AS
REQUIRED PURSUANT TO PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956**

I. Registration Details:			
Registration No.	19988,	State Code	04
Balance Sheet Date:	31 st March,2011		
II. Capital Raised during the year (Amount in Rs. Thousand)			
Public Issue:	NIL	Right Issue:	5450500
Bonus Issue:	NIL	Private Placement	NIL
III. Position of mobilisation and Deployment of Funds (Amount in Rs. Thousand)			
Total Liabilities	100753108	Total Assets	100753108
Sources of Funds		Application of Funds	
Paid-up Capital	14580224	Net Fixed Assets	71142368
Equity pending Allotment	2230000	Investments	205205
Reserve and Surplus	20542162	Net Current Assets	(1001014)
Secured Loan	42084270	Misc. Expenditure	-
Unsecured Loan	21316451	Accumulated Losses	-
IV. Performance of Company (Amount in Rs. Thousand)			
Turnover and Other Income	78410647	Total Expenditure	76617538
(+) Profit/(Loss) before tax	1793109	(+) Profit /(Loss) after tax	1435396
Earning Per Share (Rs.)	0.98	Dividend Rate	-
V. Generic names of principal products services of company (as per monetary terms)			
Product Description:		Item code No.	
Generation of Electricity		Not Applicable	

FOR AND ON BEHALF OF THE BOARD

D.J.PANDIAN
Chairman

GURDEEP SINGH
Managing Director

Director

M.B.KAKA
Sr.Chief General Manager (F&A)

V.P.JANI
Company Secretary

Place:

Date:

AUDITORS' REPORT TO MEMBERS OF GUJARAT STATE ELECTRICITY CORPORATION LIMITED

1. We have audited the attached Balance Sheet of Gujarat State Electricity Corporation Limited as at 31st March, 2011 the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, issued by the Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Without qualifying our opinion, attention is invited to the following:

(a) As a part of efforts towards restructure of power sector, the Company has been promoted by erstwhile Gujarat Electricity Board (GEB) (now known as Gujarat Urja Vikas Nigam Limited (GUVNL) with effect from 1/4/2005) in August, 1993, GUVNL held 100% equity shares of the Company throughout the year under consideration. The Company has entered into Inter Company Agreements and Facility Sharing Agreements with GUVNL and its subsidiary companies for working capital and Term Loans and sharing of certain common facilities viz. Group Gratuity Contribution to LIC. All such arrangements results into multifaceted relation of the Company with GUVNL and other successor entities of holding company.

The financial statements are prepared on Going Concern principles and performance of the Company for the year under consideration has been determined after reviewing several long term arrangements of the Company with GUVNL and its subsidiary Companies.

(b) The Government of Gujarat in pursuance to the scheme called "Gujarat Electricity Industry Reorganization Transfer of Gandhinagar Thermal Power Station Scheme 2003" and "Gujarat Electricity Industry Reorganization and Comprehensive Transfer Scheme, 2003" has transferred and vested all the assets & liabilities and proceedings of the specified existing and under implementation power stations of GEB to the Company with effect from 1st April 2005.

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5. Particular attention is drawn to the following:

(a) Note No. 1(a) of Schedule 20 to the financial statements regarding the non registration of charge on the transferred assets of the Company.

(b) Note No. 4(a) of Schedule 20 regarding provision for depreciation for the year at the rates specified by the Central Electricity Regulatory Commission (CERC) as against the rates as per Schedule XIV to the Companies Act, 1956.

6. Further to our comments in the Annexure referred to above, we report that :

(a) we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the 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 appears from our examination of those books;

(c) The Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;

(d) in our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;.

(e) The Company, being a Government Company, in view of the Notification No.GSR 829(E) dated 21st October 2003 issued by the Government of India, the provisions of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956, are not applicable to the Company.

(f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts, *subject to para 5 above*, read together with notes thereon give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

(i) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2011;

(ii) In the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date;

and

(iii) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

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P. PARIKH & ASSOCIATES
CHARTERED ACCOUNTANTS



HO : 501, Sujata, Off Narsi Natha Street, Mumbai-400009. Tel. : 2344 3549, 2343 7853, Fax : 2341 5455. Website : www.pparikh.com

FOR P. PARIKH & ASSOCIATES
Chartered Accountants
Firm Regn. No.107564W

Ashok Rajagiri
Partner
Membership No. 046070

Place :
Date :

Branches

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ANNEXURE TO THE AUDITORS' REPORT

[Referred to in paragraph 3 of the Auditors' Report of even date to the members of Gujarat State Electricity Corporation Limited on the financial statements for the year ended 31st March, 2011]

- i. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of Fixed Assets.
- (b) The Company has a programme of physical verification of its Fixed Assets over a period of three years; which in our opinion is reasonable having regard to the size of the Company and nature of its assets. In accordance with this programme, certain Fixed Assets have been physically verified by the management through firm of Chartered accountants specially appointed for the purpose at power stations during the year under review and according to information and explanation given to us, no material discrepancies have been noticed on such verification.
- (c) As per the information and explanation given to us, during the year the Company has not disposed off any substantial part of Fixed Assets that would affect the going concern assumption.
- ii (a) The inventory comprises of coal, oil and stores and spares has been physically verified by the management at reasonable intervals. In our opinion, the frequency of verification is reasonable looking to the size of the Company.
- (b) In our opinion and according to information and explanation given, the procedure of physically verification of inventory followed by the management is reasonable and adequate in relation to the size of the Company and nature of its business.
- (c) In our opinion and according to explanation given to us, the Company has maintained proper records of inventory. The discrepancies noticed on physical verification of inventory have been properly dealt with by the Company in the Books of Accounts.
- iii. (a) In our opinion and according to the information and explanation given to us, the company has not granted any loans secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies act, 1956.

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

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On the strength of a legal opinion obtained by the Company, it has represented that the provisions of section 299, 300 and 301 of the Companies act, 1956 are not attracted to the transactions entered in to by the company with GUVNL and its subsidiaries and are not liable to be listed in the register maintained under section 301 of the Companies act, 1956.

iv. In our opinion and according to the information and explanation given to us, there are adequate internal control procedures / system commensurate with the size of the Company and the nature of its business with regard to purchase of inventory, fixed assets and with regard to sale of electricity and services.

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

v. (a) The Company has entered into contract / arrangements with GUVNL being the holding Company. As per the information and explanations given to us and based on the legal opinion obtained by the Company, the transactions pursuant to these contracts and / or arrangement are not falling under the provisions of section 301 of the Companies Act, 1956 and accordingly these transactions are not entered into the Register maintained under section 301 of the Companies Act, 1956.

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

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

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

viii. We have reviewed the books of account maintained by the Company, pursuant to the Rules made by the Central Government of India, for the maintenance of cost records under clause (d) of sub section (1) of section 209 of the Companies act, 1956 and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.

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We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.

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

(a) The Company is generally regular in depositing undisputed statutory dues, including Provident Fund, investor Education and Protection Fund, Income Tax, Wealth Tax, Service Tax, Custom Duty, Cess and other statutory dues with the appropriate authority during the year. According to the information and explanations given to us, there are no undisputed amounts payable in respect of such statutory dues which have remained outstanding as at 31st March, 2011 for a period more than six months from the date they became payable.

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

x. The Company does not have any accumulated losses as at the end of the financial year. The company has not incurred cash losses during the current year and the immediately preceding financial year.

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

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

xiii. The provisions of any special statutes applicable to chit fund, nidhi and mutual benefit funds/ societies are not applicable to the Company.

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

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- xv. In our opinion and according to the information and explanation given to us, the company has not given any guarantee in respect of loans taken by others from banks or financial institutions.
- xvi. (a) Term loans raised by GUVNL on behalf of the company have been accounted in the books of the Company by debit to GUVNL Account and the repayments and interest thereon are reimbursed by the company to GUVNL by crediting GUVNL Account without any actual cash inflow or outflow. In view of the above and in absence of the relevant information as regards the purpose and other terms and conditions of loans availed through GUVNL, we are unable to comment on the application of such loans for the purpose for which they were obtained.
- (b) In case of loans directly raised by the Company during the year, on the basis of records examined by us, and relying on the information compiled by the Company for Co-relating funds raised for the end use of the term loan, the Company has, prima facie, applied the loans for the purpose for which they were obtained.
- xvii. The Company has raised its allocated term loans through GUVNL and for the reasons given in clause xvi above, it is not possible for us to ascertain whether funds raised on short term basis have been used for long term investment. However, funds raised by the Company on long term basis have been applied for long term investment.
- xviii. Based on a legal opinion obtained by the company, the provisions of section 301 of the Companies Act, 1956 are not applicable to the company. In view of the above, this clause is not applicable.
- xix. The liabilities under the bonds issued by the erstwhile GEB transferred to the Company are secured either by a charge over the assets and / or by a guarantee by Government of Gujarat.
- xx. The Company has not raised any money by public issue during the year.
- xxi. We have informed that the vigilance department of the company is regularly investigating frauds and other irregularities involved in the company's transaction. To the best of our knowledge and belief and according to the information and explanation given to us, no fraud on or by the Company has been noticed or reported during the year.

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FOR P. PARIKH & ASSOCIATES
Chartered Accountants
Firm Regn. No.107564W

Ashok Rajagiri
Partner
Membership No. 046070

Place :
Date :

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